

13 Internet-Related International Trademark Disputes: The State of Law in Western Countries, and the Case of Japan

Invited Researcher: Cédric Manara^(*)

Trademarks being granted protection in the country where they are registered, similar trademarks can have various but legitimate owners located in different countries. A conflict can arise when these similar trademarks are used on the internet - hence displayed on a global scale - by competing rights owners.

How such conflicts can be solved? In western countries (especially USA, France - two of the three countries, with Japan, where there is the highest number of trademark registrations), there have been several and somewhat contradictory rulings on the concurrent electronic use of a same sign by legitimate trademarks holders. In their rulings, the courts took into account the language as a relevant factor to address the question of the risk of confusion in the "cyberspace", a multilingual environment. Some UDRP cases did the same.

The purpose of my research here is to study this question in the Japanese perspective. The specific goal is to figure out whether, on the Internet, the level of trademark protection is dependant on the language with which it is used, and what conclusions can be drawn for Japanese trademark owners.

If all people spoke the same language, many disputes would be avoided... This timeless comment applies equally to our era, which—despite being one of electronic communication and exchanges—consists of many difficulties due to the proliferation of languages.

And yet, the communication space that constitutes the Internet was conceived of as a place apart, where the abolition of borders and the proliferation of exchanges would generate positive consequences such as better understanding between people. Electronic networks and the communities that interact on them, together named "cyberspace," were theorized as a different location, and jurists have even proposed that cyberspace should be, as such, subject to its own standards.

Ten years of practice of the law of electronic exchanges have shown that the disappearance of borders has equally had other less desirable effects: fraud concerning contracts, identity etc., phenomena brought about by the facility with which it is sometimes possible to escape pursuit, by resorting to advanced technologies or while drawing profit from shortcomings in rules on conflict of law and conflict of jurisdiction.

The largest number of disputes arises from the use of protected signs on the Internet. Since 1995, several hundred decisions have been handed down in the United States, nearly 300 in France, and several dozen in Japan on this question— without counting litigation specifically

pertaining to domain names whose registration is contested by the owner of a similar mark, and which has been settled through procedure called Uniform Domain Name Dispute Resolution Policy (UDRP), the alternative resolution procedure for litigation organized by electronic means: as of the end of August 2005, more than 7,700 cases of litigation had been settled, pertaining to 13,000 domain names.

Conceived of to effectively combat abusive or fraudulent registration of domain names by dishonest persons, UDRP rules are essentially applied to simple situations, in which the bad faith of the defendant was obvious. Nevertheless, one detects since several years ago, among the huge mass of decisions handed down, particular cases that reveal that we have arrived at a new stage in the nature of litigations linked to the use of signs on the Internet. Particularly, this UDRP procedure, which has the primary characteristic of being transnational, is more difficult to implement since it has the nature of ruling on a dispute between two legitimate owners of an identical mark in two different countries, and one has been faster than the other to register this mark as a domain name.

The present study derives from the analysis of such decisions. Once two legitimate owners of an identical sign, registered as a trademark in different countries, confront each other to know if the usage by one of this mark on the Internet infringes the rights of the other, the question that

(*) Associate Professor of Law, EDHEC Business School

is posed is to know if there are factors that would allow the “delimitation” of the usage that is made of the mark, in order to define the legal criteria allowing the non-contentious coexistence of similar signs on electronic networks. In other words, does there exist in cyberspace objective elements that would constitute the equivalent of borders, inside which the usage of a sign would not be a source of risk?

Once a mark is registered and used inside a country, it does not infringe the rights of another applicant using the same mark in another geographical and political territory: therefore, the holders of an identical or similar mark, used for identical products or services, do not harm each other if one has a community mark that he/she uses in the European space, while the other has applied for that mark in Japan and uses it there. But once the two of them enter the same space, the Internet, to use the same mark there, how does one separate their respective usages (if that is possible)?

The study, conducted at the behest of the Institute of Intellectual Property (IIP) and summarized here, analyses one particular element, which comes up regularly in decisions made following international disputes relating to the use of the same mark on the Internet by legitimate owners: the taking into account of language.

This empirical study follows on from the analysis of several dozen legal decisions handed down in various countries (Section II), and UDRP decisions (Section III) that took into account linguistic factors, and showed that the usage of a mark inside a “linguistic zone” on the World Wide Web, has the effect of saving its user from legal risks—which could be interesting for users of Asian marks, and particularly Japanese ones. This criterion of language was envisaged in a Recommendation given by the World Intellectual Property Organization (WIPO) (Section I) as a measure that could enable the prevention of disputes relating to the usage of the same mark on the Internet.

I Joint Recommendation Concerning Provision of Protection of Marks and Other Industrial Property Rights in Signs, on the Internet

There are no international treaties on the question of concurrent usage of marks on the Internet, but WIPO took up the question quite early, proposing in October 2001 a (non-binding) recommendation on the subject. Article 3 of the

recommendation indicates the factors a tribunal should take into account for determining if the use of a sign on the Internet has a commercial effect in a Member State. Among the factors, we find “whether the text used in association with ... the sign is in a language predominantly used in the Member State.” Curiously, this criterion only appears in the text after several others, such as the fact of having a commercial activity in the country or the intention to have one, while it seems logical to consider that the exercise of a commercial activity happens through use of the language practiced in the intended market. Moreover, if one focuses only on this factor, one of the limits of taking into account only “the language predominantly used” is that it ignores languages practiced by important communities in the country (e.g. Spanish in the United States).

The objective of the Recommendation being to prevent disputes, it is proposed that those that use the same sign while associating with it a disclaimer making it clear that “the user has no relationship with the owner of the right which is alleged to be infringed” could not be considered as responsible for damage to the mark of a third party. This disclaimer must be written “in the language or in the languages used in conjunction with the use of the sign on the Internet.” If the putting in place of such disclaimer is after the notification of infringement of the right of a third party, it should, equally, enable exoneration of responsibility.

Although laudable in terms of its goal of prevention of disputes, this provision of the Recommendation is perhaps perverse: in effect, the duty of placing a disclaimer on one’s website only applies to those who receive a notification of infringement. Such a measure could, contrary to its desired effect, thus have the effect of increasing the number of contentious situations, since the owner of a mark will seek to send notifications to all persons using on the Internet a sign more or less similar to his/her own, to demand that they put in place a disclaimer, without needing them to do so...

In fact, the effectiveness of such a disclaimer for consumers resides in their capacity to understand what it is announced therein. Since the rule requests only that the disclaimer is written in a language already used in conjunction with the mark, it is less probable that this disclaimer will be understood by consumers who do not speak that language, who are indeed those whom the sender of the notification seeks to protect from confusion.

Analyzing only from the linguistic perspective, the Recommendation has weaknesses. Other weaknesses are evident in the study of its application: the study realized, examining all legal decisions and known UDRP cases, that the Recommendation has truly been implemented... only once (*Accor v. Accor International*, July 29, 2005, WIPO D2005-0336).

Consequently, we can ask ourselves what are the concrete criteria that are taken into account in the immense majority of decisions handed down on the subject of international disputes on uses of similar marks on the Internet.

II Taking into account of language in legal decisions

For this part of the study, review was conducted on all known decisions handed down on the subject of international litigation regarding the electronic usage of similar marks in the following countries: Germany, Australia, Austria, Canada, China, Spain, the United States, France, Italy, New Zealand, and the United Kingdom (about 40 decisions); no Japanese decisions on this particular matter were found. Among this accumulation of diverse decisions, two major categories can be delineated—according to whether the decisions had been handed down in *common law* countries or *civil law* countries.

Before making a pronouncement on the essence of the dispute—a similar mark used on the Internet since a person from a foreign country imitated a similar mark used in the country where the tribunal is located—the courts generally must indicate whether or not they have competence regarding the rules of conflict of jurisdictions.

On this point, the famous American Zippo decision is worth recounting. This decision indicated that the fact that a mark is used on a website is not sufficient for making a court competent. On the contrary, there must be a minimum of contact between the website and the State in which the court is located. According to the “Zippo doctrine,” three conditions are necessary: that the defendant is operating activities aimed at the State; that the grievances of the plaintiff result from these activities; and that the implementation of competence is reasonable. This judgment of 1997, which was in fact handed down in a *domestic* litigation in the United States regarding a dispute between two States, has been largely followed in other countries, whether implicitly or explicitly, particularly in countries that adopt *common law*, the same legal tradition as

in the United States.

What can be learned from the decisions handed down in *common law* countries? In the decisions studied, the question of competence of the court did not pose any particular difficulty. In fact, if we leave aside for a moment the judgments handed down in the United States, we notice that the disputes where the different tribunals had to make decisions were conflicts between English-speaking parties, regarding verbal marks which “sounded” English to them, and used on sites written in English: *nzpost* (New Zealand), *Crate & Barrel*, *800 Flowers* (England), *business am* (Scotland), *Wingen* (Canada), *Restoria* (Australia). These decisions were generally handed down in favor of the defendant, for which it was judged that the usage on his/her website of a mark similar to that of the plaintiff was not specifically intended for consumers in the country of the plaintiff. By definition, these decisions were not able to take into account the language used in conjunction with the respective marks of the parties.

On the other hand, the decisions handed down by the U.S. courts distinguish themselves by their propensity to give an extraterritorial application to the law on marks. It was judged, for example, that the usage of a sign on the Internet, indeed legitimately used by its owner in his own country, constituted an infringement of the mark in U.S. territory. Judgments of infringement were also handed down on the Chinese user of “CN News” (the site was in English), the Argentine owner of several domain names consisting of the name of his company, “Harrods” (these names all had a consonance in English), and the Irish company that used the words “Crate & Barrel” on his site (in English) and in his domain name—despite the fact that the English judge had judged beforehand that, in the same matter between the same parties and based on identical facts, there was no imitation.

Some of those cases could be qualified as “protecting U.S. interests”, but such an explanation does not apply in the “Imaginarium” case. In that case, the existence of a Spanish site written in Spanish, using a mark equally protected in the United States, was considered as not sufficient to give competence to the court to know the case. Similarly, in a case decided in August 2005, it was judged that the Japanese company Delica, the owner in Japan of the mark “Cecil McBee” and user of the mark on a website with the address *cecilmcbee.net*, did not have to respond to acts of violation of the U.S. right to the

mark, as was wished by the party that had initiated the proceeding, a U.S. musician of the name Cecil McBee. In rejecting the demand, the U.S. court essentially underlined the fact that the site had been written in Japanese, going as far as to say that “often the United States will not have a real interest in knowing the actions in the rights of marks for websites written in a foreign language and hosted in another country.” In this regard, we can also note with interest that the plaintiff had focused only on the mark written in Romaji and not on its transliteration into Japanese characters.

The fact that the language surrounding the use of a mark on the Internet enables stronger judgments in cases of legal action initiated by the owner in another country of another similar mark is found in several decisions handed down in countries adopting civil law. While Microsoft was not concerned in Italy about having used “CarPoint” in its pages and domain name, the Italian user of the same sign took offense. The tribunal in Rome underlined in the first place that the site of the U.S. operator had been in the English language.

France has a dozen decisions, handed down between 1997 and 2005, that are rather contradictory (to the point that the *Cour de Cassation*, the supreme court in the French legal order, modified its jurisprudence on the question in the space of 14 months). Until the beginning of 2003, the decisions of the French courts systematically favored the owner of a French mark who initiated a counterfeit suit against a foreign user, on the Internet, of a similar mark. The first cracks that appeared in this jurisprudence came in 2003, when three decisions handed down by the tribunal in Paris took into account, in succession, the language of the site, making it an element from which the risk of confusion should also be determined. The movement continued and expanded, and was in some sense ratified by the most recent decision of the *Cour de Cassation* on the matter. It judged that there was no place to consider that usage on a foreign website of a mark for which protection had been demanded was contrary to law, insofar as the site was not seen by French users, notably because it was written in a foreign language. This decision was handed down in a dispute between the companies Hugo Boss and Reemtsma about the usage of the mark *Boss*, a dispute that was not limited to France. It had, for example, its origins in a suit in Austria, brought before the Supreme Court, which judged, in a sense oppositely, that

there had been an illegal use of the mark; yet it seems that, in that affair, the site was written in German, the language spoken in Austria.

To summarize, although the number of decisions is limited, it emerges in the study that there is a correlation between the language in which the mark is used and the risk of being targeted by a legal procedure and/or the meaning of the decision handed down. International disputes on the subject of the concurrent usage of marks on the Internet are primarily litigations between English speakers, followed by those between the citizens of countries in continental Europe and other English speakers, and always about marks in Roman characters. A possible conclusion is that Japanese marks, whether by their writing form (Kanji, Hiragana or Katakana), or by the effect of the surrounding language (Japanese), would be mechanically more protected against the risk of legal action taken against them pertaining to their usage on a website.

The study of UDRP decisions, likewise, allows the association of the factor of language with the fate of users of marks who are litigated against for the usage of those marks on the Internet.

III Taking into account of language in UDRP decisions

UDRP decisions are particularly interesting for shedding light on this comprehensive study on international disputes arising from the concurrent usage of an identical sign on the Internet. In fact, in this hypothesis, litigations between the owner of a mark and the owner of a domain name are ruled on through an international procedure: the experts charged with carrying it out are of different nationalities, as are often the parties involved.

By their nature, these decisions could, *a priori*, be a reflection of the multilingual and multicultural web. But surprisingly, analysis of these decisions shows that the linguistic factor is only rarely taken into account: among more than 7,000 decisions handed down, less than 1% refer to this factor.

And when they do so, they draw conclusions that are sometimes diametrically opposite. To summarize the major traits, the first tendency is to take into account the language in which the words composing the domain name are written. If these words are in English, the confusion is that they are understood by a majority of the public,

even non English speakers (these words being considered basic), and thus they lead to confusion. If the words composing the domain name do not have a meaning in the language of the person who registered the name, the panels see in that an indication of bad faith. Most surprisingly, some panels have taken into account only the English language for establishing the risk of confusion, without considering that the domain name could address itself to consumers of different languages. Moreover, another observation drawn from the analysis is the general tendency to dismiss a mark registered or used in non English speaking countries, once it is used in an English speaking country and the panel brought together to consider the case is also English speaking.

Such observations could, *a priori*, augur badly for the owners of Japanese marks who wish to defend them at least in a UDRP action. Nevertheless, it is evident that “cybersquatters” are less attracted by these marks, and that those that have become the objects of fraudulent registration are famous marks, which are easier to protect. Moreover, marks in Japanese characters, when faced with similar domain names in non Latin characters, are subjected to a triple analysis: visual, pronunciation, and meaning. There are thus three characteristics of similarity that are considered, whereas there are usually only two for marks in *Romaji* (for them, it is not possible to analyze the *meaning* of the characters that compose them). This element of differentiation makes marks in Kanji characters more “resistant” to legal risks in the electronic universe.

In this regard, we should also note with interest that no owner of a mark of Japanese origin has to date launched a UDRP action regarding a domain name that denigrated his/her mark. Reference is made here to numerous domain names composed of a famous mark immediately followed by “-sucks.com.” Mark owners, looking badly on such domain names, which are widespread, have taken action based on the UDRP rules—and with diverse success.

Though they do not pertain specifically to the confrontation of legitimate owners of rights on an identical sign, these litigations are particularly interesting with respect to the present study, because they consist of disputes between a protected sign and its equivalent followed by a term that only has meaning in English.

In the approximately 40 cases ruled on to date, it was considered in half of them that there was confusion. In one third of those, there was no

pertinent reference to the public, and that consequently consumers can think that a domain name containing the term “sucks” is the address of a site where a product of a mark taken up in this domain name is evoked. Other decisions, which are rarer, have analyzed the situation more precisely, specifically taking into account the language habitually used with the mark. In the *asdasucks.net* case (WIPO D2002-0857), the arbiter pointed out that the activity of the owner of the mark was conducted in English, and that those who knew the mark spoke English and understood the meaning of the word “sucks”; with the other consumers knowing neither the mark or the language, there is not in this particular case a risk of confusion.

Ultimately, a significant part of the decisions handed down in international litigations between users of similar signs on the Internet shows that language is a pertinent factor to take into account to appreciate the reality of confusion between these signs. If it is possible to establish a scale, marks used on the web in conjunction with English are more exposed to legal actions than marks used with Asian languages, particularly with the beautiful language Japanese. While the legal situation of marks is traditionally related with the “territory” in which it was registered, with the Internet it is possible that the language with which a mark is used defines a zone whose extent would be that of the corresponding linguistic community, in which the mark used would be subject to entering into conflict with other signs.