

19 Trademark-related Issues Raised by the Internet

– with a Focus on Injunctions against Domain Name Use^(*)

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We have the issue of infringement of a trademark by a third party's use of the trademark in a domain name (e.g., example.co.jp), which serves as an address on the Internet. No consensus has been arrived at as to what extent a trademark should be protected if a conflict occurs between the trademark owner and a third party. For example, a trademark owner may file an action against a third party who parodies the trademark and uses "freedom of expression" as a defense.

This research uses the fair use doctrine adopted under U.S. law to analyze the trademark protection provided by the court in domain-name disputes. First, this research briefly describes U.S. trademark law with a focus on the fair use doctrine adopted under U.S. law. Second, this research discusses two Japanese laws applicable to trademark-related issues, i.e., the Trademark Act and the Unfair Competition Prevention Act. With reference to the fair use doctrine, this research suggests how to judge whether a certain act has been committed for self-profiting or other-harming purposes, which is one of the criteria adopted under Japanese law. This research also suggests what remedies (e.g., an injunction against the use of a domain name) should be made available under Japanese law. The analysis of these domain-name disputes helps us determine what alterations to make to Japanese intellectual property law and policy.

I Introduction

This paper considers about the self-profiting or other-harming purposes and the intellectual property law and policy in the Japanese law by learning the fair use which says in America law as a parody and a trust damage type domain name dispute. Incidentally, to make it easy in case of the summary to read, it omits a note. In the quotation, therefore, refer to this passage.

1 Domain names

Domain names are equivalent to addresses on the Internet. Originally, IP addresses were used inside computers to access a computer connected to the Internet. Since IP addresses, which consist of digit sequences, are difficult for us to remember, we have created web addresses (e.g., <http://www.example.co.jp>) and mail addresses by

designating letter sequences (e.g., English letters and numbers) instead of digit sequences. A part of such address, such as "example.co.jp," which consists of letter sequences with each sequence punctuated by a period, is called a domain name. A domain name is a management unit and centrally managed by the Domain Name System (DNS).

A domain name has a multilevel configuration. In the case of "example.co.jp" for instance, "jp" is known as the top-level domain (hereinafter "TLD"), "co" as the second-level domain, and "example" as the third-level domain. Similarly, in the case of "example.com," "com" is known as the TLD and "example" as the second-level domain. Each registrant is permitted to select a set of letters of his or her choice for the part "example."

(*) This is an English translation of the Japanese summary of the report published under the Industrial Property Research Promotion Project FY2007 entrusted by the Japan Patent Office. IIP is entirely responsible for any errors in expressions or descriptions of the translation.

2 Issues

(1) Cybersquatting

The advent of domain names has become both a blessing and a curse. A domain name, which consists of a letter sequence that signifies a word or sentence carrying a certain meaning, helps us memorize website addresses. However, the signification of a meaning has caused issues including conflict of trademarks owned by others. These issues stem from a system that permits, under the first-come, first-served basis, any person to freely register a domain name of his or her choice without undergoing examination. The Japan Registry Services (JPRS) has taken a standpoint that “a domain name merely signifies a meaning in the domain name space and has no other meaning” and has not established a system to check whether a domain name conflicts a trademark or any other. The lack of such a system has greatly increased the risk of “Cybersquatting.” Any person could one day find that his or her trademark, trade name, or personal name has been registered by a third party as a domain name and that the only way to gain the possession of the domain name would be to accept the third party’s offer to sell the owner of trademark, etc., at an extremely high price.

(2) Fair use

The term “fair use” means a partial use that does not constitute an infringement. This is a doctrine that was originally developed in connection with copyright protection under U.S. common law and was then incorporated into trademark protection.

The Anticybersquatting Consumer Protection Act of the U.S. (15 U.S.C. §1125(d)(1)(A)(i)), which is applicable to domain-name disputes, specifies that the act of using a work would not be considered as cybersquatting unless a “bad faith intent” exists. A bad faith intent would not be found if there were reasonable grounds for believing that the use of a domain name is a fair use or otherwise lawful. Regarding the term “the purpose of acquiring an illicit gain

or causing injury to another person,” which is specified in Article 2, para.1, item xii of the Unfair Competition Prevention Act, which is applied to disputes over domain names, the Ministry of Economy, Trade and Industry presented its understanding that “The criteria listed in the U.S. law, the UDRP and the JPDRP for judging whether a bad faith intent exists and the precedents and judgments made in consideration of those criteria provide us with useful references for interpreting the revised Act.”

In order to use the “fair use” doctrine to examine the appropriate “balance of rights” sought in domain-name disputes, we will first briefly examine U.S. trademark law and the Japanese Trademark Act and Unfair Competition Prevention Act, which handle trademark-related issues. As a next step, I’d like to propose to add a “disclaimer” as a remedy for domain name users. We will also analyze the “fair use” doctrine, which is reflected in a general provision concerning an act of unfair competition as well as in a restrictive regulation.

II U.S. Laws

In the United States (hereinafter “the U.S.”), trademark-related issues had become increasingly complex due to the existence of state-level trademark laws. In order to solve this problem, laws were established in 1881 and 1905 which were applicable to the interstate use of trademarks. In 1946, the Lanham Act was substantially revised as a federal trademark law. The Lanham Act was designed to protect trademark owners from infringement, unfair competition, false designation of origin and to protect consumers from confusion. For this reason, trademark law, which aims to protect consumers from confusion, is widely regarded as one of the laws against unfair competition. Since “At least, as far as the common law is concerned, trademarks are meaningless without the existence of competition,” “the trademark law has a legitimate place to exist as a type of unfair competition prevention law.” The following sections will examine the

Lanham Act (1946 Trademark Act) and analyze how domain names are treated.

1 Statutory definition of a domain name

15 U.S.C. §1127 defines that “The term ‘domain name’ means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.” This means that, unlike a trademark owner, the registrant of a domain name is not protected by an exclusive right such as a domain name right.

2 In rem jurisdiction over a domain name

Regarding in rem jurisdiction over a domain name, 15 U.S.C. §1125 (d) (Anticybersquatting Consumer Protection Act, hereinafter “ACPA”) sets forth that “The owner of a mark may file an in rem civil action against a domain name” (15 U.S.C. §1125(d)(2)), recognizing the existence of in rem jurisdiction over a domain name.

3 Trademarks protected by the Lanham Act

A trademark is not recognized upon mere adoption but upon use. And a designation is protected as long as it has an “inherent distinctiveness” or a “secondary meaning.” An “inherently distinctive” mark could cause confusion if used by a third party because such mark is perceived by prospective purchasers as a designation. A mark that has a “secondary meaning” has become inherently distinctive as a result of its use although it does not originally have inherent distinctiveness. It should be noted that, unlike Japanese law, U.S. law does not have a provision on defensive mark registration.

4 15 U.S.C. §1114 and 15 U.S.C. §1125(a)(1)

15 U.S.C. §1114, any person who uses another person’s registered mark as if it were his or her own in order to promote his or her business and causes confusion among consumers as a result should be considered to have committed a trademark infringement. An infringement action may be filed even for an unregistered mark as long as it satisfies the criteria specified in common law. Currently, an action may be filed under U.S.C. §1125(a)(1) against the infringement of an unregistered mark.

15 U.S.C. §1114 and 15 U.S.C. §1125(a)(1) specify the same criteria while the two differ in that the first provision provides protection for registered trademarks whereas the latter protects unregistered trademarks from unfair competition. According to the criteria, any person who uses another person’s protectable mark (1) in commerce (2) as a “designation that is likely to cause confusion” shall be considered to have committed a trademark infringement. In other words, said provisions are applicable to a case where a third party obtains a domain name that is likely to cause confusion with any other party’s mark and uses the domain name in commerce.

However, this Act would not be applied as long as a domain name is used in such a way that does not cause confusion. For example, any company that finds a third party using the company’s trademark in the domain name for an adult website would have difficulty in satisfying the criteria for the likelihood of confusion. To solve this problem and protect the value of a famous mark, the Federal Trademark Dilution Act of 1995 was established.

5 Federal Trademark Dilution Act

The U.S. established the Federal Trademark Dilution Act of 1995 (hereinafter “FTDA”). Nevertheless, in the *Moseley v. V Secret Catalogue* case, the Supreme Court judged in 2003 under the FTDA that the

plaintiff must prove actual dilution. In response to strong requests from trademark owners to protect trademarks from the risk of likely to cause dilution, the Trademark Dilution Revision Act of 2006 (hereinafter “TDRA”) was established in October 2006. The Trademark Dilution Revision Act (1) does away with the requirement of proving actual dilution; (2) makes clear it is applicable not only to inherently distinctive marks but also marks that have acquired distinctiveness; (3) specifically sets forth and defines both “dilution by blurring” and “dilution by tarnishment”; (4) eliminates the concept of niche fame; and (5) arguably broadens the fair use defense.

The criteria for receiving relief under the TDRA are (1) Similarity, (2) Inherent or acquired distinctiveness, (3) Fame, (4) Dilution, and (5) Actual or likelihood of dilution.

Dilution Act is not applicable to any marks that are not famous. The FTDA, which was applicable to any dilution caused by the use of a famous mark by a third party for the purpose of selling domain names or creating domain names for adult websites, is difficult to apply to a case where the trademark in question is not famous.

In order to solve this difficulty and protect all marks against cybersquatting, the so-called Anticybersquatting Consumer Protection Act was established.

6 Anticybersquatting Consumer Protection Act

The so-called Anticybersquatting Consumer Protection Act (hereinafter “ACPA”) was established in November 1999. The ACPA was designed to protect consumers against various problems caused by cybersquatting, to protect the online use of brand names, and to restrict cybersquatting including an act of using personal names protected as marks.

The ACPA (15 U.S.C. §1125(d)) specifies that a person shall be liable if that person (1) has a “bad faith intent,” and (2) registers, traffics in, or uses a domain name containing

a mark, word, or name that— (3) in the case of a mark that is distinctive, is identical or confusingly similar to that mark, (4) in the case of a famous mark that is famous, is identical or confusingly similar to or delusive of that mark.

7 Fair use

The term “fair use” means a partial use that does not constitute an infringement. This is a doctrine that was originally developed in connection with copyright protection under U.S. common law and was then incorporated into trademark protection. First, we will review the interpretation of the fair use doctrine in copyright law and examine the doctrine adopted under the Lanham Act.

(1) Copyright law

“The traditional concept of fair use excused reasonable unauthorized appropriations from a first work, when the use to which the second author put the appropriated material in some way advanced the public benefit, without substantially impairing the present or potential economic value of the first work.”

The rule of fair use, which had been formed through the accumulation of equity precedents, “over 150 years of case law,” “without the basis of underlying laws” was codified in Section 107 of 1976 copyright law (17 U.S.C. §107).

The purpose of the fair use doctrine is to strike an appropriate balance by permitting the use of a work without the author’s consent in some cases. Although the reward to creators is a secondary goal of copyright law, an absence of monetary protections would result in diminished creativity. The fair use doctrine is one way in which copyright law attempts to strike a balance between the competing interests of the individual creator and that of society.

(2) Lanham Act

Having seen the TDRA revised in a way that was preferable to trademark owners,

many groups advocating freedom of speech opposed the application of this Act based solely on the likelihood of dilution by saying that it would deter the public from making criticisms and parodies.

In response, Congress found that the 'non-commercial use of a mark' does not constitute dilution. Consequently, a more practical exemption clause for the fair use doctrine, 15 U.S.C. §1125(c)(3), was established in this Act.

15 U.S.C. §1125(c)(3) specifies that "(3) The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection: (A) Any fair use, including a nominative or descriptive fair use, or the facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with (i) advertising or promotion that permits consumers to compare goods or services; or (ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner, (B) All forms of news reporting and news commentary, and (C) Any noncommercial use of a mark."

Fair use can be roughly classified into two types: descriptive fair use and nominative fair use. Descriptive fair use is known as traditional fair use. Descriptive fair use can be used as a defense to assert that a descriptive use does not constitute an infringement. On the other hand, nominative fair use can be used as a defense to assert that a nonconfusing use does not constitute an infringement.

8 Conclusion

(1) Freedom of expression

One of the purposes of imposing fair use restrictions is to prevent the expanded right of trademark owners from damaging the public interest in free expression and to strike an appropriate balance between the potential restrictions on free expression and the public interest in avoiding consumer

confusion. Freedom of expression should not be taken as permission to disperse false information. Second, trademark owners, like public figures, must accept the concomitant risk of public ridicule in the form of parody.

Freedom of expression, which is a basic right in a democratic society, must sometimes be actively protected in a dispute even one between private persons. Any restrictions on criticism or news under trademark law or any other law would limit freedom of expression. The balance among copyright, trademark, and First Amendment interests is maintained by fair use. Unlike the case where one person uses another's trademark to distinguish his or her products and services from those of another in order to increase his or her own profits, the expression of an idea by means of the use of another's trademark in a parody, for example, will "often lie within the substantial constitutional protection." If the use is interpreted merely as a reference to or a comment on the goods, services, business, or mark of the trademark owner, the antidilution statutes should not be applied. However, said statutes should be applied to any act that is likely to mislead or confuse consumers.

Therefore, any act of establishing a critical website under the domain name "XXsucks" and any act of using such word as "sucks" on the Internet to criticize a trademark owner should be regarded as the freedom of expression as long as there is no likelihood of misleading or confusions consumers.

(2) Fair use

The strength of protection necessary for a famous mark should be determined based on whether the mark is "strong" or "weak." Since 15 U.S.C. §1114 and 15 U.S.C. §1125(a)(1) of the U.S. law specify the criteria for determining whether "a likelihood of confusion" exists, it is fair to say that broad protection is provided to marks under said law. Furthermore, the FTDA authorizes the judge to grant an injunction against the dilution of a

protectable mark under the “the principles of equity.” In addition to these protection measures, the scope of protection was further expanded to include the likelihood of dilution. The necessity of such expansion remains disputable.

Since the FTDA of 1995 was revised in 2006, the likelihood of dilution has become a requirement for a legitimate dilution claim. The revision provides owners of famous marks with stronger protection for their marks. At the same time, the provision on the exemption of an application based on the fair use doctrine has become more specific.

In the field of copyrights, fair use brings about economic benefits. The current development of the so-called anti-patent movement, which stands in contrast to intellectual property protection, has “given rise to the idea called commons that promotes the creation of an industry-specific community for information sharing and for mutual free use of works based on contracts (e.g., OSS (Open Source Software) and CC (Creative Commons) advocated by Stanford Professor Lawrence Lessig).” The development of anti-protection activities such as this has created a new use of intellectual property.

The same may be said about the field of trademarks. For instance, a trademark owner may be concerned that criticism may decrease its brand value. However, criticism and parody could be regarded as the evidence of public attention. Criticism could increase the publicity for its trademark. In addition, the trademark owner could learn lessons from the criticism and parody to further enhance the brand value.

While Japanese law has no provision on fair use, the fair use doctrine is useful for interpreting Japanese law.

III Japanese Law

1 The Trademark Act and the Unfair Competition Prevention Act

Japan handles trademark-related issues based on the Trademark Act and the Unfair

Competition Prevention Act. In addition to the Trademark Act, under which Japan grants a trademark right, the Unfair Competition Prevention Act is necessary for handling the case where an illegal competitor makes illegitimate use of a trademark that is likely to cause confusion.

The maintenance of a certain transaction order contributes to industrial development and protects consumer interests. Trademark Act are a part of competition law.

2 Statutory definition of “domain name”

Article 2, para.9 of the Unfair Competition Prevention Act defines “domain name(s)” as “letters, numbers, signs or other symbols or any combination thereof that correspond to the numbers, signs, letters or any combination thereof assigned to identify each computer on the Internet.”

Therefore, the relationship between the registry and each domain name registrant is the same as that between a debtor and creditor. Consequently, unlike a trademark owner, a domain name registrant has no such exclusive right as a “domain name right.”

3 Trademark Act

Under the Trademark Act, an exclusive right is granted based on registration even to an unused trademark. Under the registered trademark system to protect trust in the business of registered trademarks and prevent confusion, a trademark right is established on registration with the Japan Patent Office (Article 18 of this Act).

Article 37, para.1, item i of using a trademark identical or similar to a registered trademark for goods or services that are identical or similar to the designated goods or services constitutes a trademark infringement. The likelihood of confusion need not be asserted and proved.

Article 67, para.1, item i of this Act specifies that the “use of the registered defensive mark in connection with the

designated goods or designated services” shall also constitute a trademark infringement.

One of the cases filed by the plaintiff claiming a trademark infringement by a domain name is the “CarrerJapan” case. In this case, the issue of dispute was whether the domain name was in use as a trademark, whether the domain name was similar to the trademark, and whether the services were similar to the designated services. Although finding that these three criteria were satisfied, the court accepted the defense of prior use.

The Trademark Act is not applicable to the case of dilution of a trademark. Consequently, the Act is not applied to the case where a domain name that is identical or similar to a registered trademark is used to establish an adult website because the domain name is not used to provide goods or services that are identical or similar to the designated goods or services. In contrast, the Unfair Competition Prevention Act is applicable to the act of causing confusion by using a product indication containing another’s trademark regardless of whether the indication is used for goods or services that are identical or similar to the designated goods or services of the trademark and also to the act of abusing a famous indication. In the following sections, we will discuss the Unfair Competition Prevention Act.

4 Article 2, para.1, item i and item ii of the Unfair Competition Prevention Act

The judgment as to whether the act in dispute falls under “unfair competition” as specified in Article 2, para.1, item i and item ii of the Unfair Competition Prevention Act (hereinafter “UCP Act”) must be made based on the following criteria: (1) whether the indication in dispute falls under “an indication of goods or business,” (2) whether the indication is “well-known” (item i) or “famous” (item ii), (3) whether the use in dispute falls under “the use of an indication of goods or business (item i) or “the use of an

indication of goods or business as one’s own indication” (item ii), and (4) whether the indication in dispute is similar to another’s “indication of goods or business.”

Based on how a domain name is used, the court determines whether the domain name can be regarded as an indication of goods or business and whether the use of the domain name can be regarded as the use of an indication of goods or business. However, it is difficult to apply item i, which requires the existence of the likelihood of confusion, to the case where an indication is used to establish an adult website. Item ii, which requires an indication to be famous, is not applicable to an indication that is not famous. Both items i and ii are not applicable to the case of cybersquatting, where the registrant of a domain name does not use the domain name but offers it for sale.

These problems led to the establishment of Article 2, para.1, item xii of the UCP Act, which defines acts involving a domain that shall be regarded as acts of unfair competition.

5 Article 2, para.1, item xii of the Unfair Competition Prevention Act

An act cannot be regarded as an act of “unfair competition” specified in Article 2, para.1, item xii of the UCP Act unless the following three criteria are satisfied: (1) the act in question must have been committed for “the purpose of acquiring an illicit gain” (a so-called “self-profiting” purpose) or “causing injury to another person” (a so-called “other-harming” purpose), (2) a domain name must be identical or similar to another person’s specific indication of goods or services, and (3) the act in question must be either of the following acts: the act of acquiring or holding a right to use a domain name or the act of using such domain name.

Under Article 2, para.1, item xii of the UCP Act, so-called cybersquatting such as (1) the act of using a domain name similar to another’s trademark for the establishment of an adult website and (2) the act of

registering another's trademark as a domain name to request the trademark owner to purchase the domain name, is considered as a self-profiting or other-harming act. Therefore, this item is applicable to cybersquatting. The remedies available for a victim of cybersquatting are the right to claim an injunction under Article 3 of this Act and the right to demand damages under Article 4 and Article 5 of this Act.

The remaining issue is whether Article 2, para.1, item xii of the UCP Act is applicable to a dispute over the use of a domain name that cannot be regarded as so-called cybersquatting. The issue of how to interpret this item must be solved to settle a dispute over such domain name as "XX sucks" It is necessary to further accumulate court judgments as to whether the indications in question are similar and whether the act in question was committed for self-profiting or other-harming purposes.

6 Conclusion

(1) Judgment of whether self-profiting or other-harming purposes exist

The advent of the Internet has enabled all of us to express ourselves. One of the resulting conflicts of rights is a conflict between a trademark right and freedom of expression. So far, Japan has not seen disputes over domain names such as "XXsucks" and "fuckXX" as seen in the United States. If such a dispute were to arise in Japan, we would have to decide whether the act of using such domain name should be regarded as a self-profiting or other-harming act.

For example, the domain name, "Xsucks," could be used for any of the following websites: a website to criticize X Company, (2) a website to criticize companies including X Company, or (3) a website to criticize companies other than X Company. In case (1), the court will find the use of the domain name acceptable because it can be considered as freedom of expression under the fair use doctrine. In cases (2) and (3), however, it is uncertain whether the domain

name was used for the purpose of acquiring an illicit gain or causing injury to X Company or to other companies. Such use could be interpreted as having been made for the purpose of acquiring an illicit gain or causing injury to X Company because Internet users might believe that X Company is criticizing other companies. To solve these problems, we should take into consideration the fair use doctrine in U.S. law when determining whether the use of a domain name in question has been made for self-profiting or other-harming purposes.

No one should register another person's trademark as his or her domain name without considering whether the use of the trademark is really necessary and what he or she wants to express by using the trademark. If the registrant of the domain name is trying to express something, he or she should be careful not to confuse or mislead recipients of the expression because such confusing or misleading expression may not be regarded as freedom of expression. Article 1, para.2 of the Civil Code specifies that "The exercise of rights and performance of duties must be done in good faith." Furthermore, para.3 sets forth that "No abuse of rights is permitted." Under these doctrines, any person who has a trademark right or the right to freedom of expression is permitted to exercise the right only in such a way that neither violates the principle of faith nor abuses the right.

It would be safe to understand that Japan permits the use of a domain name such as "XXsucks" to establish a critical website and allows the non-commercial, nominative, or descriptive use of such domain name, unless the use is made for self-profiting or other-harming purposes such as the resale of the domain name to the trademark owner. A trademark owner is prohibited from claiming an injunction against the use of his or her trademark just because he or she does not like the way the trademark is used.

(2) Proposal for the revision of Japanese laws

An injunction may be issued as a remedy to settle a dispute over a domain name. While an injunction against the use of a trademark can provide the trademark owner with strong protection, an injunction is unnecessary in some cases. For example, in the case of a domain name such as “XXsucks,” the court will find it difficult to conclude that the domain name has been used for self-profiting or other-harming purposes. In order to strike an appropriate balance between a trademark owner and the registrant of a domain name similar to the trademark, a disclaimer should be recognized as an available remedy in addition to an injunction. The same would apply to the problem of parallel import (the act of importing genuine products sold cheaply outside Japan and selling them in Japan at lower prices than regular prices). In order to prevent cheap imports from damaging the brand image associated with highly priced goods, trademarks are used in some cases. The trademark function theory considers that such parallel import does not constitute a trademark infringement as long as a false origin is not indicated. Under this theory, it is not necessary to pay compensation to the trademark owner if those goods are genuine. Unless the use of a trademark damages the source-identification function, which is one of the functions of a trademark, and causes confusion, it should be interpreted that the effect of a trademark (Article 25 of the Trademark Act) has not been damaged and that an act of unfair competition (Article 2, para.1, item i of the UCP Act) has not been committed. If parallel-import goods carry such an indication as “This product is not distributed by the Japanese trademark holder,” it would benefit consumers by presenting information that consumers require in order to make appropriate purchasing decisions. This is the goal of a disclaimer.

As the trademark function theory advocates, we need to strike an appropriate balance that will lead to the prevention of

confusion among consumers, in other words, to the sufficient protection of consumers.

To achieve this goal, it is necessary to permit consumers to file actions under the UCP Act. Currently, the UCP Act does not permit consumers to institute lawsuits against an act of unfair competition. However, it is consumers who actually suffer damage from such act of unfair competition. Therefore, consumers should be granted the right to file a lawsuit (consumer action) to stop an “unfair” act. The grant of such right will promote the “use of trademarks that will create a business order beneficial to the public.”

The legal systems concerning disclaimers and collective actions are necessary not only to settle disputes over domain names but also to effectively enforce the UCP Act.

The basic principle of U.S. trademark law is different from that of the Japanese Trademark Act. U.S. trademark law uses the first-to-use system, whereas the Japanese Trademark Act uses the first-to-register system, which is designed to protect the reputation of registered trademarks, whether in use or not in use, and to prevent confusion. In my opinion, the current system gives too much trademark protection even to a non-use mark, just because it is registered, even if the registrant has made no trust to put it to use. This issue needs further discussion.

IV Conclusion

Jeremy Bentham (British philosopher) developed the principle of “the greatest happiness for the greatest number” (the so-called the greatest happiness principle). Under this principle, the ideal society is one that “tries to maximize the total amount of happiness.”

Bentham defined the purpose of law as “to provide the basic framework of social interaction by delimiting spheres of personal inviolability within which individuals can form and pursue their own conceptions of well-being. The “greatest happiness” should

not be achieved by making undesirable sacrifices but should be maximized within the restrictions imposed by laws and systems. In a competitive society, companies produce various products in an effort to satisfy the diverse needs of consumers and, as a result, “increase options for consumers” The increased options will make consumers happier. In such a society, the greatest happiness may be achieved by maximizing the total amount of happiness of consumers, who constitute a large majority of the economy. All market participants need to play in a fair manner especially because it is not easy for companies to generate profits in a free market.

One way of ensuring fair play is the UCP Act. Currently, many people advocate the creation of general provisions in the UCP Act. On the other hand, many are concerned that these provisions would hinder stable economic activities because the criteria for judging an illicit act will change on a case-by-case basis. Some people are concerned that these provisions would increase the burden on judges and the amount of time before a judgment is handed down. Since efforts to ensure that all market participants play fair will lead to “the greatest happiness for the greatest number,” the creation of these general provisions is indispensable in this rapidly changing world. The “greatest number” means “participants” in various systems and “people” who should be “taken into consideration.” “People” in the field of economy means “consumers” who choose goods and services. The successful enforcement of general provisions would require “the general public’s awareness of the importance of laws and their direct and indirect support and cooperation.” No one judge is solely responsible for the enforcement. In light of global trends, Japan is expected to promote fair play by creating a general provision stating that “Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition” as specified in Article 10bis(2) of the Paris Convention. If any person has conducted an act of

competition without good faith that is likely to impair consumers’ ability to make appropriate decisions when purchasing goods and services, or in other words, if any person has committed an act that is likely to deceive consumers or an act of freeriding another person’s marketing results (efforts), that person may be considered to have committed an act of unfair competition. Companies should not define the greatest happiness as the “greatest profits” but conduct their business for the “happiness of consumers” in order to achieve the greatest happiness for the greatest number.

Consumers must also participate and play fair. The act of purchasing fake branded goods is damaging to the fair-play market. Such an irresponsible act would eventually destroy a society where consumers can “purchase high-quality goods at low prices.” Consumers are important market players. The law is merely one system for promoting fair play. In order to create a fair-play society, consumer awareness is extremely important. It is important to know which right to protect and when to promote competition. To ensure fair play, we need to discuss not only intellectual property laws but also the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the Consumer Basic Act. Such comprehensive discussion would further enhance the Japanese intellectual property system.

There are many noticeable developments outside Japan as well. For instance, Sweden transformed its unfair competition prevention law into the “Marknadsföringslagen”, which can be translated as a marketing act in Japanese. This law “greatly generalizes the system established under the unfair competition prevention act in such a way that the law may be called a market behavior standard act.” Section 1 of this Act specifies that “The object of this Act is to promote the interests of consumers and of trade and industry in connection with the marketing of products and to counteract marketing that is unfair to consumers and businessmen.” In addition to Sweden, other North European countries

consider an unfair competition prevention law as a basic economic law. They are making efforts to establish a “market behavior standard law suitable for the modern market economy system.” In order to create a fair and global legal system designed to maximize the common good of “consumers,” who constitute the “greatest number” of the economy, it would be desirable for Japan to emulate the North European model.

The Japanese Unfair Competition Prevention Act has been revised almost every year since 1990. The advent of the Internet has significantly changed the world. Since provisions in the form of positive listing are insufficient for use in maintaining order in such a global cyberspace as the Internet, we need to have general provisions against unfair competition. There is a theory suggesting that, in creating general provisions in the Unfair Competition Prevention Act, we need to “explicitly exclude any use made based on the freedom of expression principle or on the fair use” and establish a provision concerning the exemption of application accordingly. Similarly, regarding the Copyright Act, there have been active discussions as to how to adopt the fair use doctrine under general provisions restricting rights. This paper has mainly analyzed domain names by examining how to judge whether a certain act has been committed for self-profiting or other-harming purposes and whether a certain use can be regarded as fair use. I hope this paper will contribute to the establishment of general provisions.

In this global age, the principle of “the greatest happiness for the greatest number” requires us to achieve the “greatest happiness” across national and racial boundaries. Further study needs to be made from this perspective.