

## 23 Extension of the Concept of Confusion under US Trademark Law<sup>(\*)</sup>

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*Along with the recent growth in property value attached to trademarks, as well as the advancement in Internet technology, trademarks are now being used in ways never seen before. Due to such changes, the traditional framework of trademark law—preventing confusion at the time of purchase of goods by protecting trademarks' function to identify the source of origin of goods—is being shaken. One example of this trend is the emergence of a view that trademark infringement should be found on the grounds of confusion that is created among consumers or the general public before or after the time of purchase of goods. This study first reviews the history of the extension of the traditional concept of "likelihood of confusion," and then analyzes in detail the issue of time-related extension of the concept of confusion, which now includes "post-sale confusion" and "initial interest confusion." In this analysis, reference is made to the US trademark law, under which this issue has already been discussed by courts and scholars. In the end, the study concludes that although the extension of the concept of confusion should be approved in some cases, it is impermissible to extend the concept and ultimately extend the scope of protection to a level that cannot be justified in light of the purpose and role of trademark law.*

### I Purpose of Study

Along with the recent growth in property value attached to trademarks, as well as the advancement in Internet technology, trademarks are now being used in ways never seen before. Amidst this situation, the traditional framework of trademark law—preventing confusion at the time of purchase of goods by protecting trademarks' function to identify the source of origin of goods—is being shaken, and the concept of confusion has been extended in terms of points in time, and now covers "post-sale confusion" and "initial interest confusion." This study reviews what type of theoretical background was behind the movements toward extension of trademark protection that have taken place thus far, especially the extension of the concept of confusion, and also examines to what extent such extension is permissible in light of the purpose and role of trademark law. Accordingly, as the target of comparative law, this study takes up the US trademark law under which the above issues have already been discussed, in an attempt to discover a desirable interpretation of the concept

of confusion under the Japanese trademark law.

The Trademark Act of Japan does not clearly stipulate confusion as a requirement for finding infringement of right. Nevertheless, as an approach for determining whether or not the mark in question is used as a *trademark*, it has become an established view that, if the mark is actually used but not in the manner harmful to a trademark's function to identify the source of origin of goods, infringement should be denied on the grounds that such use of the mark does not constitute the use as a trademark.<sup>1</sup> When examining whether or not the defendant's use of the mark harms the trademark's function of identifying the source of origin of goods, a question arises as to the scope of consumers or potential consumers who are to be taken into account as the reference targets, or at which point in time these target consumers should be demarcated.

In addition, after the Supreme Court rendered a ruling on the Kozozushi case (March 11, 1997, *Minshu* Vol. 51, no. 3, p. 1055),<sup>2</sup> more court rulings have given consideration to the likelihood of confusion among consumers. Also,

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irrespective of whether or not to require confusion as a test for infringement, analysis on confusion becomes relevant in the standard process of determining similarity of trademarks, in respect of which group of consumers should be the reference targets and whether they are traders or general consumers.

In the field of trademark law, courts have recently rendered rulings in which they discussed post-sale confusion or initial interest confusion.<sup>3</sup> Thus far, we have not seen many court rulings that permitted the time extension of the concept of confusion in Japan, but looking at the present situation where Internet trading is carried out as an ordinary activity and Internet advertising has increasingly diversified, it is anticipated that the number of court rulings discussing initial interest confusion will increase in the future. Therefore, making a theoretical study on the time extension of the concept of confusion is meaningful to some degree under the Japanese trademark law.

Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act directly stipulates the likelihood of confusion as a requirement for finding unfair competition. Hence, the discussion concerning post-sale confusion and initial interest confusion contemplated here will also provide helpful insights for interpreting the likelihood of confusion requirement.

The reason why this study focuses on the US law is that US law has a large stock of court rulings regarding new types of confusion. Furthermore, academics in the US are carrying out a wide range of meta-level study while discussing the appropriateness of such new types of confusion in connection with the rationale for trademark protection. This point may be extremely suggestive in the course of interpreting the Japanese trademark law that has a different legal framework.

## II Outline of US Trademark Law

The US trademark law currently in effect is the Lanham Act, enacted in 1946.<sup>4</sup> Under this Act, “likelihood of confusion” is the most important requirement for finding trademark infringement both in relation to a registered mark<sup>5</sup> and an unregistered mark.<sup>6</sup>

## III Establishment of the Concept of Confusion under the US Trademark Law, and the Subsequent Extension of the Concept

### 1 Initial extension of the concept of confusion

#### (1) Related goods doctrine<sup>7</sup>

Until the 1910s, courts considered that in order to find trademark infringement, the plaintiff and the defendant must be in direct competition.<sup>8</sup> The 1905 Act provided that trademark infringement may be asserted if (i) the defendant reproduces, counterfeits, copies or colorably imitates a registered mark and (ii) the defendant's mark and the registered trademark are affixed to goods “with substantially the same descriptive properties” (§16)<sup>9</sup>. As one background factor for the judicial tendency to find trademark infringement only in cases where there was such competitive relationship, it is said that at that time, the network for distribution and transportation of goods had not yet been fully developed in the US and goods were manufactured and sold only within the respective regions.<sup>10</sup> Under such circumstances, goodwill tended to attach to specific individuals or shops but was less likely to attach to specific trademarks.<sup>11</sup> For this reason, it was thought to be sufficient to find trademark infringement or apply the unfair competition doctrine only in cases where the defendant's goods were in direct competition with the plaintiff's goods.<sup>12</sup>

However, the situation changed by around the 1920s. As a result of the growth in demand for goods boosted by the population increase, coupled with the development of manufacturing technology, the supply of goods and the types of goods to be supplied substantially increased. The introduction of new marketing techniques and the construction of networks for transportation of goods enabled firms to sell their goods nationwide.<sup>13</sup>

Out of the necessity to respond to such changes in markets, courts modified their conventional stance and started to consider that competition between the goods sold by the conflicting parties is not a prerequisite for finding trademark infringement. Thus, as the important point to be considered from courts' viewpoint, the existence of a competitive relationship was replaced by the possibility of deception of the public.<sup>14</sup> Infringement was initially found in cases

where the market for the plaintiff's goods and the market for the defendant's goods were not in direct competition but were relatively close to each other.<sup>15</sup> Subsequently, trademark infringement has also been found even when the markets for the goods traded by the conflicting parties are not relatively close.

A recent academic view appreciates such shift in the courts' stance, explaining that courts have chosen to extend the concept of confusion in order to extend the scope of protection, with a view to responding to rapid changes in the economic situation by adopting an ambiguously defined criterion.<sup>16</sup>

## **(2) Backlashes against the extension of the concept of confusion at the Section Circuit (1940-1960)<sup>17</sup>**

Backlashes against the extension of the concept of confusion were seen during the period between the 1940s and the 1960s.<sup>18</sup> Economists, as well as jurists affected by the former, gradually became concerned about the anti-competitive effects of monopoly by trademark rights and of brand loyalty. As a result, courts and commentators began to show a skeptical attitude toward misappropriation, a rationale for trademark protection, and some attempted to restrain the extension of the scope of trademark rights.<sup>19</sup>

Judge Learned Hand of the US Court of Appeals for the Second Circuit, who took an initiative in this trend, is said to have returned to the transitional approach of limiting the scope of protection of a trademark right to the same goods, so as to grant protection by a trademark right only in cases where the trademark owner is likely to sustain any specific economic damage.<sup>20</sup>

## **2 Stipulation of the concept of confusion under the Lanham Act**

The Congress enacted the Lanham Act in 1946.<sup>21</sup> As a result of the deletion of the phrase "goods with [substantially] the same descriptive properties" in §15 of the 1905 Act, the trademark owner was no longer required to prove the existence of a competitive relationship between its goods and the defendant's goods under §32 (1)(a) of the 1946 Act.<sup>22</sup> Accordingly, the *related goods doctrine*, which had been applied by courts, was introduced in legislation and incorporated into the likelihood of confusion requirement as a test for finding trademark infringement.

## **3 Confusion as to sponsorship or partnership**

The 1962 amendment to the Lanham Act deleted the phrase "purchasers as to the source of origin of such goods or services" from §32 (1) (A). This made it easier for courts to find trademark infringement even in cases where the trademark owner's goods and the defendant's goods are associated with each other in some form or there is no competitive relationship between the two. The 1988 amendment further stipulated the concept of confusion concerning "sponsorship" or "approval" in §43(a).

Through these legal amendments, while grasping the concept of confusion as to sponsorship or approval more broadly, courts now tend to find infringement even in cases where it is not exactly obvious that confusion in any specific form has been created among consumers, such as when the defendant used a parody of the plaintiff's trademark.<sup>23</sup> However, some scholars have recently pointed out problems with such broadened application of the concept of confusion as to sponsorship or approval.<sup>24</sup>

## **4 Multifactor tests and problems therewith**

At present, it is now a common practice for all circuit courts to apply multifactor tests when determining the likelihood of confusion.<sup>25</sup> For instance, the Second Circuit formulated a test procedure called the Polaroid Test, in which determination on the likelihood of confusion should be made by taking into consideration the following factors: (i) the strength of the plaintiff's mark; (ii) the degree of similarity between the plaintiff's and the defendant's marks; (iii) the proximity of the plaintiff's and the defendant's products; (iv) the likelihood that the prior trademark owner will expand the scope of its business; (v) actual confusion; (vi) the correlation with the defendant's good faith in adopting its own mark; (vii) the quality of the defendant's products; and (viii) the sophistication of the buyers.<sup>26</sup>

In the academic world, the multifactor tests have been appreciated for their usefulness in helping judges of the Second Circuit solve the aforementioned conflict in their determinations, "by focusing judicial attention on the relatively mechanical application of factors and diverting attention away from the policy stakes."<sup>27</sup> At the same time, criticism has been raised, arguing that the advent of such tests has reduced the weight of

the issue of the nature of damage to the trademark owner or consumers, which had previously been discussed by courts.<sup>28</sup>

The recent empirical studies demonstrated that judicial analysis by multifactor tests lacks balance in choosing factors.<sup>29</sup> Specifically, in the precedent cases, two out of the abovementioned factors, namely, (ii) the degree of similarity between the plaintiff's and the defendant's marks and (vi) the defendant's intent to use, were used as key factors for determining confusion, and other factors are considered to have only minor influence on judicial decisions.<sup>30</sup>

#### **IV Time extension of the concept of confusion**

The typical case of likelihood of confusion that is usually found in trademark infringement litigation is confusion that may be caused to purchasers at the time of purchase of goods.<sup>31</sup> In reality, courts have found infringement in many cases by reason of "post-sale confusion," which may be suffered by someone who sees the purchaser using the goods. There is another type of confusion, referred to as "initial interest confusion," although it has not been accepted as widely as the former. Courts have found infringement in some cases based on initial interest confusion, which may be created at the initial stage of the purchase process but then disappear when the purchaser decides to purchase the goods.<sup>32</sup>

##### **1 Post-sale confusion<sup>33</sup>**

Even if there is no confusion among consumers at the time of purchase of goods, someone who happens to see the goods after that time may mistakenly recognize the goods as originating from the trademark owner. A notion to find trademark infringement in such situation is called "post-sale confusion."<sup>34</sup>

##### **(1) Cases where confusion may be caused to a person who does not use the goods him/herself**

In the past cases where the defendant sold counterfeits of the trademark owner's goods, courts found infringement by applying the doctrine of post-sale confusion on the grounds that although the direct purchaser of the counterfeit was not confused, someone (bystander) who saw the purchaser wearing the counterfeit might have been confused. Post-sale

confusion was found in relation to imitation of expensive goods, such as luxury watches,<sup>35</sup> parts of sports car,<sup>36</sup> and brand-name handbags.<sup>37</sup> However, the doctrine of post-sale confusion was also applied in relation to lower-priced goods, such as the design of jeans<sup>38</sup> and parts of ordinary automobiles.<sup>39</sup>

Post-sale confusion was denied in cases where: the defendant's goods were not inferior in quality to the trademark owner's goods;<sup>40</sup> the defendant used a parody of the plaintiff's trademark;<sup>41</sup> and the plaintiff asserted protection for its trade dress pertaining to technology for which the patent had expired.<sup>42</sup> There is also a court ruling that criticized the application of the doctrine of post-sale confusion, by reason that the similarity between the trademark owner's goods and the defendant's goods was difficult to be visually recognized by consumers.<sup>43</sup>

##### **(2) Cases where the person who takes charge of purchasing the goods and the person who actually uses the goods are different**

Where a particular organization or household purchases goods, if the person who directly takes charge of purchasing the goods is not confused but the person who actually uses the goods is confused, likelihood of confusion may possibly be found.<sup>44</sup> Courts have found post-sale confusion in such situations, by reason of confusion among doctors or nurses at hospitals,<sup>45</sup> or confusion among students at educational institutions.<sup>46</sup> However, infringement was denied if the person who is to use the goods has no influence on the process of making a decision to purchase the goods at the organization.<sup>47</sup>

##### **(3) Academic views**

Courts sometimes rationalize the application of the doctrine of post-sale confusion by stating that the trademark owner's reputation for the quality of its goods might be damaged if the defendant's goods are inferior in quality or contain defects. There is an academic view that if the trademark owner's reputation for the quality of its goods is actually damaged due to the defendant's goods, finding infringement based on the doctrine of post-sale confusion is in line with the purpose of trademark law, i.e. protecting the information transmission function of marks.<sup>48</sup> However, some criticize this view, arguing that in actual cases, courts do not clearly determine whether damage has really been caused but make a finding of damage based on suppositions.<sup>49</sup> Hence, it is

pointed out that if courts are to apply the doctrine of post-sale confusion from the above standpoint, they must specifically demonstrate the likelihood that such confusion would have an influence on the decision to purchase to be made by actual or potential consumers.<sup>50</sup>

In some cases, courts approved the application of the doctrine of post-sale confusion on the grounds that if consumers are able to purchase counterfeits of the trademark owner's goods at low prices, this would undermine the brand image that has attached to the trademark owner's goods, represented by prestige and scarcity. There is an opinion that such factors as prestige and scarcity of goods are different in nature from the information transmission function of marks that has traditionally been protected by trademark law, and protecting these values might result in protecting the value of marks themselves.<sup>51</sup> Another opinion is that consumers send signals of their wealth to others by purchasing brand-name products; protecting the value of marks as a tool of such communication between individuals is not the traditional objective of trademark law, but permitting the sale of copies is instead fit for the objective of trademark law because this would give the trademark owner a greater incentive to provide information on its goods and invest in the quality of the goods.<sup>52</sup> It is also pointed out that restricting consumers from using marks to demonstrate their own status might be prejudicial to their freedom of expression, so careful consideration is required for such restriction.<sup>53</sup>

## **2 Initial interest confusion<sup>54</sup>**

In cases where consumers are confused when they first come across the defendant's mark but their confusion disappears when they finally purchase goods, trademark infringement is sometimes found, taking note of the fact that such "confusion" at the initial stage has an effect of misleading consumers into an initial interest in the defendant's goods. This is called initial interest confusion.<sup>55</sup> The doctrine of initial interest confusion was first recognized while supposing an off-line environment, but recently its applicability to Internet sales becomes an issue more often.

### **(1) Off-line cases**

In one of the off-line cases where the defendant used a product name identical or similar to that of the plaintiff's product, the court found initial interest confusion on the grounds

that confusion was created at the initial stage of purchase, although it was dispelled at the final stage of purchase.<sup>56</sup> Infringement was also found under this doctrine in cases where the trademark owner or consumers sustained any specific damage, such as where there is the possibility that consumers would mistakenly believe that the trademark owner sponsors or approves the defendant, which could result in the trademark owner's goodwill being transferred to the defendant,<sup>57</sup> or where consumers paid the purchase price at the initial stage when they were confused.<sup>58</sup> If such circumstances cannot be found, the application of this doctrine was denied even where confusion was created at the initial stage of purchase.<sup>59</sup>

### **(2) On-line cases**

There was a case in which the court found trademark infringement on the grounds that the defendant's act of using the plaintiff's trademark in its description metatag could create initial interest confusion.<sup>60</sup> In this case, the court held that the defendant's act of guiding consumers to its website with the use of such metatags constituted misappropriation of the goodwill that had been developed in the plaintiff's trademark, even if confusion was not created.<sup>61</sup> However, infringement was denied if the defendant's use of the plaintiff's trademark was justified for some reasons, such as where the defendant used the terms that explained his career or its product line in metatags.<sup>62</sup> There was also a case in which the court denied infringement because of the declining significance of description metatags on recent search engines.<sup>63</sup>

Infringement was also denied on the grounds that the defendant's act of providing a software application for displaying popup ads that match websites that users access does not amount to "use" as required under the Lanham Act.<sup>64</sup>

Recently, the liability of search engines that provide search advertising services, as well as the liability of the trademark owner's competitors who purchase the trademark from search engine companies as a keyword, have been questioned more frequently. In an earlier case, the court found the search engine company to be liable for the failure to clearly distinguish web links and banner ads on search result pages.<sup>65</sup> However, as most recent search engines display the website ranking list separately from sponsor ads, the court denied both the liability of the search engine company and of the keyword purchaser in a recent case.<sup>66</sup> There was a case in which the court

denied infringement on the grounds that the defendant's act does not constitute "use in commerce."<sup>67</sup> However, since the *Rescuecom* case,<sup>68</sup> it has become the judicial mainstream to first recognize the defendant's act as constituting "use in commerce" and then deny infringement on the grounds of absence of likelihood of confusion,<sup>69</sup> with the exception that infringement may be found if the plaintiff's trademark is displayed in sponsor ads in such manner that could create confusion.<sup>70</sup>

### (3) Academic views

Most scholars were critical about the judicial approach of finding initial interest confusion by reason of the fact that consumers were attracted to websites of the trademark owner's competitors, even when confusion was not actually created. The grounds for their criticism are as follows. First, even if users who initially intended to access the trademark owner's website have arrived at the defendant's website by mistake, they can make a search again easily just by one click, so damage that might be inflicted on users or consumers is trivial.<sup>71</sup> Secondly, even if the defendant's website is ranked high in the search result list, it is not very likely that users would mistake the link to the defendant's website for the link to the plaintiff's website.<sup>72</sup> Thirdly, even where users use the plaintiff's trademark as a search keyword, they often use the keyword in order to search for the goods or service in general, rather than searching for the plaintiff's website.<sup>73</sup> Lastly, if the doctrine of initial interest purchase is applied broadly even in cases where confusion has not actually been created, this doctrine might be misused by the trademark owner as a tool to close websites that are unfavorable to the trademark owner, such as those publishing criticisms or presenting a parody related to the trademark owner.<sup>74</sup>

In order to put a brake on courts in applying the doctrine of initial interest confusion any more broadly, some argue that search engines should be exempt from liability for search advertising categorically, with the use of the concept of "use as a trademark."<sup>75</sup> According to their view, providing consumers with information on substitute products or product compatibility is an act of expression that trademark law explicitly encourages, so search engines should be exempt from liability categorically so that their freedom of expression would not be harmed by the trademark owner's enforcement of its exclusive right.<sup>76</sup> They also state that the doctrine of initial

interest confusion is not an appropriate tool because, if a finding of infringement is made dependent on the likelihood of confusion test, the criterion for determining likelihood of confusion would be replaced by other factors such as free riding and misappropriation.<sup>77</sup>

There is an influential opinion against the approach of exempting search engines from liability categorically with the use of the requirement of "use as a trademark."<sup>78</sup> Those who criticize this approach argue that trademark law should govern the situation where there is a likelihood of confusion among users; exempting search engines from liability categorically would lead to allowing them to abuse their rights, and ultimately causing damage to the trademark owner and consumers.<sup>79</sup> Another opinion is that since the requirement of "use as a trademark" does not formally take into consideration the content of the information to be transmitted by way of advertisement, it does not effectively function as a tool to strike balance between the merit of search advertising in providing consumers with useful information on goods or services, and its demerit in causing confusion among consumers.<sup>80</sup>

As above, consensus has not yet been reached in the academic world concerning the issue of whether or not search engines should be exempted from liability categorically with the use of the requirement of "use as a trademark." Academic views are divided regarding (i) to what extent we should evaluate the external effect arising from search advertising, and (ii) how seriously we should consider the risk that search engines will change their existing operations and start to use trademarks in a manner that could create confusion. At least based on the current practice of search advertising, both academic positions will arrive at a conclusion that trademark infringement should in principle be denied.

## V Analysis of Japanese Law

### 1 Time expansion of the concept of confusion

Similarity of trademarks is determined on the basis of the degree of attention ordinarily paid by traders and consumers of the goods or services for which the trademark is used.<sup>81</sup> In practice, consumers within a more specific range are referred to on such basis, while taking into account how the goods or services are sold or

provided.<sup>82</sup>

## **(1) Post-sale confusion**

### **(i) Court rulings**

Court rulings on post-sale confusion rendered in the past cases can be roughly divided into two types: (I) cases where the point in dispute was confusion among people who actually use the goods with the defendant's mark; and (II) cases where the point in dispute was confusion among those who do not actually use such goods.

In one type (I) case, in which the defendant was sued for having sold the bottles of ink refills to which the plaintiff's trademark was affixed, the court found trademark infringement based on the doctrine of post-sale confusion.<sup>83</sup> On the other hand, in cases where the person who takes charge of purchasing the product and the person who actually uses the product are completely separated (e.g. the doctor and the patient) such as where the trademark is affixed to a drug prescription, the application of the doctrine of post-sale confusion was sometimes denied,<sup>84</sup> but there is a conflict in the past court rulings on the applicability of this doctrine.<sup>85</sup>

2006 (Wa) No. 4029, the Tokyo District Court judgment, May 16, 2007 [ELLEGARDEN, first instance], is a type (II) court ruling that expressly approved the application of the doctrine of post-sale confusion for the first time. In this case, the plaintiff, who issues a women's magazine named "ELLE", alleged that the defendant's act of selling T-shirts and other items with a decorative mark of "ELLEGARDEN," which represents the name of a rock band affiliated to the defendant, constitutes infringement of the plaintiff's trademark. The Tokyo District Court found similarity between "ELLE" and "ELLEGARDEN" on the basis of general consumers, holding that even if the person who purchased the defendant's goods is not confused, someone who sees the purchaser wearing said goods is likely to mistakenly believe that the plaintiff is the source of origin of said goods. However, this ruling was later reversed by the Intellectual Property High Court, which denied the application of the doctrine of post-sale confusion.<sup>86</sup>

### **(ii) Author's view**

In type (I) cases, users can ascertain the quality of the defendant's goods by actually using the goods. If the defendant's goods are inferior in quality, those users who mistakenly believe that the plaintiff is the source of origin of those goods would be concerned about the plaintiff's goods in

general (unless they are informed of the true fact by the person who purchased the goods), and afterwards, they might have some prejudgments when deciding whether or not to purchase the plaintiff's goods at home or workplaces.<sup>87</sup> Even if the defendant's goods are not inferior in quality, since the plaintiff has no control over the quality of the defendant's goods, the plaintiff's trademark would no longer be able to function to assure quality. Thus, in cases where confusion is created among users who have or will have an influence on decisions to purchase the plaintiff's goods, the risk of harm on the trademark owner's interest has materialized as in cases where confusion is created among purchasers at the time of purchase, so in such cases, trademark infringement should be found.

In type (II) cases, someone who just sees the purchaser using the defendant's goods does not him/herself use the goods, so it is less likely that such third party is confused as to the quality of the defendant's goods. Therefore, even if any third party, who can be referred to as an "ordinary passerby," mistakenly believes the defendant's goods worn by the direct purchaser to be the genuine goods, it is usually unlikely that the trademark's function to identify the source of origin of goods and the function to assure quality derived from the former would be undermined. Infringement should be denied unless the trademark owner sustains any specific damage due to some influence that the defendant's goods would have on potential consumers in their process of making decisions on purchase in the future. However, there is the possibility of harm to the trademark's function to assure quality in relation to a third party who does not actually use the defendant's goods. Supposing the situation where a replica of a luxury car, such as Ferrari, burst into flames on the road, one can say that the Ferrari trademark's function to assure quality is likely to be harmed, even though the public does not use the replica car. In such case, trademark infringement should be found because it is likely that the accident would have an influence on consumers in their process of making decisions on whether or not to purchase Ferrari in the future.<sup>88</sup> Furthermore, there may be room for finding post-sale confusion if the defendant's goods are likely to go into the secondary market. This is because consumers who wish to purchase genuine goods would be concerned that what they have purchased are not genuine goods, possibly resulting in a decline in the sale of genuine goods.

In cases where the defendant sells copies of

brand-name goods, there is the possibility that the brand value developed in the plaintiff's trademark, such as scarcity and prestige, would decrease, leading to a decline in the ability of the plaintiff's trademark to attract customers.<sup>89</sup> However, such value is considerably different from the value of information on goods that is usually covered by protection under trademark law (the function to identify the source of origin of goods and the function to assure quality derived from the former). Protecting trademarks incurs social cost in that it impedes the trademark owner's competitors or the general public from displaying their expressions with the use of trademarks. Therefore, if the trademark owner is to assert protection of said brand value, there must be an additional rationale for such assertion. Among factors questioned in terms of the value of scarcity and prestige, dilution is provided under Article 2, paragraph (1), item (ii) of the Unfair Competition Prevention Act and slavish imitation of the configuration of goods is provided under item (iii) of said paragraph, respectively, so cases arising in relation to these matters should be governed according to these provisions.<sup>90 91</sup>

## **(2) Initial interest confusion**

### **(i) Court rulings**

In some cases brought to Japanese courts, whether or not the act of purchasing metatags or keywords in search advertising constitutes trademark infringement was disputed. With regard to metatags, there was a case in which the court found trademark infringement by reason of the defendant's act of using a mark that is similar to the plaintiff's trademark in a description metatag.<sup>92</sup> In this case, when finding infringement, the court attached importance to the facts that the defendant's mark was displayed in the written description of the defendant's website that appeared on search result pages, and that the written description of the defendant's website has relevance with the actual content of the defendant's website. Thus, the ruling of this case can be understood as finding likelihood of confusion by paying attention to the confusion at the final stage of purchase, rather than finding initial interest confusion.<sup>93</sup> In addition, this ruling does not seem to be applicable to cases of keyword metatags<sup>94</sup>

Next, there was a case in which the court denied trademark infringement with respect to the defendant's act of purchasing the plaintiff's trademark as a keyword.<sup>95</sup> In this case, the court dismissed the plaintiff's claim on the basis of the

finding that the defendant's act does not constitute the "use" of a trademark as set forth in Article 2, paragraph (3) of the Trademark Act.

Lastly, there was a case in which the court, in the course of finding similarity, stated that when users search for the plaintiff's goods on a search engine, the defendant's website and the plaintiff's website are displayed in a line on search result pages, so there is the possibility that users would arrive at the defendant's website.<sup>96</sup> This is the first court ruling that approved the application of the doctrine of initial interest confusion. However, the court of second instance<sup>97</sup> ruled out the applicability of this doctrine, holding that the defendant's website displays many indications that would make viewers aware that it is a website for the fans of a rock band, so it is less likely that confusion would be created among consumers.

### **(ii) Author's view**

As for metatags, viewability should not be used as the basis for determining trademark infringement.<sup>98</sup> What the Trademark Act is designed to regulate is the situation where the defendant's mark is recognized as an identifier of the source of origin of goods and this creates confusion among consumers. Even when users see a description metatag, it is extremely unlikely that they would recognize the metatag as an identifier of the source of origin.

Consideration should also be given to the fact that on many search engines, the importance of description metatags in the process of ranking websites has recently been declining. Furthermore, even if description metatags have influence on search ranking, such influence may not create a serious level of confusion among users. When users arrive by mistake at the defendant's website, they can easily make a search again, so search costs would not increase that much.

Thus, the act of using another person's trademark in a description metatag does not constitute the use as a trademark, so infringement should be denied for such act. However, infringement should be found if a description metatag indicates another person's trademark in a manner that could create confusion among users.

In the case of search advertising, confusion is unlikely to be created among users as long as search results are displayed in a manner that they can be distinguished from sponsors' web links. At the same time, it is inappropriate to approve the



application of the doctrine of initial interest confusion just because of free riding on another person's trademark when confusion has not been created among consumers. Consideration should be given to the fact that search advertising has an effect of reducing search costs and promoting competition by providing users with information on substitute goods. Therefore, in principle, the liability of both search engines and keyword purchasers should be denied. However, infringement should be found if the plaintiff's trademark is displayed in the sponsor ads in a manner that could create confusion.

## VI Closing

Along with the growth in property value attached to trademarks and the development of marketing strategies, the scope of subjects to be protected by trademark rights as well as the scope of trademark protection have been gradually extended. As this study has clarified through the review of trends relating to post-sale confusion and initial interest confusion, some movements toward extension of protection under trademark law are compatible with the traditional rationale of trademarks, while others are incompatible with it.

Such movements toward extension of trademark protection are expected to continue in the future. With this in mind, we should note that there is the risk that the extension of the scope of trademark protection might excessively deter trademark owners' competitors and the general public from carrying out business activities or other activities to display expressions using trademarks. In order to permit the extension of the scope of trademark protection, it is necessary to ensure compatibility with the purpose or objective of trademark law, while taking into account the high property value of trademarks.

<sup>1</sup> Yoshiyuki Tamura, *Shōhyōhō gaisetsu, dai 2 han* (Overview of the Trademark Act, 2nd edition), at 143 et seq. (Kobundo, 2000).

<sup>2</sup> For the judicial research officer's commentary on this Supreme Court ruling, see Ryoichi Mimura, [*Hankai*] *Saikōsaibansho hanei kaisetsu minjihen heisei 9 nendo (Jō)* (Commentaries of the Supreme Court decisions on civil cases in FY1997, 1st volume), at 403 (2000).

<sup>3</sup> 2006 (Wa) No. 4029, Tokyo District Court judgment, May 16, 2007 [ELLEGGARDEN, first instance]. This judgment was later reversed by the Intellectual Property High Court judgment, March 19, 2008, *Hanrei Times* No. 1629, at 288 [ELLEGGARDEN, second instance].

<sup>4</sup> Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §1051-1029 (2000)).

<sup>5</sup> 15 U.S.C. §1114.

<sup>6</sup> 15 U.S.C. §1125(a).

<sup>7</sup> For precedent studies on this issue in Japan, Tatsuki Shibuya, *Shōhyōhō no riron* (Theory of trademark law), at 231-236 (University of Tokyo Press, 1973); Ryo Shimanami, "Tōroku shōhyōken no butteki hogo han'i (1)" (Scope of physical protection of registered trademark (1)), *Hokyo* (Journal of the Jurisprudence Association) Vol. 114, No. 5, at 547 (1997).

<sup>8</sup> 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:14 (4th ed.)[hereinafter MCCARTHY].

<sup>9</sup> Trademark Act of 1905, Pub. L. No.58-84, 33 Stat. 724 (1905), §16.

<sup>10</sup> Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 575 (2006).

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at 576-79.

<sup>14</sup> HARRY D. NIMS, UNFAIR COMPETITION AND TRADEMARKS iii (3rd ed. 1929).

<sup>15</sup> Courts found trademark infringement in the following cases where the market for the plaintiff's goods and the market for the defendant's goods were not in direct competition but relatively close to each other: *Waltke & Co. v. Schafer & Co.*, 263 Fed. 650 (C. of A., D. C., 1920) (beauty soap vs. shaving soap); *Wilcox & White Co. v. Leiser*, 276 Fed. 650 (C. of A., D. C., 1920) (automatic player piano vs. gramophone); *Willys-Overland Co. v. Akron-Overland Tire Co.*, 268 Fed. 151 (D. C., 1920); *Aluminum Cooking Utensil Co. v. Sargoy Bros. Co.*, 276 Fed. 447 (D. C., 1921) (aluminum cooking utensil vs. tin wash boiler); 273 Fed. 674 (C. C. A., 1921) (automobile vs. tyre); *Anheuser-Busch, Inc. v. Budweiser Malt Products Corp.*, 295 F. 306 (2d Cir. 1923) (beer vs. malt syrup).

<sup>16</sup> Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 424 (2010).

<sup>17</sup> Shimanami, *supra* note 7, at 569-571.

<sup>18</sup> MCCARTHY §24:66.

<sup>19</sup> Bone, *supra* note 10, at 599.

<sup>20</sup> *Id.* at 601 (Bone points out that these backlash movements were only limitative, but affected by arguments that arose from them, "judges became more sensitive to the potential costs of expansion and used greater caution in extending protection to distant product markets.") For analysis on the court rulings in which Judge Hand was involved, see Richard L. Kirkpatrick, *Learned Hand's Trademark Cases: An Appreciation*, 82 TRADEMARK REP. 426 (1992); Kenneth L. Port, *Learned Hand's Trademark Jurisprudence: Legal Positivism and the Myth of the Prophet*, 27 PAC. L.J. 221, 259 (1996).

<sup>21</sup> Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §1051-1029 (2000)).

<sup>22</sup> 15 U.S.C. §1114.

<sup>23</sup> E.g., *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987), *cert. denied*, 488 U.S. 933 (1988); *Anheuser-Busch, Inc. v. Balducci Publ'ns*, 28 F.3d 769 (8th Cir. 1994); *American Dairy Queen Corp. v. New Line Prods.*, 35 F. Supp. 2d 727 (D. Minn. 1998).

<sup>24</sup> Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1722-1723 (1999); James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 913 (2007); Lemley & McKenna, *supra* note 16,

- at 424.
- <sup>25</sup> See, GRAEME B. DINWOODIE & MARK D. JANIS, TRADEMARKS AND UNFAIR COMPETITION: LAW AND POLICY 505-558 (3rd. ed., 2010). As a reference in the Japanese language, see Ryo Shimanami, “Tōroku shōhyōken no butteki hogo han’i (2, kan)” (Scope of physical protection of registered trademark (2)), *Hokyo* (Journal of the Jurisprudence Association) Vol. 114, No. 8, at 936, and 938-940 (1997).
- <sup>26</sup> *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961), *cert. denied*, 368 U.S. 820 (1961).
- <sup>27</sup> *Bone*, *supra* note 10, at 607.
- <sup>28</sup> *Id.*
- <sup>29</sup> Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581 (2006). See also, Kevin Blum et al., *Consistency of Confusion?: A Fifteen-Year Revisiting of Barton Beebe’s Empirical Analysis of Multifactor Tests for Trademark Infringement*, 2010 STAN. TECH. L. REV. 3 (2010).
- <sup>30</sup> *Id.*
- <sup>31</sup> MCCARTHY §23:5.
- <sup>32</sup> As a result of the deletion of the term “purchaser” from §32 of the Lanham Act through the amendment in 1962, the use of a mark “that is likely to cause confusion” has been prohibited. It is said that whether the Congress, upon this amendment, had the intention of allowing a new concept of confusion is not certain (S. Rep. No. 82-2107, at 2847, 2850-51 (1962); H.R. Rep. No. 87-1108, at 4 (1961)).
- <sup>33</sup> For prior studies on US court rulings and academic views on post-sale confusion, see Yuriko Inoue, “Kōbaigo no kondō (post-purchase confusion) to Fuseikyōsōbōshihō jō no kondō gainen—Amerika deno giron wo tegakarini” (Post-purchase confusion and the concept of confusion under the unfair competition prevention law: Based on arguments in the United States), Hidetaka Aizawa, eds., *Chitekizaisanhō no riron to gendaiteki kadai [Nakayama Nobuhiro sensei kanreki kinen]* (Theory and present issues on intellectual property law [In memory of the 60th birthday of Professor Nobuhiro Nakayama]), at 417 (Kobundo, 2005), Yoshiyuki Tamura and Takahiro Kojima, “Shōhyōhō jō no kondō gainen no jiteki kakuchō to sono genkai” (Time extension of the concept of confusion under the trademark law and limit thereof), Daini Tokyo Bar Association, Study Group of Intellectual Properties, ed., *Burando to hō* (Brand and law), at 235 (Shojihomu, 2010).
- <sup>34</sup> 4 CALLMANN ON UNFAIR COMP., TR. & MONO. §22:16 (4th Ed.)
- <sup>35</sup> *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin—Le Coultre Watches, Inc.*, 221 F.2d 464 (2d Cir. 1955); *Rolex Watch U.S.A., Inc. v. Canner*, 645 F. Supp. 484 (S.D. Fla. 1986).
- <sup>36</sup> *Ferrari S.P.A. Esercizio Fabrice Automobili E Corse v. Roberts*, 944 F.2d 1235 (6th Cir. 1991).
- <sup>37</sup> *Hermes Int’l v. Lederer de Paris Fifth Avenue, Inc.*, 50 F.Supp.2d 212 (S.D.N.Y. 1999).
- <sup>38</sup> *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867 (2d Cir. 1986).
- <sup>39</sup> *General Motors Corp. v. Keystone Automotive Industries, Inc.* 453 F.3d 351 (6th Cir. 2006).
- <sup>40</sup> *Gibson Guitar Corp. v. Paul Reed Smith Guitars, Inc.*, 423 F.3d 539 (6th Cir. 2005), *cert. denied*, 547 U.S. 1179 (2006).
- <sup>41</sup> *Nike, Inc. v. Just Did It Enters.*, 6 F.3d 1225 (7th Cir. 1993).
- <sup>42</sup> *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376 (7th Cir. 1996).
- <sup>43</sup> *Reebok Intern. Ltd. v. K-Mart Corp.*, 849 F.Supp. 252 (S.D.N.Y. 1994).
- <sup>44</sup> MCCARTHY §23:7; Shashank Upadhye, *Trademark Surveys: Identifying the Relevant Universe of Confused Consumers*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 549, 580 (1998).
- <sup>45</sup> *Karl Storz Endoscopy-America, Inc. v. Surgical Tech., Inc.*, 285 F.3d 848 (9th Cir. 2002).
- <sup>46</sup> *Educational Testing Service v. Touchstone Applied Science Assoc., Inc.*, 739 F. Supp. 847 (S.D.N.Y. 1990).
- <sup>47</sup> *United States Surgical Corp. v. Orris, Inc.*, 5 F. Supp. 2d 1201 (D. Kan. 1998).
- <sup>48</sup> *Bone*, *supra* note 10, at 608; Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 491 (2005).
- <sup>49</sup> *Id.*
- <sup>50</sup> Jeremy N. Sheff, *Veblen Brands*, 96 MINN. L. REV. 760 (2012).
- <sup>51</sup> Graeme W. Austin, *Trademarks and the Burdened Imagination*, 69 BROOK. L. REV. 827, 902-04 (2004).
- <sup>52</sup> Katya Assaf, *Brand Fetishism*, 43 CONN. L. REV. 83 (2010).
- <sup>53</sup> Sheff, *supra* note 50, at 804-828.
- <sup>54</sup> For the references in the Japanese language which present arguments in Europe and the United States with regard to the issues of the Internet-related trademark infringement and initial interest confusion, see Hiromichi Aoki, “Intānetto to shōhyōken no shingai” (Internet and trademark infringement), Daini Tokyo Bar Association, Study Group of Intellectual Properties, ed., *Shin Shōhyōhō no ronten* (Points at issue of the new Trademark Act), at 344-351 (Shojihomu, 2007), Aoki, *Chitekizaisanken toshite no burando to dezain* (Brand and design as intellectual property), at 180-192 (Yuhikaku, 2007), Kazuo Iwasaki, “Kokusai denshi shōtorihikihō no kihon mondai (3): Intānetto kōkoku” (Basic issues on international law of electronic commerce: Internet advertising), *Kokusai Shoji Homu* Vol. 36, No. 8, at 1043 (2008), Masaharu Miyawaki, “Metatagu to shōhyō to shiteno shiyō” (Metatags and use as a trademark), Japan Patent Attorneys Association (JPAA), Central Research Institute of Intellectual Property, *Shōhyō no shiyō nit suite* (Use of trademark), *Bessatsu Patent* Vol. 62, No. 4, at 179 (2009), Tamura and Kojima, *supra* note 33, at 271-276.
- <sup>55</sup> CALLMANN §22:15; Charles E. Bruzga, *Sophisticated Purchaser Defense Avoided Where Pre-Sale Confusion Is Harmful—A Brief Note*, 78 TRADEMARK REP. 659 (1988). “Initial interest confusion” is also termed as “pre-sale confusion.”
- <sup>56</sup> *Grotrian, Helfferich, Schulz, Th. Steinwag Nachf v. Steinway & Sons*, 523 F.2d 1331 (2d Cir. 1975); *Mobile Oil Corp v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987).
- <sup>57</sup> *Id.*
- <sup>58</sup> *Elvis Presley Enterprises v. Capece*, 141 F.3d 188 (5th Cir. 1998).
- <sup>59</sup> *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539 (6th Cir. 2005), *cert. denied*, 126 S. Ct. 2355 (2006).

- <sup>60</sup> Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036 (9th Cir. 1999).
- <sup>61</sup> *Id.*
- <sup>62</sup> Playboy Enters. v. Welles, 279 F.3d 796 (9th Cir. 2002); Bijur Lubricating Corp. v. Devco Corp., 332 F. Supp. 2d 722 (D.N.J. 2004).
- <sup>63</sup> Standard Process, Inc. v. Banks, 554 F.Supp.2d 866 (E.D.Wis. 2008).
- <sup>64</sup> 1-800 CONTACTS, Inc. v. WhenU.com, Inc., 414 F.3d 400 (2d Cir. 2005), *cert. denied*, 546 U.S. 1033 (2005) (The defendant only described the URL of the plaintiff's website in the directory for the defendant's software. The defendant did not sell any specific keywords to its advertising clients but sold category-related advertisement spaces. The court took these facts into account as the grounds for denying infringement.).
- <sup>65</sup> Playboy Enters. v. Netscape Communs. Corp., 354 F.3d 1020 (9th Cir. 2004).
- <sup>66</sup> Govt Empls. Ins. Co. v. Google, Inc., 330 F.Supp.2d 700 (E.D. Va. 2004), 77 U.S.P.Q.2D 1841 (E.D. Va. 2005) (infringement partially found).
- <sup>67</sup> Merck & Co., Inc. v. Mediplan Health Consulting, Inc., 425 F.Supp.2d 402 (S.D.N.Y. 2006).
- <sup>68</sup> Rescuecom Corp. v. Google, Inc., 562 F.3d 123 (2d Cir. 2009).
- <sup>69</sup> J.G. Wentworth, S.S.C. Ltd. P'ship v. Settlement Funding LLC, 85 U.S.P.Q.2d 1780 (E.D. Pa. 2007); 1-800 Contacts, Inc. v. Lens.com, Inc., 755 F. Supp. 2d 1151 (D. Utah 2010); Network Automation, Inc. v. Advanced Sys. Concepts, 638 F.3d 1137 (9th Cir. 2011).
- <sup>70</sup> CJ Prods. LLC v. Snuggly Plushez LLC, 809 F. Supp. 2d 127 (E.D.N.Y. 2011).
- <sup>71</sup> James Grimmelmann, *The Structure of Search Engine Law*, 93 IOWA L. REV. 3, 61 (2007).
- <sup>72</sup> Greg Lastowka, *Google's Law*, 73 BROOK. L. REV. 1327, 1375 (2008); Margreth Barrett, *Internet Trademark Suits and the Demise of "Trademark Use"*, 39 U.C. DAVIS L. REV. 371 (2006).
- <sup>73</sup> Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507, 538 (2005).
- <sup>74</sup> *Id.* at 574.
- <sup>75</sup> Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777 (2004); Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law through Trademark Use*, 92 IOWA L. REV. (2006); Goldman, *supra* note 73, at 507; Margreth Barrett, *Finding Trademark Use: The Historical Foundation for Limiting Infringement Liability to Uses "n the Manner of the Mark"*, 43 WAKE FOREST L. REV. 893 (2008); Uli Widmaier, *Use, Liability and the Structure of Trademark Law*, 33 HOFSTRA L. REV. 603 (2004). *See also*, Dan L. Burk, *Cybermarks*, 94 MINN. L. REV. 1375 (2010) (advocating the use of the functionality requirement).
- <sup>76</sup> Dogan & Lemley, *supra* note 75.
- <sup>77</sup> *Id.*
- <sup>78</sup> For a study on the academic views on this issue, see Kazufumi Dohi, "Shōhyōteki shiyō to shōhyōken no kōryoku" (Use as trademark and effect of trademark right), Japan Patent Attorneys Association (JPAA), Central Research Institute of Intellectual Property, *Shōhyō no shiyō ni tsuite* (Use of trademark), *Bessatsu Patent* Vol. 62, No. 4, at 215 and 217-218 (2009).
- <sup>79</sup> Graeme B. Dinwoodie & Mark D. Janis, Confusion Over Use: *Contextualism in Trademark Law*, 92 IOWA L. REV. 1597 (2007); Graeme B. Dinwoodie & Mark D. Janis, *Lessons from the Trademark Use Debate*, 92 IOWA L. REV. 1703 (2007); Lastowka, *supra* note 72, at 1396-1410.
- <sup>80</sup> Glynn S. Lunney, *Trademarks and the Internet: the United States' Experience*, 97 TRADEMARK REP. 931 (2007).
- <sup>81</sup> See the Tokyo High Court judgment, November 7, 1983, *Kokeishu* (High court decision in criminal cases) Vol. 36, No. 3, at 289 [Seiko]. For the party who is to determine the "likelihood of confusion" set forth in Article 4, paragraph (1), item (xv), see the Supreme Court judgment, July 11, 2000, *Minshu* Vol. 54, No. 6, at 1848 [L'air du tamps].
- <sup>82</sup> Intellectual Property Court Practice Study Group, *Chitekizai soshō no jitsumu* (Practice in intellectual property litigation), at 58 (Hosokai, 2010).
- <sup>83</sup> Tokyo High Court judgment, August 31, 2004, *Hanrei Jiho* No. 1883, at 87 [Lithograph, second instance].
- <sup>84</sup> For the party who is to be confused in the registration examination (Article 4, paragraph (1), item (xv) of the Trademark Act), see the Tokyo High Court judgment, March 30, 1993, *Chizaishu* (Intellectual property-related court decisions in civil and administrative cases) Vol. 25, No. 1, at 125 [Masuchimaishin, first instance].
- <sup>85</sup> With respect to Article 4, paragraph (1), item (xv), see 2004 (Gyo-Ke) No. 256, the Tokyo High Court judgment, February 24, 2005 [MEVASROLIN]; 2004 (Gyo-Ke) No. 129, the Tokyo High Court judgment, November 25, 2004 [Mebarokatto]; and 1999 (Gyo-Ke) No. 309, the Tokyo High Court judgment, September 4, 2000 [CAPTORON]. With respect to Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act, see 2006 (Ne) No. 10011, the Intellectual Property High Court judgment, September 27, 2006 [gastric capsule]; and 2006 (Ne) No. 10012, the Intellectual Property High Court judgment, September 28, 2006 [the same].
- <sup>86</sup> Intellectual Property High Court judgment, March 19, 2008, *Hanrei Times* No. 1629, at 288 [ELLEGARDEN, second instance]. The court of second instance denied the application of the doctrine of post-sale confusion, on the grounds that the impression created by the method of using the defendant's mark is apart from the impression created by the plaintiff's brand. This high court ruling does not clearly demonstrate whether or not this doctrine is applicable if the impression created by the plaintiff's trademark and that created by the defendant's mark are similar to each other.
- <sup>87</sup> Yoshiyuki Tamura, [Hanrei Hihyo], *Chitekizaisanhō Seisakugaku Kenkyū* (Study on intellectual property law policy) No. 4, at 181 (2004), criticized by Shigeki Chaen, [Hanrei Hihyo], *Shōhyō, ishō, fusei kyōsō hanrei hyakusen* (100 collected court decisions on trademark, design, and unfair competition), at 55 (Yuhikaku, 2007).
- <sup>88</sup> However, it may be possible to think that in such case, even if the trademark's function to assure quality of luxury goods such as Ferrari has been harmed, the scope of consumers who can afford to purchase such goods is limited, so the influence that the replica would have on the process of making decisions to purchase the plaintiff's goods is insignificant.
- <sup>89</sup> Inoue, *supra* note 33, at 432-434.
- <sup>90</sup> *Id.*, at 435.

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- <sup>91</sup> However, it is considered that due consideration is required for protecting the design pattern or configuration of goods under Article 2, paragraph (1), item (ii) of the Unfair Competition Prevention Act, because this could result in constraining competition without good cause even where there is no likelihood of confusion. (Specifically, there is an argument that consumers' tendency to find value in an indication should be incorporated into the requirement of famousness (Masaharu Miyawaki, "Burando ekuitei to fusei kyōsō" (Brand equity and unfair competition), *Kokusai Kōkyō Seisaku Kenkyū* (International public policy study) No. 4 and No. 2, at 199-200 and 202-204 (2000). Another argument narrows down the applicability of said provision by requiring special distinctiveness or infringement of business interest (Yoshiyuki Tamura, *Fuseikyōsōhō gaisetsu [dai 2 han]* (Overview of the unfair competition law, 2nd edition), at 240-243 and 248-250 (Yuhikaku, 2006)).
- <sup>92</sup> Osaka District Court judgment, December 8, 2005, *Hanrei Jiho* No. 1934, at 109 [Chūkoshā (kuruma) no 110 ban]Ryos
- <sup>93</sup> Ryo Shimanami, "html fairu no metatagu he no kijutsu to shōhyō toshite no shiyō" (Description of html files in metatags and their use as trademarks), *Saishin Chizaihō [Komatsu Yoichiro sensei kanreki]* (Latest intellectual property law [In memory of the 60th birthday of Professor Yoichiro Komatsu]), at 372 (Seirin Shoin, 2008).
- <sup>94</sup> Keita Sato [*Hanrei Hihyo*], *Chuo Law Journal* Vol. 4, No. 1, at 114-116 (2007).
- <sup>95</sup> 2006 (Wa) No. 7458, Osaka District Court judgment, September 13, 2007 [PS501].
- <sup>96</sup> 2006 (Wa) No. 4029, Tokyo District Court judgment, May 16, 2007 [ELLEGARDEN, first instance].
- <sup>97</sup> Intellectual Property High Court, March 19, 2008, *Hanrei Times* No. 1629, at 288 [ELLEGARDEN, second instance].
- <sup>98</sup> In Japan, there was a conflict in academic views on metatags in terms of how to consider viewability of metatags, between those supporting the use of metatags as a trademark (Kazufumi Dohi, "Nettowāku shakai to shōhyō" (Network society and trademark), *Jurist* No. 1227, at 30 (2002), Shigeki Chaen, "Intānetto jō no hyōshiki no aratana shiyō keitai he no taiō" (Response to the new way of using marks on the Internet), Institute of Intellectual Property (IIP), *Study on the Desirable Form of the Unfair Competition Prevention Law for Protecting Intellectual Property in a New Era*, at 18 (IIP, 2002), and those denying such use (Shuichi Itakura, [*Hanrei Hihyo*], *Hanrei Jiho* No. 1953, at 213 and 216 (2006)).