

How to resolve cross-border trademark infringement ~Sushi Zanmai (Go crazy about Sushi) Case~

Intellectual Property High Court, October 30, 2024 (Case No. 2024 (Ne) 10031)

May 13, 2025

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Abstract

“Does the use of trademarks on a website in connection with the services provided in foreign country constitute trademark infringement in Japan?”.

Recently, a remarkable and noteworthy decision was rendered on this issue. At the first instance, the Tokyo District Court held that such use does constitute trademark infringement in Japan, since the website was written in Japanese targeting Japanese consumers and it thus impairs the Plaintiff’s trademark source-identifying/quality guaranteeing function.

However, the IP high Court overturned the decision judging that the Defendant’s use of the mark does not impair any trademark function as it was not used in a trademark sense. Interestingly, the IP high court referred to the WIPO’s “Joint Recommendation Concerning The Protection Of Marks, and Other Industrial Property Rights In Signs, On The Internet” adopted in 2001.

In conclusion, the WIPO rule may be taken into consideration in future cases when judging potential risk of trademark infringement when a trademark is used on a website in foreign countries.

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I. Overview

The central issue was whether the use of the “Sushi Zanmai” trademark (the Defendant's indication) on a website written in Japanese and in connection with Sushi restaurant in Malaysia constituted an infringement of Japanese trademark rights of SUSHI ZANMAI.

Under the principle of territoriality, each country’s trademark rights are independent, and generally, Japanese trademark rights do not extend to acts conducted in foreign jurisdictions. However, with the widespread accessibility of the Internet, Japanese consumers can easily access foreign websites, which raises questions about whether the use of certain marks on those websites, particularly when presented in the Japanese language, may infringe upon Japanese trademark rights.

The plaintiff (trademark owner of “Sushi Zanmai”) in the first instance was Kiyomura Co., Ltd. (hereinafter “Kiyomura”), which operated sushi restaurants “Sushizanmai” and owned the following trademark registrations which are well known in Japan.

- ① Reg. No. 5758937
 Trademark SUSHI ZANMAI (in Standard Characters)
 Designated goods & Services Class 30 Sushi, box lunch, a rice dish
 Class 43 Providing foods and beverages which is mainly concerned with Sushi and a rice dish
 Registered Apr. 17, 2015

- ② Reg. No. 5003675
 Trademark



- Designated goods & Services Class 30 Sushi,
 Class 43 Providing foods and beverages which is mainly concerned with Sushi

- ③ Reg. No. 551447
 Trademark すしざんまい (Sushi Zanmai in Japanese)
 Designated goods & Services Class 30 Sushi, Bento (Sushi)
 Class 43 Providing foods and beverages which is mainly concerned with Sushi

Kiyomura realized that the defendant, Daisho Japan (hereinafter “Daisho Japan”), a company involved in the import and export of seafood and fishery products, displayed the following indications on their corporate website and provided information in Japanese including information relating to a sushi restaurant operated by “Super Sushi” (non-party in this case but having a business relationship with the Defendant, Daisho Japan) in Malaysia.

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S u s h i Z a n m a i

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Therefore, Kiyomura alleged that Daisho Japan’s act of displaying the trademark “Sushi Zanmai” on their website in Malaysia constituted trademark infringement and a violation of the Unfair Competition Prevention Act.

II. The decision of the First instance (Tokyo District Court, Reiwa 3 (Wa) No. 11358)

The first instance, Tokyo District Court, found that the defendant’s (Daisho Japan) use of their indication on its Japanese website constitutes trademark infringement.

The act of posting defendant’s indication “Sushi Zanmai” on the Japanese website of the Malaysian sushi restaurant was considered “use of the trademark” (Article 2, Paragraph 3, Item 8 of the Trademark Law) because the website was written in Japanese and thus it was deemed as an “Advertisement” targeting Japanese consumers, and thus impairs the origin indication function and quality assurance function of the plaintiff’s trademark in Japan. The Court granted a claim for injunction and damages (about 6 million yen) due to trademark infringement, and calculated the amount of damages taking into account the average trademark royalty rate of 3.8% and various circumstances related to the provision of food and beverages.

III. The decision of the Intellectual Property High Court (Reiwa 6 (Ne) No. 10031)

The Intellectual Property High Court (referred to as “IP High Court” hereinafter) denied trademark infringement since the use of the defendant’s indication does not fall under the definition of “use as a trademark” under the Trademark Law and referred to territorialism and the WIPO Joint Recommendation (Recommendation Concerning The Protection of Marks, and Other Industrial Property Rights in Signs, On The Internet).

Their rulings are as follows.

(1) Should the act of posting defendant's indication "Sushi Zanmai" on the Japanese website be recognized as "use of trademark" (Article 2, Paragraph 3, Item 8 of the Trademark Law)? – Negative.

Whether or not the website is recognized as an advertisement for the services of a sushi restaurant is not determined simply by whether the logo was used, but it should be determined by taking the manner of use of the indication and content of the entire website into consideration.

The defendant's indication was only used to introduce the defendant's business on the website (as circled in red) and was not used for advertising purposes to consumers in Japan, and there is no evidence that its commercial effect on Japanese market is actually occurring.



(2) Does the defendant's conduct constitute trademark infringement? – Negative.

- The defendant's indication is not used for services which are provided in Japan.
- Even if some consumers in Japan can be misled as to the source of the services provided under the defendant's indication, the result of the misleadingness occurs only outside of Japan (beyond the scope of Japan's trademark rights), so the origin indication function of the trademark right is not infringed (because of territorialism).

- Further, according to the WIPO joint recommendations, the use of signs on the Internet constitutes use in a Member State only if it has a commercial effect on that Member State (Article 2).

Having said that:

- (i) Daisho's sushi restaurant did not provide any services in Japan and there was no sign that they would be initiating plans to provide such services (Article 3(1) (a)).
- (ii) Daisho's website did not display any price in Japanese currency (Article 3(1) (c)(ii)).
- (iii) No contact information within Japan was provided on the website (Article 3(1) (d)(ii)).

In light of the above, the Judges concluded that the use of Daisho's trademarks on the relevant website does not have any commercial effect within Japan.

In conclusion, the website should be recognized as advertising the service of exporting food ingredients from Japan. Daisho's trademarks are used in the context of introducing the foreign restaurant chain that used those ingredients.

Therefore, even if the website's contents were written in Japanese, and there was no clear indication of Daisho's lack of intention to provide Japanese consumers with Sushi restaurant services, Daisho's activity did not constitute trademark infringement.

IV. SEIWA Comments

This is a very important ruling on cross-border trademark infringement in Japan. The Tokyo District Court found that the defendant's indication was used with an explanation "*Rolling Sushi which is affordable and can be enjoyed by a wide range of customers. It is gaining popularity with carefully selected ingredients and a wide variety of menus.*" and stated that the defendant's indication is used for advertising purpose and therefore infringes on the trademark right of the Plaintiff.

On the other hand, the IP High Court carefully examined the entire content of the website on which the defendant's indication was posted, to determine the manner of use of the trademark and the composition and content of the entire website, including the part where the defendant's indication was used, and as a result, it was judged that the defendant's indication was only used to introduce the defendant's business on the website, and was not used for advertising purposes to consumers in Japan. Furthermore, since the defendant did not provide any services in Japan using the defendant's indication, the court determined that trademark infringement could not be established on the grounds that the commercial effect of posting the defendant's indication did not occur in Japan based on the territorial principle and the WIPO joint recommendation.

In conclusion, from this IP High Court judgement, in order establish cross-border trademark infringement, the following should be considered.

- (1) It should be proved that a mark identical or similar to a registered trademark is being used as a trademark for services identical or similar to the designated goods or services of the registered trademark.
- (2) It should be proved that such use has a commercial effect in Japan (i.e. the alleged infringer is providing goods and services using the mark in Japan).

This IP High Court decision is not surprising, as it conforms to the principle of “territorialism” and the WIPO joint recommendation (2001). Therefore, this judgement provides a landmark guideline for future cases regarding cross-border trademark use. In this decision, the IP High Court denied protection under the Unfair Competition Prevention Act since the use of the defendant’s indication did not fulfil the requirements under the Law.

We will continue to monitor how the Courts regulate cross-border freeriding acts on well-known trademarks in future cases.

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