



Recent Court Cases relating to Trademark Infringement on the Internet

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Abstract

As Internet-based businesses have expanded rapidly, infringement of trademark rights on the Internet has become a serious issue. Infringing acts of trademarks in cyberspace tend to be difficult to deal with definitively, since they often fall outside conventional forms of trademark right infringement. This article summarizes two recent court decisions offering new guidelines for trademark infringement on the Internet, and lays out the lessons we can draw from these decisions.

I. Tokyo District Court decision handed down on January 29, 2015, in Case No. 2012 (wa) 21067 (“IKEA” case)

1. Background

The Plaintiff is a furniture manufacturer and seller who has registered trademarks such as “IKEA”, while the Defendant runs an online retail shop for furniture. The Defendant incorporated marks similar to the Plaintiff’s trademark, such as “[IKEA STORE]” and “IKEA 通販” (Japanese term transliterated as “IKEA Tsuhan”, meaning “IKEA online shopping”), into the html files of their websites as “meta-tags” and “title-tags”, which are special html tags used for describing a webpage. The Defendant’s marks are invisible on the face of its webpage, but can be displayed in search results by a search engine such as Google or Yahoo, as explanations of the contents of the Defendant’s website or as homepage titles thereof. The Plaintiff filed a lawsuit against the Defendant at the Tokyo District Court, arguing that the Defendant’s act of using its marks as “meta-tags” and “title-tags” constituted infringement of the Plaintiff’s trademark rights.

2. Decision

The Tokyo District Court decided that the Defendant’s act of using its marks as meta-tags constituted infringement of the Plaintiff’s trademark rights in its decision, which reads as follows:



“The results of a search conducted by a search engine on the Internet are displayed along with explanations of the searched websites, which are deemed to be advertisements showing summaries of the websites. Accordingly, an act of describing a meta-tag or title-tag in an html file such that the tag is displayed in search results is deemed to correspond to an act of electromagnetically providing information that contains an advertisement pertaining to a service. In this regard, it is found that the Defendant’s marks are described as meta-tags or title-tags in html files and, as a result thereof, are displayed in the search results by a search engine as explanations of the contents of the Defendant’s website or as homepage titles thereof (Plaintiff’s Exhibit Nos. 20 and 21). These explanations and homepage titles serve to designate the source of the Defendant’s service provided on its website, i.e., resale of furniture, etc., and such indications would attract Internet users’ notice and solicit customers to access the Defendant’s website. Therefore, the Defendant’s use of its marks as meta-tags or title-tags should correspond to use as trademarks.”

3. Analysis

Characteristic of this case is that the Defendant did not use its marks in the contents of its webpage in a visible form, but used them as meta-tags or title-tags in the html files of its webpage such that they are invisible on the face of its webpage, but are displayed in the search results by a search engine, as explanations of the contents of the Defendant’s website or as homepage titles thereof. The question here was whether or not the Defendant’s act of using its marks as meta-tags or title-tags constituted infringement of the Plaintiff’s trademark rights.

In its decision, the court ruled that use of marks as meta-tags or title-tags can constitute trademark right infringement, since meta-tags or title-tags can be displayed in search results by a search engine and thereby serve to indicate the source of service (in this case, retail of furniture, etc.), and such indications would attract Internet users’ notice and solicit customers to access the website.

There are often cases where an infringer who has received a letter of warning from a trademark right owner stops using an unauthorized mark similar to the registered trademark in the face of its webpage in a visible form, but continues using the unauthorized mark as a meta-tag or a title-tag in the html files of its website such that they are displayed in the search results and cause confusion with the registered trademark. In such cases, the trademark right owner will be able to claim trademark right infringement against the infringer, based on this court ruling.

II. Osaka District Court decision handed down on May 9, 2016, in Case No. 2014 (wa) 8187 (“Sekken-Hyakka” case)

1. Background

The Plaintiff runs an online retail shop for soap products under registered trademarks such as “石けん百貨” (Japanese term transliterated as “Sekken-Hyakka”, literally meaning “Soap Varieties”), while the Defendant is an operator of an Internet shopping mall accommodating a number of member shops. The Defendant provides a “search-interlocked advertisement”, i.e., an advertisement automatically displayed along with related search results by a search engine such as Google or Yahoo. Although the Plaintiff’s shop was not a member of the Defendant’s shopping mall, when a search was carried out on a search engine using the Plaintiff’s trademark “石けん百貨” as a search term, the search results were displayed along with the Defendant’s search-interlocked advertisement including a mark similar to the Plaintiff’s trademark, such as “石けん百貨大特集” (Japanese phrase transliterated as “Sekken-Hyakka-Dai-Tokusyu”, literally meaning “Soap Varieties Special Collection”). The advertisement was embedded with a hyperlink, which led to a webpage of the Defendant’s shopping site displaying soap products sold by member shops of the Defendant’s shopping site. The Plaintiff filed a lawsuit at the Osaka District Court by arguing that the Defendant’s act of providing the search-interlocked advertisement constitutes infringement of the Plaintiff’s trademark rights.

2. Decision

The court elaborated the conditions under which an unauthorized use of a trademark relating to a search-interlocked advertisement can interfere with the trademark’s function of identifying the source of the designated good or service, taking into consideration the webpages to which the advertisement is hyperlinked. Based on this ruling, the court decided that in the present case, the Defendant’s act does not constitute trademark right infringement.

Specifically, the court categorized cases where a search-interlocked advertisement includes a trademark as follows:

- (i) If the search-interlocked advertisement should be considered separately of any webpage to which the advertisement is linked, the advertisement does not constitute infringement of the trademark right unless the advertisement itself includes a display of products identical or similar to the designated goods.
- (ii) If the webpages to which the advertisement is linked should be considered “as an integral part” of the advertisement, the advertisement does not constitute infringement of the trademark right unless the advertisement or any of the linked webpages includes a display of products identical or similar to the designated goods.
- (iii) If the webpages linked with the search-interlocked advertisement should be considered “as an integral part” of the advertisement, and if any of the linked webpages includes a



display of products identical or similar to the designated goods, then the advertisement can be considered as using the trademark as a sign indicating the source of the products. In this case, the advertisement can constitute infringement of the trademark right.

In this regard, the court ruled that the linked webpage should be considered as constituting “an integral part” of the advertisement only when the provider of the advertisement “expects”, and “benefits” from, the fact that the linked webpage includes a display of products identical or similar to the designated goods.

In the present case, the product information provided by each member shop largely affected whether a webpage linked with the advertisement included a display of products and, if so, what specific products were displayed. The court ruled that in such a case, the linked webpage should not always be considered “as an integral part” of the search-interlocked advertisement, even when the linked webpage actually included a display of goods identical or similar to the designated goods.

The court also found that in the present case, a member shop provided product information which did not conform to the agreement with the Defendant, and that information affected the display of products indicated in the webpage linked to the Defendant’s advertisement, and led to infringement of the Plaintiff’s trademark. The court judged that the Defendant was not in a position to such breach of the agreement by the member shop, and therefore could not “expect”, or “benefit” from, the linked webpage including a display of products provided by the member shop. Based on this judgment, the court concluded that the Defendant’s act did not constitute trademark infringement.

3. Analysis

In the present case, the subject who indicated the trademark in the search-interlocked advertisement on the Internet shopping mall (e.g., the operator of the shopping mall) is different from the subject who determined what products should be displayed on the website linked with the search-interlocked advertisement (e.g., one of the member shops who breached the agreement). According to the court decision, the advertisement provider’s act may constitute trademark right infringement even in such a case, but only when the webpage linked with the advertisement should be considered as constituting “an integral part” of the advertisement, i.e., when the advertisement provider “expects”, and “benefits” from, the linked webpage including a display of products provided by the member shop.

Accordingly, when, as in the present case, a member shop of an Internet shopping mall breached the agreement with the shopping mall operator and caused infringement of a trademark of a third party, the trademark right owner should inform the shopping mall operator that the member shop breached the agreement and caused trademark infringement, and demand the shopping mall operator to cease the member shop’s infringement. If the

mall operator nevertheless does not cease the member shop's infringement, then the trademark right owner may be able to prove that the shopping mall operator (i.e., advertisement provider) "expects", and "benefits" from, the linked webpage including a display of products provided by the member shop. In this case, the trademark right owner may be able to argue trademark right infringement against the shopping mall operator, on the ground that the display of products provided by the member shop on the webpage linked with the search-interlocked advertisement should be considered "as an integral part" of the advertisement.

On the other hand, in the case of an independent shop on the Internet (not a member shop on an Internet shopping mall), the subject who indicates a trademark on a search-interlocked advertisement (i.e., the shop owner) also determines what products should be displayed on a website linked with the search-interlocked advertisement. In this case, the webpage linked with the advertisement should normally be considered "as an integral part" of the advertisement, since the advertisement provider (i.e., the shop owner) "expects", and "benefits" from, the linked webpage including a display of products. Accordingly, the trademark right owner will more easily be able to argue trademark right infringement against the advertisement provider (i.e., the shop owner).

III. Summary

The following lessons can be learned from these court cases.

(1) An act of using a trademark as a meta-tag or a title-tag incorporated in the html file of a website may constitute trademark right infringement ("IKEA" case).

(1.1) According to the ruling by the court in this decision, if an unauthorized third party incorporates a mark similar to a trademark into the html file of its website as a meta-tag or a title-tag such that the mark is displayed in search results by a search engine, thereby causing misleading or confusion on customers, then the third party's act can constitute infringement of the trademark right. Thus, based on this court ruling, the trademark right owner will be able to carry out its brand management on the Internet more thoroughly, i.e., by enforcing its right on display screens of search results by search engines.

(2) An act of indicating a trademark in a search-interlocked advertisement may constitute trademark right infringement ("Sekken-Hyakka" case).

(2.1) According to the court ruling, if an unauthorized third party indicates a mark similar to a trademark in a search-interlocked advertisement embedded with a hyperlink to another website including a display of products similar to the designated goods, then the third party's act can constitute infringement of the trademark right.



(2.2) However, in cases where a subject who indicates a trademark on a search-interlocked advertisement (e.g., an operator of an Internet shopping mall) differs from a subject who determines what products should be displayed on the linked website (e.g., a member shop), the trademark right owner has to prove that the webpage linked with the advertisement should be considered as constituting “an integral part” of the advertisement, i.e., that the advertisement provider “expects”, and “benefits” from, the linked webpage, in order to argue trademark right infringement against the advertisement provider (i.e., shopping mall operator).

(2.3) If the trademark right owner demands the advertisement provider to remove infringement of the trademark right on the linked website but if the advertisement provider nevertheless leaves the infringement, then the trademark right owner may be able to use this fact as evidence for proving that the webpage linked with the advertisement constitutes “an integral part” of the advertisement, i.e., that the advertisement provider “expects”, and “benefits” from, the linked webpage. Thus, the trademark right owner will be able to carry out brand management collectively and more efficiently, by exercising its right against the operator of an Internet shopping mall (advertisement provider), rather than against each of the member shops thereof.

(2.4) On the other hand, the shopping mall operator who has received warning from the trademark right owner should take any action for removing the infringement act by a member shop immediately, in order to avoid trademark infringement.

Overall, the trademark right owner can exercise its right against trademark infringement on the Internet, provided that the specific conditions ruled by the court are satisfied. Accordingly, the lessons from these court decisions would be useful for promoting protection of trademark rights on the Internet more actively.

Seiwa Patent & Law represented the Plaintiff (prevailing party) in the “IKEA” case, and is well-versed in issues relating to trademark right infringement on the Internet.

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