

NO&T IP Law Update 知的財産法ニュースレター

December, 2024 No.7

IP High Court Judgment in the “Sushi Zanmai” Case: Trademark Infringement or not in Japan regarding Webpage Displays of Marks for Services Offered Abroad by a Group Company

Masato Kumeuchi
Takahiro Hatori
Takayuki Inukai
Su Ai

1. Introduction

On October 30, 2024, the Intellectual Property High Court (IPHC) issued a significant ruling addressing whether the display on a webpage of a mark used by a group company for services provided outside Japan constitutes an infringement of Japanese trademark rights (*IPHC Judgment, October 30, 2024, Case Number: 2024 (Ne) No. 10031*)¹. In this case, the court primarily ruled two key issues:

- ✓ Whether the defendant (appellant)'s act of displaying the Defendant's Marks on the webpage included in defendant's website, used by SUPER SUSHI SDN. BHD. (**Super Sushi**), a Daisho Group company (which includes the defendant), for sushi restaurant services outside Japan, constitutes “use” as defined in Article 2(3)(viii) of the Trademark Act of Japan.
- ✓ On the assumption that the defendant's act of displaying the Defendant's Marks constitutes “use” under the Article 2(3)(viii) of the Trademark Act of Japan, whether it would infringe the Plaintiff's Trademark Rights in Japan under the circumstances in this case.

In this judgment, the IPHC concluded that, based on the facts of this case:

- ✓ The defendant's act of displaying the Defendant's Marks on the website “cannot be considered as ‘use’ of marks as trademarks”.
- ✓ “Even if the defendant's act were considered as use as a trademark, it could not be recognized as use in connection with services provided in Japan”.
- ✓ Therefore, the defendant's act of displaying the Defendant's Marks on the website does not infringe the Plaintiff's Trademark Rights.

This judgment is significant for its analysis of whether an act of display on a website of a mark used by a group company for services provided outside Japan constitutes an infringement of Japanese trademark rights. It also highlights the court's referring to “Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet” (**The Joint Recommendation**). It is worth noting that the plaintiff (appellee) has filed a petition for acceptance of final appeal, and the Supreme Court may issue a ruling on

¹ https://www.courts.go.jp/app/hanrei_jp/detail7?id=93478 (in Japanese)

this matter in the future.

In this newsletter, we will cover (1) an overview of the case, (2) the summary of the IPHC's judgment, and (3) practical considerations for businesses in light of the IPHC's judgment.

2. Overview of the Case

The plaintiff is a Japanese corporation that operates sushi restaurants nationwide in Japan under the name “すしざんまい” (“Sushi Zanmai” written in Japanese Hiragana). The defendant is a Japanese corporation engaged in the export and import of seafood, processed marine product and other commodities, and Super Sushi, a group company within the Daisho Group that includes the defendant, operates sushi restaurants in Malaysia and Singapore (**Malaysia, etc.**) under the name “Sushi Zanmai” (written in alphabet) (the **Sushi Restaurants**). The defendant has exported ingredients procured in Japan to group companies, including Super Sushi.

Since around December 2014, the defendant had displayed the marks, including “Sushi Zanmai” (written in alphabet) (the **Defendant's Marks**), on webpages within its Japanese-language website, which had been used by Super Sushi in connection with services provided by the Sushi Restaurants in Malaysia, etc. (the **Website Displaying**). These marks were registered as trademarks in Malaysia, etc. The plaintiff argued that the defendant's Website Displaying infringed the plaintiff's Japanese trademark rights regarding the trademarks, which are trademarks whose designated services including “providing sushi and sushi-related food and beverages” in Class 43 etc., (Japanese Trademark Registration Nos. 5003675, 5511447, and 5758937) (the **Plaintiff's Trademarks** and the trademark rights regarding the Plaintiff's Trademarks are referred to as the **Plaintiff's Trademark Rights**). The plaintiff filed a lawsuit to seek an injunction, removal of the marks, and damages².

In response, the defendant contended that the Defendant's Marks displayed on the website were related solely to the Sushi Restaurants operated by Super Sushi in Malaysia, and the defendant itself had not been providing the services of “providing sushi and sushi-related food and beverages”. Therefore, the defendant argued that the services associated with the Defendant's Marks displayed on the website were not similar to the designated services regarding the Plaintiff's Trademarks, and the defendant did not “use” the Plaintiff's Trademarks.

On March 19, 2024, the Tokyo District Court ruled that the Defendant's Marks displayed on the website were similar to the Plaintiff's Trademarks. The court held that the Defendant's Marks were displayed for the purpose of an introduction for the Sushi Restaurants, which offered the service of providing sushi and sushi-related food and beverages and, its service is similar to the “providing sushi and sushi-related food and beverages,” and thus, the designated services in relation to the Plaintiff's Trademarks and the service in relation to the Defendant's Marks are similar, based on the specific circumstances and facts of the case. The court therefore concluded that the defendant's Website Displaying fell under “the act of displaying or distributing advertisements... for services with affixing the mark to information containing this content and providing it by electronic or magnetic means” thereby constituting “use” of the Plaintiff's Trademarks under Article 2(3)(viii) of the Trademark Act of Japan. Furthermore, the court rejected the defendant's above argument, stating that since the webpage was primarily targeted at Japanese consumers and traders, and the Defendant's Marks were related to the services of “providing sushi and sushi-related food and beverages”, the Website Displaying harmed the function of indicating the source and the function of ensuring the quality of the Plaintiff's Trademarks in Japan, and was contrary to the objectives of the Trademark Act of Japan, despite the Defendant's Marks being related to the Sushi Restaurants in Malaysia. As a result, the Tokyo District Court partially granted the plaintiff's claims for the removal of the Defendant's Marks and damages (**Tokyo District Court Judgment, March 19, 2024, Case Number: 2021 (Wa) No. 11358**)^{3,4}. The defendant appealed the judgment.

² The plaintiff also argued that the Defendant's Marks displayed as the profile picture on a Facebook account (the **Account Displaying**) infringed the Plaintiff's Trademark Rights, and sought an injunction, removal of the marks, along with damages regarding the Account Displaying. However, in this newsletter we do not discuss the ruling related to this claim.

³ The plaintiff (the appellee) did not appeal the part of the judgment that rejected its request for an injunction and removal of the display regarding the Account Displaying, as well as the part that dismissed their claim for damages exceeding the amount accepted in the first instance. Therefore, these matters were not subject to hear in the appellate instance.

⁴ https://www.courts.go.jp/app/hanrei_jp/detail7?id=92924 (in Japanese)

3. Summary of the IPHC's Judgment

The IPHC first considered whether the defendant's Website Displaying fell under Article 2(3)(viii) of the Trademark Act of Japan. The IPHC stated that the Defendant's Marks were used primarily for the purpose of introducing the defendant's business to domestic companies considering the export of ingredients, rather than for the purpose of promoting the Sushi Restaurants to Japanese consumers and that there was no evidence to suggest that such an effect had actually occurred. Therefore, the IPHC ruled that the Website Displaying did not constitute "the act of displaying or distributing advertisements... for services and ... affixing the mark to information containing this content and providing it by electronic or magnetic means," and thus did not fall under the "use" of the Plaintiff's Trademarks as per Article 2(3)(viii) of the Trademark Act of Japan. The IPHC based such ruling on the following facts:

- ✓ The "business overview" page on the website provided a substantial number of descriptions and photos for each item, and the last part of the "Export/Proposal of Ingredients and Food Products" on the top of the webpage stated that it targeted domestic businesses considering overseas exports of ingredients. This indicated that the descriptions on the website were primarily to describe the benefits of exporting through the Daisho Group by introducing downstream distribution routes in foreign countries.
- ✓ The Defendant's Marks were placed at the end of the "business overview" page, where they appeared briefly along with a concise explanatory description and a link to the English website. This occupied only a small portion of the page, and there was little information related to the services of the Sushi Restaurants such as specific menus, prices, or store locations which is addressed to general consumers.
- ✓ The Defendant's Marks were just one of the 10 restaurants listed on the page.
- ✓ Based on the content of the page, it was relatively easy to infer that the Sushi Restaurants were located in Southeast Asia.

The IPHC also addressed the plaintiff's counterarguments:

- a. Based on the structure and content of the website, while the IPHC could not entirely deny that the part the Defendant's Marks were placed could have had an advertising effect in raising public awareness of the Sushi Restaurants, the IPHC affirmed that the primary purpose of the website was to advertise the export service of ingredients from Japan. The part with the Defendant's Marks displayed was used to introduce other restaurant chains within the Daisho Group to domestic businesses and to clarify the user and the usage of exported ingredients in case of exportation through the Daisho Group, thereby serving for a promotional purpose for export transactions of the ingredients with the defendant. Consequently, it could not be evaluated that the Defendant's Marks were used in a way of fulfilling the usage with the functions of indicating the source or ensuring the quality of the Sushi Restaurants' services.
- b. From September 2014 to around November 2023, 394 inquiries were made through a general inquiry form set up on the website (separate from the inquiry form for domestic producers considering overseas exports). All 394 inquiries were related to the defendant's business, and there were no inquiries from general consumers regarding Daisho Group's stores. Additionally, there were no inquiries suggesting a misunderstanding that the Sushi Restaurants were associated with the plaintiff's business or corporate group. Furthermore, the content on the relevant webpages provided little information for general consumers about the services of the Sushi Restaurants and the overall coverage of the content was minimal. Based on these facts, the IPHC concluded that the Website Displaying served as an advertisement for the defendant's service of exporting ingredients from Japan and the Defendant's Marks were reasonably considered to be used for introducing the defendant's business by showing that the exported ingredients were used in local restaurant chains.

In addition, the IPHC further ruled that even if the use of the Defendant's Marks on the website could be considered "advertisement" that raised public awareness in Japan of the Sushi Restaurants, it did not infringe the Plaintiff's Trademark Rights because the marks were not used in relation to services provided in Japan. The IPHC emphasized that the Sushi Restaurants were located outside Japan (in Singapore and Malaysia), and that the

Defendant's Marks, which were registered by Super Sushi in these countries, were used in relation to services provided by the Sushi Restaurants in those locations, not in Japan. The IPHC further held that even if consumers in Japan saw the Defendant's Marks and mistakenly believed they were associated with the plaintiff's services, such confusion (i.e. mistakenly believe the Sushi Restaurants are the plaintiff's stores and receive the services from the Sushi Restaurants.) would occur solely in foreign countries where the Japanese trademark rights do not apply. Therefore, Website Displaying would not infringe the function of indicating the source of the Plaintiff's Trademark rights, as the Sushi Restaurants did not provide services in Japan.

Additionally, the IPHC stated that: "A trademark registered in one country is considered independent from trademarks registered in other countries (Articles 6(1) and 6(3) of the Paris Convention). Furthermore, under the principle of territoriality, the effect of trademark rights shall be limited to the territory of the country where the trademark is registered. If the Defendant's Marks, which are trademarks lawfully registered in foreign countries, were used on the webpages to indicate the provision of designated services in those foreign countries, then granting an injunction or other remedies based on the Plaintiff's Trademark rights would, in essence, restrict the lawful use of foreign trademarks to indicate designated services in those countries by Japanese trademark rights, even though the function of indicating the source of the Plaintiff's Trademarks in Japan, etc. has not been infringed. In light of the principles of trademark independence and territoriality, such consequence cannot be considered to be appropriate".

Furthermore, the IPHC referred to The Joint Recommendation⁵ and stated that the above conclusions also align with The Joint Recommendation, which provides that use of a mark on the internet shall constitute as "use" in a Member State for the purpose of these provisions, only if the use has a commercial effect in that Member State (Article 2 of The Joint Recommendation). The IPHC analyzed the "factors for determining commercial effect" stipulated in Article 3(1) of The Joint Recommendation, noting the following:

- a. The Sushi Restaurants did not provide services in Japan nor was there evidence suggesting that preparations to offer such services in Japan have begun (Article 3(1)(a));
- b. The webpages did not display prices in Japanese currency (Article 3(1)(c)(ii));
- c. The webpages did not provide contact methods in Japan (Article 3(1)(d)(ii)); and
- d. The webpages were intended to advertise the defendant's service of exporting ingredients from Japan, and the Defendant's Marks were used in the context of introducing restaurant chains abroad where the exported ingredients are utilized.

Based on these factors, the court concluded that, even though the webpages are written in Japanese (Article 3(1)(d)(iv) of The Joint Recommendation) and the webpages do not explicitly state an intention not to offer services of the Sushi Restaurants to customers in Japan (Article 3(1)(b)(ii) of The Joint Recommendation), the use of the Defendant's Marks on the webpages does not have a commercial effect in Japan. Therefore, it did not constitute use of trademarks within Japan.

Finally, the IPHC ruled that the defendant's Website Displaying did not constitute the use of a trademark in Japan. Consequently, the court overturned the lower court's judgment, dismissed the plaintiff's claims.

4. Practical Considerations in light of the IPHC's Judgment

This judgment is concerned about trademark infringement in a cross-border context and presents several noteworthy suggestions for legal practice. Below, three key aspects are highlighted for businesses to consider in their operations.

First, regarding whether the defendant's Website Displaying falls under Article 2(3)(viii) of the Trademark Act of Japan, the Tokyo District Court concluded that it did, by focusing on factors such as the webpages being written in

⁵ *Recommendation Concerning The Protection Of Marks, and Other Industrial Property Rights In Signs, On The Internet*, adopted by the General Assembly of the Paris Union for the Protection of Industrial Property and the World Intellectual Property Organization (WIPO) in Geneva in 2001.

Japanese and primarily targeting traders and consumers within Japan, the Defendant's Marks being related to the services of "providing sushi-centered food and beverages." In contrast, the IPHC analyzed the structure and content of the defendant's website in detail, ruling that the overall purpose of the website was to introduce the Daisho Group's businesses, which include running Japanese restaurant chains in Southeast Asia and exporting high-quality, fresh ingredients from Japan for use in those restaurants. Therefore, the IPHC found that the Website Displaying that is an act of displaying the pages bearing the Defendant's Marks did not constitute "advertisement of services" under Article 2(3)(viii) of the Trademark Act of Japan.

The IPHC's comprehensive assessment of not only the Defendant's Marks and relevant webpages but also the overall structure and content of the websites itself provides useful guidance for determining whether an act qualifies as "advertisement of services" under Article 2(3)(viii) of the Trademark Act of Japan in future cases.

Second, the IPHC, on the assumption that the Website Displaying did fall under Article 2(3)(viii) of the Trademark Act of Japan, pointed out that the Defendant's Marks would not be used in connection with the Sushi Restaurants' provision of services in Japan. In addition, the IPHC stated that since the Sushi Restaurants did not provide services in Japan, any confusion (i.e. mistakenly believe the Sushi Restaurants are the plaintiff's stores and receive the services from the Sushi Restaurant) would occur exclusively outside Japan, where Japanese trademark rights do not apply. Consequently, the IPHC held that the function of indicating the source of the Plaintiff's Trademarks would not be impaired within Japan. The IPHC also touched upon the principles of trademark independence and territoriality, stating that trademark rights are limited to the country of registration.

While the *Dwango v. FC2 (IPHC Grand Panel, May 26, 2023, Case Number:2022 (Ne) No. 10046)*⁶ discussed the principle of territoriality in the context of determining the "production" of a network-type system under Article 2(3)(i) of the Patent Act of Japan, the judgments explicitly referring to this principle in trademark infringement cases have never been seen in Japan as far as we know. Moreover, this ruling raises intriguing questions for future cases, such as whether trademark infringement would be established in Japan when confusion regarding the source of services arises in Japan but the services are provided abroad, as in the case of travel services or hotel bookings typically made before departure, where further clarification through future cases is awaited.

Finally, the IPHC stated that its conclusions also align with Article 2 of The Joint Recommendation, which provides that use of a mark on the internet shall constitute as "use" in a Member State for the purpose of these provisions, only if the use has a commercial effect in that Member State. The IPHC further applied the factors for determining commercial effect listed in Article 3(1) of The Joint Recommendation to the specific circumstances of this case, concluding that the Defendant's Marks on the relevant webpages did not have commercial effect in Japan and, therefore, did not constitute use of trademark within Japan. The IPHC's reference to The Joint Recommendation, while not binding, provides valuable guidance.

In an era where use of the internet is indispensable for business operations, the insights raised by this judgment are likely to influence companies' business operations via the internet, making it essential for companies to be mindful of these aspects.

⁶ ["Judgment rendered by the Grand Panel of the Intellectual Property High Court on May 26, 2023, regarding the Principle of Territoriality"](#) - NO&T IP Law Update

[Authors]

**Masato Kumeuchi (Partner)**

masato_kumeuchi@noandt.com

Graduated from the University of Tokyo, Faculty of Law in 2005; graduated from Osaka University Law School in 2009; registered with the Dai-Ichi Tokyo Bar Association in 2010; graduated from University of California, Los Angeles, School of Law (LL.M.) in 2017; worked at Kirkland & Ellis LLP (Chicago), 2017-2018. Mr. Kumeuchi provides a wide range of legal services to various domestic and foreign companies, such as pharmaceutical companies, medical device manufacturers, cosmetics manufacturers, daily necessities manufacturers, food manufacturers, etc., including contract negotiations, contract drafting, regulatory compliance, internal investigations, and daily consultations on intellectual property law, pharmaceutical law, civil law, and corporate law, as well as licensing agreements and joint development agreements and other intellectual property-related transactional agreements. He provides a wide range of legal services in all aspects of corporate legal affairs, including contract negotiations and drafting, regulatory compliance, internal investigations, and consultation on intellectual property law, pharmaceutical law, civil law, and corporate law.

**Takahiro Hatori**

takahiro_hatori@noandt.com

Graduated from the University of Tokyo Faculty of Law in 2011; graduated from Waseda Law School in 2013; registered with the Dai-Ichi Tokyo Bar Association in 2014; joined Nagashima Ohno & Tsunematsu; graduated from Munich Intellectual Property Law Center (LL.M.) in 2020; worked at Gleiss Lutz (Munich) 2020-2021, ; 2022- Member of the Intellectual Property Center, Japan Federation of Bar Associations;

Mr. Hatori provides legal advice mainly on litigations, contracts and negotiations relating to intellectual property, including patents, trade secrets, trademarks and copyrights. He also provides legal advice on litigations.

**Takayuki Inukai**

takayuki_inukai@noandt.com

Graduated from the Department of Computer Science and Engineering, School of Fundamental Science and Engineering, Waseda University in 2018 (Bachelor of Engineering); registered with the Dai-Ichi Tokyo Bar Association in 2019; joined Nagashima Ohno & Tsunematsu; registered as an Registered Information Security Specialist (Japanese national certification) in 2020; worked for Telecommunications Bureau and Information and Communications Bureau of the Ministry of Internal Affairs and Communications in 2022-2024. He provides advice in various situations such as merger and acquisitions, crisis response, and litigations, mainly in the areas of intellectual property law and information and communication law, utilizing his technical expertise in network, software, and information security.

**Su Ai (Foreign Lawyer)**

su_ai@noandt.com

Ms. Ai is a Chinese-qualified lawyer at Nagashima Ohno & Tsunematsu, Tokyo Office. She joined NO&T in 2022 after earning her LL.M. in Commercial Law from the University of Tokyo. She also holds a LL.B. and a B.A. from East China University of Political Science and Law. Ms. Ai has extensive experience in assisting Japanese, Chinese and international clients with a variety of commercial transactions. Her main practice areas include M&A, corporate restructuring, cross-border trade, data compliance, and dispute resolution.

This newsletter is given as general information for reference purposes only and therefore does not constitute our firm's legal advice. Any opinion stated in this newsletter is a personal view of the author(s) and not our firm's official view. For any specific matter or legal issue, please do not rely on this newsletter but make sure to consult a legal adviser. We would be delighted to answer your questions, if any.

NAGASHIMA OHNO & TSUNEMATSU

www.noandt.com

JP Tower, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7036, Japan
Tel: +81-3-6889-7000 (general) Fax: +81-3-6889-8000 (general) Email: info@noandt.com



Nagashima Ohno & Tsunematsu, based in Tokyo, Japan, is widely recognized as a leading law firm and one of the foremost providers of international and commercial legal services. The firm's overseas network includes locations in New York, Singapore, Bangkok, Ho Chi Minh City, Hanoi, Jakarta* and Shanghai. The firm also maintains collaborative relationships with prominent local law firms. The approximately 600 lawyers of the firm, including about 50 experienced lawyers from various jurisdictions outside Japan, work together in customized teams to provide clients with the expertise and experience specifically required for each client matter. (*Associate office)

If you would like to receive future editions of the NO&T IP Law Update by email directly to your Inbox, please fill out our newsletter subscription form at the following link: https://www.noandt.com/en/newsletters/nl_ip/. Should you have any questions about this newsletter, please contact us at [<newsletter-ip@noandt.com>](mailto:newsletter-ip@noandt.com). Please note that other information related to our firm may be also sent to the email address provided by you when subscribing to the NO&T IP Law Update.