

Date	May 9, 2016	Court	Osaka District Court
Case number	2014 (Wa) 8187		
<p>– A case in which, with respect to the act of displaying search ads by attaching registered trademarks or a trademark similar thereto on the website by a person engaged in the operation of an online shopping mall, the court determined that such ads cannot be found to be ads related to goods that are identical with or similar to the designated goods or designated services of the registered trademarks.</p>			

Reference: Article 2, paragraph (3), item (viii) and Article 37, item (i) of the Trademark Act

Number of related rights, etc.: Registration No. 4933873, No. 5039119 and No. 5221584

#### Summary of the Judgment

1. In this case, the plaintiff, which holds a registered trademark consisting of the characters, etc. "石けん百貨(Sekken Hyakka)," alleged against the defendant, which is engaged in the operation of an online shopping mall, that the defendant's act of displaying search ads (the "Ads") using headlines such as "石鹸百貨楽天大特集 (Sekken Hyakka Rakuten Daitokushū; Special Features of Soap Goods in Rakuten Ichiba)" on the defendant's website is an act of providing information on the advertisement materials relating to goods to which marks are affixed by an electromagnetic device and constitutes the act of "use" prescribed in Article 2, paragraph (3), item (viii) of the Trademark Act. Based on this allegation, the plaintiff claimed against the defendant compensation for damages, etc. based on infringement of the trademark rights.

2. In this judgment, the court mainly held as follows and dismissed the plaintiff's claims by finding that the defendant's act does not constitute an infringement of trademark rights.

(1) No goods are displayed in the Ads themselves nor are there any indications showing which goods offered by the member stores are related to "石けん百貨," etc. and thus, as long as the Ads are considered as stand-alone units, they cannot be found to be ads related to goods that are identical with or similar to the designated goods or designated services of the registered trademarks. Therefore, when the Ads are considered as stand-alone units, no infringement of trademark rights can be found.

(2) In light of the fact that member stores are creating the contents of their tenant pages at their own responsibilities without the defendant's involvement, even when goods are displayed in the Rakuten Ichiba list display screen which appears after the screen

change, the display of goods cannot naturally be considered to be an integral unit with the Ads as constituting the defendant's act. Use of keywords in violation of the defendant's rules, etc. in member stores' tenant pages and display of the goods using such keywords in the Rakuten Ichiba list display screen are unexpected situations that are not anticipated to occur under normal circumstances. Taking this fact into account, it cannot be said that the defendant can be regarded to have used and displayed the Ads based on an assumption that soap goods will be displayed on the Rakuten Ichiba list display screen which appears after the screen change.

Accordingly, the Ads cannot be considered as an integral unit with the Rakuten Ichiba list display screen, which is the hyperlink destination, in this case, and thus they cannot be found to be ads related to goods that are identical with or similar to the designated goods or designated services of the registered trademarks.

Judgment rendered on May 9, 2016, the original of the judgment received by the court clerk on the same day

2014 (Wa) 8187 Case of Seeking Injunction Against Act of Unfair Competition, etc.

Date of conclusion of the oral argument: February 23, 2016

### Judgment

Plaintiff: Seikatsu to Kagakusha Co., Ltd.

Defendant: Rakuten, Inc.

### Main text

1. All of the plaintiff's claims shall be dismissed.
2. The plaintiff shall bear the court costs.

### Facts and reasons

#### No. 1 Claims

1. The defendant shall not show an indication by applying a hyperlink to its company's own website to the words stated in the attached List of Indications in the ad space of the search result display screen that is linked to the keyword "石けん百貨(Sekken Hyakka)" in the search engine on the Internet.
2. The defendant shall not display an ad by applying a hyperlink to its company's own website to the words stated in the attached List of Indications in the ad space of the search result display screen that is linked to the keyword "石鹼百科(Sekken Hyakka)" in the search engine on the Internet.
3. The defendant shall not display an ad by applying a hyperlink to its company's own website to the words stated in the attached List of Indications in the ad space of the search result display screen that is linked to the keyword "石けん百科(Sekken Hyakka)" in the search engine on the Internet.
4. The defendant shall pay to the plaintiff 15,936,386 yen and the amount accrued thereon at the rate of 5% per annum for the period from September 13, 2014 to the date of completion of the payment.

#### No. 2 Outline of the facts

In this case, the plaintiff, who holds the trademark rights mentioned below and uses the registered trademarks mentioned below as the indication of its own goods, alleged that the defendant's act of displaying an ad by attaching a hyperlink to its company's own website to the words stated in the attached List of Indications in the ad space of the search result display page in a search engine on the Internet constitutes infringement of

the trademark rights held by the plaintiff and also the act of unfair competition prescribed in Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act. Based on this allegation, the plaintiff claimed an injunction against the act of showing the abovementioned indication based on Article 36, paragraph (1) of the Trademark Act and Article 3, paragraph (1) of the Unfair Competition Prevention Act, as well as payment of damages in an amount of 15,936,386 yen based on the provisions of Article 709 of the Civil Code or Article 4 of the Unfair Competition Prevention Act (including Article 719 of the Civil Code in the case where both acts fall under a joint tort) and delay damages accrued thereon at the rate of 5% per annum as prescribed in the Civil Code for the period from September 13, 2014 (the day immediately following the date of service of the complaint) to the date of completion of the payment (the claim based on infringement of the trademark right and claim based on the Unfair Competition Prevention Act are in the relationship of selective joinder of claims).

1. Facts on which the decision is premised (the fact that there are no disputes between the parties is clearly found from the evidence shown below and the entire import of the oral argument)

(1) Parties concerned

The plaintiff is a stock company engaged in the sale of goods including daily necessities and miscellaneous goods, clothing goods and soaps as a business (Exhibits Ko 1, 2-1 and 2-2).

The defendant is a stock company engaged in the performance of various types of marketing and retail business, consulting, mail-order business and others as a business.

(2) Plaintiff's trademark rights

The plaintiff holds the following trademark rights stated in the attached Lists of the Plaintiff's Trademarks 1 to 3 (hereinafter such trademark rights and the registered trademarks covered by such rights shall be referred to as the "Trademark Rights" and "Trademarks," respectively).

(3) Plaintiff's business

The plaintiff is carrying out the business of sale, etc. of soaps of various manufacturers by establishing a store site dealing with soaps, etc. under the name of "石けん百貨" on the Internet, while running an information site offering information on soaps, etc. initially under the name of "石けん百科," which was later changed to "石鹸百科." The plaintiff is also engaged in the sales of its company's own goods related to soap using the brand "石けん百貨" (Exhibits Ko 1, 2-1 and 2-2).

(4) Operation of an online shopping mall by the defendant

The defendant is providing a service focused on giving persons who are interested in

opening stores a specific URL on the computer server it manages and having such persons use the systems for trading goods or providing information on the Internet that it manages and operates to have them open stores in the online shopping mall called "楽天市場(Rakuten Ichiba)" that it operates.

In Rakuten Ichiba, tenants publish their webpages and display and sell their goods at the "store" in the page. Each tenant deals with limited goods that belong to specific fields, and the number of registered stores was 41,718 while the number of registered goods was more than 150,000,000 as of September 2014, in Rakuten Ichiba as a whole (Exhibit Otsu 1).

Persons who intend to open a store in Rakuten Ichiba conclude an agreement with the defendant based on the "Rakuten Ichiba Tenant Rules" (Exhibit Otsu 2) and then create the contents of the tenant page at their own responsibility and open a store in the Rakuten Ichiba. Meanwhile, customers, who intend to shop at Rakuten Ichiba, can enjoy shopping at Rakuten Ichiba by agreeing to the "Rakuten Membership Rules" (Exhibit Otsu 3) and subscribing to membership.

#### (5) Search ads

Search ads are ads related to the keywords searched by the users of the Internet in search engines on the Internet such as Google and Yahoo! (hereinafter collectively referred to as "Google, etc.") that are displayed on the search result display screen (Exhibit Otsu 4; hereinafter the screen displaying the search result obtained by using the keywords in the search site shall be referred to as the "search result display screen").

Among such search ads, Google AdWords is a pay-per-click ad service offered by Google Inc. while Sponsored Search is a pay-per-click ad service offered by Yahoo Japan Corporation, which operates a portal site named "Yahoo! JAPAN."

In search ads, when the users make a web search by keywords for matters they are interested in using the search service of Google, etc. and keywords registered in advance by the advertiser are used, the relevant advertiser's ad will be displayed on the page displaying the search results.

To set the use of AdWords or Sponsored Search (hereinafter collectively referred to as "AdWords ads, etc."), the advertisers must first select the keywords for the goods or services they wish to sell or offer by the ad on the settings screen and then register them. Then, each of the advertisers must register the headline of the ad to be displayed, advertising copy, URL to be indicated and the URL to be linked to the words of the headline of the ad.

As a result of such registration, when the users make searches using search engines such as Google, etc. and the keywords registered by the advertisers, an ad using the

relevant registered keywords is displayed on the upper part, lower part and lateral part of the search result display screen. In addition, when the users click the words of the headline of the ad, they can move to the page of the URL registered as the hyperlink destination by the relevant advertiser.

(6) The plaintiff's act of opening or closing a store in Rakuten Ichiba and the defendant's act of displaying search ads

A. The plaintiff had opened a store named Rakuten Ichiba store of "石けん百貨" in Rakuten Ichiba based on the tenancy agreement concluded with the defendant since September 2000 but closed it around July 2005 and since then, the Rakuten Ichiba store of "石けん百貨" does not exist and there are no member stores dealing with the plaintiff's goods branded "石けん百貨."

B. The defendant was publishing the AdWords ads, etc. using "石けん百貨" as the keyword around 2005 while the plaintiff was opening the store.

C. The plaintiff demanded by a notice dated September 30, 2005, which was after the plaintiff had closed the store, that the defendant should immediately cease the display of ads using a character string which reads "石けん 百貨通販(Sekken Hyakka Tsūhan)," alleging that the defendant's act of publishing an ad with an indication which reads "石けん 百貨通販" in the ad space of the search result display screen which would be displayed when search is made by the words such as "石けん百貨" in Google may cause confusion to consumers, etc. since the indication is similar to the marks such as "石けん百貨" and "石けん百科," which had been used by the plaintiff for a long period of time and for which applications for trademark registration were pending at that time. This notice reached the defendant on October 3 of the same year (Exhibits Ko 25-1 and 25-2).

In response to this, the defendant alleged that, since search words are selected automatically based on certain mechanical laws under systems of external advertising agencies, the search words "石けん" and "百貨通販" had also been selected automatically, in a reply dated October 26 of the same year. The defendant also replied that the registration of the search words "石けん 百貨通販" had been deleted on the 12th of the same month (Exhibit Ko 26).

D. The defendant published ads on the search result display screen of Google, etc. using AdWords ads, etc. and the words "石けん百貨," "石けん百科" and "石鹸百貨" as keywords at least during the period from August 2012 to September 12, 2014. The ads were displayed by indicating that they were "ads" in the positions such as the upper right of the top page showing the search results with headlines that read "【楽天】石けん百貨大特集([Rakuten] Sekken Hyakka Daitokushū; [Rakuten] Special Features of

Soap Goods)," "石鹼 百貨 楽天大特集(Sekken Hyakka Rakuten Daitokushū; Special Features of Soap Goods in Rakuten Ichiba)," "石けん 百貨大特集(Sekken Hyakka Daitokushū; Special Features of Soap Goods)" and others (the plaintiff alleges that the indications shown in the attached List of Indications had been shown; hereinafter these ads shall be referred to as the "Ads" and the indications of marks including "石けん百貨" in the Ads shall be referred to as the "Indications").

Hyperlinks to the shopping sites of Rakuten Ichiba are attached to the Ads and if the user clicks the hyperlinks attached to the Ads with the indication "【楽天】石けん百貨大特集," the screen jumps to one in which the search results obtained by using the words "石けん百貨" as the keyword in the website of Rakuten Ichiba are displayed (hereinafter the screen of Rakuten Ichiba which is the hyperlink destination shall be referred to as the "Rakuten Ichiba list display screen") and the soap goods sold by [the] member stores are displayed in such screen (Exhibits Ko 21 and 22).

The defendant, upon receiving the complaint for this case, confirmed that the goods of "P1," which is a member store, were displayed in the Rakuten Ichiba list display screen, which is displayed when the Ads shown in the search result display screen are clicked, and made responses so that such display would be deleted (Exhibit Otsu 6).

## 2. Issues

- (1) Whether or not the defendant has infringed the Trademark Rights (Issue 1)
- (2) Whether or not the defendant has conducted an act of unfair competition (Issue 2)
- (3) Whether or not the defendant is likely to make a search ad using the words stated in the attached List of Indications (necessity of injunction) (Issue 3)
- (4) Whether or not the plaintiff has sustained damages and the amount thereof (Issue 4)

(omitted)

## No. 4 Court decision

### 1. Facts found

In addition to the facts on which the decision is premised, the following facts are found according to the evidence shown below and the entire import of the oral argument.

- (1) Mechanism of registration of keywords by the defendant in AdWords ads, etc. (Exhibits Otsu 17 and 19)

[...]

- (3) Mechanism of display in the Rakuten Ichiba list display screen

As stated in section (6) describing the facts on which the decision is premised, when

the users click the hyperlinks attached to the ads displayed on the search result display screen, the screen jumps to the Rakuten Ichiba list display screen.

This Rakuten Ichiba list display screen is identical to the one which is displayed when the users directly make a search by the registered keywords used in the ad in the website of Rakuten Ichiba. In this case, when the relevant keywords are contained in the tenant page of the store which is opened in Rakuten Ichiba, the list of goods sold in the relevant tenant page will automatically be displayed. When the users click the section of the goods displayed, the screen jumps to the tenant page of the store selling the goods, enabling the users to purchase them.

On the other hand, if the relevant keywords are not contained in the tenant page of the store opened in Rakuten Ichiba, no goods will be displayed in the Rakuten Ichiba list display screen.

(4) Search result display screen in this case and Rakuten Ichiba list display screen (Exhibits Ko 21, 22, 51-1 to 51-3 and 52)

A. As stated in section (6) describing the facts on which the decision is premised, at least during the period from August 2012 to September 12, 2014, the Ads were displayed when the users made searches using the words "石けん百貨," "石けん百科" and "石鹸百科" as keywords in Google, etc. In the search result display screen, the following two types of indications were displayed: [i] Indications such as "【楽天】石けん百貨大特集" and "楽天／石けん百貨大特集" wherein there is no half-size space between the terms "石けん" and the like and the terms "百貨" and the like (hereinafter referred to as "indications with no spaces"); and [ii] Indications such as "石けん 百貨は楽天市場," "石けん 百貨は楽天," "石けん 百貨大特集," "石鹸 百貨 楽天が格安," "お探しの石鹸 百貨 楽天," "石鹸 百貨 楽天大特集" and "石けん 百科大特集" wherein there is a half-size space between the terms "石けん" and the like and the terms "百貨" and the like (hereinafter referred to as "indications with spaces").

In addition, in the space above and below such indications, the following words were stated: "日本最大級通販サイト楽天(Nihon Saidaikyū Tsūhan Saito Rakuten; Rakuten, the largest mail order site in Japan)," "出店数3万店舗以上！(Shuttensū 3 Mantempo Ijō!; More than 30,000 stores!)," "日本最大級の通販ショッピングモール“公式” (Nihon Saidaikyū no Tsūhan Shoppingu Mōru 'Kōshiki'; 'Officially authorized by' the largest mail order shopping mall in Japan)," "買えば貯まる 貯めて使える！楽天はポイントがついてとってもお得(Kaeba Tamaru Tamete Tsukaeru! Rakuten wa Point ga Tsuite Tottemo Otoku; Points can be accumulated by purchase and accumulated points can be used! Shopping at Rakuten accompanies points and is advantageous)," "プチプラアイテムから人気ブランドまで楽天で最旬モチコーデ

完成(Puchipura Aitemu kara Ninki Burando made Rakuten de Saishun Mote Kōde Kansei; You can complete the most popular coordinates by using the goods dealt in Rakuten ranging from the affordable price goods to popular brand goods)," "今売れているのはコレ 楽天なら 石けん 百貨も sale 価格で(Ima Ureteiru nowa Kore Rakuten nara Sekken Hyakka mo Sale Kakaku de; This is now selling. In Rakuten, soap goods are also available at a sale price)," "石鹸 百貨 楽天からレアものまで 上手にGETしよう 楽天(Sekken Hyakka Rakuten kara Reamono made Jōzuni Get Shiyō! Rakuten; Soap Goods Cleverly purchase rare items from Rakuten; Rakuten)," "最大ポイント 10 倍や無料配送で石鹸 百貨 楽天も手に入る 楽天(Saidai Pointo 10 Bai ya Muryōhaisō de Sekken Hyakka Rakuten mo Te ni Hairu Rakuten (Maximum tenfold points and free shipping! Soap goods are also available in Rakuten, Rakuten)," "今売れているのはコレ! 楽天なら石けん 百貨も SALE 価格で(Ima Ureteiru no wa Kore! Rakuten nara Sekken Hyakka mo SALE Kakaku de; This is now selling! In Rakuten, soap goods are also available at a sale price)," "楽天スーパーSALE 実施中! 石けん 百貨を探すなら、日本最大級通販ショップ楽天(Rakuten Sūpā Sēru Jisshichū! Sekken Hyakka wo Sagasunara Nihon Saidaikyū Tsūhan Shoppu Rakuten; Rakuten Super Sale underway! Check out Rakuten, the largest mail order shopping mall in Japan, for soap goods)" together with the display of Rakuten Ichiba's URL, [www.rakuten.co.jp/](http://www.rakuten.co.jp/) as the hyperlink.

B. At least around June 2014, when the users clicked Rakuten Ichiba's URL, a hyperlink attached to in the Ads, and the screen jumped to Rakuten Ichiba list display screen, several soap goods including "Sunsorit Skin Peel Bar Tea Tree (Red)" sold by "P1" and "Yuzu soap" sold by "P2" were displayed as goods.

C. As of November 26, 2015, when the users made a search in Rakuten Ichiba's website using "石けん 百貨" (indication with spaces) as the keyword, goods of the member stores for which the word "石けん" or a similar word and the word "百貨" or a similar word are used in the tenant page (for example, "persimmon tannin soap" of "I Love Rouge Yao Department Store") were displayed.

(5) The defendant's rules, etc. (Exhibits Otsu 2 and 6)

A. Under the "Rakuten Ichiba Tenant Rules," the defendant prohibits the member stores from infringing rights including intellectual property rights of third parties or from conducting any acts that cause disadvantages to third parties (Article 18, paragraph (1), item (v)) and stipulates that violations of this rule constitute the grounds for termination of tenancy (Article 26, paragraph (1), item (i)).

In addition, in its guidelines, the defendant prohibits "the act of describing characters in a color identical to the background color, in a font smaller than the normal

size, to HTML or in a manner which cannot be recognized by users" (what is generally called concealed characters) as "acts that cause confusion, misunderstanding or inconvenience to the customers."

B. When the defendant made an investigation after receiving the complaint for this case on September 12, 2014, the characters including "石けん百貨" were used as concealed characters in the tenant page of "P1" mentioned above. Thus, on the same day, the defendant requested said store to delete the abovementioned concealed characters while taking measures to make the goods page of said store hidden in search.

On the other hand, with respect to "P2" mentioned above, since it closed its store before the defendant received the complaint for this case, the defendant could not confirm the act of use of concealed characters.

(6) State of management of swearwords by the defendant (Exhibits Ostu 17 and 19)

[...]

2. Regarding Issue 3 (whether or not the defendant is likely to make search ads using the words stated in the attached List of Indications (necessity of injunction)

[...]

Accordingly, the defendant cannot be found to be likely to make search ads using the words stated in the attached List of Indications, and thus, without the need to make determination on other points, all of the plaintiff's claims for an injunction made in this case (paragraphs 1 to 3 of the object of claims) lack legal basis.

Therefore, this court will examine the claim for damages (paragraph 4 of the object of claims) in the following parts.

3. Regarding Issue 1 (whether or not the defendant infringed the Trademark Rights)

(1) Whether or not the defendant infringed the Trademark Rights as unilateral tort

A. Case where the Indications are indications with no spaces

(A) The plaintiff alleges that the act of setting Rakuten Ichiba list display screen as the hyperlink destination in the Ads in which the marks including "石けん百貨" are displayed is an act of providing information on the advertisement materials relating to goods to which marks including "石けん百貨" are affixed by an electromagnetic device (Article 2, paragraph (3), item (viii) of the Trademark Act), thereby infringing the Trademark Rights.

(B) It is a widely known fact among general users that Rakuten Ichiba operated by the defendant is an online shopping mall consisting of a number of member stores. In addition, the words including "石けん百貨" would be recognized as coined words instead of generic names. As such, when ads of Rakuten Ichiba contain such indications as "【楽天】石けん百貨大特集" using the words "石けん百貨" and the like, which are

coined words, it is considered normal for general users who looked at the ads to understand that goods related to "石けん百貨" are offered in Rakuten Ichiba.

However, no goods are displayed in the Ads themselves nor are there any indications showing which goods offered by the member stores are related to "石けん百貨," etc. and thus, as long as the Ads are considered as stand-alone units, they cannot be found to be ads related to goods that are identical with or similar to the designated goods or designated services of the Registered Trademarks. Therefore, when the Ads are considered as stand-alone units, no infringement of Trademark Rights can be found.

In this regard, the plaintiff alleges that the Ads cause damage to the source-identifying function and advertising function of the Registered Trademarks by leading the users to Rakuten Ichiba's website by using the customer attracting power of the Registered Trademarks. However, as stated above, as long as the Ads are considered as stand-alone units, they do not use the words "石けん百貨" and the like for specific goods and thus they cannot be found to cause damage to the source-identifying function of the Registered Trademarks in relation to the designated goods or designated services. In addition, even if the Ads were using the customer attracting power of the Registered Trademarks, as long as they do not cause damage to the source-identifying function in relation to the designated goods and designated services, they cannot be considered to have infringed the Trademark Rights.

(C) Yet, the plaintiff's allegation mentioned above is construed to include the idea that the Ads are those for goods displayed on Rakuten Ichiba list display screen which appears after screen change based on an understanding that the Ads and the linked Rakuten Ichiba list display screen constitute an integral unit. Thus, this court will examine this point in the following section.

a. First of all, even when the Ads are considered as an integral unit with the Rakuten Ichiba list display screen which is the hyperlink destination, if no goods are displayed on the Rakuten Ichiba list display screen which appears after the screen change, the Ads cannot be found to be ads related to goods identical with or similar to the designated goods or designated services of the Registered Trademarks and thus no infringement of the Trademark Rights can be found as stated above.

b. On the other hand, separate examinations must be made with respect to the case where goods offered by the member stores are displayed on the Rakuten Ichiba list display screen which appears after the screen change, as in this case. Specifically, as stated above, in light of the fact that general users who looked at the Ads would understand that it has been indicated that goods related to the marks including "石けん百貨" are offered within Rakuten Ichiba, when the users jump to the Rakuten Ichiba list

display screen by clicking the hyperlink contained in the Ads based on such understanding and look at the display of soap goods offered by the member stores, they may recognize that such soap goods are related to the marks such as "石けん百貨." As such, when the Ads are considered as an integral unit with the Rakuten Ichiba list display screen, there is room to construe that the Indications are ads using the marks such as "石けん百貨" as a mark to identify the source of soap goods.

However, as stated in section (3) above describing the facts found, whether or not goods will be displayed in the Rakuten Ichiba list display screen which appears after the screen change and the specific goods to be displayed depend on the specific keywords used by the member stores in their tenant pages. Moreover, as stated in section (4) above describing the facts found, in light of the fact that member stores are creating the contents of their tenant pages at their own responsibilities without the defendant's involvement, even when goods are displayed in the Rakuten Ichiba list display screen which appears after the screen change, the display of goods cannot naturally be considered to be an integral unit with the Ads as constituting the defendant's act. Thus, it is appropriate to construe that, in order to consider the Ads and the Rakuten Ichiba list display screen which is the hyperlink destination as an integral unit, it is required that the defendant can be regarded to have used and displayed the Ads based on an assumption that soap goods will be displayed on the Rakuten Ichiba list display screen which appears after the screen change.

c. As such, this point is examined next. A member store's act of explicitly using the marks including "石けん百貨" or using them as concealed characters which cannot be seen on the screen in the tenant page in which it sells soap goods although it does not deal with any soap goods related to the marks including "石けん百貨" is an act regulated by the rules prohibiting infringement of intellectual property rights and the guidelines prohibiting the use of concealed characters as stated in the facts found in section (5) above. In light of this fact, use of keywords in violation of the rules, etc. in member stores' tenant pages and display of the goods using such keywords in the Rakuten Ichiba list display screen are unexpected situations that are not anticipated to occur under normal circumstances. Taking this fact into account, it cannot be said that the defendant can be regarded to have used and displayed the Ads based on an assumption that soap goods will be displayed on the Rakuten Ichiba list display screen which appears after the screen change.

Yet, as stated in section (1) above describing the facts found, [...] even if the Ads were to be displayed, the defendant cannot be regarded to have used the Ads based on an assumption that soap goods will be displayed on the Rakuten Ichiba list display

screen which appears after the screen change.

In this regard, the plaintiff alleges that it is impossible to find that the defendant was completely unable to assume that the member stores of Rakuten Ichiba would conduct acts in violation of the rules, etc. However, as stated in section (4) above describing the facts on which the decision is premised, in light of the fact that 41,718 stores had registered and more than 150,000,000 goods were registered in Rakuten Ichiba as of September 2014 and further that the contents of the tenant pages change on a daily basis, requiring the defendant to constantly monitor any acts of violation of rules, etc. in the member stores' tenant pages is equivalent to forcing the defendant to achieve something impossible and it is inappropriate to construe that the defendant bears such duty of care.

[...]

d. Yet, when it is known that the unexpected situations as stated above have already occurred, [...] it is appropriate to construe that the defendant bears the duty of care to prevent such situations from continuing.

However, as stated in section (6) above describing the facts found, the defendant investigated the tenant page of "P1" and hid it in search while requiring it to delete the concealed characters immediately after knowing the existence of the Ads for the first time by the complaint of this case [...] and thus the defendant should be found to have fulfilled its duty of care. Taking this fact into consideration, the defendant cannot be regarded to have used the Ads based on an assumption that soap goods will be displayed in the Rakuten Ichiba list display screen which appears after the screen change.

In this regard, the plaintiff alleges that, after the defendant received a notice dated September 30, 2005 from the plaintiff [...]. However, as stated in section (6) above describing the facts found, the plaintiff had a store in Rakuten Ichiba until around July of the same year and AdWords ads, etc. using the marks including "石けん百貨" had been duly displayed. In light of these facts, it is highly likely that the AdWords ads pointed out in the abovementioned notice, which the plaintiff gave approximately three months after it closed its store in Rakuten Ichiba, were generated because the keywords registered during the period in which the plaintiff had its store still remained and thus the generation of such AdWords ads cannot be found to be unexpected situations that were caused by other member stores' act of violating the rules, etc. As such, as long as the defendant has deleted the keyword registration in response to the abovementioned notice, the defendant would not have assumed a situation wherein the same keyword would be registered again after such deletion, as in the case stated above, and thus the defendant should be found to have fulfilled the duty of care and the plaintiff's allegation mentioned above cannot be accepted.

The plaintiff also alleges that although the defendant had received a warning from the plaintiff in 2005, [...]. However, according to this allegation, it would be virtually impossible for the defendant to use search ads. Yet, Internet shopping malls consisting of a number of member stores, such as the defendant's Rakuten Ichiba, is a useful system offering numerous goods across the country while search ads which are ads displayed according to the keywords entered by the users are also convenient as a system for users looking for goods; both systems have taken root in society and are widely utilized. On the other hand, the defendant has taken measures to prevent the occurrence of such a situation where the trademark rights of third parties are infringed by search ads by regulating the member stores by rules, etc., and the defendant would not normally assume a situation where the member stores would violate such rules, [...]. e. Accordingly, the Ads cannot be considered as an integral unit with the Rakuten Ichiba list display screen which is the hyperlink destination in this case, and thus they cannot be found to be ads related to goods that are identical with or similar to the designated goods or designated services of the Registered Trademarks.

(D) Based on the abovementioned findings, the use of indications with no spaces in the Ads cannot be found to have infringed the Trademark Rights. Moreover, and based on the explanations given above, even if such use objectively constituted infringement of the Trademark Rights, the defendant cannot be found to have had any intention nor can be found to have violated the duty of care (negligence) and thus the defendant is not liable for damages.

#### B. Case where the Indications are indications with spaces

(A) In the case where there are half-size spaces in the Indications used in the Ads such as "石けん 百貨は楽天市場," when, in general, several words are to be combined in an Internet search, it is a widely known practice to insert a space between the words, and thus, general users who looked at the indication with spaces as mentioned above would not only and naturally recognize that such indication shows coined words such as "石けん百貨" but may also recognize that such indication is showing two words "石けん" and "百貨." [...] in these cases, it cannot be found to be normal for users who looked at the ads to understand that the ads show the fact that goods related to the marks such as "石けん百貨" are offered in Rakuten Ichiba, and thus, even if soap goods are displayed in the Rakuten Ichiba list display screen which appears after the screen change, the users cannot be found to recognize that the displayed goods are related to the marks such as "石けん百貨" and the Ads cannot be found to be ads related to goods that are identical with or similar to the designated goods or designated services of the Registered Trademarks.

(B) In contrast, when the users make a search by entering the keywords without inserting a space such as "石けん百貨," the users are recognized to have precisely made a search on the marks such as "石けん百貨" in light of the fact that the words such as "石けん百貨" are not generic names but coined words. [...], together with the fact that only a half-size space has been inserted, the abovementioned users who looked at the ads are highly likely to understand that the ads show the fact that goods related to the marks such as "石けん百貨" are offered in Rakuten Ichiba.

However, even in this case, if the Ads are considered as stand-alone units, the Ads cannot be found to be ads related to goods that are identical with or similar to the designated goods or designated services of the Registered Trademarks, as is the case with the indications with no spaces mentioned above.

Meanwhile, separate examinations must be made for cases where the Ads are considered as an integral unit with the Rakuten Ichiba list display screen which is a hyperlink destination. As stated in section (4) above describing the facts found, when indications with spaces such as "石けん 百貨" are used in the Ads, in the Rakuten Ichiba list display screen which appears after the screen change, the soap goods of member stores using the words "石けん" and "百貨" in their tenant pages are displayed due to broad match. In this case, since there is no violation of the rules, etc. in relation to the member stores' act of respectively using the words "石けん" and "百貨" for their tenant pages, the defendant can be regarded to have used and displayed the Ads based on an assumption that goods, etc. will be displayed on the Rakuten Ichiba list display screen which appears after the screen change. As such, the Ads and the Rakuten Ichiba list display screen can be considered as an integral unit and the users may recognize that the soap goods displayed are related to the marks such as "石けん百貨" and thus, there is room to construe that the indications with spaces are ads using the marks such as "石けん百貨" as a mark identifying the source of the soap goods.

However, as stated in section (1) above describing the facts found, [...]. Based on this idea, as is the case with the indications with no spaces such as "石けん百貨," indications with spaces such as "石けん 百貨" have been registered as keywords as a result of the member stores' act of violating the rules, etc. and thus, the use of such indications can be considered to be an unexpected situation which was not anticipated to occur under normal circumstances. In addition, in this case, the defendant can be found to have fulfilled the duty of care required of it as mentioned above, and thus, even if the use of the indications with spaces in the Ads was an act that objectively constitutes infringement of the Trademark Rights, the defendant cannot be found to have any intention nor can be found to have violated the duty of care (negligence) and thus the

defendant is not liable for damages.

C. As described above, the defendant's act of using the Indications in the Ads cannot be found to constitute unilateral tort that infringes the Trademark Rights.

(2) Whether or not infringement of the Trademark Rights has been conducted as joint tort

The plaintiff alleges that the act of using the Indications including "石けん百貨" in the Ads and displaying soap goods in the Rakuten Ichiba list display screen which appears after the screen change constitutes joint tort of the defendant and its member stores that infringes the Trademark Rights.

However, as stated above, the defendant had taken measures so as to prevent goods, etc. from being displayed in the Rakuten Ichiba list display screen even if the users make searches by using the words such as "石けん百貨" as the keywords in the Rakuten Ichiba list display screen, by prohibiting the members stores from infringing rights including intellectual property rights of third parties or using concealed characters in their tenant pages in its rules and guidelines. Yet, [...] the Ads have been displayed as a result of its member stores' violation of such rules, and thus the defendant and the relevant member stores cannot be found to be joint tort-feasors.

Accordingly, the abovementioned plaintiff's allegation arguing joint tort cannot be accepted.

(3) Summary

As described above, the defendant cannot be found to have infringed the Trademark Rights and to be liable for damages as a result of using the Indications, and thus the claim for damages based on infringement of the Trademark Rights lacks legal basis.

4. Issue 2 (whether or not the defendant has conducted an act of unfair competition)

(1) First of all, the plaintiff alleges that the Ads are likely to cause confusion to the users that they are ads of the website of the plaintiff's store.

However, as found above, it is clearly stated in the Ads that they are ads and the term "楽天" is used in the indications without fail (i.e. "【楽天】石けん百貨大特集"), and thus, in light of the fact that Rakuten is well-known as an Internet shopping mall, no risk of confusion as alleged by the plaintiff can be found.

(2) The plaintiff also alleges that the Rakuten Ichiba list display screen which is the hyperlink destination of the Ads is likely to cause confusion to the users that the goods displayed on it are sold by the plaintiff.

Yet, as with the case of infringement of Trademark Rights as mentioned above, the Ads contain no display of goods, and thus when the Ads are considered as stand-alone units, the Indications cannot be found to have been used as an indication of goods, etc.

for specific goods or stores.

In addition, as with the case of infringement of the Trademark Rights as mentioned above, in considering the Ads as an integral unit with the Rakuten Ichiba list display screen, the defendant cannot be regarded to have used and displayed the Ads based on an assumption that goods, etc. will be displayed on the Rakuten Ichiba list display screen which appears after the screen change. Moreover, it cannot be found that the Ads are an integral unit with the Rakuten Ichiba list display screen which appears after the screen change nor can it be found that the defendant had any intention or was negligent, and thus the defendant and its member stores cannot be found to be joint tort-feasors.

Accordingly, the defendant cannot be found to be liable for damages based on an act of unfair competition (Article 2, paragraph (1), item (i) of the Unfair Competition Prevention Act) and thus the claim for damages based on the Unfair Competition Prevention Act lacks legal basis.

#### No. 5 Conclusion

Based on the abovementioned findings, without the need to determine other points, all of the plaintiff's claims lack legal basis.

Therefore, the judgment shall be rendered in the form of the main text.

Osaka District Court, 26th Civil Division

Presiding judge: TAKAMATSU Hiroyuki

Judge: TAHARA Minako

Judge: HAYASHI Keijirou

(Attachment)

List of Indications

1. 石けん 百貨大特集(Sekken Hyakka Daitokushū)
2. 石けん 百貨は楽天(Sekken Hyakka wa Rakuten)
3. 石けん 百貨 楽天大特集(Sekken Hyakka Rakuten Daitokushū)
4. 石けん 百貨 楽天が格安(Sekken Hyakka Rakuten ga Kakuyasu)
5. 石けん百貨【楽天】 (Sekken Hyakka [Rakuten])
6. 石けん百貨／楽天(Sekken Hyakka/Rakuten)
7. 石鹸 百貨大特集(Sekken Hyakka Daitokushū)
8. 石鹸 百貨は楽天(Sekken Hyakka wa Rakuten)
9. 石鹸 百貨 楽天大特集(Sekken Hyakka Rakuten Daitokushū)
10. 石鹸 百貨 楽天が格安(Sekken Hyakka Rakuten ga Kakuyasu)
11. 石鹸百貨【楽天】 (Sekken Hyakka [Rakuten])
12. 石鹸百貨／楽天(Sekken Hyakka/Rakuten)
13. 石けん 百科大特集(Sekken Hyakka Daitokushū)
14. 石けん 百科は楽天(Sekken Hyakka wa Rakuten)
15. 石けん 百科 楽天大特集(Sekken Hyakka Rakuten Daitokushū)
16. 石けん 百科 楽天が格安(Sekken Hyakka Rakuten ga Kakuyasu)
17. 石けん百科【楽天】 (Sekken Hyakka [Rakuten])
18. 石けん百科／楽天(Sekken Hyakka/Rakuten)
19. 石鹸 百科大特集(Sekken Hyakka Daitokushū)
20. 石鹸 百科は楽天(Sekken Hyakka wa Rakuten)
21. 石鹸 百科 楽天大特集(Sekken Hyakka Rakuten Daitokushū)
22. 石鹸 百科 楽天が格安(Sekken Hyakka Rakuten ga Kakuyasu)
23. 石鹸百科【楽天】 (Sekken Hyakka [Rakuten])
24. 石鹸百科／楽天(Sekken Hyakka/Rakuten)

(Attachment)

List of the Plaintiff's Trademarks

1. Registration Number: 4933873

Application date: July 15, 2005

Registration date: March 3, 2006

Class of goods and services: 37

Designated services: Laundering or provision of information, guidance or consultancy thereon; cleaning inside and outside the building and provision of information, guidance or consultancy thereon; cleaning of dishes or provision of information, guidance or consultancy thereon; bathtub and bath boiler cleaning or provision of information, guidance or consultancy thereon; chimney sweeping or provision of information, guidance or consultancy thereon; cleaning of building exterior surfaces or provision of information, guidance or consultancy thereon; window cleaning or provision of information, guidance or consultancy thereon; carpet and rug cleaning or provision of information, guidance or consultancy thereon; floor polishing or provision of information, guidance or consultancy thereon; septic tank cleaning or provision of information, guidance or consultancy thereon; street cleaning or provision of information, guidance or consultancy thereon; reservoirs cleaning or provision of information, guidance or consultancy thereon; construction, construction consultancy; operation, check or maintenance of building equipment; shipbuilding; repair or maintenance of vessels; aircraft repair or maintenance; repair of bicycles; repair or maintenance of automobiles; repair or maintenance of railway rolling stocks; repair or maintenance of two-wheeled motor vehicles; repair or maintenance of cinematographic machines and apparatus; repair or maintenance of optical machines and instruments; repair or maintenance of photographic machines and apparatus; repair or maintenance of loading-unloading machines and apparatus; repair or maintenance of fire alarms; repair or maintenance of office machines and equipment; repair or maintenance of air-conditioning apparatus [for industrial purposes]; repair or maintenance of burners; repair or maintenance of boilers; repair or maintenance of pumps; repair or maintenance of freezing machines and apparatus; repair or maintenance of electronic machines and apparatus; repair or maintenance of telecommunication machines and apparatus; repair or maintenance of construction machines and apparatus; repair or maintenance of consumer electric appliances; repair or maintenance of electric lighting apparatus; repair or maintenance of power distribution or control machines and apparatus; repair or maintenance of power generators; repair or maintenance of electric motors; repair or maintenance of laboratory apparatus and instruments; repair or maintenance of

measuring and testing machines and instruments; repair or maintenance of medical apparatus and instruments; repair or maintenance of firearms; repair or maintenance of printing or bookbinding machines and apparatus; repair or maintenance of chemical processing machines and apparatus; repair or maintenance of glassware manufacturing machines and apparatus; repair or maintenance of fishing machines and apparatus; repair or maintenance of metalworking machines and tools; repair or maintenance of shoe making machines; repair or maintenance of industrial furnaces; repair or maintenance of mining machines and apparatus; repair or maintenance of rubber-goods manufacturing machines and apparatus; repair or maintenance of integrated circuits manufacturing machines and systems; repair or maintenance of semiconductor manufacturing machines and systems; repair or maintenance of machines and apparatus for processing foods or beverages; repair or maintenance of machines and apparatus for lumbering, woodworking, or veneer or plywood making; repair or maintenance of textile machines and apparatus; repair or maintenance of tobacco processing machines; repair or maintenance of painting machines and apparatus; repair or maintenance of agricultural machines and implements; repair or maintenance of machines and apparatus for pulp-making, papermaking or paper-working; repair or maintenance of plastic processing machines and apparatus; repair or maintenance of packaging or wrapping machines and apparatus; repair or maintenance of sewing machines; repair or maintenance of reservoirs; repair or maintenance of gasoline station equipment; repair or maintenance of mechanical parking system; repair or maintenance of bicycle parking apparatus; repair or maintenance of dishwashers for industrial purposes; repair or maintenance of cooking equipment for industrial purposes; repair or maintenance of electric washing machines for industrial purposes; repair or maintenance of vehicle washing installations; repair or maintenance of vending machines; repair or maintenance of power-driven floor cleaning machines; repair or maintenance of amusement machines and apparatus; repair or maintenance of machines and apparatus for use in beauty salons or barbers' shops; repair or maintenance of water pollution control equipment; repair or maintenance of water purifying apparatus; repair or maintenance of waste compacting machines and apparatus; repair or maintenance of waste crushing machines; repair or maintenance of diver's apparatus; repair or maintenance of nuclear power plants; repair or maintenance of chemical plants; furniture restoration; umbrella repair; repair or maintenance of musical instruments; safe maintenance or repair; shoe repair; clock and watch repair or maintenance; sharpening of scissors and kitchen knives; setup or repair of locks; repair or maintenance of gas water heaters; repair or maintenance of non-electric cooking heaters; repair or

maintenance of cooking pots and pans; repair or maintenance of signboards; repair of bags or pouches; repair of personal ornaments; repair of toys or dolls; repair of sports equipment; repair of billiard equipment; repair of game machines and apparatus; repair or maintenance of bath fittings; repair of toilet stool units with a washing water squirt; repair of fishing tackles; repair of spectacles; fur care and repair; pressing of clothing; clothing repair [mending clothing]; fluffing of cotton batting for *futon*; repair of *tatami* mats; disinfecting of telephone hand-sets; vermin exterminating [other than for agriculture, horticulture or forestry]; sterilization of medical machines and apparatus; rental of construction machines and apparatus; rental of floor cleaning machines; rental of mops; rental of car-washing apparatus; rental of electric washing machines; rental of laundry dryers; rental of spin dryers for clothes; rental of space cooling apparatus [for household purposes]; rental of mining machines and apparatus; rental of air-conditioning apparatus

Registered trademark

## 石けん百科

2. Registration number: 5039119

Application date: July 15, 2005

Registration date: April 6, 2007

Class of goods and services: 3

Designated goods: Soaps and detergents, dentifrices

Registered trademark

## 石けん百貨

3. Registration number: 5221584

Application date: July 14, 2008

Registration date: April 10, 2009

Class of goods and services: 37

Designated services: Laundering or provision of information, guidance or consultancy thereon; cleaning of inside and outside the building and provision of information, guidance or consultancy thereon; cleaning of dishes or provision of information, guidance or consultancy thereon; bathtub and bath boiler cleaning or provision of information, guidance or consultancy thereon; chimney sweeping or provision of information, guidance or consultancy thereon; cleaning of building exterior surfaces or provision of information, guidance or consultancy thereon; window cleaning or provision of information, guidance or consultancy thereon; carpet and rug cleaning or provision of information, guidance or consultancy thereon; floor polishing or provision of information, guidance or consultancy thereon; septic tank cleaning or provision of information, guidance or consultancy thereon; reservoirs cleaning or provision of information, guidance or consultancy thereon; pressing of clothing.

Registered trademark

石鹼百科