
Contents & Abstracts

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■ **An Analysis of Secondary Liability in Trademark Law in the U.S.** 6

ANDO Kazuhiro

In 2012, an appeal court decision was made on whether a person involved in trademark infringement can be regarded as an infringer and held responsible for trademark infringement (Chupa Chups case). The decision drew wide attention as the first-ever judgment criteria indicated by the Intellectual Property High Court on a shopping mall operator as a trademark infringer. Meanwhile, in the US, there have been a large number of lawsuits and active arguments concerning the legal responsibilities of those involved in trademark infringement of others (secondary liability under the US law). Secondary liability in the US consists of two doctrines: contributory infringement and vicarious liability. The former tends to be the key issue in many trademark infringement cases.

The judgment criteria known as the Inwood test are generally applied to cases involving contributory infringement as an issue, established by the US Supreme Court ruling in the Inwood case. According to the Inwood test, a manufacturer or a distributor may be held liable for contributory infringement if: 1) it intentionally induces another to infringe a trademark; or 2) it continues to supply its product to one whom it knows (actual knowledge) or has reason to know (constructive knowledge) is engaging in trademark infringement.

In 2010 in the US, the appellate court found in the case of Tiffany, the famous brand, versus eBay, the shopping mall operator, that eBay was not responsible for policing its website for fake items and that eBay was not liable for contributory infringement, weighing the fact that eBay was responding quickly to the notification of fake items. It is worth noting that the US court has consistently rejected the imposition of general policing obligations on distributors of products and services. This paper outlines US court rulings and arguments on the issue and makes some suggestions for Japanese law.

■ **Should Nontraditional Trademarks Have Strong Monopoly Powers?** 23

OTOMO Nobuhide

Nontraditional trademarks may be protected when they acquire distinguishing features through their use. Whether a three-dimensional trademark or a trademark in colors has acquired through its use a secondary meaning or distinguishing features beyond its shape or color, i.e., the notoriety of the trademark, is examined. In the case of a three-dimensional trademark, the distinction is very important between the original functions, usages or aesthetic aspects of the shape and the function to represent the secondary meaning. Concerning the

functions and usages, care should be taken to ensure that there are no implications of the purpose of the patent system. Concerning the aesthetic form of the shape, implications of the design rights or copyright need to be considered. This is because what is protected as a trademark is the role of the source designator, excluding elements expected to be protected by other laws. In the case of the colors, it is usually difficult to tell subtle differences in color shading of red or blue. Accordingly, in order to accept a single color-only trademark as the source designator, there should be a special factor that identifies the source.

As discussed, in the case of nontraditional trademarks, the issues will be how to legally assess the factual state that the trademark has acquired the secondary meaning, and to what extent such a trademark should be protected.

This paper examines the issue of monopoly adaptability, that is, to what extent non-traditional trademarks should be protected, by analyzing the application examination processes of color-only trademarks and deliberation processes of infringement of three-dimensional trademarks and trade dresses.

■ The Google Android Case: Licensable Smart Mobile OSs and Competition Law Issues

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NAKASHIMA Mika

On July 18, 2018, the European Commission adopted a decision that Google infringed Article 102 of the Treaty on the Functioning of the European Union (abuse of dominant market position) in three agreements between Google and hardware manufacturers, etc. associated with use of the company's smart mobile operating system, Android, and certain proprietary mobile applications of which the company owns the intellectual property rights, and imposed on Google a fine of about 4,340 million euros. The decision concluded that the following conduct helped to maintain and strengthen the dominant market position of Google unlawfully in the member markets of the European Economic Area regarding the general search service: 1) Tying the search engine application Google Search with the smart mobile application store Play Store; 2) tying the mobile web browser Google Chrome with Play Store and Google Search; 3) licensing of Play Store and Google Search applications conditional on hardware manufacturers agreeing to the anti-fragmentation obligations in the agreement, obliging hardware manufacturers not to market smart mobile devices with Android fork, a type of Android OS revised by other parties; and 4) portfolio-based revenue share payments conditional on the pre-installation of no competing general search service in the agreement, so that OEMs and mobile network operators do not pre-install competing general search services on any device within a portfolio agreed upon between Google and these OEMs and mobile network operators. This paper overviews the business model of Google, in connection with the smart mobile OSs that the European Commission identified, and reviews the issues based on European Union competition law. At the same time, this paper reviews the issues based on Japan's Anti-Monopoly Act, assuming that a business model or business practices similar to those identified in the EU decision are implemented in Japan as well.

■ Implications of Legal Relations Between Patent Rights Transactions and Tax Law: Tax Issues on Income Category of Compensations for Employee Inventions..... 50

TANIGUCHI Tomonori

In the area of tax law, it is urgently required to address the issue of how to establish the appropriate taxing system for patent right transactions that cannot be visibly identified and that are difficult to evaluate. In tax practice, the patent right is considered as a type of intangible asset to determine the tax treatment of patent

right transactions. Unfortunately, there are more than a few tax treatments that appear to pay little attention or even ignore the purpose of the Patent Act, which is to encourage inventions.

This paper takes up the issue of income category of compensations for employee invention to examine how the legal relations are formed from the viewpoints of the tax and patent laws and how the tax law should be applied to the patent right transactions. In so doing, the paper also clarifies how the revision of the Patent Act in 2015 affects the issue of income category.

In applying the tax law to compensations for employee invention, the transaction should be subjected to the tax rules based on appropriate understanding of the purpose of the revision and in consideration of the legal relationships among laws established through various discussions, including those on labor and laws that are deemed to be interdisciplinary areas. In the absence of established tax rules that adequately capture the characteristics of compensations for employee invention, such payments could be categorized in the unreasonable income category. A taxation system may be built based on such unreasonableness, but such taxation still must be adhered to from the viewpoint of the principle of no taxation without law. The necessity and reasonableness of compensations for employee invention to be treated differently under the tax law should be demonstrated for early incorporation of appropriate measures in the law.

Under the revised law, the issue may arise how the non-monetary economic benefits provided as an incentive for employee invention should be measured in monetary terms, or the issue of value assessment of the “appropriate benefits”, and some lawmaking measures should be considered.

Concerning the relationship between the tax law and private laws, which is one of the taxation issues in patent right transactions, it will be unavoidable that the purpose of the patent act, namely the encouragement of inventions, as well as various discussions about the patent system, will affect the interpretation and application of the tax law. In-depth understanding of the patent law area will be essential for appropriate taxation on patent right transactions.

■ Case of Registration of Trademark Including Name of Other Persons Denied Intellectual Property High Court Judgment July 29, 2020, 2020 (Gyo-Ke) No. 10006. …………… 66

FUCHI Maiko

This paper discusses a court case on whether a trademark consisting of the first and last names of the designer in Roman characters and two English words, written without word-separating spaces, specifically, “TAKAHIROMIYASHITATheSoloist,” can be registered.

Although there are quite a few examples of registered trademarks consisting of personal names, there have in recent years been cases where the Patent Office denies the trademark registration because, in the event that individuals with the same first and last names are known, permission has not been obtained from all such individuals as required pursuant to Article 4, Paragraph 1, Item 8. The number of such decisions supported by the Intellectual Property High Court has also been increasing. Among the cases that were brought to the Intellectual Property High Court are a person’s name in Chinese characters as the trademark and a person’s name in Roman characters with graphic images as the trademark. In such cases the court held that the trademark contained a name of another individual and that a trademark containing a name of another individual cannot be registered in the absence of agreement of the individual pursuant to Article 4, Paragraph 1, Item 8, regardless of whether that other individual is well known or not. In the case discussed in this paper, the name of the designer is written in Roman characters without word-separating spaces with two English words to form a single unit of representation, and the Court ruled that it was a composite trademark. However, the Court continued that, because the trademark could objectively be identified as including the last name “Miyashita” and first name “Takahiro,” it fell under the category of a trademark including a name of another individual stipulated in Article 4, Paragraph 1, Item 8, and that, as a result, the agreement of that individual

was required for registration. The Court also supported the previous rulings that whether such individuals are well known or not did not matter regarding the individual from whom the agreement needed to be obtained.

Particularly in the fashion business, there is a strong need for a registered trademark incorporating the name of the designer. Applicants have been using inventiveness so that the stipulations in Article 4, Paragraph 1, Item 8 are not applied to the trademark. This judgement is significant as a case where registration was denied regardless of such inventiveness.

■ Current State of Applications for Design Registration After the Revised Design Act in 2019 Came Into Force 77

KAMITANI Yuki

The revised Design Act was promulgated in 2019 and came into force in April 2020. The revised Act substantially enhanced the design system for protecting designs, such as the extension of the duration of design rights to 25 years, expansion of the scope of protection to cover buildings and others that are not found to be articles, improving the usability of related design-systems, and revision to items for design of a set of articles. This paper discusses the state of applications for design registration filed after the revised Act came into force, and some of the registered designs.

The overall number of applications for design registration filed in the first quarter of 2020 was not very large due partly to the COVID-19 pandemic, but rebounded in the second quarter after the enforcement of the revised Act. The number of applications filed by foreign nationals did not decrease despite the pandemic, and this percentage among total applications has been rising in recent years.

There were a large number of applications for design registration which are new subjects of protection immediately after the enforcement in April 2020 when such application for design registration became acceptable. New subjects of protection are 1) building design that is immovable property; 2) interior design that consists of multiple articles and their layout; and 3) graphic image design separate from the article which may be filed. These applications have also been filed constantly thereafter. Applications for design registration of graphic images, including both “graphic image design” that is newly protected under the revised Act and “design for part of an article etc. including a graphic image” that has been protected from before the revision, have been increasing. Furthermore, the number of applications has been steady for related design, which under the revised Act may be filed after publication of the principal design in the design bulletin, and for design for a sets of articles for which the freedom of constituent articles, etc. increased under the revised Act.

Lastly, the paper provides an overview of the regulations to be enforced on April 1, 2021—the second phase of the two-phase enforcement of the revised Act promulgated in 2019.