Trademark and Domain Name Protection

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A domain name is a set of Roman characters assigned to an IP address (Internet Protocol address) composed of a series of number, in order to make it easier to remember.

Originally, it was conceived and intended to function as an address, but with an increasing number of cases of registered domain names being illegally occupied (cybersquatting), it has posed additional problems in how to handle trademark disputes in cyberspace. However, the existing conventional legal system is limited in its ability to counter this situation fostering a movement to inaugurate a new system settling cases outside of court, not through arbitration nor mediation. In order to support resolution of the new system, substantive laws have been cooperatively revised in United States and Japan.

1. Current Status and Problems in Domain Names

1.1 Current Status of Domain Names

Internet population is estimated at about total 130 million throughout the world. About 25.6 percent of the population holds domain name registration. In Japan the numbers are 15 million and 1.5 percent. (Naoaki Yano, “Internet Jyu Tsu Go Shu (Internet Technical Terms)” contained in Iwanami Shinsho in April 2000). According to the latest available information (as of December 3, 2000), the estimated number of users with registered domain names is 33.24 million throughout the world. Roughly 80 percent of registered domain names have “.com (20.08 million),” “.net (3.78 million)” and “.org” (2.38 million). Additionally, registered domain names with “.com” account for 60 percent. The remaining 20 percent, or about seven million domain
names, can be divided into 250 different types throughout the world. Among them, the total of registered domain names with “.jp” is as small as about 230,000, limited to only 0.7 percent of the worldwide registered domain names.

Few browsing users are aware of the country from which a creator has obtain a domain name. In other words, no problems arise if one gains a domain name in the United States and creates a home page intended for users in Japan. In Japan, the Internet came in to full use in 1995.

1.2 Classification of Domain Names by Their Registrars

(1) National Top Level Domain Code(nTLD)

A top level domain name corresponding to a two-letter national code of ISO3166 is assigned to every country. The management of nTLD is independently conducted by a Network Information Center (NIC) within each country.

As use of the Internet has spread, nTLD has come into use. Japan is represented by “jp,” the United Kingdom by “uk” and China by “cn.” Each nTLD is managed by the country it is assigned to. Like “nichibenren.or.jp,” domain names having “.jp” at their end are defined under criteria set by the Japan Network Information Center (JPNIC) the Japanese domain names management organization. JPNIC, a Japanese juridical corporation registering JP domain names, is a publics-service cooperation under the joint jurisdiction of the Ministry of Economy, Trade and Industry, the Postal Services Agency and the Ministry of Education, Culture, Sports, Science and Technology. Only the United States is not required to represent its own country name
similar to “jp” and “uk.”

(2) International Top Level Domain Code (iTLD)
This is a TLD used by international governmental organizations such as, int., as found in wipo.int and itu.int.

(3) General Top Level Domain Code (gTLD)
As of January 20, 1998, there were 88 organizations set up internationally to register domain names. However, these organizations have not been authorized to independently examine domain names as requested. As a result, the TLD “.com,” “.net” and “.org” can be obtained relatively easily over cyberspace regardless of nationality or citizenship, unlike nTLD. As applied to business, there are no restrictions limiting the number of domain names to one per company. Through a contracted agreement with ICANN, VeriSign, Inc. an intermediary equipped with a database and other facilities receives applications for the registration of domain names from various companies.

“.Com” domain names are not subject to restrictions in registration are often criticized as “garbage bins”. They have become the root of various conflicts and disputes concerning existing trademarks.

Incidentally, multi-language domain names are designed to allow the use of Japanese, Chinese and Korean for generic domain names (com, net and org) at a second level with registration initiated as from November 10, 2000. Currently still in the trial phase, multi-language domain names cannot be used to set up websites for the time being. As practiced in conventional domain names, fees for
multi-language domain name registration are not refundable, even if present testing results in the invalidation of the system. However, it seems plausible that these domain names shall come into use.

At present, multi-language domains which consist of Japanese characters, Korean Hangul, and Chinese characters are converted into the Roman alphabet through use of a conversion code named “RACE,” and then registered into the VGRS (VeriSign Global Registry Serve) database.

Many major Japanese companies eagerly awaited November 10, 2000, to get their Japanese corporate names registered, but, most found that their names could ultimately not be processed. This is related, in part, to the fact that it was possible prior to November 10 to use an early registration system that recorded alphabetic domain names changed according to the RACE code. Information about this had not been generally publicized and only posted in mailing lists and related web-sites.

It was not uncommon for corporate network managers to be aware of its existence. However domain names traders were aware and had almost all major Japanese companies pre-registered, making it impossible for actual personnel in charge to get names registered. At the opening day of its inauguration, the system could not be accessed for about an hour after applications for multi-language domain name began to arrive, due to the fact that pre-applications for the registration of multi-language domain names had been processed earlier with priority.
Immediately following this, many Japanese domain names were offered at auction sites. At “Yahoo Auction,” the largest auction site in Japan, “けいたい (mobile).net” was reportedly sold for one billion yen and “ニッサン自動車 (Nissan Motor) .com” at 200 million yen. However there are no successful bids confirmed.

2. Domain Name Dispute and Related Laws

2.1 Relief Measures Available under Conventional Laws

(1) Infringement on Trademark Rights

In principle, domain names are registered without examination in the order of the arrival of their registration applications. In Japan, as in the United States, there has been an increasing number of cases where owners of registered trademarks have attempted to register related domain names already consigned to third parties. In order to initiate their home pages, owners of registered trademarks must often find other domain names to register, a situation not originally anticipated.

Meanwhile, the fact that users are not necessarily able to enter key words of trademarks and hit on the desired information or products they wish to find has, at times result in legal cases of dilution, where the distinguishing power and ability of a trademark is generally compromised. Dilution like this is a serious problem facing the owners of famous trademarks, one which cannot be left unresolved.

The acceptance or non-acceptance of a registration depends only on whether the domain name is completely
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identical to an earlier registered domain name or not. Therefore, a domain name is registrable even if it is only different from an earlier registered domain name in a single character. In the United States, there are many cases where domain names, easily mistaken for famous trademarks by a narrow difference, set up flag advertising and offered advertisers the opportunity to see home pages most often accessed mistakenly by consumers as indicated by these flags. Receiving 10 cents for each advertising, many people earn as much as 100 million dollars a year. As the number of accesses to a certain home page offering a flag advertising increases, fees for carrying advertising increase. A little amount of money for carrying an advertising each time, furthermore, adds up to an enormous amount of money.

As a result, it is important to learn how to handle the use of trademarks on home pages making a profit from banner advertising. Incidentally, a free home page, carrying a banner advertising, is a home page with commercial effects.

The Internet is often called a borderless world. Since trademarks are protected under the territoriality principle, domain names by their nature should have nothing to do with them. However, domain names now have commercial effects. The Internet, throughout the world, causes various disputes, infringement and other, where such unanticipated problems force appropriate authorities to deal with them. It has been reported that, in response, steps to settle matters under international treaties and conventions have been investigated.

What measures are available to trademarks owners? In order to substantiate an alleged infringement, the following
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Factors must be satisfied. Firstly, a trademark should be registered. Since trademark rights are applied to the use of marks identical or similar to the trademark as well goods and services identical or similar to those designated by the trademark, the acts above should be included within the definition of infringement. If the use of a trademark by the registrant of a domain name is different from the trademark in designated goods and services, the owner of a trademark is not entitled to receive relief injunctions, compensatory payments or other such corrections. In this respect, trademark law is not complete nor adequate enough to fight against domain name traders.

Under trademark law, “goods” have been defined as physical goods and property. Liquid and gas, independently distributed in containers, are “goods.” Thus, the salability of musical pieces and software programs distributed through a network has become questioned.

Requirements for the “use of a mark identical or similar to a registered trademark,” are set forth in Section 2(3)(i) to (vii) of Trademark Law. Use by the registrant of a home page is subject to Item (vii) “acts of displaying or distributing related to goods or services, price lists or business papers with respect to the goods or services on which a mark has been applied.” Since a home page displays goods or services bearing a mark, it is judged to be an advertisement relating to goods or services.

(2) Violation of Unfair Competition Prevention Law

It is still not resolved whether the use of another party’s mark by the registrant can be judged as a violation of “use”
as defined by the Unfair Competition Prevention Law. A trademark, either registered or not, is protected under the Unfair Competition Prevention Law along with corporate and individual names and trade names. A well-known unregistered trademark may not be registered by lapse or by the stipulation of the Trademark Law.

For example, Mitsukoshi Ltd., Takashimaya Co., Ltd. and Matsuzakaya Co., Ltd., department stores famous across Japan, cannot designate their names with the whole of their retail business designated as a service. This is because retail business is not included in Classes 1 to 42 of designated goods and services for the registration of a trademark, while an application for the registration of a trademark requires goods and services designated according to defined classes. Of course, Japanese department stores have their names registered, designating individual goods such as clothing, jewelry, shoes and bags and services such as delivery.

If someone gaining the registration of a domain name identical with a famous department store sets up a home page misleading consumers to think that that famous department store has started a new mail order service, the registrant of the domain name in question is subject to an injunction or the payment of damages under the Unfair Competition Prevention Law. This is specifically due to the use of a registered department store name for non-similar goods or services.

(3) Issues over Requirements Constituting “Use”

When deciding whether the registrant of a domain name
identical with a registered trademark can be seen as committing an act constituting a violation of the Unfair Competition Prevention Law, the presence of certain factors are required to demonstrate a violating “act using a trademark.”

Almost all cases of cybersquatting (illegal occupation of cyberspace) point to the problem that the simple registration system prevents owners of trademarks or trade names, from getting the mark or name. In Japan, the domain name of “matsuyazakaya.co.jp” has been registered for a corporation in Tokyo, completely unrelated to Matsuzakaya Department Store. Furthermore, it has been reported that famous corporate names such as Mitsukoshi and Ajinomoto have already been registered by companies in the United States as domain names. It seems that companies registering domain names are not interested in net sales and have registered the domain names simply for personal profits.

Like this, the registrants of such domain names do not go far to solicit the purchase of the domain names through their home pages. As long as the registrants of domain names limit themselves to indicate that “they have already registered their domain names before the owner of the corresponding registered trademarks” or bind themselves to the fact that “they have asked the owner of the registered trademark to purchase the corresponding domain name,” it is a simple, impedient act.

This cannot be considered the use of a registered trademark, a fact that does not constitute the infringement of the trademark right, subject to Section 2(1)(ii) of the
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Unfair Competition Prevention Law defining such “use” as a violation of the Law. An offer to sell a domain name may be considered an illegal “use” in a broad sense. In this field, however, there have not been any court judgments.

As a result, a new resolution system has been for alternative dispute resolution (ADR). To support this system with a substantive law, Section 2(1)(vii) of the Unfair Competition Prevention Law defining acts of unfair competition, has been added.

2.2 Court Cases

In Japan, there have been two cases involving the injunction of the use of a registered domain name. In both cases, the demand for injunction was based on Section 2(1)(i)(ii) of the Unfair Competition Prevention Law and accepted.

(1) Toyama District Court Judgment, JACCS Domain Name Case

(Volume 1734, Page 3 of December 6, 2000)

The JACCS case was the first court ruling on domain name in Japan. In this case, a third unauthorized party registered a trademark well-known and famous in Japan for a domain name, carrying advertisements of goods and services domestically targeted. It is rare that factors be satisfactory enough to allow a plaintiff to receive relief as provided in accordance with the Unfair Competition Prevention Law. This is why the plaintiff, without waiting for the inauguration of a resolution system, filed a suit under conventional domestic law.
The defendant conducted business with the use of the domain name “http://www.jaccs.co.jp” on the Internet and an indication of “JACCS” on its home page. The plaintiff owned “JACCS” as an indication of its business, and alleged that the use of the above domain name and indication for business activities were subject to Section 2(1)(i)(ii). It subsequently sought a court injunction ordering the suspension of the use of the above domain name as well as the home page indication. As for parties to the case, JACCS Co., Ltd., the plaintiff, is a corporation rendering services as its business while Nihonkai Pact, the defendant, is with sale and lease of prefabricated toilets as its major business.

The judgment in its principal sentence stated:

1. The plaintiff is not allowed to use the JACCS indication in its business activities conducted through the home page in question.

2. The plaintiff is not allowed to use the registered domain name http://www.jaccs.co.jp as accepted by Japan Network Information Center on May 26, 1998.

3. Case expenses should be borne by the defendant.

At its outset, the judgment, referring to a case where a domain name corresponds to an “indication of goods, etc.” as set forth in Section 2(1)(i)(ii) of the Unfair Competition Prevention Law, said:

“In many cases, domain names are not meaningless rows of characters unconnected with its registrant. Rather, the registrant may combine and register characters to be used for a domain name, indicating its name or representing a related word where possible. Rows of characters employable
for domain names limited and a prior application system is used to register them, among other things. It is understood that Internet users, though they may be aware that a domain name does not necessarily indicate the name of its registrant, tend to think that where a domain name is identical with a row of characters indicating a certain proper noun, the subject of the said proper noun is the registrant of the domain name.

“In light of the fact that there are cases where a domain name may specify its registrant, it is adequate to interpret that there may be cases where, when the registrant of a domain name offers goods and services through its home page, the said domain name may also be equipped with a function to specify the sources of goods or services offered through the home page. It is rational to judge whether the use of a domain name has a function to specify the sources of goods or services or corresponds to the use” of “an indication of goods, etc.” set forth in Section 2(1)(i)(ii) of the Unfair Competition Prevention Law, in general consideration of the meaning of a row of characters used for the domain name (a meaning which general users of the Internet may usually read from the domain name).”

As for whether the use of the domain name in question corresponds to the “use” of an “indication of goods” constituting as abuse as set forth in Section 2(1)(i)(ii), the court said that “the defendant set up a home page displaying ‘Welcome to JACCS home page,’ listed underneath it ‘goods to be handled’ and links to ‘Digital Tsuka Mobile Telephone’ and ‘NIPPON KAISYO, INC.’ carrying advertisements of prefabricated toilets and mobile telephones (an undisputable
fact). “The display contents of the above home page included ‘JACCS’ in large characters, indicating it as a subject setting up the home page, and its domain name ‘jaccs’ in small letters, the domain name in question. Judging from the fact that ‘jaccs’ are only small letters of ‘JACCS,’ it is seen as an indication equipped with a function to specify the sources of the home page advertising together with the home page indication of ‘JACCS.’ In light of the above, it is sensible to rule that these indications are corresponding to the ‘use’ of ‘an indication of goods.’”

"The plaintiff is a corporation with the main of its business in installment purchases, and, as of July 1, 1998, had 124 branch offices, branch stores and points of sales across the country. Since its trademark was first used for announcing the change to the current company name, that trademark has always been used on credit cards issued by the company, in its newspaper advertisements, pamphlets and television commercials and on the business cards of its employees. In television commercials broadcast publicly across the country, the company displayed the trademark at the end with ‘JACCS’ or ‘JACCS Card’ pronounced. Although its trademark is composed of ‘J, A, C, C, S’ designed with particular patterns, at a glance, it can be the alphabetical characters ‘JACCS,’ and was recognized by consumers in general to be pronounced as ‘JACCS.’ Around 1994, the plaintiff qualified to register its trademark with services designated in Classes 35, 38 and 42. Taking all this into account, ‘JACCS’, as an indication, had become famous by 1998 at the latest, when the plaintiff used the domain name in question."
“The defendant, the organizer of an entrepreneur support group ‘Japan Associated Cozy Cradle Society,’ worked from the support of about 10 companies, argued that its domain was registered as a title abbreviation. However, it was ruled that the use of ‘Cozy Cradle’ in the context of the organization’s title seems forced and unnatural and, in addition, the contents of the original home pages set up by the defendant in no way indicated this organizational title (that is, that the home page in question had been set up by the group of supporting entrepreneurs) but rather emphasized only ‘JACCS.’ According to the court record, only after the suit was filed were the contents on the home page changed to clearly indicate the group ‘J, A, C, C, S’ is pronounced, in Japanese, as jei ei ei shi shi es’ and its affiliation to the entrepreneurial organization. In view of this, it seemed the defendant chose the domain name intentionally to be identical with the plaintiff’s business indication ‘JACCS.’ Soon after the registration of the domain name in question, the defendant, during a period from mid-July, 1998 to November 27, 1998, sent written demands to the plaintiff, calling for a remuneration for the domain name in question. Judging from this, it is easily assumed that the defendant originally registered the domain name in question for the purpose of gaining a sum from the plaintiff.

In the above case, even if the defendant’s arguments refuted use of the domain name as contrary to Unfair Competition Prevention Law, the fact remains that continued use of the domain name could cause confusion with the plaintiff’s business indication and ultimately damage its value. Thus, similarly the commercial gain of the plaintiff
could be infringed upon. “Therefore, the defendant should stop its use of the domain name in question.”

(2) Tokyo District Court Judgment “J-Phone” Case

In the “J-Phone” case, the plaintiff insisted on “prior use,” arguing that the defendant switched trade names after the plaintiff acquired the domain name “j-phone.co.jp” in August 29, 1997 about three months after March 1998, the defendant’s service name “J-Phone” had become known across the country. The Tokyo District Court ruling said that “the plaintiff started use of its service name ‘J-Phone’ from February 7, 1997 had already become known nationwide.” It is worth noting that the court, recognizing that the use of the domain name at this point in time, referring to the “indication of famous goods” as set forth in Section 2(1)(i)(ii) of Unfair Competition Prevention Law rejected the defendant’s argument.

The outline of the J-Phone case is that the plaintiff, engaging in business with the indication of “J-Phone,” claimed that the defendant’s use of “j-phone.co.jp” on the Internet and the indication of “J-PHONE,” etc. on its website to advertise goods by the defendant were acts of unfair competition as set forth in Section 2(1)(i)(ii) of the Unfair Competition Prevention Law. In reparation, the plaintiff asked for rights to the domain name and all indications with “J-PHONE”, effectively removing the indications in question from the said website and compensatory payments. The main plaintiff’s business is a communications service of mobile telephones (the plaintiff originally went by the name “Kabushiki Kaisha Tokyo Digital Phone” which was changed to “J-Phone Tokyo Co., Ltd.” from October 1, 1999 and again
later to its present name “J-Phone East Co., Ltd.” from October 2, 2000). The defendant was a corporation named “Daiko Tyusho Co., Ltd.” with the export, import and sale of foodstuffs such as marine products and fishery goods as its major business.

The ruling stated that “the domain name, together with the indication of ‘J-Phone’ on the website, significantly functions to specify the source of goods displayed on the website and, therefore, the defendant’s use of the domain name corresponded to the ‘indication of goods, etc.’ as set forth in Section 2(1)(i)(ii) of the Unfair Competition Prevention Law. Grounds for this judgment were the same as in the JACCS case.” “The ‘indication of goods, etc.’ is the use of a business indication and a trademark in the JACCS case and the indication of a service name in the J-Phone case. As for the “use” of an indication of goods, etc. as set forth in Section 2(1)(i)(ii), the court stated that “on the website, advertisements for lesson video films, mobile telephones, yeast foods, and other items are displayed with order information along with the indication of ‘J-Phone’. Therefore, the word ‘J-Phone’ on this website, can be recognized as representing the party setting up the website and selling the said goods. ‘If the domain name ‘j-phone.co.jp’ and the indication ‘J-Phone’ are compared, the third part of domain name ‘j-hone’ are nothing more than small alphabetical letters of ‘J-PHONE.’

“The domain name in this case, together with an indication of ‘J-PHONE’ on the website, is logically recognized to identify the source of the goods displayed on the website. The court ruled in favor of the plaintiff’s
assertion that the defendant’s use of the domain name etc. corresponds to an indication of goods as set forth in Section 2(1)(i)(ii) of the Unfair Competition Prevention Law.” (However, a reduction was ordered for damages claimed.)

3. International and Domestic Conditions

3.1 Resolution under Uniform Domain Name Dispute

In October 1998 ICANN was set up to eliminate acts of cybersquatting (illegal registration and use of domain names), that is, registering a domain name including another party’s trademark earlier so as to sell it at a high price and/or willfully mislead consumers by capitalizing on its famousness. ICANN executed both UDRP and UDRP Rules as from October 24, 1999.

(1) UDRP Rules

UDRP specifically targets bad faith and abusive use while remaining non-binding, speedy, convenient and low cost solution, public proceedings apart from present arbitration systems. A panel decision is publicized and can be accessed on the ICANN and WIPO sites. Here one may predict the outcome, wins or loses, of one’s case from past cases. One who wishes to avoid the publication as a cyber squatting may assign one’s domain name to the proper party during the proceeding. Thus some cases make an early
UFDP features a minimalist approach. A dispute stemming from the registration and use of a domain name in “bad faith” is subjected to a resolution under “mandatory administrative proceedings” as set forth in its policy. Other domain name-centered disputes (for example, where both parties have due rights) are left to be settled through conventional paths in court or through arbitration. UDRP is a new alternative provided by neither a court nor an arbitration.

ICANN’s proceedings are all conducted through the Internet, so that the registrant and the complainant need not meet with each other. As a public proceeding, it is not an arbitration nor a mediation and, thus, a kind of administrative procedure. To counter a “resolution” decision, action may be taken in court within 10 days from notification of the panel decision.

In short, it is possible for a party under UDRP to get the registration of a certain domain name reassigned to their business if trademark rights to the name and prior use of the domain name in bad faith for unfair purposes can be proved.

(a) Applicable Disputes

A registrant is required to submit to a mandatory administrative proceeding in the event that a third party (a “complainant”) asserts to the applicable Provider, in compliance with the Rules of Procedure, that:

(i) the registrant’s domain name is identical or confusingly
similar to a trademark or service mark in which the complainant has rights\textsuperscript{1,2,3,4,5,6}; and

(ii) the registrant has no rights or legitimate interests in respect to the domain name\textsuperscript{7}; and

(iii) the registrant’s domain name has been registered, and is being used, in bad faith.

In the administrative proceeding, the complainant must prove that each of these elements are present.

1. “theeconomictimes.com”, “thetimesofindia.com” Case

   In a case contested over “The Economic Times” and “The Times of India,” two newspapers published in India, the complainant had its address in India and the registrant and the registrar (NSI) had their addresses in the US. In consideration of the fact that the Internet operates across borders and nations, the complainant’s lack of a US trademark was overlooked and had its reputation upheld. It ordered the transfer of the two domain names. This stands as a case of interest in foreign trademark rights.

2. “juliaroberts.com” Case

   The name of Julia Fiona Roberts, the complainant, is a trademark under the U.S. common law to represent her show business activities as a famous actress and corresponds to a “trademark” under UDRP\textsuperscript{4a}. The transfer of the domain name to the complainant was ordered.

3. “kasparov.com” Case

   The complainant, Kasparov, had at least one trademark worldwide, including Kasparov. In the chess world, he was a top-ranking player and Kasparov represented chess-related profit and non-profit activities. A decision, therefore, recognized the domain name as a “trademark” under UDRP\textsuperscript{4a} and ordered its transfer to the complainant.

4. “choyongpil.net” Case

   The reputation of Cho Yong-Pil is granted as passing off, particularly in Asia and Korea. The panelist explained as follows: The reputation of his name was enough to verify the effect of a trademark or service mark according to the purpose of the rule. It was ordered that the
transfer of the domain name be made to the complainant as a “trademark” under UDRP4a.

5. “jeanettewinterson.com (net, or org)” Case

A decision was made to accept the complaint and order the transfer of the domain name. The complainant was Jeanette Winterson, a writer. Both parties were British. In the UK, the protection of a trademark is not provided by common law and judged in the context of its passing off. A trademark under UDRP4a includes cases that constitute passing off but may be interpreted widely according to the purpose of UDRP4a. A right to take action based on an infringement on a non-registered trademark is not adequate under U.K. law but there is a right to sue others based on passing off. Passing off solely on registration was not recognized except for one case, but, under UDRP, in fact a registration alone is sufficient. This is because a registrant should warrant that its registration does not infringe any third party’s right under UDRP2.

6. “sting.com” Case

The complainant had his assertion rejected as it did not satisfy three conditions by UDRP4. “Sting” is a common noun having various meanings (such as a prick, a cheat, etc.). It was pointed out that the musical performance conducted under the name of the “Sting” is not entitled to a service mark under common law. The registrant had gained the domain name before the “Sting” became widely known and used it for more than five years. The complainant could not prove that there had been any alleged demands from the registrant to purchase the domain name.

7. “DRAWTITE.COM” Case

In this case the complaint was ultimately rejected. An agency contract with the complainant allowing its trademark to be used for a web site and recommending the setting-up of a web site was the registrant’s right of the trademark use. However, the contract was missing with the both sides submitting its copy as evidence. Therefore, the registrant submitted an affidavit instead. If the complainant could have submitted the contract prohibiting the registration of the domain name, the decision would have been different.

(b) Evidence of Registration and Use in Bad Faith

For the purposes of Paragraph (a)(iii), primarily, but not
limited to, the following circumstances, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith:

(i) the registrant has registered or acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of the complainant, for a value considered in excess of the registrant’s documented out-of-pocket costs directly related to the domain name; or

(ii) the registrant has registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that the registrant has engaged in a pattern of such conduct; or

(iii) the registrant has registered the domain name primarily for the purpose of disturbing the business of a competitor; or

(iv) by using the domain name, the registrant has intentionally attempted to attract, for commercial gain, Internet users to the registrant’s website or other on-line location, by creating a likelihood of confusion with the complainant’s mark as to the source, sponsorship, affiliation, or endorsement of the registrant’s web site or location.

8. “world wrestling federation.com” Case

Michael Bosman, an individual living in the US, registered “world wrestling federation.com” with Australia-based Melbourne IT as a gTLD on October 7, 1999. Three days later, he sent an E-mail to World
Wrestling Federation Entertainment (complainant), a Connecticut-based American company, offering the assignment of the domain name at a sum exceeding 100 U.S. dollars. When the complainant made an opposition to the domain name registration on December 2, 1999 (next day after the proceeding under ICANN rule), Bosman proposed an assignment price of 1,000 US dollars one day later on December 3.

The WIPO panel, recognizing Mr. Bosman’s assignment offer itself as “use,” judged that “the domain name of its registrant is registered and used in bad faith (liable to UDRP4a(iii)).” Furthermore, it decided that Mr. Bosman did not have rights or legitimate interests to register the domain name (subject to UDRP4a(ii)). It was the first case UDRP was applied. In a sense, this decision made clear that domain name registration represented a typical form of cybersquatting or illegal acts.

9. “POCHACCO.COM” Case

Sanrio Co., Ltd., the complainant had POCHACCO registered as a trademark for three separate goods and services in the US. POCHACCO was a character dog and Sanrio, together with other character goods, had monthly sales of six million dollars. The registrant, simply holding the domain name registration, did not made any offer for the purchase of the domain name and submitted a defense agreeing to transfer the domain name to the complainant. Citing the Telstra Case, the panel decided that even in the presence of this defense, it represented bad faith use of the domain name if the domain name was simply kept registered and not in use for any purpose.

(c) How to Demonstrate the Registrant’s Rights to and Legitimate Interests in the Domain Name in Responding to a Complaint

When receiving a complaint, the registrant should refer to Paragraph 5 of the Rules of Procedure in determining how a response should be prepared. In particular but not limited to any of the following circumstances, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate the registrant’s rights or legitimate interests to the domain name for purpose of Paragraph
(a)(ii):

(i) if the registrants use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with goods or services were evidently bona fide before any receipt of a dispute notice; or

(ii) the registrant (as an individual, business, or other organization) has been commonly known by the domain name, even if the registrant has acquired no trademark or service mark rights; or

(iii) the registrant is making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

10. “fuji.com” Case

In this case, the registrant of the domain name succeeded in proving that “fuji” had been in use as a commercial indication of business and won a decision recognizing a legitimate right to the registered domain name. While recognizing a degree of the advance of Fuji Film into the US market and distinctiveness of the complainant’s name, the registrant of the domain name asserted that Fuji, if spelt as “fuji,” could be a name which used for another company, product or service, and could not be attributed only to Fuji Film, raising a doubt as to whether the name of Fuji Film satisfied the requirement stipulated in UDRP4a(i).

11. “jal.com” Case

The registrant of the domain name had the claim recognized that “jal” was a domain name only listing the initials of his name and he had legitimate rights to the registered domain name. The complainant, Japan Air Lines (JAL), had its assertion rejected.

(2) Dispute-resolution Service Providers

As the first provider under the system, the WIPO
Arbitration Center was recognized on November 29, 1999 and put into effect on January 3, 2000 with all three gTLD including “.com’s,” “.net’s” and “.org’s” already registered by then. As of June 1, 2000, domain names involved one kind of complaints or another totaled 1,237.

Thereafter, the National Arbitration and Mediation Center (NAF), Disputer.org/eResolution Consortium (DeC) and Institute for Dispute Resolution (CRP) have also been recognized. About 60 percent of disputes are handled at the WIPO Arbitration Center. About 80 percent of final decisions are said to be in favor of the complainants (trademark owners).

Since the contents of a panel’s decision and details of the resolution decision in each case are publicized through the websites of ICANN or all dispute resolution providers, one may predict whether a complaint will be accepted as satisfying requirements as set in UDRP. Information on official complaints and responses is available on the WIPO site, as well as outlines of a dispute resolution proceedings, the backgrounds and, photographs of panel members, handling fees, etc. When a complaint is filed, both parties to the dispute are kept informed of the latest state of the proceeding and future necessary steps. The dispute administrator assumes an important role in keeping proceedings.

(3) Delivery-Related Problems

Where an official complaint is sent to the registrant of a domain name, if a registrant does not submit a response within 20 days from the receipt of a complaint, the Panel
shall settle the dispute in accordance with established rules. However, this proceeding may only be carried out if the official complaint has been actually delivered to the registrant. It is not rare for the defendant to indicate an incorrect address at the time of registration. Unless an official complaint delivered, related proceeding cannot be started, thus effectively forcing the administrator in charge to put a great deal of labor and time into finding the responsible registrant. Such difficulties in delivery are now surfacing as problems in the current dispute resolution system. These problems may even be greater than any found in structuring a high-level theory concerning interpretations of the substantive rule.

12. “telstra.org” Case

With the complainant’s assertion recognized, a decision ordered the transfer of the registered domain name. The delivery of complaint to the registrant of the domain name had extreme difficulty. Resorting to the regulation calling for the “best efforts,” the assertion was recognized in the absence of a response from the registrant. As the grounds for its decision, facts were accepted to the effect that the complainant, Telstra, is an Austrian power company with its TELSTRA trademark well-known while the domain name registrant, Nuclear Marshmallows, did not use the domain name it registered and made its address unclear. The decision was made that in such a case, the respondent simply holding the registration of the domain name was liable to UDRP4b(iii) stipulating that “the domain name is registered mainly for the purpose of disturbing a competitor’s business.”

This is a problem originally stemming from the fact that a domain name is unconditionally allocated by a civil organization without any examination at the time of its registration. At present, IP addresses have been allocated to about 4.3 billion computers according to estimated
calculations but this number is insufficient considering the rate of expansion of Internet use. Domain names in letters and characters corresponding to IP addresses may reach as much as 4.3 billion as well. With respect to this enormous number of registrations, it is impossible to force all organizations to confirm names of registrants, their addresses and places for delivery.

Domain names were originally designed to specify addresses as used on the Internet and not intended to be handled as or cause any conflict with intellectual property rights, leading to an overly simple registrations. This has become troublesome when attempting to efficiently manage the system. One who has obtained the registration of a domain name with contact information falsely indicated might reasonably suffer a disadvantage later. It is emphasized that in order to solve problems created by the non-delivery of complaints, measures should be taken such as the setting up of supplementary regulations. Incidentally, the majority of complaints and registrants (opponent parties) are found in the United States, to a degree much higher than other countries.

(4) Fees and Official Language

Handling fees required vary by dispute resolution provider. The user is free to select one, comparing fees and services. The official language for dispute resolution proceedings should be the language used in the registration contract and, in most cases, English.

In a dispute involving a multi-language domain names, to require that complaints be written in English is
burdensome for complainants whose native language is not English. This especially applies to disputes where the defendant with a registered domain name do not use English. Thus in such a case, it is necessary to attach, in addition to English-language documents, documents in the registrant’s language such as Chinese, Korean and Japanese. This has been burdensome for complainants, often delaying the post-assertion proceeding.

(5) Interpretation of “in Bad Faith”

Within the nine chapters of UDRP, three items in Chapter 4, (Paragraph (a) (b) (c) concerning the Mandatory Administrative Proceedings) are the substantive parts of the rule. This chapter, setting forth ways of responding in a dispute, includes a subjective requirements to define them. Literally, it is only written as “in bad faith.” With WIPO’s recommendation for the use of “abusive” accepted, there are split views over the interpretation of “in bad faith.” Setting forth subjective requirements defined as “abusive” and “in bad faith” is, in itself, different from the protection of a trademark under conventional Trademark Law and Unfair Competition Prevention Law in both method and perspective.

In case of the Trademark Law, an infringement is proven based on whether the scope of rights to a registered trademark is compromised. Meanwhile, Unfair Competition Prevent Law, without taking into consideration the structure of rights, defines the types of acts of unfair competition and gives the definitions as a special law under the Civil Code. In either case, demands for damages require subjective requirements such as “intent” and “negligence” but demands for court injunctions do not. This is because it is extremely
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hard for courts to consider such subjective requirements.

However, UDRP in its effort to eliminate cybersquatting and the illegal registration and use of domain names, can account for subjective requirements, unlike Trademark Law, by limiting grounds of complaints to trademark law in particular. In view of difficulties in deciding whether the registration and use of a domain name are intended for unfair purposes, UDRP lists cases exemplifying unfair registration and use of a domain names, helping an early and speedy decision. This list contains examples of acts “in bad faith” but does not define the whole of acts “in bad faith”. If the registration and use of a domain name is proved as intended for unfair purposes, a new act not regulated by UDRP allows a complaint demanding the cancellation and transfer of the domain name registration based on that proven fact. In this way, UDRP is different from regulations in unfair competition acts as set forth in the Unfair Competition Prevention Law, which lists attributive cases. The Policies and Rules can be viewed at the websites of WIPO and ICANN.

(6) Procedural Characteristics

The domain dispute resolution system under UDRP is defined by several characteristics. These are: A registrar’s exemption from involvement in dispute proceedings and panel decisions; mandatory involvement (one registering a domain name through the registrar adopting UDRP has to, where a complaint is asserted by a third party, entrust the case to the provider of a dispute settlement service); non-binding terms (allowing one to take action with a court any time during or after the dispute resolution proceedings):
speedy processing (dispute resolution proceedings are all, for the most part, executed online within about 55 days from its start); and relatively low in cost.

(7) Use of UDRP and Number of CasesHandled

The number of domain names subjected to complaints as of June 1, 2000 was 1,237. Out of this figure, 621 cases were resolved, 545 cases are pending in examination, and 60 cases have been concluded before final decision. Among the above 60 cases, there are cases where registrants, before a resolution is reached, voluntarily agreed to transfer their domain names (the complainant’s wins). As of early-May 2001, complaints were estimated to total about 3,600. From one year earlier, that figure represented a three-fold increase. Of 2,749 resolved cases, 537 cases were denied and 2,171 cases were approved with a transfer of the domain name. The percentage of resolutions found in favor of the complainant was very high at 80 percent.

The number of gTLD-related complaints made seeking WIPO arbitration decisions was only one in 1999 but increased to 1,841 in 2000 and 1,085 as of the end of August 2001, totaling 2,927. Of these cases, already-settled cases 2,260, including the acceptance of 1,685 (64.6 percent), 406 rejections (15.5 percent) and 13 withdrawals (19.6 percent). It is noteworthy that the rate of acceptance lowered from 80 percent to 64.4 percent.

In principle, UDRP-adopted decisions are publicized in whole on its web site (Chapter 4, Item (j) of UDRP). It is possible to find details of each case through the web sites of ICANN and the respective provider. This allows potential
complainants to predict the possible outcome of their cases, thus creating a higher rate of complaint acceptance. As a dispute resolution service provider, WIPO tops the list with 654 acceptances (accounting for slightly over 50 percent), followed by NAF with 483 (about 40 percent) and DeC with 89 (slightly less than 10 percent). The total cases handled by these providers was 1,226.

According to WIPO statistics, complainants and registrants of domain names receiving complaints are listed according to nation below. Complaints extend over 37 countries and their numbers break down into: 287 (organizations and individuals) in the United States, 45 in the United Kingdom, 32 in France, 21 in Spain, 17 in Switzerland, 14 each in Japan and Germany, and 13 each in Sweden, Australia and India. The registrants of domain names extend over 50 countries and the United States comes first with 311 (organizations and individuals), the United Kingdom with 28, Canada with 26, Spain with 25, South Korea with 16 and Sweden and Australia each with 12. As in the number of complaints, the United States is at the fore.

Handling fees paid to a dispute resolution providers vary from one provider to another. The user can choose a provider by comparing handling fees and services. A dispute handling fee with a panelist assigned is 1,000 U.S. dollars at WIPO, 750 dollars respectively at NAF and DeC and 2,000 dollars at CRP. The panelist’s portion of handling fees is 750 dollars at WIPO and 525 dollars at DeC with the remainder going to the respective providers.

In principle, a panel is one person designated by a
dispute resolution service provider. If specifically requested by either party, an examination is conducted at a three-member panel. In this case, each party presents three panelist candidates, from whom the provider chooses one of each, designating two panelists. The provider then designates the third panelist after showing five candidates to each party and hearing their views. In principle, a complainant bears all costs involved except in cases where the registrant desires a three-member panel while the complaint desires a single-member panel. In such a case, both parties each bear one half of the costs.

The procedural language is, that in which the registration agreement was concluded and, in many cases, English. Incidentally, the WIPO Arbitration Center deals with, through its UDRP-based dispute resolving system, not only disputes concerning three gTLD, i.e., “com’s,” “.net’s” and “.org’s” but also disputes concerning country-code domain names (ccTLD), including “.ac (Ascension Island)'s,” “.io (British Indian Ocean Territory)'s,” “.nu (Niue)'s,” “.sh (St. Helena)'s,” “.tv (Tuvalu)'s” and “.ws (Western Samoa)'s.”

3.2 US Anti-Cybersquatting Consumer Protection Act (ACPA)

This act came into force on November 29, 1999. In the United States, the ICANN Rule and the above Act were approved and enforced at about the same time. This is mainly due to the fact that many gTLD registrations were obtained by Americans. This has helped the ICANN Rule and judicial organs to smoothly and closely work with each other in procedural processes.
It is often pointed out that the existence of a substantive law supporting UDRP in the United States (where cybersquatting is widely spreading) has brought positive results. To legislate this ACPA, the Secretary of the US Department of Commerce conducted research and studies with the U.S. Patent and Trademark Office to explore adequate protection of cyberspace allocated to an individual domain name and the scope of protection, then ordered the report to be submitted to Congress within 180 days from the date of ACPA’s enactment. The Secretary is also required to order the drafting of guidelines on the protection of individual names based on memorandums with ICANN (Article 3,006 of ACPA). While a provider can only order the transfer and deletion of a registration, ACPA stipulates compensation for damages.

Compared with UDRP, ACPA is wider in its scope of application. Under ACPA, a party who may be qualified to make an assertion against a registered domain name is required to be the owner of not only a trademark but also a mark containing an individual title with a distinguishing function. Furthermore, the domain name should be similar to the mark to an extent where it can be confused with or damaging to the recognition of the mark. In other words, its application extends to where a registered domain name does not cause confusion but does cause dilution. It also stipulates compensation for damages (instead of actual suffered losses, actual profit, legal damages the court considers reasonable, i.e., more than 1,000 dollars and not exceeding 100,000 dollars per each domain name case).
Therefore, the respondent, if taking action in court concerning a resolution which is non-binding in itself, may see the decision maintained and face a cross action calling for damage compensation. The existence of ACPA serves as a preventive power and helps settlements through dispute resolutions.

This rule is extremely close to those of ICANN or JPNIC as described above. Here, the words “domain name” and “marks” are used. Questioned in the act are whether a domain name is identical or similar with a mark as well as the registrant has unfair intentions to profit and registers, transacts or uses the domain name in bad faith. Rights of the registrant and reasonable profits set forth in UDRP are left to be decided in the context of the second factor.

As a possible relief measure, it is possible to demand the transfer or deletion of the domain name’s registration, damage compensation, etc. Particularly where the whereabouts of the defendant are not known, a suit can be filed against the objective matter itself as an in rem jurisdiction defendant. In Japan, there is no stipulated in rem jurisdiction in the Code of Civil Procedures.

3.3 Introduction of UDRP by JPNIC

To follow suits of ICANN, its senior organization, JPNIC decided to introduce UDRP and Procedural Rules after modifying them to match Japan (mainly concerning delivery procedure). JPNIC’s domain dispute resolution policy and procedural rules went into effect October 19, 2000. This is not a law and constitutes the contracts of domain name allocations between JPNIC and registrants.
While the Uniform Domain Name Dispute Resolution Policy of ICANN is abbreviated as UDRP, this policy of JPNIC is abbreviated as JPDRP. These rules are almost identical with UDRP partly modified and localized to match the Japanese system and ensuring delivery. The Arbitration Center for Intellectual Property, jointly managed by the Japan Federation of Bar Associations and the Japan Patent Attorneys Association, handles dispute resolution services under JPDRP.

A handling fee is 180,000 yen for a single-member panel and 360,000 yen for a three-member panel. Under the policy, a panel is required to work out its conclusion within 55 days from the start of the related procedure. The language used is Japanese and applicable law is Japanese law. Complaints must be based on trademarks or other indications that complainant has due rights to or reasonable interests in. This is different from UDRP, which is limited to only “trademarks.” Meanwhile, it is critically emphasized that a non-registered trademark, business indication, or mark and a personal name not supported by its registration may damage a balance with the Unfair Competition Prevention Law unless there is proven existence of a certain authority. If such proof is required and the respondent is allowed to counter it, on the other hand, it inevitably becomes difficult to carry out decision in a short time. To define how far the scope of a “trademark or other indications that the complainant has due rights to or reasonable interests in” extends, there is no other way possible than awaiting decision examples to be accumulated into the future.
A “trademark” is mentioned here irrespective of its registration or non-registration (within the scope of protection under Trademark Law, Unfair Competition Prevention Law, etc.) and place, either Japan or abroad. Concerning the scope of a recognized non-registered trademark, adequate protection of registered trademarks not in use, and ways to protect foreign trademarks, etc., arbitration examples must be accumulated.

If a dispute resolution panel adopts a decision calling for the transfer or delegation of the domain name registration as a relief measure, JPNIC as a domain name registering organization, in correspondence thereto, can cancel the registration of the domain name at its own discretion. What can be a kind of contract cancellation clause is included. When a panel calls for the transfer or deletion of a domain name registration, JPNIC and the registrant of the domain name, according to a cancellation clause allowing JPNIC to delete or transfer registration, handle the case. In other words, the registration of a domain name per se, different from the registration of fixed property, is handled as a contractual right accorded under an agreement between JPNIC and the registrant.

Only the transfer or deletion of a domain name registration is allowed under the dispute resolution. This is because of difficulties in resolving a domain name disputes speedily through required processes it comes to judging damage compensation. As a matter of fact, a suit based on Section 2 (1)(xii) of Unfair Competition Prevention Law can order damage compensation.
During a period from November 2000 to September 4, 2001, the Arbitration Center for Intellectual Property resolved a total of 12 cases under the rule of JPNIC. With three of them withdrawn, the complaints were accepted with respect to goo.co.jp, itoyokado.co.jp, SONYBANK.CO.JP, icom.ne.jp, MP3.CO.JP, rcc.co.jp, Sunkist.co.jp, htv.co.jp/htv.jp, and armani.co.jp.

Since a decision is non-binding, like a decision under UDRP, objections may be filed to court during or after the proceedings. Having the decisions pending to be executed with suits filed to court are three cases involving goo.co.jp, sonybank.co.jp and mp3.co.jp.

3.4 Revision of Unfair Competition Prevention Law

A party dissatisfied with a decision can take action in court according to non-binding terms. To handle this situation, ACPA exists in the United States as a substantive law. Among existing laws, neither Trademark nor Unfair Competition Prevention Laws have been applicable. As there was growing concern due to an absence of applicable legal means, a revision of the Unfair Competition Prevention Law was enacted June 22, 2001.

The Unfair Competition Prevention Law had in its Section 2(1)(xii) which defines modes of unfair competition. As modes define an “act acquiring, owning or using a right to use a domain name identical with or similar to another party’s indication of particular goods, etc. (a name associated with another party’s business, a trade name, a trademark, a mark and others indicating another party’s goods or services)
for the purpose of gaining unfair profits or causing damage to another party.”

To apply this stipulation, intentions to inflict damage or unjustly profit must be proved first as a subjective factor. Domain names are registered in order of request and cannot be used without registration. The stipulation applies to a squatter in cyberspace who does not advertise goods or services, solicit any purchases, nor demand any parties to buy the domain name. On the other hand, the owner of a registered trademark is not required to have that mark famous or well known. As a result, only the registration (acquisition) of a domain name, its ownership and use particularly bad in faith are regulated under the revised law.

Eligible for protection are indications of particular goods, by parties other than the registrant of a domain name (such as a name associated with the third party’s business, a trade name, a trademark, a mark and other indications of goods or services).

The third factor of UDRP of ICANN and JPDRP of JPNIC is an independent requirement calling for the absence of reasonable merits on the part of the registrant. Under these rules, if the registrant of a domain name has a fair reason to register the domain name, the domain name should naturally be maintained. Against this, Section 2(1)(xii) of the Unfair Competition Prevention Law does not stipulate the absence of reasonable interest on the part of the registrant of a domain name, which should be taken into consideration while judging a subjective factor, i.e., an unfair purpose or a willful intent to cause damage.
Available as relief measures are the deletion of a domain name registration, the suspension of use of a domain name, and damage compensation as stipulated under Section 3 of the Unfair Competition Prevention Law. It has been left over to stipulate the transfer of a domain name.

Section 2(i)(vii) defines: “In this law, a domain name shall mean characters, numbers, symbols and other codes or their combination used on the Internet (a worldwide information communications networks connecting many computers with each other with the use of facilities automatically selecting transmission paths) in order to identify a person, goods, or business and corresponding with numbers, symbols or characters allocated to identify an individual computer connected to the Internet.”

A domain name is also subject to Section 2(1)(i)(ii), and therefore, is not affected by the new stipulation of Section 12. Although, Section 2(1)(i)(ii) do not require subjective factors such as an intent to cause damage, it requires a well-known or famous indication, making “use” as a point of contention.

The intention of the legislators of Section 2(1)(xii) of the Unfair Competition Prevention Law seems to be nearly equal rules are legally regulated so that dispute resolution system and court are expected to come up with the same results. Since a decision is non-binding, an appeal may be filed with respect to the same case. Though it is ultimately meaningless for a decision to be contested in court, they seem to conclude to support the dispute resolution system.
4. Trends of JP Domain Names

As of March 2001, the number of JP domain names totaled 43,514. Since the start of the general-use domain name registration system, that number has been rapidly increasing. It means that the number of registered domain names increased as much as 200,000 over half of years. The number of domain name registrations totaled 435,699 and that of general-use domain names was 164,163 (accounting for about 38 percent). This rapid increase is almost equal to the total increase over the first eight years since 1992.

4.1 Registration of General-Use JP Domain Names

From noon on February 22, 2001 to noon on March 23, 2001, priority registration applications were accepted. Individual names became applicable for priority registration, starting on February 22, 2001. In this case, an applicant was not required to have a JP domain name but submit documents proving identity, such as a citizenship certificate. During this priority registration, companies already with alphabetical domain names had their names registered with the highest priority, followed by companies, government offices, universities and individuals having trademarks registered. In cases where there was more than one applicant having the trademarks of the same name, an eligible applicant was picked by lot.

Noon on April 2, 2001 to noon on April 23 was a period for simultaneous registration applications. On May 7, 2001, the acceptance of applications of priority registrations began.
As a form of general-use JP domain names, Japanese-language domain names can be registered. Required for the registration of a Japanese-language domain name is local residence. In other words, the registrant is a corporation or Japanese resident registered in Japan. This is the same as required by basic rules of JP domain names (attributive or regional domain names).

### 4.2 Expected Increases in Disputes

A general-use domain name allows a single organization or an individual to register more than one domain name and may be used with no restrictions imposed on transfer. However, what seems to be an advantage is expected to increase disputes on the other hand.

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