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STUDY CONCERNING THE USE OF
TRADEMARKS ON THE INTERNET

prepared by the International Bureau

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INTRODUCTION

1. In its first session, which took place in Geneva on July 13 to 17, 1998, the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) requested that the International Bureau, in preparation for its discussion on the issue of the use of trademarks on the Internet, prepare a study on the following two questions:

(i) How can a relationship be determined between a sign or mark that is used on the Internet and particular goods or services?

(ii) How can a relationship be determined between a sign or mark that is used on the Internet and a particular country or territory?

2. On August 7, 1998, the International Bureau sent a circular to all States, intergovernmental organizations and non-governmental organizations which had been invited to participate in the SCT, and a number of independent experts. The responses to that circular are summarized in document SCT 2/10.

3. The responses to the questionnaire concerning these two questions form the basis of this study. The questions address two core features of trademark law, which are challenged by the Internet: the specialty of trademark rights, and their territoriality. As use of signs on the Internet is not limited to use of or conflicts with trademarks, and as other forms of use (commercial, or non-commercial, supported by a right or not) and conflicts with other rights (such as names, trade names, or geographical indications) are at least as likely to occur on the Internet as use of and conflicts with trademarks, these additional issues have also been mentioned in this study, on the belief that rules in trademark law should take related fields of law into account and vice versa.

4. The study attempts to examine the consequences of Internet use of signs or marks for the established rules and principles of law, with a view to identify issues and to stimulate discussion about the need for and possible means of international cooperation. In this respect, it follows up on two questions which were posed in a previous memorandum prepared by the International Bureau for the second session of the Consultative Meeting on Trademarks and Internet Domain Names (TDN/CM/II/2) which took place in Geneva on September 1 and 2, 1997:

“(a) Are the existing principles of trademark law and their interpretation sufficient or is there a need for improvement, for example, by establishing new principles or by adapting the interpretation of existing principles to the Internet situation and internationally harmonizing such principles and their interpretation?”

(b) Irrespective of the reply to the preceding question, is it desirable or necessary to establish new international private law rules in view of the problems stemming, on the one hand, from the territorial nature of intellectual property law under which the conditions and the scope of protection of intellectual property rights are governed by the law of each State (or regional intergovernmental organization) in which such a right is to be protected, and, on the other hand, the global nature of the Internet which results in a single act having effect in practically all the jurisdictions of the world simultaneously?”

5. This study does not deal with issues of Internet governance. It proceeds from a more general perspective than merely domain names, and from the point of view of general trademark law rather than the law relating to well-known marks. There are many ways of locating information on the Internet, such as search engines or directories, which are likely to be developed in the future. Signs or marks can be used on the Internet in many contexts. They can for example appear in the text of a web page, on a banner advertisement, in an invisible metatag, in a sub-directory, or in an e-mail header information. Some problems are analogous to those which arise outside the Internet (in the “real world”), while others seem to be completely new.

6. This study aims at assisting the Standing Committee in the task of identifying issues and problems relating to the use of signs and marks on the Internet, considering whether existing principles of law can provide adequate solutions to these problems, and deciding to what extent such problems call for a new, internationally harmonized approach. While it attempts to identify issues for deliberation and to show possible approaches in a variety of areas, the study avoids explicit references to particular legal systems in order not to narrow the scope of the discussion in advance. In what follows, this study will first analyze various situations and types of use of signs on the Internet (Part 1). It will then turn to the relationship between a sign used on the Internet and a particular country or territory (Part 2). This involves questions of jurisdiction and choice of law which, in practice, have to be solved before issues of substantive law can be dealt with. And even questions of substantive law (such as the establishment, maintenance or infringement of rights) require a determination whether the sign or mark has in fact been used in a particular territory or country. In a third part, such issues of substantive law will be examined which result from the use of a sign on the Internet even when problems of territoriality have been settled (Part 3).

PART 1: BASIC CONCEPTS RELATING TO THE USE OF SIGNS ON THE INTERNET

7. As has been pointed out above, there are many ways of using signs on the Internet. In this part it will be attempted to create a more systematic framework of types and situations of Internet use of signs which can serve as a basis for the following legal analysis. It is proposed to distinguish between non-commercial use and commercial use of signs, and – on another level - between use of a sign supported by a right and use which is not supported by a right. This will be referred to as “types of use” (I.).

8. Section II. introduces another distinction. One of the most significant “new” features of the Internet is its potential for interactivity. Users can easily contact everybody who offers information on the Internet by e-mail; payments can be effected and goods or services can be delivered in electronic form via the Internet. Thus, the Internet can serve as a virtual marketplace where commercial relationships become increasingly “virtualized”. The higher the degree of interactivity in a particular situation, the greater the difference to traditional notions of commercial exchange with regard to which the rules and concepts of the national, regional and international legal systems were developed. It seems therefore appropriate to introduce a further distinction according to the degree of interactivity offered in a particular situation, since this might have an effect on the extent to which traditional legal concepts can be applied to the use of signs or marks on the Internet. Three degrees of interactivity will be distinguished.

9. Section III. refers to another important “new” feature of the Internet, namely the possibility of creating links, relationships or associations between material contained on web pages from everywhere in the world. This possibility increases the potential for the

association of one business to another, which is in some legal systems regarded with suspicion. It is, however, yet unclear whether the forms of unauthorized association are a legal use of the possibilities offered by the Internet, or whether they could be regarded as infringing an exclusive right, or as an act of unfair competition. Three possibilities of creating associations will be distinguished.

10. Another particularity of the Internet is its address system. A “Unified Resource Locator” (URL) consists of several parts, the most distinctive (but not the only) part of which is the “domain name”. A URL locates servers, which contain web sites or other information. The address system relies to a great extent on the use of distinctive signs. The use of signs or marks in the URL has created a great number of legal problems. Section IV. will distinguish different places in which distinctive signs can be used in an URL.

I. Types of Use of Signs or Marks on the Internet

A. Non-Commercial Use of Signs on the Internet

11. Non-commercial use can be defined as every form of use that is not related to or connected with trade, and which is devoid of any business purpose. Such use would include use of a sign on or in relation with, for instance,

- a private web site showing family pictures, or hosting a discussion group;
- a web site which is devoted to purely charitable purposes;
- a web site of a non-commercial organization such as a sports club;
- a web site of a governmental or administrative agency which is not engaged in business activities.

1. Non-Commercial Use Not Supported by a Right

12. Even if a sign is used for non-commercial purposes, such use may have been inspired by the subject matter of a name or an existing intellectual property right, for instance if a trademark or a trade name is used in connection with a discussion group or a non-commercial association, such as associations whose members have a common interest in or sympathy for a star or an otherwise famous person (“X fan-club”), or for certain branded products (“Y Old-timer-club”).

13. In cases of conflict, such use may have to be treated differently than use which was not motivated by the subject matter of an existing intellectual property right, as in the case of a person using his or her nickname on a web page without being inspired by or even knowing of the existence of an identical or similar trademark, trade name or other recognized right of identification.

2. Non-Commercial Use Supported by a Right

14. The best justification for the use of a certain sign on the Internet is a right to use it. In a non-commercial context, such right may often be furnished by the name, which – as part of the personality of its holder - serves as a means of (self-) identification. Legitimate use of

trade names, trademarks or geographical indications is less likely to occur in a non-commercial context, but may nevertheless have to be taken into account.

B. Commercial Use of Signs on the Internet

15. Commercial use of a sign may be defined as every form of use related to or in connection with trade or a business purpose. It should be noted that even if a sign were used in connection with services which are, as in the case of search engines, offered for free in view of attracting advertisements, such use would be of a commercial nature.

1. Commercial Use Not Supported by an Intellectual Property Right

16. Where a sign is used which is protected by the right of another, it seems appropriate to distinguish further as to whether such use has been motivated by the subject-matter of an existing right or not. "Cybersquatting" constitutes the most obvious case of use motivated by the subject matter of an existing right. But there are also less obvious cases, for instance when a sign is used because it is deliberately reminiscent of an existing name, trade name, trademark, geographical indication (e.g. "IBN" instead of "IBM"; "Porshe" instead of "Porsche").

17. On the other hand, somebody might inadvertently use a sign which happens to be the name, trade name, or trademark of another ("best buy") without being in any way motivated by or even aware of that name, trade name or mark. In other cases, a particular sign in which someone has a right (e.g. a trade name, a trademark or a geographical indication) might be used by another for purely informational or descriptive purposes. This might be the case if the sign is needed in order to describe the user, the business, or the goods or services offered. Such cases are often referred to as "fair use" (see part 3 III.A. below).

2. Commercial Use Supported by an Intellectual Property Right

18. Commercial use might be supported by or be the expression of one (or more) of the following rights, each of which might call for a slightly different legal treatment:

- Personality rights (names),
- Trade names;
- Trademarks including well-known marks;
- Geographical indications;
- State emblems, official hallmarks or emblems of international organizations (see Article 6ter of the Paris Convention);
- Titles of literary, musical or artistic works, or of movies, TV-programs and the like.

II. Degrees of Interactivity

19. The degree of interactivity might influence the degree to which "traditional" legal concepts can successfully be applied to use of signs or marks on the Internet. In a commercial context, at least three different situations can be distinguished:

A. Advertising on the Internet

20. Use of the sign on a web site on which goods or services are merely advertised but not offered. In order to transact business, customers would have to travel to the user's place of business or otherwise contact the business (letter, phone, fax, *etc.*).

B. "Mail Order" Using the Internet

21. Use of the sign on a web site where orders for goods or services can be placed, and the goods or services are then delivered "in the real world", (*i.e.* the goods are shipped to the customer, or the services are supplied in the territory or country where the customers are located);

C. Delivery Through the Internet

22. Use of the sign on a web site where orders for goods or services can be placed, and the goods or services are directly delivered over the Internet (as in the case of computer programs, information services or search engines).

III. Ways of Creating Associations with Signs or Marks Used on the Internet

A. Hyperlinking

23. "Hyperlinks" can be characterized as digital paths, which link separate web sites. They consist either of differently colored text or in a graphical image on the web page. Clicking on a hyperlink will automatically lead the user to another web page, which can be part of the same web site or contained in another web site. The construction of hyperlinks is technically possible without the cooperation of the holder of the web site (or web page) to which it leads. If the link does not lead to the first or "main" page of the web site of another, but directly to a web page, which could otherwise only be reached through this main page, such practice is sometimes referred to as "deep linking". Hyperlinks have from the beginning on been a key feature of the World Wide Web since they create much of the real time, interactive environment that has made it so attractive.

B. Framing

24. "Framing" refers to a particular way of linking web sites, which allows importing web pages from a linked site into another host site, which then surrounds it as a "frame." Thus, the URL displayed on the host site is not that of the imported site but that of the host. The "frame", *i.e.* the host site that surrounds the imported pages, will typically contain advertising. Because of the technical restrictions of the framing technology, the margins of the imported web page (which will often contain advertising as well) might be distorted or even cut off. Technically, these sorts of links can also be established without the cooperation of the holder of the imported web site or web pages.

C. Metatagging

25. A metatag is a keyword embedded in the web site's HTML code as a means for Internet search engines and web browsers to categorize the contents of a web site. Metatags are not

visible on the web site itself. But a search engine seeking out all web sites containing a particular keyword will find and list that particular site. The more often a keyword appears in the hidden code, the higher a search engine will rank the site in its results.

IV. Use of Signs as Internet Addresses

A. Domain Names

26. The most prominent use of a distinctive sign would be its use as a domain name. The domain name refers to a particular server which might contain a web site or to which e-mails could be directed. In the URL “http://www.wipo.int.htm”, “wipo” would constitute the domain name. Domain names have two characteristic features, which are particularly challenging for the application of trademark law, but which are relevant in the context of other rights as well:

- Domain names can be assigned only once for every Top Level Domain (TLD), they cannot coexist for different classes of goods or services or in different territories;
- The primary function of a domain name is to identify a computer, not particular persons, businesses, goods or services.

B. Sub-Directories

27. In the context of the World Wide Web, a sub-directory identifies a particular web page contained in a web site. The URL <http://www.wipo.int/eng/main.htm> identifies the English home page of wipo. In an e-mail address, “indprop@wipo.int” is the address of the Industrial Property Law Division, which can be reached over the WIPO server.

PART 2: RELATION OF A SIGN OR MARK WITH A PARTICULAR COUNTRY OR TERRITORY

28. The Internet is a global medium. It can be accessed from every place in the world and has no obvious relation to particular territories or countries. Legal systems, however, are based on notions of sovereignty and territoriality and therefore determine legal issues in terms of their relationship to one (or more) particular territory or country. They depart from the assumption that legally relevant phenomena can be located territorially. On the Internet, however, it is hard to identify “fixed points” to which such phenomena could be related: While the content of a web site may be provided in one jurisdiction, the server may be based in another, the principal place of business of a company using a sign on the Internet may be located in yet another jurisdiction and the number of jurisdictions where goods or services can be provided through electronic commerce is potentially unlimited. This tension can obviously create problems, some of which will be highlighted in this part. Whether these problems can be solved on the basis of the applicable (national) law and the existing international treaties, or whether they call for some form of international cooperation is the most important issue for discussion here.

29. At present, it is often impossible for businesses to foresee in which countries their activities might become legally relevant. It is equally difficult for right owners to monitor the

use of “their” signs on the Internet and to prosecute infringements. Such uncertainties are a burden on users of signs and on right holders alike. In cases of disputes, questions of jurisdiction and choice of law have to be settled before issues of substantive law (such as the establishment, the maintenance or the infringement of a right) can be considered. In order to fit the use of trademarks on the Internet into the traditional legal framework, it is necessary to establish a relationship with a particular territory or country. This is the reason why questions of territoriality will be treated before entering into an examination of other legal consequences of the use of a sign or mark on the Internet. In what follows, factors for establishing a relationship between the use of a sign on the Internet and a particular territory or country are suggested (I.). It will then (II.) be examined whether the existing legal principles can provide adequate solutions, whether the application of the factors which are suggested in section I. can overcome problems of territoriality, and whether there is a need for some form of international cooperation.

I. Factors to be Considered when Establishing a Relationship to a Particular Country or Territory

30. It seems reasonable that the global nature of the Internet should not lead to the conclusion that the mere appearance of a sign on the Internet is sufficient in itself to establish a relationship between that sign and a particular territory or country¹. However, different countries are likely to adopt different standards. If it were possible to adopt an internationally harmonized approach in this regard, it would be easier for users of a sign on the Internet to foresee in which countries their activities might become legally relevant. In the following section, some factors are suggested which may be helpful in establishing a relationship between the use of a sign on the Internet and a particular territory or country. It should be noted, however, that the relevance of such factors can differ according to the type of use made of a sign on the Internet (commercial, non commercial, see A.1.), according to the right involved (see A.2.), and according to the degree of interactivity which is offered on a particular web-site (see B.). The third section (C.) will briefly examine the question of whether there are legally acceptable means of avoiding a relationship with particular territories. Such means would considerably reduce the uncertainty as to where the use of a sign on the Internet can become legally relevant.

A. Suggested Factors for Establishing a Relationship

1. Non-Commercial Use

31. If a sign has been used in relation to or in connection with a non-commercial activity, a relationship to a particular territory or country can be established if such use had some effect in that territory. Such effect can be established with regard to objective factors, indicating the actual result of the use of the sign in the particular country or territory. It can also be determined by looking to subjective factors, indicating that the use of the sign was in fact aimed at the territory or country in question. It seems that both subjective and objective factors have to be taken into account. The relevance of these factors may vary from case to case.

¹ This has been almost unanimously been pointed out in all of the comments received.

32. Such factors include:

- Actual visits to the web site for which or on which the sign is used from persons in the particular territory or country;
- Use of an ISO Standard country code 3166 Top Level Domain (ccTLD)²;
- Use of the language predominantly used in a particular territory or country³. This indicator can be strong in establishing a relationship to a particular territory or country if the language used on the web site is spoken only there. It provides less evidence of a relationship to a particular territory or country, if the language used is spoken in more than one country, or if the language is used in a number of countries or territories;
- Indication of an address or a telephone number for contacts in a particular country or territory;
- Activities “outside” the Internet in particular countries or territories;
- If the use is supported by a right, that the right is established in that country or territory;
- If the use is not supported by a right but motivated by the subject matter of an existing right, that the right is established that country or territory.

Are there other factors, which could or should be taken into account?

2. Commercial Use

33. If a sign has been used in relation to or in connection with a commercial activity, the effect on the territory or country, necessary to establish a relationship, is usually expressed through the effect on the market of that territory⁴. As in the case of non-commercial use, the link between a territory or country and the use of a sign on the Internet can be established from a bundle of subjective and objective factors which serve as indicators for the effect of such use on the market of the territory or country in question.

34. Such factors include:

- Serving customers in the particular territory or country;
- Entering into other commercially motivated relationships with persons in the particular territory or country, such as assigning passwords or concluding subscription agreements. Both factors would provide less evidence of a relationship to a particular territory or country if the goods or services are delivered electronically over the Internet, as in the case of computer programs, information services or search engines;
- Actual visits to the web site for which or on which the sign is used from persons in the particular territory or country;

² This factor has been suggested in particular in the comments received from Switzerland, the MPI, and Eric T. Fingerhut.

³ The relevance of this factor has been underlined in the comments received from the JPAA and the MPI.

⁴ The relevance of the “commercial effect” in a particular territory for establishing a relationship between the use of a sign or mark on the Internet and a particular territory has been stressed in the comments received from Denmark, Switzerland, Japan, the MPI, the AIPLA and from Eric T. Fingerhut.

- Use of an ISO Standard country code 3166 Top Level Domain (ccTLD);
- Use of the language predominantly used in the particular territory or country (with the restrictions mentioned above);
- Indication of prices in a particular national currency;
- Indication of an address or a telephone number for contacts or orders in the particular country or territory;
- Activities in the particular country or territory which are not carried out over the Internet, such as advertising or other presence on the market;
- If the use is supported by a right (*e.g.* a trade name, a trademark, or a geographical indication), that the right has been established in that country or territory;
- If the use is not supported by a right but motivated by the subject matter of an existing right, that the right is protected in that country or territory.

Are there other factors, which could or should be taken into account?

B. Degrees of Interactivity

35. Whether and in how far the factors suggested above can establish a relationship to one (or more) particular territory or country will also depend on the degree of interactivity offered by the web site on which a particular sign or mark is used on the Internet (see part 1 II. above).

1. Where the virtual and potentially global marketplace is merely used for advertising and goods or services can neither be ordered nor delivered via the Internet (“passive” web site, see part 1 II.A. above), the territorial effect is usually limited and will rarely reach far beyond the territory or country where the business of the user of the sign is located.
2. When the sign is used on a web site, on which orders for goods or services can be placed, and the delivery of these goods or services takes place “in the real world” (see part 1 II.B. above), it will be easier to establish a link to territories or countries other than the user’s territory or country of business. Since the delivery can be traced to particular territories and the cost of delivery will in many cases limit the territorial range of such activities, it will often also be possible to confine a relationship to particular countries or territories.
3. Where the full potential of the virtual marketplace is realized and goods or services can be ordered and delivered via the Internet (“active” web site, see part 1 II.C. above), the use of signs or marks on the Internet can potentially affect every territory which has access to the Internet⁵. The transaction is not physically traceable in the “real world”, which creates problems as soon as legal principles are involved which are territorially limited (jurisdiction, choice of law, enforcement, border controls *etc.*). In such cases it is most difficult and sometimes even impossible to confine the relationship to particular territories or countries.

C. Efforts Made to Avoid a Relationship with Particular Territories or Countries

36. The above factors cannot always link the use of a trademark to a single territory or country. Where goods or services are directly delivered over the Internet, a generic top level

⁵ This has been suggested in the comment received from Ng Siew Kuan.

domain (e.g. “.com”) is used, and the web site is in English, the use of a sign on the Internet may still have a potentially worldwide effect. A business may nevertheless be interested in avoiding a relationship with a particular territory or country if, for example, conflicting intellectual property rights exist in that territory. It might be generally interested in tailoring its activities in a way to reduce the uncertainty as to where their activities on the Internet might become legally relevant. The same may be true in a non-commercial context. However, there are so far no viable technical means to prevent a web page from being viewed in particular territories or countries. If the factors cannot limit the effect of the use of a sign on the Internet to a particular territory, any such use is necessarily worldwide.

37. An example of a way to avoid a relationship with particular territories or countries might be the use of disclaimers, stating that the goods or services offered are not available in particular territories or countries, or that persons residing in particular territories or countries will not be served. Such disclaimers would have to be phrased unambiguously and be placed obviously on the web page. If they were internationally recognized, disclaimers could provide an efficient way of reducing legal uncertainty, and thus contribute to a predictable legal framework for electronic commerce.

Should it be possible for users of signs or marks on the Internet to avoid entering into a relationship with particular territories or countries by using disclaimers?

II. Application of the Factors to the Legal Issues

38. In the following section, it will be examined whether and in how far the suggested factors (I.) can contribute to finding adequate solutions on the basis of the existing legal framework.

A. Jurisdiction

39. Jurisdiction generally only lies with a forum that has a relationship to the dispute in question. Such a relationship is often established with regard to the defendant (domicile, residence, place of business, nationality), or – in the case of an alleged infringement - with regard to the place where the harmful event has occurred. A general policy of rules defining the competent court of justice is to provide effective and predictable solutions which can not easily be manipulated, and which grant jurisdiction to the courts of the territory or country having the most significant relationship to the dispute in question. At present, someone who uses a sign or mark on the Internet may have to anticipate being taken to court in potentially every country of the world.

40. Some countries distinguish between general jurisdiction covering every possible claim against a defendant, and specific jurisdiction, which extends only to claims arising out of a particular event, such as, for example, the infringement of a right.

41. General jurisdiction is usually established with regard to the domicile, residence or place of business of the defendant. Often, no further relationship between the dispute in question and the territory or country is required. A court of general jurisdiction could decide

claims against the defendant arising under the law of various countries, and could consider all relevant rights and interests of the parties. Such a court could, for example, hear complaints concerning infringements of trademarks in every country or territory.

42. In many cases, and especially when specific jurisdiction has to be established, the courts of a particular country or territory are competent only if some relationship between the dispute and the territory or country exists. Such a relationship is often established with regard to the place where the harmful event had occurred, *i.e.* the place(s) of the initiation of the harm and the place(s) of its impact (see, for example, Article 5.3 of the Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters). In some countries, such as those belonging to the EU, specific jurisdiction is limited to awarding compensatory damages for the injury sustained within that jurisdiction. Such courts could not hear claims arising from the infringement of rights in other countries and would, therefore, not be able to consider all relevant rights and interests of the parties. The only court competent to take into account the full range of infringing acts would be the court of general jurisdiction.

43. Jurisdiction for dealing with claims relating to the use of a sign on the Internet would be potentially worldwide if it were not possible to limit the relationship of such use to particular countries or territories. This will be especially relevant in infringement cases, where users of a sign on the Internet would otherwise have to anticipate being taken to court in potentially every country of the world. A limitation would probably require some form of international cooperation. It could be effected by using the factors described above (II.A.). Jurisdiction could be granted to the courts of every territory or country in which the use of a sign on the Internet had a demonstrable effect. Such jurisdiction might have to be limited to deciding on the effect of such use on a right which has already been established in that territory or country (in cases involving the maintenance or infringement of a right), or in which protection is to be established by virtue of such use (in cases involving the establishment of a right).

44. Subsequent questions would be whether the relationship to particular territories or countries could be established in a purely objective manner, taking only the actual effect of the use of the sign on the particular territory or market into account, or whether subjective factors, such as the intent of the user to affect particular territories or countries or the foreseeability of such an effect, would be allowed to play a role as well, and whether it should be possible for users to avoid being taken to court in particular countries by using disclaimers.

Should the use of a sign or mark be limited to the courts of one (or more) country or territory with which a relationship can be established with the help of the factors suggested above?

If so, should all factors listed above be taken into account?

Should it be possible for the user of a sign on the Internet to limit jurisdiction by use of disclaimers?

45. A further step in international cooperation could consist in not only limiting the number of competent fora, but in also centralizing jurisdiction in one forum competent to consider all relevant rights and interests of the parties. It should be noted that a court of “general jurisdiction” would have to apply every law under which a right is recognized (in cases involving the maintenance or infringement of a right) or where it is to be established (when a right is claimed to have been established through use) (see II.B. below). A court might, therefore, have to apply several legal systems for various rights involved. In the absence of “general” jurisdiction courts would only be competent to decide disputes in so far as the use of a sign or mark on the Internet produced an effect within their jurisdiction. This would force right holders to file suits in every jurisdiction in which their right was affected by the use of a sign or mark on the Internet. A multiplicity of claims could lead to a multiplicity of possibly contradictory judgments, each of which would nevertheless have international effect (see II.E. below).

46. “General” jurisdiction could be assigned to the courts of the territory or country in which the defendant has his or her domicile, residence or place of business. There are, however, some problems with such a designation: The domicile, residence or place of business might be located in a “safe heaven” for the infringement of intellectual property rights, or it could be moved to such a country. More importantly, this country might not always have the most significant relationship to the dispute in question since the damage may occur in a variety of territories in which conflicting rights exist and which are affected by the use of a sign or mark on the Internet.

47. To accommodate such difficulties, the designation of the territory or country where the defendant has his residence, domicile or place of business could be supplemented by additional requirements. It could be required that the use of the sign on the Internet had a demonstrable effect (also) on this territory or country (see I.A. above). This would exclude cases in which the defendant aims only at “foreign” countries, and has chosen his or her domicile, residence or place of business in order to avoid legal consequences in those territories or countries in which he or she actually carries out his or her activities. As a court of general jurisdiction, such court may have to apply every law under which a right (which is affected by the Internet use of a particular sign) has been or is to be established.

48. If no effect on the territory or country where the defendant is located can be established, “general” jurisdiction could be shifted to the territory or country where the plaintiff has his domicile, residence or place of business. This would be the place where the harm is felt since the plaintiff will usually be the holder of the rights involved.

*Is there a need for further cooperation
along the lines outlined above?*

B. Choice of Law

49. As a general principle of private international law, the law of the territory or country which has the most significant relationship to the dispute in question should be applied. This requires some relationship between the use of a sign and that territory or country. It should be noted that a court might have to apply a “foreign” law.

50. Rights in trade names, trademarks or geographical indications are legal creations, rights *ex lege*, which sometimes even require some form of governmental intervention, such as

registration. As a result, such rights are only protected in those territories where the legal requirements for protection are satisfied. In all other countries, they have no legal existence. This feature is commonly described as the principle of territoriality. It is confirmed in Article 2 paragraph 1 of the Paris Convention, according to which national treatment with regard to the protection of industrial property is only required if “the conditions and formalities imposed upon nationals are complied with.” As a consequence of the territoriality of such rights, choice of law issues usually determine whether a right exists, *i.e.* whether it has to be recognized and afforded protection by the competent courts of justice or not. There are, however, some differences with regard to the type of right involved:

51. (i) The protection of trademarks often depends on registration. In many countries protectable trademark rights can also be acquired through use. In all cases, trademarks are only protected under the law of the territory or country (or the territories or countries) in which the legal requirements for such protection (registration or use) are satisfied. In all other countries, the trademark has no legal existence because “foreign” trademark rights, which are protected only under a “foreign” law, are not recognized. If, for example, a trademark has been registered only in Switzerland, it will not be recognized in Germany, unless it has been registered or sufficiently used in Germany. This is a consequence of the territoriality of trademark rights. Similarly, Article 6*bis* of the Paris Convention (and Article 16.2 and 16.3 of the TRIPS Agreement) mandates protection for well-known marks only if they fulfill certain requirements in a particular country, namely if they are well-known in that country. Even an “international Registration” under the Madrid Agreement or the Madrid Protocol does not give rise to an international trademark right, but creates a bundle of national trademark rights. This means that choice of law issues are of vital importance in trademark law: if the law (or one of the laws) under which the trademark enjoys protection is not applicable, the trademark is legally non-existent. Therefore, the choice of the applicable law has a direct bearing not only on the scope but also on the existence of a right.

52. (ii) Like trademarks, trade names are protected everywhere where the requirements for protection are fulfilled. Their protection does, however, not depend on a formal, administrative act. According to Article 8 of the Paris Convention, trade names have to be protected without the obligation of filing or registration. Under the laws of many countries trade names are protected only if they are used in that country. In these countries, “foreign” trade names, that is trade names that enjoy protection under the law of another country, will be protected only if they have been used in their territory. Such trade names are then treated like “domestic” trade names⁶, even though the business designated by that name might be based in a foreign country. A Swiss company, for example, can claim protection for its trade name in Germany if it has used this name in Germany. Even though protection in a particular country does not depend on an administrative act, the applicable law will usually not simply accept a “foreign” trade name, but will require that its conditions for such protection (like use in that country) are fulfilled. Therefore, choice of law issues can decide over the existence of a right to a trade name: If a law is found applicable according to which the requirements of protection (such as prior use in that country) are not met, no right is recognized under that law and the trade name is not protected.

⁶ This is a consequence of the obligation contained in Article 2 of the Paris Convention to extend national treatment to nationals of countries of the Paris Union.

53. (iii) The protection of names is less bound to a particular law since they are usually regarded as part of the personality of the name holder (right *ex persona*). Personality rights will usually be recognized without further requirements under the law of other countries and will be afforded the same treatment as “domestic” names. A national of Switzerland, for example, will enjoy protection for his or her name not only in Switzerland but also under the laws of Germany, France or the United States, although the scope of protection afforded by each of these countries will probably differ. Therefore, choice of law issues are usually not decisive for the existence of the (personality) right. They can, however, influence the scope or mode of protection.

54. (iv) As in the case of trademarks or trade names, the existence of a right to a geographical indication can depend on what law is found applicable. Usually, “foreign” geographical indications (that is geographical indications referring to a region, which is located outside the country where protection is sought) are only protected if they fulfill the requirements for such protection under the applicable law. It should be noted, however, that international treaty provisions can influence the result, and that the systems for the protection of geographical indications vary considerably: Protection of geographical indications against misleading use (for example under a law of unfair competition) can be afforded outside the country of origin. The applicable law may, however, generally require that certain conditions are fulfilled: it might be required that the sign used has not become a generic name, and that it is in fact understood as referring to the geographical origin of particular goods or services in the country where protection is sought. For example a particular sign which refers to a region in X will not automatically be protected under the law of Y if it is used and understood in Y as a generic name. In this case, no right to that indication will be recognized under the law of Y. Even where protection against misleading use is required by international treaty provisions (Article 10 of the Paris Convention, Article 22.2 of the TRIPS Agreement), the result would not be different. In so far as protection of geographical indications depends on registration, they enjoy the kind of protection afforded by such registration only if the law, under which they were registered, is found applicable. A French “*appellation d’origine contrôlée*” will probably not enjoy the same level of protection as under French law if, in a particular case, Norwegian law is found applicable. International treaty provisions can extend a particular kind of protection into the laws of other countries. If, for example, an appellation of origin has been registered in accordance with the Lisbon Agreement, it enjoys the same level of protection under the law of all states party to that agreement. However, under the law of a state, which is not a member to the treaty, no such right will be recognized. Geographical indications for wines and spirits have to be granted protection against any form of unauthorized use under the law of every country or territory bound by Article 23 of the TRIPS Agreement. A geographical indication for wines originating in country X has to be protected in country Y, as long as it is also protected in country X (see Article 23.9 TRIPS). If, however, Y is not bound by Article 23 of the TRIPS Agreement, no such right will be recognized if the law of Y is applicable. Therefore, with regard to geographical indications, choice of the law issues can decide over the existence of a right, even though such relevance might vary according to the mode of protection afforded.

55. For all types of rights, the applicable law determines whether the requirements for the establishment, maintenance or infringement of a right are met. With regard to the establishment or maintenance of a right, it seems appropriate to apply the law of the country where the use of a sign on the Internet is claimed to be of legal relevance. With regard to the infringement of a name, a trade name, a trademark or a geographical indication, a variety of laws could theoretically be applied:

- The law of the territory or country where the defendant has his residence, domicile or place of business (“home law of the defendant”);
- The law of the territory or country where the plaintiff has his residence, domicile or place of business (“home law of the plaintiff”);
- The law of the country where protection is sought, *i.e.* where the case is brought;
- The law of the territory or country where the harmful event occurred;
- The law of the territory or country under which the right has been established (“country of origin”).

56. In order to decide cases involving the infringement of a particular right on the basis of a particular law, it is indispensable that this law recognizes the existence of that right. Additionally, an infringement case can only be fully decided if a decision on all rights involved can be made. If in a particular case, the rights involved have been established under different laws, each law should be applied. Therefore, the home laws of the defendant or the plaintiff will not be helpful in cases where a right has been established under yet another law and is recognized neither by the home law of the defendant nor by that of the plaintiff. Similarly, applying the law of the country where protection is sought, might fall short of a comprehensive decision of the case when one or more rights involved were established outside that country.

57. These concerns would be accommodated if the law under which the right has been established were applied. Yet, if rights in a particular sign or mark were established under more than one law, each of these laws would have to be applied in order to assess the full impact of the case. Applying the law of the territory or country in which the harmful event occurred would lead to similar results, since harm would only be felt where a right is recognized. It seems, however, preferable not to use the latter formulation, since it does not sufficiently clarify the fact that where the rights involved have been established in more than one country, harmful events occur in each of these countries.

58. It might be preferable not to limit the number of applicable laws in advance by reference to the factors suggested above (I.A.) because this would restrict the ability of a court to consider all relevant rights and interests of the parties involved. It has already been pointed out above that rights in trade names, trademarks or geographical indications have a legal existence only where the legal requirements for their existence are fulfilled. If a court applied only a single law, rights established under a different law could not be taken into account. This seems not adequate with regard to the potentially worldwide effect of Internet use. It might therefore be preferable to apply the law of each country in which a right, which is involved in the dispute, has been established. Each law would then be applicable for deciding whether the requirements for finding an infringement have been met. However, this does not mean that the use of that sign on the Internet would automatically have a legal relevance under each of the laws applied. The factors suggested above (I.A.) would play a role in determining whether or not the relationship to a particular territory or country was close enough to justify a finding that a particular right was established, maintained or infringed by such use. Restrictions could therefore be effected on the basis of the applicable law.

Which approach seems preferable with regard to the choice of the applicable law?

Are further limitations necessary and, if so, should they be treated as a matter of substantive law?

59. Consequently, disputes involving rights in trade names, trademarks or geographical indications would be decided on the basis of a single law for each right involved. This could, however, preclude the defendant from putting forward defenses, which exist under the law of another territory, such as an independent right to use the disputed sign. It seems obvious that not every defense established under the law of every country could be admitted. If it were sufficient for the defendant to state that the right of the plaintiff does not exist under “his” or “her” law, the infringed right itself would be called into question. It seems more appropriate only to allow defenses referring to the existence of a right to use the disputed sign under the law of another country or territory, *i.e.* to allow for instance a defendant whose use of a sign is considered to have infringed a trademark in the USA, to state that he or she is the owner of a homonymous trademark under Swiss law. But how should such conflicts of existing rights be settled? Would it be necessary to introduce an international concept of priority, comparing the times at which the competing rights were established? Or should the existence of an independent right to use be sufficient to rebut the claim of the plaintiff to the sign in question? A third option would be to consider the existence of a right, which has been established in another country, but which is not recognized by the applicable law, as a fact in the proceedings. A court could, while applying a particular law, take the existence of a “foreign” right to use the disputed sign into account when deciding over the remedy. This would, however, require that a court could have sufficient flexibility to adapt the remedy to the circumstances of the individual case. Such approaches have in many legal systems been developed with regard to homonymous names, trade names or geographical indications. In the next part, it will be examined in more detail whether such an approach can produce satisfactory results (part 3 IV.F.).

Should courts be able to consider the existence of a right, which is not recognized under the applicable law?

C. Establishment and Maintenance of Rights

60. The relationship of a sign with a particular territory is also relevant when protection depends on prior use of the sign in that territory or country. Often, signs can acquire protection as trademarks if they have been used for the identification of goods or services. In some countries, the protection of trade names also depends on prior use. Personality rights, such as the right to use a name, are, however, usually recognized without prior use.

61. Where the establishment or maintenance of a right in a sign depends on its use, it is necessary to show that such use can be deemed to have taken place in the country or territory where the right is to be established or maintained. Mere use of a sign on the Internet might not be considered sufficient. It might be necessary to show that such use created a sufficiently close relationship to that territory or country. For that purpose, the factors listed above might be helpful. It will, however, be necessary to decide whether every use of a sign could be considered sufficient for establishment and maintenance purposes, as long as such use has objectively established a relationship to a particular territory or country (as determined by

reference to the factors suggested in I.A. above), or whether it should be required that the sign was intended to be used in that particular country or territory.

What factors should be taken into account when determining a relationship between use of a sign on the Internet and a particular country or territory for the purposes of establishment or maintenance of rights?

D. Infringement of Rights

62. An infringement requires that the allegedly infringing use of a sign can be deemed to have taken place in the country where the right is protected. As a result of the principle of territoriality, trademarks can be infringed only where they are protected. No international obligation exists to protect “foreign” trademarks, those, which have been established under the law of other countries. But if mere use of a sign on the Internet could be considered an infringement in potentially every country or territory of the world, the principle of territoriality would be overruled because rights in distinctive signs would in fact have worldwide effect (regardless of whether a right to an identical or similar sign exists under the law of another country, see II.E. below). Additionally, such an approach might severely restrict the exchange of commercial or non-commercial information over the Internet. Therefore, a more restrictive approach would seem preferable. A finding of infringement might require a tangible effect in the territory or country in which the trademark (which is claimed to have been infringed) is protected (by virtue of its registration, prior use, or notoriety). Such an effect could be assessed with regard to the factors described above (I.A.). The same would be true for trade names.

63. As part of the personality of their holder, names can also be infringed outside the country or territory in which they were established (their “country of origin”). It will, however, have to be shown that the name was in fact understood as identifying a certain person or a business in the territory or country where protection is sought. In order to avoid the possibility of worldwide infringements, it might further be required that the use of the other sign on the Internet had a tangible effect within that country or territory (see I.A. above).

64. With regard to geographical indications, it is necessary to distinguish with regard to the kind of protection afforded: protection against false and misleading use has to be provided by all members of the Paris Convention and/or the TRIPS Agreement (Article 10 Paris Convention and Article 22 TRIPS). This means that geographical indications can enjoy such protection in territories or countries other than their country of origin if they are in fact understood in that other territory or country as indicating the geographical origin of particular goods or services. It might be required that the use of the sign on the Internet had a tangible effect on the country or territory where protection is sought. In so far as geographical indications enjoy protection against any kind of unauthorized use by virtue of international instruments, such protection will have to be provided by all territories or countries, which are bound by these instruments. This is the case with appellations of origin protected under the Lisbon Agreement (Article 3), or geographical indications for wines and spirits (Article 23.1 of the TRIPS Agreement). In such cases, it might nevertheless be required that the use of a sign on the Internet (which is claimed to have infringed an appellation of origin or a

geographical indication for wines or spirits) actually had an effect in one or more of the countries or territories where such protection is provided (see I.A. above).

65. It seems, therefore, that a right could generally only be considered infringed by the use of a sign on the Internet if it can be shown that such use had an effect on the country or territory in which that right is protected.

Should it be possible to consider the use of a sign or mark on the Internet for the purposes of establishing an infringement of another right everywhere in the world? Or does it seem necessary to show some effect on the territory or country where an infringement is claimed

66. Additionally it is necessary to determine whether subjective factors, such as the intention of the user of the sign to aim at particular territories or countries, or the foreseeability of a relationship with a particular territory or country, should be taken into account. If such subjective factors were required for the finding of an infringement, use of a sign on the Internet might objectively inflict damage on a right in a particular territory or country, without it being possible for the owner of that right to claim remedies because in the absence of intent or foreseeability. A further question would be, whether the user of a sign should be able to avoid infringing rights in particular territories or countries by using disclaimers (see I.C. above).

Should a relationship be established with regard to all or only a part of the factors listed above?

Should “disclaimers” be considered sufficient for avoiding infringements in particular territories or countries?

E. Enforcement

67. Usually, judgments can only be enforced within a particular jurisdiction. In order to become effective in other jurisdictions, they have to be formally recognized. Therefore, the effect of the enforcement of a judgment would normally be territorially limited to the jurisdiction in which it was passed. Another reason for the territorial limitation of judgments is the territoriality of intellectual property rights. The protection of trademarks, for example, is limited to the country where the trademark is registered, or where it has acquired protection through use or through notoriety in the sense of Article 6*bis* of the Paris Convention and Article 16.2 and 16.3 of the TRIPS-Agreement. On the Internet, however, the enforcement of an injunction to cease use of a sign on the Internet (being global) could affect territories or countries

- where there is no jurisdiction and the judgement has not been formally recognized;
- the laws of which have not been taken into account;

- where no infringement has occurred, since the plaintiff has no right (it should be noted that even in the case of well known marks, the notoriety of the mark in a particular territory or country is a precondition for protection);
- where no damage has been inflicted on the plaintiff;
- where legitimate business activities of the defendant are adversely affected by the decision;
- where the defendant has a right in the sign used on the Internet.

68. In theory it would be preferable for a court to limit the enforcement of judgments in two respects:

- automatic enforcement should be limited to the territory or country (or territories or countries) for which the court has jurisdiction;
- with regard to substantive law, the effect of such enforcement should be limited to the territories or countries where the use of the sign on the Internet has in fact infringed a right.

69. Whereas damages can be calculated with regard to the amount of damage inflicted in every country or territory in which an infringement has found to have taken place, such territorial limitation is more problematic in the case of injunctive relief. Typically, an injunction would consist in an order to cease use of the sign on the Internet or, in the case of a domain name, to withdraw its registration or to transfer it to the plaintiff. It might be necessary to develop means of injunctive relief, which have a more limited effect. A court could, for instance, oblige the defendant to use disclaimers with regard to certain territories or countries and to abide by them. A court could also oblige the defendant to include on his web site a declaration to the effect that he has no relations with the holder of the same (or a similar) sign in other territories or countries, and to provide a hyperlink to the web sites of holders of those signs.

Should courts be obliged to adopt measures of injunctive relief which have an effect only in those countries or territories where an infringement has taken place?

Can this be done technically?

Can this be done on the basis of the applicable law?

70. While it seems necessary to bring the effect of court decisions in line with the territorially limited jurisdiction on which they are based, it might be appropriate to adjust these territorially limited enforcement systems themselves to the global nature of the Internet: Even though a plaintiff might have been successful in obtaining a judgment against someone who has infringed his or her right by using an identical or similar sign on the Internet, it might prove difficult to enforce that judgment against the defendant in another jurisdiction. Although, in some areas, procedures for a facilitated recognition of foreign judgements exist (such as the Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters in the EU), it is in general difficult and time consuming to get a judgment recognized and enforced in foreign jurisdictions. It might, therefore, be appropriate

to consider a facilitated procedure for the recognition of judgments concerning disputes, which arise from the use of a sign on the Internet. This would, however, require an international treaty.

Is there a need for a facilitated procedure for the recognition of foreign judgments concerning the use of a sign on the Internet?

PART 3: ISSUES OF SUBSTANTIVE LAW RELATING TO THE USE OF A SIGN OR MARK ON THE INTERNET

71. Once it has been established that a sign used on the Internet can be considered to have been used in a particular territory or country, it is possible to turn to other questions of substantive law. The following part will depart from the assumption that it has been possible to identify the competent court of justice and the applicable law, and that the use of a sign or mark on the Internet could be related to a particular territory or country. Even then the use of a sign on the Internet might cause problems which can challenge the traditional concepts of intellectual property law. The Internet differs in several respects from phenomena encountered in the “real world” with regard to which legal concepts were developed. Among the most important particularities of the Internet are the high degree of interactivity it offers (see part 1 II. above), the increasing degree of “virtuality” of goods and services which are traded over the Internet, the possibility of creating links, relationships or associations between material contained on web pages from everywhere in the world (see part 1 III above), and its address system (see part 1 IV above). It is therefore necessary to examine whether the traditional legal concepts can be adapted to problems resulting from the use of signs or marks in this new environment. Since this study does not only deal with the law of trademarks but proceeds from a more general perspective, it will, where appropriate, also examine the legal implications for rights in other distinctive signs, such as names, trade names, or geographical indications.

72. When goods or services are traded electronically over the Internet, they have no visible existence in the “real world”. In such cases, it might be difficult to establish a relationship between these goods or services and a particular sign, which is used on the Internet. Such a relationship, however, is a matter of particular relevance for trademarks because it determines their scope of protection. It is less relevant for geographical indications, trade names and names. How such a relationship can be established when a sign or mark has been used on the Internet is the object of the first question which the Standing Committee in its session on July 13 to 17, 1998 has asked the International Bureau to study. In section I., it will be examined whether and to what extent it is possible to apply the general trademark law.

73. In sections II. and III., problems resulting from the use of signs on the Internet will be treated from a more general perspective. Section II. will examine the relevance of such use for the establishment or maintenance of rights in distinctive signs. In section III., issues of infringement will be studied with regard to rights in names (personality right), trade names, trademarks, and geographical indications. It will also briefly be examined in how far unfair competition law can provide supplementary protection. Section IV will be devoted to issues of remedies and conflicts between holders of legitimate rights in identical or similar signs.

I. Establishing a Relationship Between the Use of a Sign or Mark on the Internet and Particular Goods or Services

74. As soon as a relationship to a particular country or territory has been established, the question arises whether the general principles of the applicable trademark law can determine whether the sign has in fact been used to identify particular goods or services. In how far this is possible might depend on the situation in which such use has taken place. Again, the three degrees of interactivity referred to above (part 1 II.) can be distinguished. Additionally, the means of association referred to in part 1 III. and the Internet address system (part 1 IV) will be taken into account.

A. Advertising on the Internet

75. In this situation only the advertising (or a part of it) is “virtual”. The web site itself is “passive” and merely serves to supplement the commercial activities of a business, the main parts of which (*i.e.* the conclusion of contracts and the delivery of goods or services) take place outside the Internet. There are many opportunities for a business to use its trademark in relation to its goods or services in the “real world”. Use of a trademark on such a web site can supplement its use outside the Internet. This situation could be assimilated to use of trademarks in advertising⁷. Once the applicable law is identified, it seems that the application of its rules regarding the use of trademarks in advertising could produce adequate results.

B. “Mail Order” Using the Internet

76. In this situation, not only advertising, but also the conclusion of contracts takes place on the “virtual” marketplace. A more important, if not the main part of the commercial activity is carried out over the Internet. The closest “real world”-analogy to this situation seems to be the mail order business. Use on the web site can supplement the use of a trademark in the “real world”, *i.e.* on the goods, which are delivered, or on the devices used for providing the services. It seems that the rules of the applicable law regarding the use of trademarks in advertising and the mail-order business might produce adequate results.

C. Delivery Through the Internet

77. In this situation, the whole commercial transaction is “virtual”, *i.e.* carried out over the Internet. The goods or services are intangible, the transaction as a whole cannot be traced in the “real world”. Unless the goods or services are also advertised or offered outside the Internet, there is no other opportunity for a business to use its trademark. With regard to services, which are always intangible, the situation does not differ significantly from the use of a mark for services in the “real world”, so that the the general legal provisions on the use of service marks could be applied. With regard to goods (such as software), however, it is less obvious to find counterparts to this situation in the “real world”. It is impossible to physically affix a trademark to the digital goods. In some legal systems, use of a trademark for goods seems to require that the trademark be actually affixed to the goods, in other systems it is necessary that the trademark be at least used in a close physical context (as in catalogues or on

⁷ This has been suggested in a number of comments (Denmark, Japan, Switzerland, Spain, MPI, JPAA, Guobadia, Ng).

letter or invoices sent together with the goods). On the Internet, however, the closest relationship between a trademark and digital goods would seem to be its use on the web site itself together with a reference to these goods. This would be the case if the trademark would, for example, appear on the monitor while software is downloaded or used. This might be assimilated to a physical connection between the trademark and the goods⁸. If the use of a sign in such situations could not be considered as use in relation to the goods or services which are traded over the Internet, the sign could, in extreme cases, not be protected as a trademark since mere use in advertising might not be enough (see II.B. below). In order to clarify the situation it might be necessary to adopt an international rule to this effect.

D. Hyperlinking and Framing

78. These practices can be treated together because they have in common that the sign itself is not primarily used to identify particular goods or services but to refer to another web site (or web page). It might, however, be argued that if on the linked web page particular goods or services are displayed, and the sign which has been used in the context of linking or framing serves to identify these goods or services, such use could establish a relationship to particular goods or services. But this relationship would not be very close. Unless the host site, which contains the link, gives already some indication as to the goods or services identified by the sign, a relationship would only be established after the user has actively accessed the linked page. In both cases, the relationship would not be established by the link itself, but either on the host site or on the linked site in one of the situations outlined under A., B. or C. above.

E. Metatagging

79. When a sign is used as a metatag, it is not visible to someone who uses the Internet. This kind of use aims not primarily at identifying particular goods or services but at directing a search engine to a particular web site. Again it might be argued that if on the web site, which is indicated as a result of a keyword search (for the sign in question), particular goods or services are promoted, and if that keyword serves on that web page to distinguish or identify these goods or services, such use might be considered to create a relationship. It should be noted, however, that such a relationship would be very remote, since the sign used as a metatag does not directly lead to the goods or services, or even to the web page on which these goods or services are promoted. The user who has entered the keyword search would have to actively access the site by clicking on the particular search result. In addition to that, the relationship would not be established by the use as a metatag itself, but on the web site listed as a result of the search in one of the situations outlined under A., B. or C. above.

F. Use of Signs as Internet Addresses

80. Domain names are assigned for the identification of a particular server, sub-directories refer to a particular web page. Both do not identify particular goods or services in a technical sense. Leaving use of an Internet address out side the Internet aside, it seems that a relationship between the use of a sign as a domain name and particular goods and services could only be established if the content of the web site could be taken into account⁹. If this were possible, a relationship could be established in a similar way as in the situations outlined

⁸ This has been suggested in the comment received from Ng Siew Kuan

⁹ This has been stressed in the comments received from the MPI.

above (see A., B. and C. above) If on the web site, which is identified by the domain name, particular goods or services are promoted, offered or delivered, and the domain name is displayed on that web site, this might be regarded as establishing a relationship with those goods or services.

Can the established principles of trademark law be applied in order to determine whether a sign has been used for particular goods or services?

Is there a need for the adoption of international rules?

Can the established principles of trademark law be applied in order to determine whether a sign has been used for particular goods or services?

II. Establishment and Maintenance of Rights

81. In some legal systems, trademark rights can be acquired through use. Use of a right is also often a requirement for the maintenance of protection. The relevance of use for the establishment or maintenance of rights varies, however, according to the right involved. The right to use a name will, as a part of the personality of its holder, most probably not depend on use. However, the question whether the establishment or maintenance of other rights depends on use has to be decided by the applicable law and is not at issue here. But if the use of a sign is relevant for the establishment or the maintenance of a right under the applicable law, it might be questionable whether use of a sign on the Internet can be taken into account. This question will be examined in the following subsections A. and B.

A. Trade Names

82. The protection of trade names varies throughout the world. Article 8 of the Paris Convention merely requires trade names to be protected without registration. No definition is given, so that the applicable law determines whether a particular sign enjoys protection as a trade name. Often, trade names are, however, only protected if they have been sufficiently used in a commercial context for the identification of a commercial or business entity. Use in relation to particular goods or services will probably not be required. But it seems reasonable to imply that a trade name has to be used in a way, which supports the commercial activity of its holder. If a trade name is used on the Internet, the determination whether such use suffices for the purposes of establishing or maintaining protection might vary according to the degree of interactivity of the context in which it is used (see I.A., B. and C. above and part 1 II.):

83. Use on a passive web site (I.A. above) might be sufficient if the commercial or business entity is clearly identified by the trade name, if the trade name is used in an obviously commercial context, if the content of the web site refers to a commercial activity, and if that commercial activity is actually carried out by the holder of the trade name.

84. If a trade name is used on a web site which allows the conclusion of contracts while the delivery of goods or services takes place outside the Internet (I.B. above), it is used in a commercial context which relates to the commercial activity of the name holder.

Additionally, a more important part of the business activity is carried out over the Internet. Such use might, therefore, be considered for establishment or maintenance purposes.

85. If a trade name is used on a web site on which orders can be placed and through which goods or services are actually delivered (I.C. above), such use relates to the commercial activity of its holder. If the holder carries out all his commercial activity over the Internet, use of the trade name on the relevant web site is the only possible way in which the trade name can be used. It would therefore seem appropriate to consider such use for establishment or maintenance purposes.

86. If a trade name is used in the context of linking or framing (I.D. above), it does not primarily serve to identify a particular business, but as a tool of reference identifying another web page which can be accessed or imported by using the link. The relationship to a particular business will be created by the information contained either on the host site or on the linked site. It would seem, therefore, that use in the context of linking or framing alone would not be sufficient for the establishment or maintenance of a right to a trade name.

87. Similarly, use of a trade name as a metatag (see I.F. above) might not qualify for establishing or maintaining a right: A metatag is invisible, it does not identify a particular business, but merely makes a search machine index the web site for which it is used. The user of a search engine will not see the sign used as a metatag, he or she will only note that the keyword search has listed a particular site which may refer to a particular business. A relationship between a sign and a particular business could, however, only be established on the particular web site itself.

88. Use as a domain name (see I.F. above) could be taken into account for the purposes of establishing or maintaining a right in a trade name if the web site, to which it refers, clearly identifies a particular business and supports its commercial activity. It seems, however, that use of a sign to identify a sub-directory might not be sufficient because the sign would merely identify a web page which is contained in a web site. Since it does not distinguish the Internet address of a particular business from those of other businesses, such use can be assimilated to internal use, which could probably not establish or maintain a right to trade name.

B. Trademarks (Including Well-Known Marks)

89. In many countries, a sign can acquire trademark protection if it has been used persistently for the identification of particular goods or services. Countries may also require that trademarks be used in order to retain protection (Article 5C(1) of the Paris Convention, Article 19 TRIPS). The protection of well-known marks, however, does not depend on their use in the territory or country where protection is sought, but on their notoriety in that country (Article 6bis of the Paris Convention, Article 16.2 TRIPS).

90. In countries where use of a trademark is relevant in the context of the establishment or the maintenance of a trademark right, the question might arise whether use on the Internet can be taken into account. Even though legal systems might differ in this respect, it will usually

be required that the mark be used to distinguish particular goods or services. It has been pointed out that the sign should appear on the same web page as the goods or services¹⁰, and that it should be used conspicuously in the general manner of a trademark to identify the source of these goods or services which must actually be sold and offered¹¹.

91. With regard to the first situation, *i.e.* use on a “passive” web page (see I.A. above), a legal system might apply its rules with regard to use of trademarks in advertising. A legal system that regards use of a trademark in advertising as sufficient use for the purposes of establishing or maintaining a right would nevertheless require that the trademark be used in relation to particular goods or services. This might be the case if the content of the web page clearly identifies particular goods or services, these goods or services are actually available (outside the Internet), and the sign in question is used to identify (or distinguish) them. Whether such use alone could be regarded sufficient or whether the sign has also to be used outside the Internet where the goods or services are actually traded, would (like the general question whether use in advertising alone constitutes sufficient use) have to be decided by the applicable law.

92. When a trademark is used on a web page on which orders for goods or services can be placed which are then delivered outside the Internet (see I.B.), the commercial activity carried out via the Internet is much more important than in the first situation. It might therefore be argued that such use should always be sufficient for establishing or maintaining a trademark since it embraces a major part of the commercial activity of its holder. As in the first situation, a relationship between the sign and particular goods or services could require that the content of the web page clearly identify particular goods or services, that these goods or services are actually available, and that the sign in question is used to identify these goods or services.

93. In the third situation (see I.C.), the center of the commercial activity has moved to the Internet. It appears, therefore, reasonable to regard such use as sufficient for the purposes of the establishment or the maintenance of trademark rights. As in the above mentioned situations, a relationship between the sign and the goods or services offered might be found if the content of the web page clearly identifies particular goods or services, these goods or services are actually available, and the sign in question is used to identify these goods or services.

94. If a trademark is used in the context of linking or framing (see I.D. above), it does not primarily serve as a means to identify particular goods or services. It is used as a tool of reference, which connects web sites. A relationship to particular goods or services would not in itself be established by the use of a sign as a link. Such relationship would rather appear as a result of the information contained either on the host site or the linked site. Therefore, use of a sign in the context of linking or framing alone might not be sufficient for the establishment or maintenance of a right to a trademark.

95. If a trademark is used as a metatag (see I.E. above), it is not visible to a user of the Internet. He or she would merely note that the keyword search for the sign in question has listed a particular web site. Whether or not this web site refers to particular goods or services,

¹⁰ This has been pointed out in the comment received from Denmark.

¹¹ This has been pointed out in the comment received from Eric T. Fingerhut.

and whether or not the sign serves to identify these goods or services is not obvious from the search result. A relationship to particular goods or services can only be established by the information contained on the web site itself. It seems therefore, that use of a sign as a metatag would not qualify for establishing or maintaining a right.

96. With regard to use of a sign as an Internet address (see I.F. above), it seems again appropriate to distinguish between use as a domain name and use as a sub-directory. When the content of the web site establishes a sufficiently close relationship to particular goods or services, which are advertised, offered or delivered on that web site, such use might be sufficient to establish or maintain a trademark right. Use as a sub-directory, however, does not seem to be sufficiently directed towards the public in order to be considered as distinguishing particular goods or services from those offered under another sign.

III. Infringement of Rights

97. In this section it will be examined what use of a sign on the Internet can be regarded as use that infringes another's right to a same or a similar sign. The requirements for finding an infringement differ according to the right involved.

A. Fair Use

98. It should be noted that most legal systems provide for exceptions regarding the "fair use" of a sign which is protected by the right of another (this is explicitly recognized by Article 17 TRIPS). Such exceptions seem to be equally applicable when a sign is used on the Internet. They are often granted when a sign is used fairly and in good faith in a purely descriptive or informative manner, for instance if a sign in which someone has a right (*e.g.* a trade name, a trademark or a geographical indication), is needed by someone else in order to describe him- or herself, the business, or the goods or services offered. Often it is also required that such use does not go beyond what is necessary to identify the person, entity or the goods or services, and that nothing is done in connection with the sign that might suggest endorsement or sponsorship by the right holder. If for example a manufacturer or distributor of Compact Discs (CD) uses the acronym "CDs" in order to describe his goods, it seems that the holder of a trademark "CDS" ("Commercial Documentation Services") would not be able to enjoin such use, unless this use goes beyond mere description and implies a relationship with the owner of the trademark (for instance if the logo is used). Similarly, it seems that a business "X" which offers services with regard to particular branded products "Y", offers spare parts to such products, or sells such products could not be enjoined from indicating this by using "Y".

99. With regard to use of a sign on a web site in the situations referred to under I.A., B. and C. above, such use does not seem to pose particular problems. It could be treated in the same way as use outside the Internet. In the above mentioned examples, the descriptive use of "CD" or "Y" on a web page might be regarded as "fair use" regardless of whether the goods are merely marketed, or also sold via the Internet.

100. If the sign was used as a link (see I.E. above) which leads to the web site of the user, or as a metatag which makes a search engine list the user's web site, it might be necessary to introduce a further distinction: If the sign was used in a "generic" sense (CDs), such use might also be regarded as "descriptive". If, however, a sign was used as a reference to the

right holder (or his business or the goods or services offered by him) in order to describe the nature of the goods or services offered by the user (“Y” in the second example), this might already go beyond what is necessary for purely descriptive purposes because this hyperlink would not lead to a web site which is operated by or with the authorization of the right holder. Whether such use can be considered an infringement depends on the applicable law, and on the right involved (see B.- E. below).

101. A similar distinction might be helpful if the sign was used as a domain name (see I.F. above). If the sign is used and generally understood in a “generic” sense¹² (which might still be the case in the first example “cds.com”), such use might be considered “fair”, because it describes the goods offered on the web site identified by that domain name. If the sign is used as a reference to another in order to give a closer description of the goods or services offered (“y.com” in the second example), such use would probably go beyond mere descriptive use because users would seem to understand the domain name as referring to the web site of the right holder. If, however, the sign was used in a subdirectory (“x.com/y”) this might still be considered as descriptive use (unless the web site of the user “X” indicates otherwise), because users would seem to understand it as a mere reference to the nature of the goods or services offered by the user.

Can national laws sufficiently treat the “fair” i.e. descriptive or informative use of signs on the Internet?

Is there a need for an internationally harmonized approach?

B. Trademarks

102. Trademarks can only be infringed by commercial use of a sign (which excludes the types of use referred to above in part 1 under I.A. and B.). Article 16.1 of the TRIPS Agreement requires member states to provide protection against confusion. Additional requirements are only established with regard to well-known marks (Article 6bis of the Paris Convention, Articles 16.2 and 16.3 of the TRIPS Agreement). Mere use of a sign, which happens to be protected as the trademark of another, will probably never constitute an infringement of that trademark.

103. Confusion is established not only with regard to the identity or similarity of the signs used, but also with regard to the identity or similarity of the goods or services for which they are used (see Article 16.1 TRIPS). Therefore, use of a sign or mark on the Internet can only infringe the trademark right of another if both signs or marks were used in relation to the same or similar goods or services (see I above). It should be noted, however, that it is often easier to establish a relationship between a sign or mark and particular goods or services for the purposes of proving an infringement than for the purposes of the establishment or the maintenance of a trademark right (see II.B. above). Therefore, under many laws, a trademark can be infringed by a trade name or a geographical indication if some relation to the same

¹² It should be noted that this might be different if the sign used is generally associated with a trade name or a trademark because in this case the sign would probably no longer be understood in a generic sense.

goods or services can be established. Such issues are, however, no particularity of the use of a sign on the Internet.

104. It seems that the question whether an infringement by confusion has taken place is independent of the degree of interactivity (see I.A.-C. and part 1 II.). Confusion seems likely to occur when a sign is used on the web page together with particular goods or services, when these goods or services are identical or similar to the goods or services offered by the right holder, and when the sign in question is used to identify (or distinguish) them. Whether this is the case if a trademark is used in the context of hyperlinking, framing or metatagging (see I.D. and E. above and part 1 III.) is not quite clear. In all cases, it appears difficult to establish a relationship between the use of that sign and particular goods or services: The use of the sign itself (as a link or as a metatag) seems not to relate directly to particular goods or services but to a web site. When goods or services are marketed on that site, a relationship seems to require that the sign also appear on the same site. In this case, however, the relationship would seem to result from the use of the sign on the web site itself, not by its use as a link or metatag. Therefore, it could be argued that such use does not entail a likelihood of confusion.

105. With regard to use of a trademark as an Internet address (see I.F. above and part 1 IV.), it has been suggested that three options exist¹³: A risk of confusion could be established irrespective of the similarity of goods or services to the effect that the similarity of the signs alone would be sufficient. In this case, protection of trademarks against domain names would be even broader than the protection of well-known marks required by the Paris Convention and the TRIPS Agreement. Another option would be to generally deny a risk of confusion since the trademark and the domain name are not used for identical or similar goods or services in the legal sense. Finally, a risk of confusion could be determined with regard to the content of the web site designated by the domain name. As in the case of the establishment or maintenance of a trademark right (see II.B. above), this approach might seem preferable. In this case, the situation would not differ significantly from use of the trademark on the web site itself (see I. A, B., and C. above and part 1 II.).

106. Many countries provide additional forms of protection, such as protection against dilution, or protect trademarks by means of unfair competition law (some protection of this kind is required by Article 10*bis* of the Paris Convention). The details, however, differ widely between national laws. Usually, such protection is only afforded to particular types of marks, such as for instance marks which are famous or which have acquired a substantial reputation or goodwill. Such protection extends to use for dissimilar goods or services, in which case it would nevertheless be necessary to show that the sign has been used in relation to particular goods or services (see I. above). This would be the case if the sign was used on a web page together with a reference to goods or service, and that these goods or services are not described but identified or distinguished by that sign. Some laws, however, seem not to require that the sign has been used for particular goods or services at all. In such cases, it would not be necessary to establish a relationship between the sign used on the Internet and particular goods or services. Even then it will, however, usually be necessary to show that the use of the same or similar mark for dissimilar goods or services was prejudicial to the distinctiveness or the reputation of the mark.

¹³ This suggestion was made in the comment received from the MPI.

107. An internationally harmonized approach has been adopted with regard to well-known marks, which enjoy special protection under the Paris Convention and the TRIPS Agreement. Under Article 6bis of the Paris Convention, well-known marks are protected against confusion in respect of identical or similar goods. This protection has been extended by Article 16.2 of the TRIPS Agreement to cover use for dissimilar goods or services, provided that the well-known mark in question has been registered, that the use of the allegedly infringing mark in relation to those other goods or services would indicate a connection between those other goods or services and the owner of the well-known mark, and that the interests of the owner of the well-known mark are likely to be damaged by such use. It should be noted, however, that Article 16.2 TRIPS assumes that the sign has been used in relation to goods or services, even though these goods or services need not be identical or similar to the goods or services for which the well-known mark is used. It would, therefore, be necessary to prove that the sign has actually been used in relation to particular goods or services. This would be the case if the mark was used on a web page together with a reference to particular goods or services, and that these goods or services are actually identified (and not merely described) by the sign. It seems that if a well-known mark was used in the context of hyperlinking, framing or as a metatag, such use could not be related to particular goods or services (see above). Additionally, in the case of hyperlinking or framing, the sign would be used to identify the legitimate right owner and not some other goods or services unrelated to its business.

Can the mere use of a sign on the Internet, which is identical or similar to the trademark of another, be regarded as an infringement of that trademark?

Does the application of the general principles of the law produce satisfactory results, in particular with regard to the types of association referred to above?

Is there a need for harmonization on an international scale?

C. Trade Names

108. As stated above (II.A.), Article 8 of the Paris Convention requires trade names to be protected without registration. Member states are free to regulate the details of such protection. Trade names can typically only be infringed by commercial use of an identical or similar sign on the Internet. This excludes completely private use whether or not such use was supported by a right (*i.e.* the types of use referred to in part I A. and B.).

109. It seems that mere use of a sign on the Internet would probably not be regarded as an infringement, but that a likelihood of confusion between the users of an identical or a similar sign will have to be shown. A finding of confusion would typically require that both users are active in the same or in related fields of business. It should be noted, however, that protection may extend beyond the particular field of business in which the trade name is used, as trade practice and the likelihood of expansion and diversification of the enterprise is frequently

taken into account by the courts. Infringing use of a trade name can appear regardless of the degree of interactivity in which it is used (I. A., B. and C. and part 1 II. above), provided that the sign is used in a commercial context, and that the content of the web site refers to a commercial activity which is related to the commercial activity carried out by the holder of the trade name.

110. Whether someone who uses the trade name of another as a hyperlink, in the context of framing, as a metatag or in an Internet address (I. D., E. and F. and part 1 III. and IV.) can be held to infringe the holder's trade name, is yet unclear. In what follows, it will only be examined whether such use might entail a likelihood of confusion. Whether such practices could be treated as acts of unfair competition will be examined under F. below.

111. With regard to hyperlinks, two situations could be imagined: the link might either lead to the site operated (or at least authorized) by the right holder, or it might lead to a third site, unrelated to the owner of the right. In the first case the sign is used to identify a web site which is in fact operated with the authorization of the holder of the trade name. Theoretically, such use might either be considered as giving rise to confusion, or as informational "fair use" (see A. above). Leaving aside cases where the web site containing the link falsely implies a relationship between the operator of that site and the holder of the trade name (which might in itself constitute an infringement, confusion (as to source or sponsorship) would require that Internet users assume a relationship between the operator of the web site containing the link and the name holder. Thus a finding of confusion would have to be based on the assumption that users of the Internet generally expect that the inclusion of links by using a sign has been licensed by the owner of rights in that particular sign. Given the importance of hyperlinking as one of the basic feature of the World Wide Web, it would seem, however, that Internet users do not automatically assume that the linking has been authorized. It might, therefore, be argued that such use constitutes purely informational, "fair" use of the trade name. If the sign links to a web site which is unrelated to the holder of the trade name, users might be lead to assume that this site is operated with the authorization of the holder of the trade name or that it is otherwise associated with him or her. Whether this alone could be regarded as an infringement of the trade name, or whether an infringement can only be found when such association might be detrimental to the image of the owner of the trade name, would have to be decided by the applicable law. In every case, a finding of confusion would require that both users are active in the same or in related fields of business.

112. With regard to framing, the expectations of Internet users seem to be less clear. It might be argued that users generally expect that someone who imports the content of another web site into his or her own web site is actually authorized to do so. If this were the case, confusion as to source or sponsorship might be found, provided that the user and the holder of the trade name are active in related fields of business.

113. It seems that the question whether confusion can be found in cases where the trade name of another is used without authorization as a metatag in order make a search engine list a particular web site which is unrelated to the name holder, also depends on the expectations of Internet users. If they expect that search engines produce objective search results and that every site, which is listed, is authorized to use the trade name, confusion might be found. It should be noted, however, that trade names might be legitimately used on various unrelated web sites, which are consequently listed by a search engine. It might, therefore, be argued that such expectation could not generally be assumed. Consequently, unauthorized use as a

trade name might not be considered to entail confusion, even if both users were active in the same or in related fields of business.

114. It seems that in order to establish confusion resulting from the use of a trade name as an Internet address, the content of the web site to which it refers would have to be taken into account. If this were not possible, two options existed: trade names could be afforded protection against any form of unauthorized use as a domain name, regardless of the field of business. Or they would be denied almost any form of protection against identical or confusingly similar domain name use, because confusion could usually not be established with regard to the field of business. If it were possible to take the content of the web site into account, the situation does not significantly differ from the unauthorized use of a trade name on the web site itself (see above).

Can the mere use of a sign on the Internet, which is identical or similar to the trade name of another, be regarded as an infringement of that trade name?

Does the application of the general principles of the law produce satisfactory results?

Is there a need for harmonization on an international scale?

D. Geographical Indications

115. The national or regional systems for the protection of geographical indications differ widely. Protection ranges from mere prohibition of misleading use, over protection against dilution, to absolute protection against any form of unauthorized use. It seems that usually only commercial use could be regarded as infringing a geographical indication. On the international level, the Paris Convention in Article 1(2) distinguishes between “indications of source” (which is also used in Article 10 of the Paris Convention and throughout the Madrid Agreement on Indication of Source) and “appellations of origin” (which is defined in Article 2 of the Lisbon Agreement). The term “geographical indication” is used throughout Section 3 of the TRIPS Agreement. Among the various treaties, the mode of protection ranges from a prohibition of misleading use of false indications (Articles 10 and 10*bis* of the Paris Convention, Article 22.1 and 2 of the TRIPS Agreement), to a general prohibition of any unauthorized use (Article 3 of the Lisbon Agreement, Article 23.1 of the TRIPS Agreement with regard to geographical indications for wines and spirits).

116. Mere use of a sign on the Internet will typically only be considered an infringement in a particular territory or country if every form of unauthorized use is prohibited in that country, such as in the case of geographical indications for wine and spirits in those countries, which are bound by Article 23 of the TRIPS Agreement. In such countries, unauthorized use of such an indication is prohibited even if no confusion, dilution or damage can be proved. Nevertheless, it would probably be necessary to show that the indication was used in order to identify the geographical origin of particular goods or services. Article 23.1 TRIPS even explicitly requires that the sign be used for wines or spirits. For a finding of an infringement, a sign would therefore have to be used on the same web page as a reference to particular

goods or services in a way, which indicates the origin of these goods, or services. As has been pointed out above, use of a sign as a link in the context of hyperlinking or framing, or as a metatag seems not sufficient for creating such a relationship (see I.D and E. above). With regard to use as a domain name, it seems again that the content of the web site would have to be taken into account in order to establish confusion in which case the situation would not differ significantly from the use of a sign on that web page (see I.A., B. and C. above).

117. Insofar as geographical indications are protected against misleading use, it would appear necessary to show (i) that the sign in question is in fact understood as a geographical indication in that country, and (ii) that it has been used in a false or misleading way for particular goods or services. If a geographical indication was used in the context of linking, framing, as a metatag or as (part of) an Internet address, this would have to be decided by reference to the content of the web page.

Should the mere use of a sign on the Internet which is identical with or similar to a geographical indication generally be regarded as an infringement of that indication, even if the geographical indication in question is not protected against any form of unauthorized use?

Does the application of the general principles of the law produce satisfactory results, in particular with regard to the types of association referred to above?

Is there a need for harmonization on an international scale?

E. Names

118. A personality right in a particular name can be infringed by non-commercial as well as by commercial use of an identical or similar sign on the Internet. It seems that mere use on the Internet of a sign, which is identical to the name of another, could not be considered an infringement. Usually, names are protected against any use of an identical or similar sign as a means of self-identification, which is liable to create confusion as to the holder of the name. Under some laws, names are also protected against any form of use, which might imply a relationship between the name-holder and the user of the sign.

119. Whether or not a relationship between the use of a sign and particular goods or services exists seems to be irrelevant for the protection of personality rights in names, since names refer to the identity of a natural or legal person or association, not to particular goods or services. Infringing use of a name can appear in each of the situations identified above (“degrees of interactivity”, see I.A., B. and C. and part 1 II.) when a sign is used on a web page in a way which might mislead users as to the identity of the user of the sign, or as to any relationship between the user of the sign and the person, association or location commonly identified by it. Generally, the more widely a name is being associated with a particular

person, entity or location (“Lady Diana”, “UN”, “Geneva”), the more likely the public may be misled if this name is used by another. Where the name is not generally associated with a particular person or entity, the content of the web page might nevertheless create the impression that the user of the name on the Internet is the holder of the name or is at least associated with him or her.

120. A similar approach might be adopted with regard to names, which are used as Internet addresses (see I.F. above). Confusion about the identity of the user of the domain name might arise if a particular name is already widely known as being used for a particular person, entity or location (see above). In other cases, particularly where the name used is not generally associated with a particular person or entity, it seems necessary to consult the web site. In this case, the situation does not differ substantially from the cases referred to in the preceding paragraph.

121. Whether someone who uses the name of another as a hyperlink, in the context of framing or as a metatag can be held to infringe the holder’s personality right, is yet unclear. With regard to hyperlinks, cases where the web site which contains the link falsely implies a relationship between the operator of that site and the holder of the name will be left aside, since such this might in itself constitute an infringement. A finding of confusion as a result of the link itself seems to require that Internet users assume a relationship between the operator of the web site containing the link and the name holder. Since such an expectation can probably not be generally assumed (see C. above), it might be argued that such use constitutes purely informational, “fair” use of the trade name. It might be different if the sign links to a web site which is unrelated to the holder of the trade name (see C. above). However, if a name is used in the context of framing, it might be easier to find confusion (see A. above) because Internet users would seem to expect that such use has been authorized by the name holder. It seems that unauthorized use of a name as a metatag would probably not automatically entail a likelihood of confusion among users of the Internet, even if both users were active in the same or in related fields of business. A finding of confusion would require that Internet users generally expect search engines to produce objective results (see C. above).

Can the mere use of a sign on the Internet, which is identical or similar to the name of another, be considered an infringement?

Does the application of the general principles of the law produce satisfactory results?

Is there a need for harmonization on an international scale?

F. Supplementary Protection Against Unfair Competition

122. Protection against unfair competition can supplement the protection of rights in trade names, trade marks or geographical indications. The law of passing off, the protection of trademarks against damaging use for dissimilar goods or services, the protection of trade secrets or of geographical indications, and the protection against slavish imitations are examples of such supplementary protection. However, the approaches vary widely among

national laws. Some legal systems appear reluctant to grant protection where no exclusive right exists and decide in favor of free competition. Yet, protection against confusing or misleading acts, indications or allegations is mandated by Article 10*bis* of the Paris Convention. Because unfair competition law is the most flexible part of industrial property law, it may also provide solutions to some of the “new” problems created by the use of signs on the Internet.

123. Unfair competition law might provide adequate solutions regarding the use of signs in a way, which associates the user of the sign with the holder of a right to the sign (see above part 1 III.). It should be noted, however, that the approaches to unfair competition in general and to the issues at hand in particular differ widely. Therefore, (as in the rest of the text) the following remarks should not be understood as a restatement of existing principles of law but merely as tentative explorations of possible ways of dealing with these issues.

124. With regard to hyperlinking it should be noted that users of the Internet generally would not seem to expect that such links require authorization. It should also be borne in mind that the availability of such links contributes to the attractiveness of the World Wide Web. The mere fact that a sign is used to provide a link to the web site, which is actually operated or at least authorized by the right holder, might, therefore, in itself not appear an act of unfair competition. It might be different, however, if the user of the sign associates himself with the legitimate right holder more than is necessary to provide the link. This might be the case where a whole logo is reproduced in image form because users might then believe that the owner of the sign used that link for advertising. It might also be considered “unfair” when the host site falsely suggests that various companies to which it was linked were customers of the host site or otherwise endorsed the host.

125. Framing seems to constitute a stronger form of association because then the host site remains visible along with the site, which is operated by or with the authorization of the owner of the sign used for linking. Again it would have to be decided whether the fact alone that such link was provided without the authorization of the right holder could be regarded as an act of unfair competition, or whether other “aggravating” factors would be needed. Such aggravating factors might consist in the distortion of the imported web page, or in the fact that the host site (which continues to be visible) tends to shed a negative light on the imported web site. As in the case of hyperlinking, the fact that the operator of the host site associates himself or herself with the right holder more than is necessary for the provision of the link might also be considered an act of unfair competition (see above).

126. Whether use of a sign as a metatag, which is protected by the right of another, should be regarded as an act of unfair competition seems not quite clear. Such use might be considered as a distortion of the function of a search engine. Even though it is not obvious that a likelihood of confusion might automatically result from such use (see C. above), the user will associate himself or herself with the right holder by using the sign in order to be listed together with the authorized web site(s). This might be legitimate as informational or descriptive use, for example, when the user sells goods which are marketed under that sign, or when it offers services relating to such goods (see A. above). However, cases where a competitor of the right holder uses the sign in order to appear on the list of search results seem somewhat similar to comparative advertising with regard to which the attitudes of legal systems differ widely.

Is there a need for more specific legal rules regarding acts of unfair competition in relation to use of distinctive signs on the Internet?

Is there a need for international harmonization?

IV. Remedies and Conflicts Between Rights

A. Types of Conflicts

127. If in a case involving the use of a sign or mark on the Internet, an infringement has in fact occurred, three types of conflicts can be distinguished:

1. If the use of the sign on the Internet was not supported by a right, it seems that the owner of the right (which was infringed by such use) would probably prevail, unless such use can be considered “fair use”, *i.e.* descriptive or informational use (see III.A. above). This type of conflict will not be examined any further in the following sections.
2. If the use of a sign on the Internet was supported by a right recognized in the same country as the right infringed, the owner of the “earlier” right would probably prevail, *i.e.* the right which enjoys a better priority in that territory or country. In some cases, however, it might be more appropriate to adopt a solution, which allows both users to continue using an identical or confusingly similar sign by obliging one or both of them to take reasonable measures for avoiding confusion. Such an approach seems less appropriate when the infringing use has been found to dilute or in other ways unfairly exploit the sign of another.
3. If the use of a sign on the Internet was supported by a right, which is not recognized under the applicable law, such right will, because of the territoriality of trademark rights, usually not be taken into account. This would be the case, for example, if the use of a sign on the Internet, which was registered as a trademark in Switzerland, would under the applicable US law be considered to infringe a trademark registered in the USA. In such a case, the owner of the right, which has been infringed, would prevail over the user of the sign on the Internet. Such a solution might, however, not be appropriate in view of the global nature of the Internet. It could be more adequate to adopt a remedy, which allows the Internet use of the sign to continue, while at the same time avoiding confusion. There might, therefore, be a need for international harmonization (see F. below).

128. In the following sections, conflicts between legitimate rights will be examined in more detail. A first distinction will be drawn with regard to the right, which is claimed to have been infringed. On a second level, it will be distinguished according to the right on which the infringing use has been based.

B. Trademarks (Including Well Known Marks)

129. It is recalled that trademarks can only be infringed by the commercial use of a sign.

1. Commercial Use Supported by a Trade Name

130. It seems that conflicts between trademarks and trade names would usually be decided on the basis of priority. The same approach might be justified where the trade name right is not recognized under the applicable law, and particularly where the “younger” trade name (which is used on the Internet) was chosen in view of the “older” trademark. In other cases, especially when the “younger” trade name was chosen without regard to the trademark, and when it has already acquired a substantial goodwill, it might seem more appropriate to oblige the holder of the “younger” trade name to take measures for avoiding confusion, which would enable him or her to continue using his or her trade name. (see F. below).

2. Commercial Use Supported by a Trademark (Including Well-Known Marks)

131. Conflicts between trademarks will probably be decided on the basis of priority. Where the trademark right supporting the Internet use of the disputed sign is not recognized under the applicable law, such right might nevertheless have to be taken into account (see F. below).

3. Commercial Use Supported by a Geographical Indication

132. It seems that cases, where the holder of an identical or confusingly similar trademark challenges the legitimate use of a sign on the Internet as a geographical indication, could hardly be resolved on the basis of priority. In such cases it would appear even more necessary to oblige one or both users to take measures for avoiding confusion, for example by explaining the relationship of the different users.

Are there particular problems with regard to the application of the general principles of trademark law when a sign is used on the Internet?

Should courts take the existence of a “foreign” right supporting the use of a sign on the Internet into account, even when that right is not recognized under the applicable law?

C. Trade Names

133. Like trademarks, trade names could only be infringed by the commercial use of an identical or similar sign.

1. Commercial Use Supported by a Trade Name

134. Conflicts between holders of homonymous or confusingly similar trade names could be decided according to priority, with the result that the holder of the “earlier” right (in the territory) would prevail. This might seem justified in particular when the “younger” trade name, which is used on the Internet, was chosen in view of the older trade name. Such cases

might also give rise to claims under unfair competition law (see Article 10bis(3) of the Paris Convention). In many cases, and in particular when both trade names were chosen independently from one another, it might be better to oblige both or at least one legitimate user (presumably the holder of the “younger” right) to take measures for avoiding confusion. The same might be appropriate when the trade name supporting the Internet-use is not recognized under the applicable law (see F below).

2. Commercial Use Supported by a Trademark (Including Well-Known Marks)

135. Where a trademark is used on the Internet, which is identical or confusingly similar to another person’s trade name, and where such use implies the existence of a commercial relationship between the holder of the trade name and the user of the trademark, again the holder of the “earlier” right (in the territory) would seem to prevail if the principle of priority were applied. As in the cases treated above, it might, however, sometimes be preferable to oblige one or both users to take reasonable measures for avoiding confusion. A similar approach might seem appropriate where the trademark right supporting the Internet use of the sign is not recognized under the applicable law (see F. below).

3. Commercial Use Supported by a Geographical Indication

136. Deciding conflicts between a trade name and a geographical indication on the basis of priority seems hardly viable. If the geographical indication has not been registered, it might be difficult to establish its “priority” date. In a registration system, however, often solutions often adopted which allow both users to continue their use of identical or similar signs. This might in many cases be preferable.

Are there particular problems with regard to the application of the general principles of law relating to trade names when a sign is used on the Internet?

Should courts take the existence of a right supporting the use of a sign on the Internet into account, even when this right is not recognized under the applicable law?

D. Geographical Indications

137. Again it should be recalled that geographical indications could only be infringed by commercial use of a sign.

1. Commercial Use Supported by a Trade Name or a Trademark

138. It seems that conflicts between geographical indications and trade names or trademarks would only be decided on the basis of priority if the protection of the geographical indication were initiated by an administrative act, such as a registration. With regard to protection against the false or misleading use of a geographical indication, priority seems of no avail: as soon as the use of a trade name or a trademark is found to mislead the public as to the origin

of particular goods or services, such use would be prohibited regardless of priority (see also Articles 10 and 10bis(3)(iii) of the Paris Convention). In such cases, misleading use might be avoided by indicating the actual origin of the goods or services for which the sign is used. If the trade name or the trademark is not recognized under the applicable law, it might – again – seem preferable not to prohibit such use altogether, but to oblige the user to take measures which would avoid misleading the public (see F. below). Such measures might, however, appear less adequate with regard to geographical indications, which are protected against any form of unauthorized use, regardless of a danger of misleading or confusion (such as geographical indications for wines and spirits under Article 23 TRIPS; Article 24.5 TRIPS provides special rules for such conflicts).

2. Commercial Use Supported by a Geographical Indication

139. Conflicts between homonymous geographical indications, which enjoy protection in the same territory or country, would probably not be decided on the basis of priority. In such cases, measures are often adopted, which would allow for continuous use of both indications, while at the same time avoiding confusion. Such problems would usually be settled with regard to the general principles of the law concerning geographical indications (see *e.g.* Article 23.3 of the TRIPS Agreement with regard to geographical indications for wines). If the Internet use was supported by a geographical indication, which is not recognized as such in the territory or country where the infringement had taken place, it might again appear appropriate to develop similar solutions (see F. below).

Are there particular problems with regard to the application of the general principles of the law of geographical indications when a sign is used on the Internet?

Should courts take a “foreign” right supporting the use of a sign on the Internet into account, even when this right is not recognized under the applicable law?

E. Names

1. Non-Commercial Use Supported by a Right (Name)

140. If someone uses his or her own name on the Internet and someone else claims that such use infringes his right to the same or a similar name, such conflicts could theoretically be decided according to the priority of the conflicting rights. Then, the holder of the “older” right (in the territory) would prevail. But apart from the fact that it is often impossible to determine priority with regard to names, it might in many cases be preferable to oblige both or at least one legitimate user to take reasonable measures for avoiding confusion, or the impression of a commercial or non-commercial relationship between both users. Such measures could consist in the use of disclaimers on the web site of one or both users, stating that no relationship between them exists, and would enable both right holders to continue using the name. If the name was used as a domain name, gateway pages shared by all users,

or the insertion of a hyperlink from one web site might allow all right holders to profit from the address function of the domain name. Such measures would, however, not be available when infringement is not based on confusion but, for instance, on dilution or related concepts. This, however, is not a situation, which is particular to the use of a sign on the Internet.

141. A similar approach might be suitable in cases of conflicts between persons from different countries who hold homonymous or similar names. The right to a name will as part of the personality of its holder probably recognized under other laws as well (see part 2 II.B.). Such conflicts could, therefore, be solved on the basis of the applicable law.

2. Commercial Use Supported by a Trade Name

142. If someone uses his or her trade name on the Internet and someone else claims that such use infringes his or her right to the same or a similar name, such conflicts could theoretically be decided according to priority, meaning that the holder of the “earlier” right (in the territory) would prevail. Again, it seems difficult to determine priority, and it might be preferable to oblige both or at least one legitimate user to take measures for avoiding confusion. Such conflicts are, however, no particularity of the Internet so that it seems that the general principles of the law could be applied. A similar approach might be chosen, where the trade name right supporting the Internet use of the sign is not recognized under the applicable law, a situation which could be assimilated to conflicts between homonymous or similar names (see 1. above). This might be appropriate even where the right to a trade name is not recognized under the applicable law (see F. below).

3. Commercial Use Supported by a Trademark (Including Well-Known Marks)

143. Where the use of the name of somebody else implies the existence of a (commercial) relationship between the name holder and the user of the trademark, the holder of the “earlier” right (in the territory) will prevail if the decision is taking according to the priority of the conflicting rights. As in the cases treated above, it might, however, often be preferable to oblige one or both right holders to take reasonable measures for avoiding confusion. And also if the trademark was established under the law of another country and is not recognized under the applicable law, it might be preferable to take account of the “foreign” right to the sign, and to adopt remedies which allow both parties to use the same or similar signs (see F. below).

4. Commercial Use Supported by a Geographical Indication

144. It seems that cases, where the holder of an identical name challenges the legitimate use of a sign on the Internet as a geographical indication could hardly be solved on the basis of priority. Such cases might more properly be resolved by obliging one or both users to take measures to avoid an infringement, such as explaining the relationship existing between the different users. A similar solution might have to be adopted in cases where the geographical indication is not recognized as such in the country where the infringement has occurred. Again, it might be inappropriate to disregard the “foreign” right altogether and simply let the holder of the name prevail since such decision would – in fact – have a global effect (see part 2 II.E. above and F. below).

Are there particular problems with regard to the application of the general

principles of law relating to names when a sign is used on the Internet?

Should courts take the existence of a right supporting the use of a sign on the Internet into account, even when this right is not recognized under the applicable law?

F. Conflicts Between Signs Protected in Different Territories or Countries

145. Particular problems arise when the right which supports the use of a sign on the Internet, was established outside the country where the infringement has taken place, and when this right is not recognized under the applicable law.

146. One possible approach would consist in strictly applying the principle of territoriality, with the result that such right would simply be disregarded. Such an approach would be unconcerned about the global nature of the Internet and the ensuing global effect of court decisions. It would increase the potential for conflicting court decisions on an international scale.

147. Another possibility would consist in disregarding territoriality altogether by recognizing the existence of the right and simply deciding according to priority even though one of the rights had not been established under the applicable law. This approach would effectively go in the direction of a global trademark law.

148. A third approach would not abandon the principle of territoriality completely, but would allow courts to take account of the “foreign” right. This would allow for flexible solutions along the lines of those, which were developed for conflicting rights in homonymous signs recognized under the same law. One or both users could be obliged to adopt reasonable measures for avoiding an infringement, such as disclaimers. Courts could consider the motivation of the user of the sign on the Internet, take account of bad faith, or the danger of dilution or unfair exploitation of goodwill or repute: if, for instance, the acquisition of the “foreign” right was motivated by the subject matter of the infringed right, the holder of that right could prevail. This might alleviate concerns that such an approach would facilitate the dilution of signs, which have already acquired a reputation. These matters need, however, further discussion.

Should it be generally possible for Courts to take account of the existence of a “foreign” right which supports the use of the disputed sign on the Internet, even though this right is not recognized under the applicable law?

If so, could this be done under the applicable law or is there a need for some form of international cooperation?

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