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WORLDINTELLECTUAL
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SYMPOSIUMONTHEINTERNATIONALPROTECTION OFGEOGRAPHICALINDICATIONS

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GEOGRAPHICALINDICATIONSANDTHEINTERNET

preparedbytheInternationalBureau

A INTRODUCTION

1. The Internet has been described as the network of networks. ¹ Starting out as an alternative communication tool mainly used by scientists and computer freaks, it has turned into a world wide medium for communication, with a variety of users ranging from private to commercial or governmental.
2. The ever -expanding commercial use of the Internet has created new challenges in all fields of law and, in particular, in the area of intellectual property law. The purpose of this paper is to provide information on recent activities of the World Intellectual Property Organization (WIPO) that are of relevance to the use and protection of geographical indications on the Internet.
3. In this respect, two kinds of activities that are recurrently ongoing within WIPO can be distinguished: One relating to the protection of geographical indications against unauthorized use on the Internet; and two, the protection of geographical indications against unauthorized registration as Internet domain names. The former issue will be described with reference to the work of the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCGI) and the Joint Recommendation concerning the Protection of Marks, and other Industrial Property Rights in Signs, on the Internet, adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of WIPO at the Thirty -sixth Session of Meetings of the Assemblies of the Member States of WIPO, September 24 to October 4, 2001 (hereinafter referred to as the "Joint Recommendation"). The latter topic is the subject of the WIPO Internet Domain Processes.

B. WIPO JOINT RECOMMENDATION CONCERNING THE PROTECTION OF MARKS, AND OTHER INDUSTRIAL PROPERTY RIGHTS IN SIGNS, ON THE INTERNET

4. Commercial undertakings that wish to participate in electronic commerce need signs in order to distinguish themselves, or their goods or services, from those of other undertakings. Enterprises need to build recognition and goodwill, and inspire confidence in them and in their brands. In particular, when operating in virtual markets in which face -to-face interactions are infrequent, there is little or no opportunity to inspect goods or services before purchasing them, and consumers are willing to reward trusted sources which offer competitive goods and services. In these circumstances, distinctive signs such as trademarks, trade names or geographical indications become a vital means of identification and distinction.
5. The protection of rights in such signs is regulated on a territorial basis whereas their use on the Internet is, at least potentially, as global as the Internet itself. So far, nobody who participates in electronic commerce, commercially or as a consumer, can rely on a clear, consistent and predictable legal framework. The tension between the territorial basis of industrial property rights and the global nature of the Internet challenges the future of industrial property laws, which should provide sufficient degree of legal certainty. It also threatens the further development of electronic commerce, which needs a reliable legal basis.

¹ See Report of the WIPO Internet Domain Name Process, WIPO Pub. 439, page 11.

6. WIPO has started to address these legal problems in 1998 within the framework of the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT). Based on the results of a comprehensive study,² supplemented by information gathered with the help of a questionnaire,³ and directed by an issues paper,⁴ the International Bureau has prepared several drafts for provisions concerning the protection of marks and other distinctive signs on the Internet.⁵ At its sixth session, the SCT adopted a revised draft, which was submitted to the WIPO Assemblies for adoption as a joint recommendation of the WIPO General Assembly and the Assembly of the Paris Union. Those two bodies adopted the Joint Recommendation at the 36th Series of Meetings of the Assemblies of the Member States of WIPO (September 24 to October 3, 2001).⁶

7. The Joint Recommendation covers the use of distinctive signs on the Internet, where the rights in those signs are of a "territorial" nature, in particular trademarks, trade names or geographical indications. The Joint Recommendation does not contain a comprehensive list of such rights. The definition of "industrial property" in Article 2(2) of the Paris Convention would, however, provide a minimum. Rights that are protected in a purely non-commercial context, such as personal names, are not covered. Member States are, however, free to apply the Joint Recommendation to such rights as well.

8. The provisions of the Joint Recommendation do not constitute self-contained industrial property law for the Internet. They provide a link between existing national or regional laws and the Internet, and are intended to make such laws "Internet-compatible." They help national courts and other competent authorities to apply such existing law to legal problems resulting from the use of signs on the Internet, refrain as far as possible from interfering with national laws, and address only such problems which cannot be solved on a purely national level. The separate problems include the following:

(i) Under what conditions can the use of a sign on the Internet be considered to have taken place in a particular country?

(ii) What has to be done in order to enable owners of conflicting rights in identical or similar signs to use these signs concurrently on the Internet?

(iii) How can courts take account of the territorial basis of industrial property rights in signs when determining remedies?

9. The first question is relevant for determining whether the use of a specific sign on the Internet has the effect of establishing, maintaining or infringing an industrial property right in a particular country. In general, this requires that the use of such a sign has taken place in the country concerned. The Joint Recommendation translates this requirement into the term "commercial effect": Only use of a sign that has "commercial effect" in a Member State, shall be treated under the Joint Recommendation as having taken place in that Member State. The Joint Recommendation provides for a detailed, but non-exhaustive, list of factors which can be relevant for determining commercial effect, such as actual delivery of goods or

² WIPO document SCT/2/9

³ WIPO document SCT/3/2

⁴ WIPO document SCT/3/4

⁵ WIPO documents SCT/4/4, SCT/5/2 and SCT/6/2

⁶ See WIPO document A/36/15 Prov., paragraph 191.

services, the language used on the website, interactivity of the website, registration of the website under a country code top level domain etc. he

10. The background to these second question is the tension between territorial rights and the Internet as a global medium. Because of the principle of territoriality, different persons may own industrial property rights in identical or similar signs in different countries. This can create problems if a sign is used on the Internet. Because of the necessarily global nature of the Internet such use might be considered as infringing a right under the law of a Member State in which the right of the user is not recognized. Rights that coexisted in the real world conflict on the Internet.

11. To address such potential conflicts, the Joint Recommendation introduces a “notice and avoidance of conflict” procedure to the benefit of right holders and persons whomake legitimate use of signs, such as good faith use of personal names or signs which are considered generic or descriptive in a given country. This kind of users of signs is exempt from liability until they are notified of a conflicting right. As a consequence, they cannot be subjected to any injunction, or held liable for any damages occurring before notification. Users would, therefore, not be forced to undertake a worldwide search for conflicting registered or unregistered rights before using their sign on the Internet. Once a user has been notified of a conflicting right, it has to take certain measures for avoiding the conflict. If it fails to do so, it is subject to liability.

12. In order to provide right holders and other legitimate users in good faith with a sufficient degree of legal certainty as to how to avoid liability for the infringement of particular conflicting rights which are known to them, the Joint Recommendation stipulates that Member States have to accept a “disclaimer” as a sufficient measure to avoid liability. Such disclaimers are statements designed to avoid a commercial effect in a particular country, and to avoid confusion with other right holders. The disclaimer is only effective if the user acts on its stated intent by asking customers where they are located and refusing delivery to those who have indicated that they are based in the country disclaimed. The user would, however, not be required to verify the statements made by its customers because this is almost impossible in cases where the whole transaction takes place over the Internet.

13. The third question addresses another problem resulting from the tension between territorial rights and a global medium. An injunction to cease every use of a sign on the Internet would go far beyond the territory in which a conflicting right in that sign exists. It would have an effect as global as the Internet. A decision as to remedies should therefore take the territorial limitation of marks or rights in other signs into account. Remedies should be limited, as far as possible, to the territory in which the right is recognized, and they should only be available if the allegedly infringing use of the sign can be deemed to have taken place in that territory. This is determined with regard to the “commercial effect” of such use in the Member State in question. Thus, the “commercial effect” of Internet uses should serve as a yardstick for determining a “proportionate” remedy. Use of a sign on the Internet that infringes an industrial property right in a Member State should not be prohibited anymore than is proportionate to the commercial effect that such use has produced in that Member State. Injunctions should generally be limited to what is necessary to prevent or remove the commercial effect in the Member State (or the Member States) in which the infringed right is protected, and damages should be granted only for the commercial effect of the use in that Member State.

14. The Joint Recommendation requires courts to be creative in considering limitations of use designed, on the one hand, to avoid a commercial effect in the Member State, or in the Member States, in which the right is protected, and to avoid any confusion with the owner of that right on the other hand, such as “qualified disclaimers,” gateway web pages and the like. Prohibitions to cease every use of a sign on the Internet might still be necessary in certain cases. However, a prohibition to use a sign on the Internet should not be ordered if the user holds a right in the sign, or is otherwise permitted to use the sign, provided that he did not acquire that right or use the sign in bad faith.

15. The full text of the Joint Recommendation, accompanied by explanatory notes, is contained in document SCT/7/2.

C. THE SECOND WIPO INTERNET DOMAIN NAME PROCESSES AND GEOGRAPHICAL INDICATIONS

16. The Second WIPO Internet Domain Name Process was initiated at the request of the Member States of WIPO. It follows the first such WIPO Process,⁷ which investigated the interface between trademarks and Internet domain names, and recommended the establishment of a uniform dispute-resolution procedure to deal with disputes concerning the bad faith registration and use of trademarks as domain names, or “cybersquatting.” The Uniform Domain Name Dispute Resolution Policy (UDRP), which was adopted by the Internet Corporation for Assigned Names and Numbers (ICANN) as a consequence of the first WIPO Process, has proved to be an efficient and cost-effective international mechanism, responsive to the particular circumstances of the domain names system (DNS) as a global addressing system. The WIPO Arbitration and Mediation Center, as a leading provider of services under the UDRP, has received, at the beginning of September 2001, over 3000 complaints under it, of which well over 80% have been resolved.

17. The Second WIPO Process concerns a range of identifiers other than trademarks and is directed at examining the bad faith and misleading registration and use of those identifiers as domain names. These other identifiers, which form the basis of naming systems used in the real or physical world, are:

- International Nonproprietary Names (INNs) for pharmaceutical substances, a consensus-based naming system used in the health sector to establish generic names for pharmaceutical substances that are free from private right of property or control;
- The names and acronyms of international intergovernmental organizations (IGOs);
- Personal names;
- Geographical identifiers, such as indications of geographical source used on goods, geographical indications, and other geographical terms;
- Trade names, which are the names used by enterprises to identify themselves.

⁷ For the Final Report of the First WIPO Internet Domain Name Process, see WIPO Pub. No. 439, or <http://wipo2.wipo.int/process1/report/index.html>.

18. The final Report of the Second WIPO Internet Domain Name Process was published on September 3, 2001.⁸

19. As regards geographical indications, which are dealt with in Chapter Six of the final Report, the Report recognizes that certain norms exist at the international level which prohibit false and deceptive indications of geographical source of goods and which protect geographical indications. However, these rules apply to trade in goods and may require some adaptation to deal with the perceived range of problems with the misuse of geographical indications in the domain name space. Furthermore, the Report suggests that the lack of an international agreed list of geographical indications would pose significant problems for the application of the UDRP in this area because of the need to make difficult choices of applicable law. It is suggested that the international framework in this area needs to be further advanced before an adequate solution is available to the misuse of geographical indications in the DNS.

20. The final Report of the Second WIPO Internet Domain Name Process was submitted to the General Assembly of WIPO at its 27th session (September 24 to October 3, 2001), which was invited to note the publication and contents of that Report and to formulate a position in relation to the recommendations contained in it.⁹

21. The WIPO General Assembly recognized the significance of the issues examined in the Second Process Report of the Second WIPO Internet Domain Name Process, stressed the political importance that it attaches to those issues and decided that:¹⁰

(i) Two special sessions of the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) should be held back-to-back with ordinary sessions of the SCT. The two special sessions should be held within a period of time that permits the circulation of a report on them to be transmitted to the Member States in adequate time before the meetings of the Assemblies of WIPO in September 2002;

(ii) The two special sessions should be devoted to a comprehensive analysis of the Second Process Report, taking into account the specificities of the issues treated in that Report and dealing with them on their own;

(iii) The other work of the SCT dealt with in ordinary sessions of the SCT should not interfere with the consideration by the special sessions of the SCT of the issues in the Second Process Report;

(iv) A Report of the two special sessions of the SCT should be prepared which presents the options for the treatment of the issues dealt with in the Second Process Report, indicating whether such issues are ripe for action, require further discussion, are not sufficiently significant in their impact to require any action or are not the subject of consensus. The Report of the two special sessions should be transmitted to the meetings of the WIPO General Assembly in September 2002 for consideration and decision.

⁸ <http://wipo2.wipo.int/process2/report/index.html>

⁹ WIPO document WO/GA/27/1

¹⁰ See WIPO document WO/GA/27/8 Prov., paragraph 33.

22. For the full text of the final Report and, in particular its Chapter 6 dealing, *inter alia* with geographical indications, see *The Recognition of Rights and the Use of Names in the Internet Domain Name System*, Report of the Second WIPO Internet Domain Name Process.¹¹

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¹¹ <http://wipo2.wipo.int/process2/report/index.html>