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PROPOSED JOINT RECOMMENDATION
CONCERNING PROVISIONS ON THE PROTECTION OF MARKS,
AND OTHER INDUSTRIAL PROPERTY RIGHTS IN SIGNS,
ON THE INTERNET

Memorandum by the Director General

1. This document contains a Proposed Joint Recommendation Concerning Provisions on the Protection of Marks, and other Industrial Property Rights in Signs, on the Internet (see Annex), which is being presented to the Assemblies of the Member States of WIPO pursuant to a decision of the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) on March 16, 2001. The history of the discussions leading to adoption by the SCT of these provisions is as follows:

2. The 1998-1999 Program of WIPO provides, under Subprogram 09.2, for the consideration by the SCT of current issues including:

“Use of Trademarks on the Internet: in coordination with activities under sub-program 09.3, study of the desirability and feasibility of harmonizing national rules concerning the circumstances in which use of a trademark on the Internet constitutes use of a trademark or a trademark infringement.”

3. The 2000-2001 Program of WIPO provides, under Subprogram 09.2, for the convening of four meetings of the SCT to consider:

“the desirability and feasibility of harmonizing national rules concerning the circumstances in which use of a trademark on the Internet constitutes use of a trademark or a trademark infringement”;

4. At the first session of the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) which took place in Geneva from July 13 to 17, 1998, the International Bureau was asked to study the legal problems arising when a trademark is used on the Internet, to scrutinize the suitability of already existing principles of law, and to examine the need for a new, internationally harmonized approach (see the Report of the session in document SCT/1/6, paragraph 27).
5. The results of this study (see documents SCT/2/9 and SCT/2/10) were discussed at the second part of the second session of the SCT, from June 7 to 11, 1999. At that meeting, the SCT asked the International Bureau to prepare a questionnaire with hypothetical situations relating to the use of trademarks on the Internet which purpose was to collect information regarding the practice of Member States of WIPO, in the light of their national law. On the basis of the discussions at that session and the information collected by the responses to the questionnaire, the International Bureau prepared a synthesis document (see document SCT/3/2) and an issues paper together with a revised set of principles (see document SCT/3/4) which were discussed at the third session of the SCT from November 8 to 12, 1999.
6. As was pointed out during the second session, second part of the SCT (November 8 to 12, 1999), issues of jurisdiction and private international law are of a general nature and cannot be limited to trademark law. Since a global approach is being taken on the international level, for example, in the Draft Convention on Jurisdiction and the Effects of Judgments in Civil and Commercial Matters discussed within the Hague Conference on Private International Law, the SCT decided that the draft provisions concerning the protection of marks on the Internet should not address the question of jurisdiction and private international law.
7. Draft provisions concerning the protection of marks on the Internet were discussed by the SCT at its fourth session, which took place in Geneva from March 27 to 31, 2000 (see document SCT/4/4), at its fifth session, which took place from September 11 to 15, 2000 (see document SCT/5/2) and at its sixth session, which took place from March 12 to 16, 2001 (see document SCT/6/2).
8. The SCT adopted the draft articles and a related proposed joint recommendation at its sixth session. The SCT further decided to propose their adoption as a Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet by the Assembly of the Paris Union and the WIPO General Assembly on the occasion of the thirty sixth series of meetings of the Assemblies of the Member States of WIPO in September 2001. The text of the proposed joint recommendation is contained in document SCT/6/7. The results of the sixth session are reflected in the Summary by the Chair (see document SCT/6/5) and the Report of that session (see document SCT/6/6).
9. In particular, all members of the SCT joined in a consensus for adoption of the provisions as a whole. However, the following country and intergovernmental organization did not join the consensus as to the provisions referred to thereafter:
 - Brazil with regard to Articles 7, 8, 9 and 15(2);
 - The European Communities with regard to Article 9.

10. Concerning the decision to present these provisions as a proposed Joint Recommendation, the Program and Budget for the 1998-99 biennium (see document A/32/2-WO/BC/18/2, page viii) addresses, in its introduction, the question of new approaches to the progressive development of international intellectual property law, as follows:

“Countries which agree on specific principles or rules may wish to consider expressing their agreement by signing a Memorandum of Understanding or a similar instrument. This is not subject to the long ratification and accession process, is easier to modify or replace, and can be signed by an industrial property office or other government agency if its subject does not require parliamentary approval (for example, if it concerns not the law itself but implementing regulations). **The WIPO General Assembly (or another Assembly) may also adopt a resolution recommending that Member States and interested intergovernmental organizations implement certain principles and rules:**¹ This creates no legal obligation for any country, but following such a recommendation would produce practical benefits. A further option is the publication, under the responsibility of the Secretariat, of model or illustrative principles and rules that would be available to any legislator or other authority seeking guidance on how to solve specific problems, similar to the Model Provisions on Protection Against Unfair Competition published in 1996.”

11. Following this approach, the Assembly of the Paris Union and the WIPO General Assembly adopted a Joint Recommendation Concerning Provisions on the Protection of Well Known Marks at the Thirty-fourth series of meetings of the Assemblies of the Member States of WIPO in September 1999 (see document A/34/13 and WIPO publication No. 833), and a Joint Recommendation Concerning Trademark Licenses at the Thirty-fifth series of meetings of the Assemblies of the Member States of WIPO in September 2000 (see document A/35/10 and WIPO publication No. 835).

12. The WIPO General Assembly and the Assembly of the Paris Union are invited to adopt the proposed Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet, as contained in the Annex.

[Annex follows]

¹ Emphasis added.

ANNEX

Proposed Joint Recommendation
Concerning the Protection of Marks,
and Other Industrial Property Rights in Signs,
on the Internet

As decided by the WIPO Standing Committee
on the Law of Trademarks, Industrial Designs
and Geographical Indications (SCT)
at its sixth session (March 12 to 16, 2001)

To be presented for adoption by the
WIPO General Assembly and
the Paris Union Assembly
(September 24 to October 3, 2001)

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Proposed Joint Recommendation

The Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO);

Taking into account the provisions of the Paris Convention for the Protection of Industrial Property;

Recommend that each Member State may consider the use of any of the provisions adopted by the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) at its sixth session, as guidelines concerning the protection of marks, and other industrial property rights in signs, on the Internet;

It is further recommended to each Member State of the Paris Union or of WIPO which is also a member of a regional intergovernmental organization that has competence in the area of registration of trademarks, to bring these provisions to the attention of that organization.

Provisions follow.

Preamble

Recognizing that the present provisions are intended to facilitate the application of existing laws relating to marks and other industrial property rights in signs, and existing laws relating to unfair competition, to the use of signs on the Internet;

Recognizing that Member States will apply, wherever possible, existing laws relating to marks and other industrial property rights in signs, and existing laws relating to unfair competition, to the use of signs on the Internet, directly or by analogy;

Recognizing that a sign used on the Internet is simultaneously and immediately accessible irrespective of territorial location;

The present provisions are intended to be applied in the context of determining whether, under the applicable law of a Member State, use of a sign on the Internet has contributed to the acquisition, maintenance or infringement of a mark or other industrial property right in the sign, or whether such use constitutes an act of unfair competition, and in the context of determining remedies.

PART I
GENERAL

Article 1
Abbreviated Expressions

For the purposes of these Provisions, unless expressly stated otherwise:

(i) “Member State” means a State member of the Paris Union for the Protection of Industrial Property, of the World Intellectual Property Organization, or of both;

(ii) “Right” means an industrial property right in a sign under the applicable law, whether registered or unregistered;

(iii) “Act of unfair competition” means any act of competition contrary to honest business practices in industrial or commercial matters as defined in Article 10*bis* of the Paris Convention for the Protection of Industrial Property, signed in Paris on March 20, 1883, as revised and amended;

(iv) “Competent authority” means an administrative, judicial or quasi-judicial authority of a Member State which is competent for determining whether a right has been acquired, maintained or infringed, for determining remedies, or for determining whether an act of competition constitutes an act of unfair competition, as the case may be;

(v) “Remedies” means the remedies which a competent authority of a Member State can impose under the applicable law, as a result of an action for the infringement of a right or an act of unfair competition;

(vi) “Internet” refers to an interactive medium for communication which contains information that is simultaneously and immediately accessible irrespective of territorial location to members of the public from a place and at a time individually chosen by them;

(vii) except where the context indicates otherwise, words in the singular include the plural, and *vice versa*, and masculine personal pronouns include the feminine.

PART II
USE OF A SIGN ON THE INTERNET

Article 2
Use of a Sign on the Internet in a Member State

Use of a sign on the Internet shall constitute use in a Member State for the purposes of these provisions, only if the use has a commercial effect in that Member State as described in Article 3.

Article 3
Factors for Determining Commercial Effect in a Member State

(1) [*Factors*] In determining whether use of a sign on the Internet has a commercial effect in a Member State, the competent authority shall take into account all relevant circumstances. Circumstances that may be relevant include, but are not limited to:

(a) circumstances indicating that the user of the sign is doing, or has undertaken significant plans to do, business in the Member State in relation to goods or services which are identical or similar to those for which the sign is used on the Internet.

(b) the level and character of commercial activity of the user in relation to the Member State, including:

(i) whether the user is actually serving customers located in the Member State or has entered into other commercially motivated relationships with persons located in the Member State;

(ii) whether the user has stated, in conjunction with the use of the sign on the Internet, that he does not intend to deliver the goods or services offered to customers located in the Member State and whether he adheres to his stated intent;

(iii) whether the user offers post-sales activities in the Member State, such as warranty or service;

(iv) whether the user undertakes further commercial activities in the Member State which are related to the use of the sign on the Internet but which are not carried out over the Internet.

(c) the connection of an offer of goods or services on the Internet with the Member State, including:

(i) whether the goods or services offered can be lawfully delivered in the Member State;

(ii) whether the prices are indicated in the official currency of the Member State.

(d) the connection of the manner of use of the sign on the Internet with the Member State, including:

(i) whether the sign is used in conjunction with means of interactive contact which are accessible to Internet users in the Member State;

[Article 3(1)(d), continued]

(ii) whether the user has indicated, in conjunction with the use of the sign, an address, telephone number or other means of contact in the Member State;

(iii) whether the sign is used in connection with a domain name which is registered under the ISO Standard country code 3166 Top Level Domain referring to the Member State;

(iv) whether the text used in conjunction with the use of the sign is in a language predominantly used in the Member State;

(v) whether the sign is used in conjunction with an Internet location which has actually been visited by Internet users located in the Member State.

(e) the relation of the use of the sign on the Internet with a right in that sign in the Member State, including:

(i) whether the use is supported by that right;

(ii) whether, where the right belongs to another, the use would take unfair advantage of, or unjustifiably impair, the distinctive character or the reputation of the sign that is the subject of that right.

(2) [*Relevance of Factors*] The above factors, which are guidelines to assist the competent authority to determine whether the use of a sign has produced a commercial effect in a Member State, are not pre-conditions for reaching that determination. Rather, the determination in each case will depend upon the particular circumstances of that case. In some cases all of the factors may be relevant. In other cases some of the factors may be relevant. In still other cases none of the factors may be relevant, and the decision may be based on additional factors that are not listed in paragraph (1), above. Such additional factors may be relevant, alone, or in combination with one or more of the factors listed in paragraph (1), above.

Article 4
Bad Faith

(1) [*Bad Faith*] For the purposes of applying these provisions, any relevant circumstance shall be considered in determining whether a sign was used in bad faith, or whether a right was acquired in bad faith.

(2) [*Factors*] In particular, the competent authority shall take into consideration, *inter alia*:

(i) whether the person who used the sign or acquired the right in the sign had knowledge of a right in an identical or similar sign belonging to another, or could not have reasonably been unaware of that right, at the time when the person first used the sign, acquired the right or filed an application for acquisition of the right, whichever is earlier, and

(ii) whether the use of the sign would take unfair advantage of, or unjustifiably impair, the distinctive character or the reputation of the sign that is the subject of the other right.

PART III
ACQUISITION AND MAINTENANCE OF RIGHTS IN SIGNS

Article 5

Use of a Sign on the Internet and Acquisition and Maintenance of Rights

Use of a sign on the Internet in a Member State, including forms of use that are made possible by technological advances, shall in every case be taken into consideration for determining whether the requirements under the applicable law of the Member State for acquiring or maintaining a right in the sign have been met.

PART IV
INFRINGEMENT AND LIABILITY

Article 6

Use of a Sign on the Internet, Infringement of Rights and Acts of Unfair Competition

Use of a sign on the Internet, including forms of use that are made possible by technological advances, shall be taken into consideration for determining whether a right under the applicable law of a Member State has been infringed, or whether the use amounts to an act of unfair competition under the law of that Member State, only if that use constitutes use of the sign on the Internet in that Member State.

Article 7
Liability for Infringement and Acts of Unfair Competition Under the Applicable Law

Except where otherwise provided for in these provisions, there shall be liability in a Member State under the applicable law when a right is infringed, or an act of unfair competition is committed, through use of a sign on the Internet in that Member State.

Article 8
Exceptions and Limitations Under the Applicable Law

A Member State shall apply the exceptions to liability, and the limitations to the scope of rights, existing under the applicable law when applying these provisions to the use of a sign on the Internet in that Member State.

PART V
NOTICE AND AVOIDANCE OF CONFLICT

Article 9
Use Prior to Notification of Infringement

If the use of a sign on the Internet in a Member State is alleged to infringe a right in that Member State, the user of that sign shall not be held liable for such infringement prior to receiving a notification of infringement, if:

- (i) the user owns a right in the sign in another Member State or uses the sign with the consent of the owner of such a right, or is permitted to use the sign, in the manner in which it is being used on the Internet, under the law of another Member State to which the user has a close connection;
- (ii) any acquisition of a right in the sign, and any use of the sign, has not been in bad faith; and
- (iii) the user has provided, in conjunction with the use of the sign on the Internet, information reasonably sufficient to contact him by mail, e-mail or telefacsimile.

Article 10
Use After Notification of Infringement

If the user referred to in Article 9 has received a notification that his use infringes another right, he shall not be held liable if he

(i) indicates to the person sending the notification that he owns a right in the sign in another Member State, or uses the sign with the consent of the owner of such a right, or that he is permitted to use the sign, in the manner in which it is being used on the Internet, under the law of another Member State to which he has a close connection;

(ii) gives relevant details of that right or permitted use; and

(iii) expeditiously takes reasonable measures which are effective to avoid a commercial effect in the Member State referred to in the notification, or to avoid infringement of the right referred to in the notification.

Article 11
Notification Under Articles 9 and 10

The notification under Articles 9 and 10 shall be effective if it is sent by the owner of a right or his representative, by mail, e-mail or telefacsimile, and indicates, in the language, or in one of the languages, used in conjunction with the use of the sign on the Internet, the following:

- (i) the right which is alleged to be infringed;
- (ii) the identity of the owner of that right and information reasonably sufficient to contact him or his representative by mail, e-mail or telefacsimile;
- (iii) the Member State in which that right is protected;
- (iv) relevant details of such protection allowing the user to assess the existence, nature and scope of that right; and
- (v) the use that is claimed to infringe that right.

Article 12
Disclaimer as a Measure Under Article 10

Member States shall accept, *inter alia*, a disclaimer, by a user referred to in Article 9, as a reasonable and effective measure under Article 10, if:

- (i) the disclaimer includes a clear and unambiguous statement in conjunction with the use of the sign, to the effect that the user has no relationship with the owner of the right which is alleged to be infringed, and does not intend to deliver the goods or services offered to customers located in a particular Member State where the right is protected;
- (ii) the disclaimer is written in the language or in the languages used in conjunction with the use of the sign on the Internet;
- (iii) the user inquires, before the delivery of the goods or services, whether customers are located in the Member State referred to in item (i); and
- (iv) the user in fact refuses delivery to customers who have indicated that they are located in that Member State.

PART VI
REMEDIES

Article 13
Remedy Proportionate to Commercial Effect

(1) The remedies provided for the infringement of rights or for acts of unfair competition in a Member State, through use of a sign on the Internet in that Member State, shall be proportionate to the commercial effect of the use in that Member State.

(2) The competent authority shall balance the interests, rights and circumstances involved.

(3) The user of the sign shall, upon request, be given the opportunity to propose an effective remedy for consideration by the competent authority, prior to a decision on the merits of the case.

Article 14
Limitations of Use of a Sign on the Internet

(1) In determining remedies, the competent authority shall take into account limitations of use by imposing reasonable measures designed:

- (i) to avoid a commercial effect in the Member State, or
- (ii) to avoid infringement of the right or to avoid the act of unfair competition.

(2) The measures referred to in paragraph (1) may include, *inter alia*:

(a) a clear and unambiguous statement in conjunction with the use of the sign on the Internet, to the effect that the user has no relationship with the owner of the infringed right or the person affected by the act of unfair competition, written in the language or in the languages used in conjunction with the use of the sign on the Internet, and any other language indicated by the competent authority;

(b) a clear and unambiguous statement in conjunction with the use of the sign on the Internet to the effect that the user does not intend to deliver the goods or services offered to customers located in a particular Member State, written in the language or in the languages used in conjunction with the use of the sign on the Internet, and any other language indicated by the competent authority;

(c) an obligation to inquire, before the delivery of the goods or services, whether customers are located in that Member State, and to refuse delivery to customers who have indicated that they are located in that Member State;

(d) gateway web pages.

Article 15
Limitation on Prohibition to Use a Sign on the Internet

(1) Where the use of a sign on the Internet in a Member State infringes a right, or amounts to an act of unfair competition, under the laws of that Member State, the competent authority of the Member State should avoid, wherever possible, imposing a remedy that would have the effect of prohibiting any future use of the sign on the Internet.

(2) The competent authority shall not, in any case, impose a remedy that would prohibit future use of the sign on the Internet, where

(i) the user owns a right in the sign in another Member State, uses the sign with the consent of the owner of such a right, or is permitted to use the sign, in the manner in which it is being used on the Internet, under the law of another Member State to which the user has a close connection; and

(ii) any acquisition of a right in the sign, and any use of the sign, has not been in bad faith.

[End of Annex and of document]