

## **Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications**

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### **TRADEMARKS AND THE INTERNET**

*Document prepared by the Secretariat*

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## **I. INTRODUCTION**

1. At its twenty-fourth session, held in Geneva from November 1 to 4, 2010, the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) requested the Secretariat to examine in preparation of the next session of the SCT the *WIPO Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property in Signs, on the Internet* (Joint Recommendation) with a view to determining, in particular, whether the types of trademark uses on the Internet, as described in Annex I of document SCT/24/4 are adequately addressed by that instrument (see document SCT/24/7, paragraph 13).
2. In accordance with the request made by the SCT, the Secretariat has prepared the present document, which provides an overview of the content and the scope of application of the Joint Recommendation, summarizes the legal issues relating to the use of trademarks on the Internet which were discussed in Annex I of document SCT/24/4, and provides a preliminary analysis as to whether those issues could be addressed through the principles set forth in the Joint Recommendation.

## **II. WIPO JOINT RECOMMENDATION CONCERNING PROVISIONS ON THE PROTECTION OF MARKS, AND OTHER INDUSTRIAL PROPERTY IN SIGNS, ON THE INTERNET**

### **A. Purpose and Scope of Application**

3. The provisions of the Joint Recommendation aim at providing a clear legal framework for trademark owners who wish to use their marks on the Internet and to participate in the development of electronic commerce. They are intended to facilitate the application of existing laws relating to marks, and other industrial property rights in signs, on the Internet, and to be applied in the context of: determining whether, under the applicable law, 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; enabling owners of conflicting rights in identical or similar signs to use these signs concurrently on the Internet; and determining remedies<sup>1</sup>.
4. The Joint Recommendation thus seeks to provide a link between the global Internet and territorial laws, and to make these laws Internet-compatible by guiding the application of existing national or regional industrial property laws to legal problems resulting from the use of a sign on the Internet<sup>2</sup>.
5. The Joint Recommendation is not limited to trademark rights, but includes all types of industrial property rights in signs existing under the applicable law<sup>3</sup>. The provisions of the Joint Recommendation only deal with the use of signs which can serve to distinguish enterprises, goods, etc. irrespective of whether the user of the sign owns a right in that sign<sup>4</sup>.
6. The Joint Recommendation does not: (i) establish a self-contained trademark regime for Internet<sup>5</sup>; (ii) address the question of the determination of the applicable law, which is left to the private international laws of individual States<sup>6</sup>; (iii) apply in a purely non-commercial context<sup>7</sup>; or (iv) attempt to re-territorialise the Internet by imposing unreasonably burdensome obligations on those who use signs on the Internet<sup>8</sup>.

### **B. Content**

7. The Joint Recommendation is divided in six parts and covers four main topics: (i) linking the use of a sign on the Internet to a particular State or territory (Part II)<sup>9</sup>, (ii) determining whether, under the applicable law, use of a sign on the

Internet has contributed to the acquisition, maintenance or infringement of a mark, or whether such use constitutes an act of unfair competition (Parts III and IV)<sup>10</sup>, (iii) resolving conflicts of signs on the Internet (Part V)<sup>11</sup>, and (iv) determining Internet-specific remedies (Part VI)<sup>12</sup>.

*Linking the Use of a Sign on the Internet to a Particular State or Territory*

8. The Joint Recommendation aims at linking the use of a sign on the Internet to a particular State or territory in an attempt to resolve the tension created by the territorial nature of trademark law and the global nature of the Internet.
9. Article 2 of the Joint Recommendation accordingly provides that use of a sign on the Internet shall constitute use in a State only if the use has a commercial effect in that State.
10. The question whether use of a sign on the Internet can be deemed to have taken place in a particular State or territory is relevant for deciding if such use should count towards deciding whether the user has acquired, maintained or infringed a right that is protected in the State, or whether he has committed an act of unfair competition in that State. Article 2 is based on the assumption that not each and every use of a sign on the Internet should be treated as taking place in the State concerned, even though the use might be accessible to Internet-users based in that State<sup>13</sup>.
11. It is important to note that Article 2 does not deal with the legal effects of such use in that State<sup>14</sup>. This question has to be determined under the applicable law in accordance with Articles 5 and 6 of the Joint Recommendation.
12. In order to determine whether the use of sign on the Internet has a commercial effect in a particular State or territory, Article 3 of the Joint Recommendation provides that the competent authority shall take into account all relevant circumstances.
13. Furthermore, Article 3 sets out a non-exhaustive list of factors that may be considered by the competent authority which include, *inter alia*, (i) whether the user of the sign is doing or planning to do business in the State, in relation to goods or services which are identical or similar to those for which the sign is used on the Internet; (ii) the level and character of the commercial activity of the user in relation to the State; (iii) the connection of an offer of goods or services on the Internet with the State; (iv) the connection of the manner of use of the sign on the Internet with the State; and (v) the relation of the use of the sign on the Internet with a right in that sign in the State.
14. It is important to bear in mind that the competent authority is free to determine which factors are relevant in a given case<sup>15</sup>.
15. Article 4 of the Joint Recommendation provides that for the purposes of applying this instrument, 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. It also contains a non-exhaustive list of factors that a competent authority may take into consideration, such as (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.
16. Article 4 does not introduce bad faith as a prerequisite of liability for infringement. However, since use of a sign on the Internet in bad faith is relevant in the context of Articles 9 and 15 of the same instrument, it is necessary to include a provision

describing this concept in Part II of the Joint Recommendation which deals with use of a sign in the Internet in a general way<sup>16</sup>.

*Determining Whether, Under the Applicable Law, Use of a Sign on the Internet has Contributed to the Acquisition, Maintenance or Infringement of a Mark, or Whether Such Use Constitutes an Act of Unfair Competition*

17. Article 5 of the Joint Recommendation deals with issues relating to the acquisition and maintenance of rights in signs. It provides that use of a sign on the Internet in a 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 State for acquiring or maintaining a right in the sign have been met. It is of interest to observe that the provision reminds competent authorities that new forms of use should not be discarded only because they are new. However, the final determination as to whether a particular new form of use can be taken into account for the purposes of acquiring or maintaining a right is left to the applicable law<sup>17</sup>.
18. Article 6 of the Joint Recommendation provides that 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 State has been infringed, or whether the use amounts to an act of unfair competition under the law of that State, only if that use constitutes use of the sign on the Internet in that State.
19. Article 6 confirms the principle that mere use of a sign on the Internet shall not be considered as infringing any rights in that sign which might exist under the law of a particular State<sup>18</sup>. As such, use on the Internet shall only be taken into consideration under the laws of a particular State if such use has a commercial effect and can, therefore, be deemed to have taken place in that State<sup>19</sup>.
20. Furthermore, Article 6 contemplates that, in determining the protection of rights in marks and other signs, States take into consideration situations which might appear unusual if compared with forms of use outside the Internet, such as use of signs in banner advertisements, sale or purchase of signs as keywords for search engines, use as metatags, use in Uniform Resource Locators (URLs), use as search terms, or any other new forms of use that might be possible in the future<sup>20</sup>. Article 6 thus reflects a forward-looking aspect of the Joint Recommendation as some of the current types of trademark uses on the Internet were already envisaged by that instrument at the time of its adoption<sup>21</sup>.
21. That being said, Article 6 does not require States to consider such forms of use as generally infringing marks or other industrial property rights in signs. Whether an infringement has in effect taken place will be determined under the applicable law, including any exceptions which might apply in certain situations, such as fair use of descriptive terms<sup>22</sup>.
22. Article 7 of the Joint Recommendation sets out the general principle that the user of a sign on the Internet shall, under the applicable law on distinctive signs or unfair competition of a State, be liable for such use which constitutes an infringement or an act of unfair competition if use of the sign on the Internet can be deemed to have taken place in that State in accordance with Articles 2 and 6. The only exceptions to that principle are provided for by Article 8 (Exceptions and Limitations under the applicable law) and contained in Part V (Notice and Avoidance of Conflict) of the Joint Recommendation<sup>23</sup>.
23. It is important to bear in mind that Article 7 does not specify the conditions for determining whether such use in fact infringes a right which is protected under the law of a particular State, or whether it constitutes an act of unfair competition. This

determination has to be made under the applicable law of that State. Similarly, liability of intermediaries such as online service providers is not specifically addressed under these provisions but left to the applicable law<sup>24</sup>.

24. Finally, Article 8 requires that the exceptions to liability, and the limitations to the scope of rights, existing under the applicable law be available to users of a sign on the Internet.

#### *Avoiding Conflicts of Signs on the Internet*

25. Part V of the Joint Recommendation attempts to address potential conflicts of signs on the Internet through a notice and avoidance of conflict procedure. Because of the territoriality of marks and other industrial property rights in signs, different owners can hold rights in identical or similar signs in different countries. This can create problems if the 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 State in which the right of the user is not recognized. Similar conflicts arise when the use of a sign is permitted in one country, but is considered to infringe the right of someone else under the law of another country<sup>25</sup>.
26. The notice and avoidance of conflict procedure is thus provided for in an attempt to balance the interests of good faith legitimate users who hold a right in the sign they use or are otherwise permitted to use that sign on the one hand, and owners of rights which might be infringed by such use on the other. Under this procedure, right holders, or persons who are otherwise permitted to use the sign, are exempt from liability up to the point when they receive a notification of infringement provided that they use the sign in good faith, and provide in conjunction with the use of the sign on the Internet, sufficient information to be contacted. As a consequence, they should not be subjected to any injunction, or held liable for any damages occurring, before notification. Therefore, such users would not have to undertake a worldwide search for existing rights before using the sign on the Internet. However, once they have received a notice of infringement, they will have to take certain measures for avoiding or ending the conflict. If they do so, they are not only exempt from any liability for any infringing use prior to notification, but continue to be exempt for any such use after notification<sup>26</sup>.

#### *Providing for Internet-Specific Remedies*

27. The fourth topic addressed by the Joint Recommendation relates to remedies, which are also impacted by the tension existing between the territorial character of trademark laws and the global nature of the Internet, since an injunction to cease every use of a sign on the Internet would have a potentially global effect and would go far beyond the territory in which the conflicting right is protected. A decision as to remedies should therefore take account of the territorial limitation of such rights. 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<sup>27</sup>.
28. Accordingly, Article 13 of the Joint Recommendation provides that remedies should be proportional to the commercial effect of the use in a State. In other words, use of a sign on the Internet that infringes a right which is protected under the laws of a State should not be prohibited any more than is proportionate to the commercial effect that such use has produced in that State. Injunctions should generally be limited to what is necessary to prevent or remove the commercial effect in the State in which the infringed right is protected, and damages should be granted only for the commercial effect of the use in that State<sup>28</sup>.

29. Article 14 of the Joint Recommendation deals with the limitations of the use of a sign on the Internet and reflects the concern that, owing to their territorial nature, remedies should not have the effect of forcing the user of a sign on the Internet to abandon any use of that sign on the Internet<sup>29</sup>. In designing remedies, the competent authority should consider limitations of use designed to avoid a commercial effect in the State in which the infringed right is protected, or in which the law against unfair competition applies. Article 14 provides for examples of such proportionate limitations of use.
30. Article 15 of the Joint Recommendation suggests that the competent authority should, as far as possible, refrain from granting global injunctions. However, the provision does not completely exclude prohibitions of use, which can be justified particularly in cases of bad-faith use, such as cybersquatting<sup>30</sup>. Article 15 contemplates a general exclusion of global injunctions in situations in which users do not act in bad faith and if they either hold a right in that sign themselves, or are otherwise permitted to use the sign on the Internet in the way they use it<sup>31</sup>.

### **III. CERTAIN LEGAL ISSUES RELATING TO THE USE OF TRADEMARKS ON THE INTERNET**

#### **A. Preliminary Considerations**

31. At its twenty-fourth session, the SCT considered document SCT/24/4 which included, in Annex I, a review of certain legal developments regarding the use of trademarks on the Internet, as reflected *inter alia* in judicial decisions of various national and regional jurisdictions. The said developments were grouped in three broad topics: (i) the use of trademarks on Internet auction sites; (ii) the use of trademarks as keywords on search engines; and (iii) the use of trademarks in virtual worlds and social media. It should be noted that although these topics may not be exhaustive, they are representative of some of the most recent developments relating to the new types of trademark uses on the Internet.
32. It should be observed that the fact-patterns underlying the recent cases regarding the use of trademarks on the Internet generally involve three categories of actors: (i) trademark holders, (ii) Internet intermediaries, such as operators of Internet auction sites, search engines, virtual worlds, and social media, and (iii) users of the services offered by the said Internet intermediaries<sup>32</sup>.
33. In some cases, trademark holders have argued that Internet intermediaries and users should be held liable for their acts allegedly constituting trademark infringement. In other cases – or, as an additional basis in the first ones – trademark holders have argued that Internet intermediaries should be held liable for acts of the users of their services allegedly constituting trademark infringement. In other words, where the first set of cases relates to the primary or direct liability of Internet intermediaries and services users, the second set of cases relates to the secondary or indirect liability of Internet intermediaries<sup>33</sup>.

#### **B. Primary Liability of Internet Intermediaries and Services Users**

34. The question of primary or direct liability of Internet intermediaries and services users is generally assessed in light of trademark-law principles.

#### *Use of Trademarks on Internet Auction Sites*

35. As illustrated in Annex I of document SCT/24/4, the primary liability of an Internet auction site for the infringement of third parties' trademarks has been considered in a number of cases<sup>34</sup>. It seems however that auction sites operators have not, so far, been held primarily liable for infringing third party trademarks for the use of such trademarks on their websites<sup>35</sup>.

#### *Use of Trademarks as Keywords on Search Engines*

36. The primary liability relating to the use of a trademark as a keyword on a search engine can concern two actors: the operator of the search engine, and the advertiser.
37. With respect to the search engine operator, an appellate court has held in one specific case that the latter could be primarily liable, provided that the plaintiff establishes that there has been use in commerce, and that likelihood of confusion exists<sup>36</sup>. In another jurisdiction, the liability of search engines operators has been rejected on the ground that the nature of their activities does not amount to use of the sign within the meaning of the applicable law<sup>37</sup>.
38. With respect to the advertiser, as illustrated in Annex I of document SCT/24/4, national courts have referred to the concepts of use in commerce, or use in relation to goods and services and to consumer confusion, or likelihood of confusion, in order to assess whether the advertiser committed trademark infringement<sup>38</sup>.

#### *Use of Trademarks in Virtual Worlds and Social Media*

39. As illustrated in Annex I of document SCT/24/4, the use of trademarks in virtual worlds and social media gives rise to very difficult legal questions related *inter alia* to the requirement of use in commerce, especially in the case of user-generated content in virtual worlds. In addition, the use of trademarks in virtual worlds and social media may create a risk of consumer confusion, dilute famous marks and erode their distinctiveness<sup>39</sup>. The paucity of judicial decisions and pronouncements and the confidential character of the settlements reached between litigating parties do not help in reducing the legal uncertainty related to the said issues.

### **C. Secondary Liability of Internet Intermediaries**

40. As mentioned above, trademark holders have also argued in recent cases that Internet intermediaries should be held liable for alleged trademark infringements that occurred through acts of the users of their services. The argument in such cases is not whether an Internet intermediary committed itself a trademark infringement; rather, whether the said Internet intermediary should be held liable for alleged trademark infringement committed by a user of its services. In other words, such cases relate to the secondary or indirect liability of the intermediary for enabling users of its services to committing trademark infringement<sup>40</sup>.
41. It is of interest to observe that Internet intermediaries have adopted certain policies for the protection of intellectual property rights of third parties, including third parties' trademark rights. The procedures put in place generally enable trademark holders to report an alleged infringement of their rights committed by a user of the services offered by the said Internet intermediaries. Upon notice of an alleged infringement committed by a user of their services, Internet intermediaries may respond *inter alia* by taking certain actions such as deleting the item subject of the complaint or cancelling the account of the infringing user. These notice and takedown procedures may be relevant for the purposes of the assessment of the secondary liability of Internet intermediaries<sup>41</sup>.



*Use of Trademarks on Internet Auction Sites*

42. As explained in Annex I of document SCT/24/4, national courts have reached different conclusions with respect to the liability of an auction site operator arising further to a trademark infringement committed by a user of its services<sup>42</sup>.
43. That being said, it seems that the outcome of such cases was determined by considerations such as the degree of knowledge of the auction site operator of the activities carried out on its website; and the extent of the duty of the auction site operator to monitor its website, and to act when an illicit activity is carried out on it<sup>43</sup>.

*Use of Trademarks as Keywords on Search Engines*

44. With respect to the secondary liability of Internet search engines operators, a recent decision suggests that consideration should be given as to whether the operator intentionally induced or knowingly continued to permit third party advertisers selling counterfeit products to use the marks in their sponsored link titles and advertisement text<sup>44</sup>.
45. It is recalled that the application of a hosting exemption, provided for in the laws of one jurisdiction, to a search engine operator depends upon whether the latter has played an active role that would give it knowledge of, or control over the data stored<sup>45</sup>. Even if the search engine operator has not played an active role, it may still be liable if it failed to act expeditiously to remove or disable access to an offending ad after obtaining knowledge of the unlawful nature of the ad<sup>46</sup>.

*Use of Trademarks in Virtual Worlds and Social Media*

46. As far as it can be seen, no judicial decision has been rendered on the secondary liability of an Internet intermediary for the use of a trademark in virtual worlds and social media in the cases mentioned in Annex I of document SCT/24/4<sup>47</sup>. Arguments relating to the secondary liability of such Internet intermediaries were nonetheless raised in some plaintiffs' claims<sup>48</sup>. It remains to be seen whether a court will rule in the future on such a basis of liability and find an operator of a virtual world or of a social media website secondarily liable in a case where the relevant requirements for a claim of secondary liability under the applicable law are satisfied.

**IV. REVISITING THE JOINT RECOMMENDATION**

47. This part attempts to analyze to what extent the purpose, the scope and the content of the Joint Recommendation may relate to, and help in addressing, the recent developments regarding the use of trademarks on the Internet, which were described in Annex I of document SCT/24/4.

**A. Purpose and Scope of Application**

48. It is recalled that the provisions of the Joint Recommendation aim at providing a clear legal framework for trademark owners who wish to use their marks on the Internet and to participate in the development of electronic commerce<sup>49</sup>.
49. As explained above, the recent developments regarding the use of trademarks on the Internet do not solely concern trademark owners, but rather a variety of actors, such as trademark holders, Internet intermediaries and services users. This is an important consideration to bear in mind when assessing the content of the provisions of the Joint Recommendation.

## B. Content

### *Linking the Use of a Sign on the Internet to a Particular State or Territory*

50. As mentioned above, the question of whether the use of a sign on the Internet can be deemed to have taken place in a particular State or territory is relevant for deciding if such use should count towards deciding whether the user has *inter alia* infringed a right that is protected in a particular State or territory<sup>50</sup>. Article 2 of the Joint Recommendation is based on the assumption that not each and every use of a sign on the Internet should be treated as taking place in the State concerned, even though the use might be accessible to Internet-users based in that State. The effect of the provision is that only use that has commercial repercussions in a given State, or, in other words, use that has a commercial effect in that State can be treated as having taken place in that State<sup>51</sup>.
51. At the time of drafting the Joint Recommendation, the term commercial effect was chosen rather than in the course of trade, in order to include situations in which a non-profit company produced a commercial effect in a particular country by using the sign on the Internet without using it in the course of trade<sup>52</sup>. However, it seems from the *travaux préparatoires* that the choice was not intended to restrict the notion in the course of trade, but rather to enhance it.
52. It may be argued that the recent types of trademark uses on the Internet, described in Part III of this document and Annex I of document SCT/24/4, may have a commercial effect in particular States. It is recalled that the list of factors provided for in Article 3 of the Joint Recommendation for determining commercial effect in a State is not exhaustive. Further, it should be observed that one of the factors set out in Article 3(1)(e) of the Joint Recommendation concerns the relation of the use of the sign on the Internet with a right in that sign in the State. Use of a sign on the Internet can have a commercial effect in a State if the sign is the subject of a right protected under the law of that State<sup>53</sup>. If a user, knowing of a protected right, nevertheless uses the sign, for example because he or she wants to profit from the goodwill embodied in that sign, such use could be deemed to have commercial effect in the State in which the right is protected, be it only because the commercial value of the sign for the right holder is diminished.
53. Under the Joint Recommendation, such a use is considered to be use in bad faith. Further, it is recalled that according to Article 4(2) of the Joint Recommendation, users who had knowledge of a conflicting right at the time when they started to use the sign may also be considered to have acted in bad faith<sup>54</sup>.
54. It appears from the cases reviewed that the question whether the use of the trademark had a commercial effect in a particular country has been explicitly considered by one court when assessing whether the defendant committed trademark infringement<sup>55</sup>. A different approach, adopted by the courts of another jurisdiction in cases involving alleged trademark infringement committed on the Internet, consists in assessing whether the websites on which the signs are used target the public of the said jurisdiction. Such an assessment is made for the purposes of determining whether the courts have the proper jurisdiction in these cases<sup>56</sup>.

### *Issues of Infringement and Liability*

55. As previously mentioned, Article 6 of the Joint Recommendation determines that only use that has commercial effect in a particular territory be taken into consideration for determining whether a right under the applicable law has been infringed. However, Article 6 leaves the determination of infringement and eventual exceptions thereto to national laws. Article 7 of the Joint Recommendation, dealing with liability, adopts a similar approach.

56. The new forms of use of trademarks on the Internet referred to in Part III of this document and in Annex I of document SCT/24/4 are, according to the terminology used in Article 6 of the Joint Recommendation, forms of use that are made possible by technological advances. Considering, as argued above, that the said recent types of trademark uses on the Internet may have a commercial effect in particular States or territories, it seems that the requirement envisaged by Article 6 of the Recommendation – namely, that only use that has a commercial effect in a particular State be taken into consideration for determining whether a right under the applicable law of this State has been infringed – is satisfied.
57. Article 7 of the Joint Recommendation states that, subject to certain exceptions, the user of a sign on the Internet will be held liable, under the applicable law, for trademark infringement, if the use of the sign can be considered to have taken place in a State in accordance with Articles 2 and 6 of the Joint Recommendation, and such use amounts to infringement under the applicable law<sup>57</sup>. It is important to recall however that the Joint Recommendation does not specify the conditions for determining whether such use in fact infringes a right which is protected under the law of a particular State. This determination has to be made under the applicable law of that State.
58. Finally, the liability of intermediaries, such as online service providers, is not specifically addressed under the provisions of the Joint Recommendation, but left to the applicable law<sup>58</sup>.
59. In light of the foregoing, it can be said that Articles 4, 6 and 7 of the Joint Recommendation are relevant in relation to the recent developments regarding the use of trademarks on the Internet presented in document SCT/24/4; however, certain legal issues – such as the conditions for the determination of an infringement and the liability of Internet intermediaries – fall outside the scope of application of the said provisions.

#### *Avoiding Conflicts of Signs on the Internet*

60. As previously explained, Part V of the Joint Recommendation aims at resolving conflicts of signs on the Internet and provides for a particular procedure in an attempt to balance the interests of good faith legitimate users who hold a right in the sign they use or are otherwise permitted to use that sign on the one hand, and owners of rights which might be infringed by such use on the other<sup>59</sup>.
61. The parties in the cases relating to the recent developments referred to above do not, however, normally hold rights in trademarks. Furthermore, it may not always be possible to consider that such use constitutes use of a sign by a person who has a non-commercial right in that sign (such as, e.g., a personal name) or fair use of generic or descriptive terms<sup>60</sup>.

#### *Determining Internet-Specific Remedies*

62. As mentioned above, Article 13 of the Joint Recommendation requires that remedies be proportionate to the commercial effect of the use of the sign in a particular State, that courts balance the interests, rights and circumstances involved and that the user of the sign may be given the opportunity to propose an effective remedy. Article 14 requires courts to take into account a limitation of the use of a sign. Article 15 of the Joint Recommendation requires courts to avoid issuing global injunctions.
63. It is recalled that the purpose of Part VI of the Joint Recommendation is to avoid global injunctions. According to Article 15(2), users are exempted from global injunctions only if they do not act in bad faith and if they either hold a right in that sign themselves, or are otherwise permitted to use the sign on the Internet in the way they

use it<sup>61</sup>. In the same vein, it has been observed that use of a sign in good faith should be a precondition for restricting the remedies available. If bad faith is evident then the usual national remedies can be imposed, including an unrestricted injunction irrespective of the fact that such an injunction has an effect beyond the national territory of protection<sup>62</sup>.

64. To the extent that the conditions set out in Article 15(2) of the Joint Recommendation are not be satisfied, the system established in Part VI of that instrument will be of little assistance with regard to the recent developments relating to the use of trademarks on the Internet.

## V. CONCLUSIONS

65. In light of the foregoing observations, it appears that the Joint Recommendation addresses to a certain extent the types of trademark uses on the Internet, as described in Annex I of document SCT/24/4.
66. While the concept of commercial effect is relevant for the purposes of the new forms of use of a sign that are made possible by technological advances, the notice and avoidance of conflict procedure and the remedies set out in the Joint Recommendation would not appear to address the aforementioned types of trademark uses on the Internet.
67. In addition, the provisions of the Joint Recommendation do not address certain other issues – such as the liability of Internet intermediaries – that arise with regard to the current types of trademark uses on the Internet.
68. In light of the above, different solutions for continuing work on that topic appear to be possible.
69. One possible approach would consist in developing agreed standards with respect to the primary liability of Internet intermediaries for the infringement of third parties' trademarks. Such an approach may present considerable difficulties due to the differences in the substantive trademark laws of national and regional jurisdictions. Moreover, due consideration being given to the rapidly changing nature of the Internet and the number of the services of Internet intermediaries, such solution may quickly be outdated.
70. Another approach would consist in attempting to develop agreed standards for the determination of the presence or absence of secondary liability of Internet intermediaries. Such standards would offer an opportunity for stakeholders to achieve a degree of legal and transactional predictability, for example through developing safe harbors provisions. In such an approach, consideration could be given to issues such as the role played by the Internet intermediary in relation to alleged trademark infringement, the degree of knowledge and control by the Internet intermediary with respect to the allegedly infringing activity by a user of its services, and the modalities of any response by the Internet intermediary when informed of such activity. Such work should be undertaken in a broad and inclusive manner and in close consultation with all stakeholders – Member States as well as industry and user representatives.

*71. The SCT is invited to consider whether it wishes:*

- (i) to continue its work on trademarks and the Internet along the approach outlined in paragraph 70;*

(ii) to deliberate on any other future course of action for the topic under consideration.

[End of document]

1 Preface of the Joint Recommendation, paragraph 3. See also the Preamble of the Joint Recommendation.  
2 Explanatory Notes, Notes 0.03 and 0.01.  
3 Explanatory Notes, Note 1.02.  
4 Explanatory Notes, Note 1.03.  
5 Explanatory Notes, Note 0.01.  
6 Explanatory Notes, Note 0.04.  
7 Explanatory Notes, Notes 1.02 and 2.05.  
8 Johannes Christian Wichard, "The Joint Recommendation concerning Protection of Marks, and Other Industrial  
Property Rights in Signs, on the Internet", in Josef Drexl and Annette Kur (eds) *Intellectual Property and Private  
International Law: Heading for the Future*, Oxford, 2005, vol. 24, page 259.  
9 Articles 2 to 4 of the Joint Recommendation.  
10 Respectively, Articles 5, and Articles 6 to 8 of the Joint Recommendation.  
11 Articles 9 to 12 of the Joint Recommendation.  
12 Articles 13 to 15 of the Joint Recommendation.  
13 Explanatory Notes, Notes 2.01 and 2.02. For early examples of decisions holding that mere accessibility on the  
Internet of a sign does not constitute trademark infringement in a particular State, see 1-800-FLOWERS Trade  
Mark Application [2000] FSR 697, upheld on appeal [2001] EWCA Civ 721, S.A. Produits Nestlé, S.A. Nestlé  
France and S.A. Nestlé Grand Froid v. Société Mars Inc., RG01/19552, Tribunal de grande instance de Paris, 28  
March 2003 and Re the MARITIM Trade Mark, Hamburg District Court, 2003. It is of interest to note that the Joint  
Recommendation was mentioned in the Opinion of the Advocate General Jääskinen, delivered on 9 December  
2010, Case C-324/09, L'Oréal v. eBay, in order to assess whether an electronic marketplace is targeting buyers  
in a certain jurisdiction. The Advocate General observed at paragraph 129 that "[g]uidance in this respect can be  
sought from WIPO Joint Recommendation of 2001 Concerning Provisions on the Protection of Marks, and other  
Industrial Property Rights in Signs on the Internet".  
14 Explanatory Notes, Note 2.03.  
15 Explanatory Notes, Note 3.01.  
16 Explanatory Notes, Note 4.01.  
17 Explanatory Notes, Note 5.03.  
18 Explanatory Notes, Note 6.01.  
19 Explanatory Notes, Note 6.01.  
20 Explanatory Notes, Note 6.03.  
21 For a review of the discussions on the forms of use that are made possible by technological advances, see  
documents SCT/2/12, paragraph 94, SCT/3/10, paragraphs 50,57,60, 88 and 89, SCT/4/6, paragraphs 130 to  
131, and SCT/5/6, paragraphs 48 to 50.  
22 Explanatory Notes, Note 6.04.  
23 Explanatory Notes, Note 7.01.  
24 Explanatory Notes, Note 7.02.  
25 Explanatory Notes, Note 9.01.  
26 Explanatory Notes, Note 9.02.  
27 Johannes Christian Wichard, "The Joint Recommendation concerning Protection of Marks, and Other Industrial  
Property Rights in Signs, on the Internet", in Josef Drexl and Annette Kur (eds) *Intellectual Property and Private  
International Law: Heading for the Future*, Oxford, 2005, vol. 24, page 262.  
28 Explanatory Notes, Note 13.02.  
29 Explanatory Notes, Note 14.01.  
30 Explanatory Notes, Note 15.01.  
31 Explanatory Notes, Note 15.02.  
32 Internet intermediaries is an expression that refers to operators that "bring together or facilitate transactions  
between third parties on the Internet. They give access to, host, transmit and index content, products and  
services originated by third parties on the Internet or provide Internet-based services to third parties", see OECD,  
The Economic and Social Role of Internet Intermediaries, April 2010, page 9. This report is available on the  
Internet at the following address: <http://www.oecd.org/dataoecd/49/4/44949023.pdf> (page consulted on 1  
February 2011). It should be noted that operators of Internet auction sites, search engines, virtual worlds, and  
social media are part of a wider list of Internet intermediaries.

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33 For examples of cases dealing with the primary liability of Internet intermediaries or services users see, *Tiffany v eBay*, 600 F.3d., 93 (2010) and *L'Oreal SA & Ors v eBay International AG & Ors* [2009] EWHC 1094 (Ch) (22 May 2009), *Rescuecom Corp. v Google Inc.*, 562 F.3d 123 (2d Cir. 2009), *Google France SARL v Louis Vuitton Malletier SA* (C-236/08, C-237/08 & C-238/08) [2010], *Portakabin Ltd v Primakabin BV*, Case C-558/08 [2010]. For examples of cases dealing with the secondary liability of Internet intermediaries see *Tiffany v eBay*, 600 F.3d., 93 (2010) and *L'Oreal SA & Ors v eBay International AG & Ors* [2009] EWHC 1094 (Ch) (22 May 2009), *Rosetta Stone Ltd. v. Google Inc.*, 09-00736, U.S. District Court, Eastern District of Virginia (Alexandria), 3 August 2010, *eBay v. Louis Vuitton Malletier*, Paris Court of Appeals, No. 08/12820 (3 September 2010), *Internet Auction II*, [2007] E.T.M.R. 70.

34 See *Tiffany v eBay*, 600 F.3d., 93 (2010) and *L'Oreal SA & Ors v eBay International AG & Ors* [2009] EWHC 1094 (Ch) (22 May 2009). It is to be noted that the Supreme Court of the United States denied on 29 November 2010 the petition for a writ of certiorari in the case of *Tiffany v. eBay*. See the Order List: 562 U.S. (November 29, 2010), at page 15, available on the website of the Supreme Court of the United State at <http://www.supremecourt.gov/orders/courtorders/112910zor.pdf> (page consulted January 6, 2011). Furthermore, the Court of Justice of the European Union (CJEU) has not yet rendered its preliminary ruling in the case of *L'Oreal SA & Ors v eBay International AG & Ors* (website last consulted on February 8, 2011).

35 This conclusion is confirmed by the Opinion of the Advocate General Jääskinen, delivered on 9 December 2010, Case C-324/09, *L'Oréal v. eBay*, paragraph 58.

36 *Rescuecom Corp. v Google Inc.*, 562 F.3d 123 (2d Cir. 2009), page 14. It should be pointed out that the Court of Appeals did not hold that Google was liable for direct trademark infringement under the Lanham Act for the sale of keywords. Rather, the Court of Appeals had to decide whether *Rescuecom* properly alleged a claim under the Lanham Act against Google. While it expressed “no views as to whether *Rescuecom* can prove a Lanham Act violation” the Court of Appeals held that “an actionable claim is adequately alleged in its pleadings”. The Court of Appeals recalled that “a complaint fails to state a claim under the Lanham Act unless it alleged that the defendant has made “use in commerce” of the plaintiff’s trademark”. It found that the “allegations of *Rescuecom*’s complaint adequately plead a use in commerce”. However, the Court of Appeals added that it was also necessary that the use causes likelihood of confusion or mistake. The Court of Appeals did not have to resolve this issue. It is to be noted that on March 2010, the parties dismissed without prejudice their claims and counterclaims.

37 *Google France SARL v Louis Vuitton Malletier SA* (C-236/08, C-237/08 & C-238/08) [2010], paragraph 121 (2).

38 See the cases mentioned in Annex I of document SCT/24/4, pages 7 to 12.

39 See the cases mentioned in Annex I of document SCT/24/4, pages 12 to 18.

40 It is important to note that, as explained in the Opinion of the Advocate General Jääskinen, delivered on 9 December 2010, Case C-324/09, *L'Oréal v. eBay*, paragraph 55, “[t]here is no provision in EU law requiring businesses to prevent trade mark infringements by third parties or to refrain from acts or practices that might contribute to or facilitate such infringements. However, partial harmonization of such liability, or more precisely, conditions of its absence, is provided by Articles 12, 13 and 14 of Directive 2000/31. In addition, EU law requires that injunctions are available against intermediaries whose services are used by a third party to infringe an intellectual property right”.

41 See for instance Google’s AdWords policy on trademarks in ads, available at <http://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=144298> (page consulted on February 2, 2011), eBay’s Verified Rights Owner (VeRO) Program, available at <http://pages.ebay.com/vero/intro/index.html> (page consulted on February 2, 2011), Twitter’s trademark policy, available at <http://pages.ebay.com/vero/intro/index.html> (page consulted on February 4, 2011).

42 See the cases mentioned in Annex I of document SCT/24/4, pages 2 to 5.

43 It is of interest to note that while the CJEU is yet expected to clarify the scope of the application of the hosting exemption provided for in Article 14 of Directive 2000/31 in an upcoming preliminary ruling, the Advocate General has taken the view that the said exemption could apply to an operator of an auction site, except “in cases where [it] has been notified of infringing use of a trade mark, and the same user continues or repeats the same infringement”, see Opinion of the Advocate General Jääskinen, delivered on 9 December 2010, Case C-324/09, *L'Oréal v. eBay*, paragraphs 151 and 168. Further, according to the Advocate General, “an injunction could be given against an intermediary to prevent the continuation or repetition of an infringement of a certain trade mark by a certain user. Such an injunction could be followed by [...] simply closing the client account of the user in question”, see Opinion of the Advocate General Jääskinen, delivered on 9 December 2010, Case C-324/09, *L'Oréal v. eBay*, paragraph 182.

44 *Rosetta Stone Ltd. v. Google Inc.*, 09-00736, U.S. District Court, Eastern District of Virginia (Alexandria), 3 August 2010, page 32. An appeal has been filed in this case on 1 September 2010 before the United States Court of Appeals for the Fourth Circuit.

45 *Google France SARL v Louis Vuitton Malletier SA* (C-236/08, C-237/08 & C-238/08) [2010], paragraph 114. It is for the national court to determine whether the internet service provider has behaved in a neutral manner or has

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46 been “active” in this sense, see *Google France SARL v Louis Vuitton Malletier SA* (C-236/08, C-237/08 & C-  
238/08) [2010], paragraph 119.

47 *Google France SARL v Louis Vuitton Malletier SA* (C-236/08, C-237/08 & C-238/08) [2010], paragraph 120.  
As mentioned in Annex I of document SCT/24/4, the following cases *Taser International Inc. v Linden Research*  
*Inc.*, Case No. 2:09-cv-00811-ROS, *La Russa v Twitter Inc.* Case No. CV-09-2503 (N.D.C.A. June 5, 2009),  
*Oneok Inc v Twitter Inc.* Case No. 4:09-cv-00597 (N.D.O.K. Sep 15, 2009) were voluntarily dismissed.

48 See for example the complaint in the case of *Eros LLC. V. Linden Research Lab*, U.S. District Court for the  
Northern District of California, Case No. 09-CV-4269. The Complaint is available at  
[http://www.3dinternetlaw.com/Trademark/Trademark/Eros\\_v\\_Linden\\_files/Eros%20v.%20Linden%20Complaint.p](http://www.3dinternetlaw.com/Trademark/Trademark/Eros_v_Linden_files/Eros%20v.%20Linden%20Complaint.pdf)  
[df](http://www.3dinternetlaw.com/Trademark/Trademark/Eros_v_Linden_files/Eros%20v.%20Linden%20Complaint.pdf) (page consulted on February 4, 2011). It appears that this case has been referred by the parties to a  
mediation process on October 2010. See also the complaint in the case of *Oneok Inc v Twitter Inc.* Case No.  
4:09-cv-00597 (N.D.O.K. Sep 15, 2009). The complaint is available at the following address  
<http://www.citmedialaw.org/sites/citmedialaw.org/files/2009-09-15%20-%20ONEOK%20Complaint.pdf> (page  
consulted on February 4, 2011).

49 Preface of the Joint Recommendation, paragraph 3. See also the Preamble of the Joint Recommendation.  
50 Explanatory Notes, Note 2.01.  
51 Explanatory Notes, Note 2.02.  
52 Explanatory Notes, Note 2.04.  
53 Explanatory Notes, Note 3.17.  
54 Explanatory Notes, Note 4.04.  
55 See the decision of the English High Court of Justice in *L’Oreal SA & Ors v eBay International AG & Ors* [2009]  
EWHC 1094 (Ch) (22 May 2009), paragraphs 402 to 412 and paragraph 430.

56 See for example the decisions of the French Court of Cassation in cases No. 06-20230 (13 July 2010) and No.  
07-19543 (23 November 2010).

57 Explanatory Notes, Note 7.01.  
58 Explanatory Notes, Note 7.02.  
59 Explanatory Notes, Note 9.02.  
60 Explanatory Notes, Note 9.06.  
61 Explanatory Notes, Note 15.02.  
62 Torsten Bettinger, “The Joint Recommendation Concerning Provisions on the Protection of marks and Other  
Industrial Property Rights in Signs on the Internet”, in Torsten Bettinger (eds), *Domain name law and practice: an*  
*international handbook*, Oxford, 2005, page 1175.