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**DRAFT PROVISIONS CONCERNING PROTECTION OF TRADEMARKS AND OTHER
DISTINCTIVE SIGNS ON THE INTERNET**

prepared by the International Bureau

INTRODUCTION

1. The present document contains a set of draft provisions dealing with the protection of trademarks and other distinctive signs on the Internet, and accompanying notes. It is submitted for discussion at the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT), at its fourth session, which will take place in Geneva from March 27 to 31, 2000.
2. At the first session of the SCT which took place in Geneva from July 13 to 17, 1998, the International Bureau was asked to prepare a study for the consideration of the Standing Committee to examine the legal problems that may arise when a trademark is used on the Internet, to scrutinize the suitability of already existing principles of law, and to consider to what extent a new, internationally harmonized approach is necessary (see documents SCT/2/9 and SCT/2/10).
3. The results of this study 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. The purpose of the questionnaire was to collect information regarding the practice of Member States of WIPO, in the light of their national law, with regard to the hypothetical situations. On the basis of the discussions at this 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 which took place from November 8 to 12, 1999.
4. At that session, the SCT asked the International Bureau to prepare draft provisions concerning the protection of trademarks and other distinctive signs on the Internet. The current paper has been informally circulated for comments on the SCT electronic forum, and revised by the International Bureau on the basis of these comments.

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Notes on Section 1

1.01 It is proposed to add terms which need to be defined as the substance of the provisions becomes more clear. Such terms might include “laws relating to trademarks and other distinctive signs,” “trademarks and other distinctive signs,” “signs,” “doing business,” “non-commercial use” etc.

PART I.
GENERAL

Section 1
Definitions

[Reserved]

Notes on Section 2

2.01 *Paragraph (1)*. The provisions are not intended to replace existing national or regional laws, but rather to supplement them. Use of signs on the Internet is, in principle, governed by the applicable national or regional laws, as was pointed out at the third session of the SCT (see document SCT/3/10, paragraph 28). “Signs” include every subject matter that, if used, can be legally relevant, for example in the context of determining whether such use has established, maintained or infringed a right.

2.02 *Paragraph (2)*. The global nature of the Internet and new forms of use of signs on the Internet which are made possible by technological advances both challenge the territorial nature of existing national or regional laws. These challenges require some modifications in national or regional laws if rights in trademarks and other distinctive signs are to be granted an adequate level of protection on the Internet. As was pointed out at the third session of the SCT, it is possible in many cases to draw analogies to other situations which are already regulated under existing national or regional laws. For example, the law relating to satellite advertising could be applied to advertising on the Internet; the law relating to mail order business could be applied to the selling (but not delivery) of products over the Internet, etc. The draft provisions indicate some necessary modifications to national or regional laws, and, to that extent, claim priority over national and regional laws.

Section 2

Scope of the Present Provisions

(1) The present provisions shall apply, in addition to existing laws, in cases involving the use of signs on the Internet.

(2) To the extent that it is consistent with the present provisions, a Member State shall apply existing principles of laws relating to trademarks and other distinctive signs to cases involving the use of trademarks and other distinctive signs on the Internet.

Notes on Section 3

3.01 *Paragraph (1).* This provision introduces the concept of “use of a sign on the Internet in a Member State” as a shorthand expression for use that shall be treated as though it had taken place in the Member State concerned as far the application of the relevant laws, e.g. on infringement, maintenance or establishment of rights in trademarks or other distinctive signs, is concerned. It should be noted that the provision is only intended to deal with the question whether use of a sign on the Internet can be deemed to have taken place in a particular Member State, whereas the legal effects of such use would have to be determined under the applicable law.

3.02 *Paragraph (2).* This provision clarifies the conditions for considering Internet use of a sign as “use of a sign on the Internet in a Member State” by reference to the “commercial effect” that such use has produced in that Member State. Thus, only use that has produced a “commercial effect” in a particular Member State can be deemed to have taken place in that Member State. The term “commercial effect,” rather than “in the course of trade” as suggested by one delegation at the third session of the SCT (see document SCT/3/10, paragraph 57), was chosen to include situations in which a non-profit company by using the sign on the Internet produced a commercial effect in a particular country without using it “in the course of trade.”

Section 3

Use of a Sign on the Internet in a Member State

(1) “Use of a sign on the Internet in a Member State” shall constitute use of the sign in that Member State, for the purposes of applying the laws relating to trademarks and other distinctive signs of that Member State.

(2) “Use of a sign on the Internet in a Member State” means use of a sign on the Internet that has produced a commercial effect in that Member State.

Notes on Section 4

4.01 *Paragraph (1)*. The determination of whether use of a sign on the Internet has produced a commercial effect in a particular Member State, and whether such use can, therefore, be deemed to have taken place in that Member State, shall be made on the basis of all relevant circumstances. This provision gives a non-exhaustive list of factors that could be taken into account.

4.02 *Subparagraph (a)*. The most obvious way of producing a commercial effect in a Member State is use of a sign in the context of commercial relationships with customers located in the Member State.

4.03 *Subparagraph (b)*. This item refers to national laws which set conditions for particular goods or services, such as product regulations. It is less likely that an offer on the Internet to deliver particular goods, for example, produces a commercial effect in a Member State if these goods do not comply with national product regulations, and can, therefore, not be lawfully delivered into that state. A proposal to include such a factor was made at the third session of the SCT (see document SCT/3/10, paragraph 35).

4.04 *Subparagraph (c)*. This item refers to what is sometimes called a “disclaimer” (see documents SCT/2/9, paragraphs 37 and 66, and SCT/3/4, paragraphs 12 and 13). If it is indicated on the web site that the goods or services offered are not available in particular Member States, it is less likely that such use produces a commercial effect in these Member States. Such statements can expressly exclude particular Member States. An alternative solution could consist in not including particular Member States in a list indicating all countries in which the goods or services are available. Thus, users have the option to choose between a “positive” or a “negative” formulation, as was suggested at the third session of the SCT (see document SCT/3/10, paragraph 38). It was also pointed out at the third session of the SCT, that mere use of “disclaimers” should not shield users of signs on the Internet from every liability (see document SCT/3/10, paragraphs 38, 87 and 91). Thus, as currently drafted, “disclaimers” constitute merely one factor among others for determining whether the use has produced a commercial effect in the Member State concerned. The use of “disclaimers” can, therefore, be outweighed by other factors, such as actual delivery of goods to customers located in the Member State.

4.05 *Subparagraph (d)*. This item includes all means which enable Internet users located in a particular country to communicate with the user of the sign in question. In addition to an address or telephone number in the Member State which provide an obvious relationship with that State, the web site can offer means of interactive contact which allow customers located in the Member State not only to communicate with the user via e-mail, but also to place orders or to obtain delivery directly via the Internet. Thus, the “degree of interactivity” of a web site can be an important factor for determining a commercial effect (see document SCT/2/9, paragraph 35).

4.06 *Subparagraph (e)*. This item was included following a proposal put forward at the third session of the SCT (see document SCT/3/10, paragraph 35).

Section 4
Factors for Determining Commercial Effect

(1) In determining whether the use of a sign on the Internet has produced a commercial effect in a Member State, the competent authority shall take into account any circumstances including, but not limited to, information concerning the following:

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

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

(c) whether the user of the sign on the Internet clearly and unambiguously states that he or she does not intend to deliver or render the goods or services offered to customers located in the Member State ;

(d) whether the web site offers means of interactive contact which are accessible to users in the Member State, or whether it indicates an address, telephone number or other means of contact in the Member State;

(e) whether the web site refers to post-sales activity in the Member State, such as warranty or service;

(f) whether the web site is registered under the ISO Standard country code 3166 Top Level Domain referring to the Member State;

(g) whether the text of the web site is in a language predominantly used in the Member State;

(h) whether the prices are indicated in the official currency of the Member State;

(i) whether the user undertakes further commercial activities in the particular Member State which are not carried out over the Internet;

(j) if the use is supported by a right, whether the right has been established in the Member State;

(k) if the use is not supported by a right but motivated by the subject matter of an existing right that belongs to another, whether the right is protected under the laws of the Member State;

(l) whether the web site has actually been visited by Internet users located in the Member State;

[Notes on Section 4, continued]

4.07 *Subparagraph (f)*. Top Level Domains based on the ISO Standard country code 3166 refer to individual States. If a web site is registered in a Top Level Domain space referring to a particular country, this might indicate that the person who runs the web site is targeting that country.

4.08 *Subparagraph (g)*. Language can be a decisive factor if the language used on the web site is not widely spoken outside the Member State in question. However, the more widely a language is used outside the Member State, the less conclusive is the evidence provided by its use.

4.09 *Subparagraphs (h) and (i)*. These items appear self-explanatory.

4.10 *Subparagraph (j) and (k)*. The fact that the sign used on the Internet is protected as a trademark (or other distinctive sign) under the law of a particular Member State creates a relationship with that Member State. If the user owns the right, this can serve as an indication that he or she intends to engage in activities which produce a commercial effect in that State. If the right in the sign is owned by someone else, and if the user, knowing of that right, nevertheless uses the sign, for example because he or she wants to profit from the goodwill embodied in that sign, such use can have a 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. “Cybersquatting” would be the most obvious case of such unauthorized use.

4.11 *Subparagraph (l)*. At the third session of the SCT, the question was raised whether the fact alone that a particular web site had been visited by Internet users located in a particular Member State could suffice for concluding that use of a sign on that web site had produced a commercial effect in that Member State. In response it was pointed out that such visits, even though they would probably not be conclusive as such, could constitute one factor among others for determining whether the use of a sign on the Internet has produced a commercial effect in that country (see document SCT/3/10, paragraphs 34 and 36).

4.12 *Subparagraph (m)*. This item supplements the previous items by referring, in a general way, to the fact that doing business in a Member State is the most obvious way of creating a commercial effect in that State, and that, in many instances, already planning to do business in a Member State can have commercial repercussions in that Member State. The latter takes up a proposal put forward at the third session of the SCT (see document SCT/3/10, paragraph 84), and might alleviate concerns voiced at that session that already the likelihood of producing a commercial effect in a particular Member State might interfere with conflicting rights protected under the laws of that State (see document SCT/3/10, paragraphs 77 and 79).

4.13 *Paragraph (2)*. This provision was included following a proposal put forward by two delegations at the third session of the SCT (see document SCT/3/10, paragraph 33) to indicate expressly, as in Article 2(1)(c) of the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, that the list of factors is neither cumulative nor exhaustive.

(m) any other factors which indicate that the user of the sign is doing, or has undertaken significant plans to do, business in the Member State.

(2) 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.

Notes on Section 5

5.01 This provision confirms that use of a sign on the Internet shall be taken into consideration for determining whether rights in the sign have been acquired or maintained through use in a particular Member State. Instances in which a right can be acquired or maintained through use include, *inter alia*: acquiring or maintaining an unregistered right in a trademark or another distinctive sign; acquiring or maintaining the registration of a trademark or another right in a distinctive sign; avoiding abandonment of a right; determining whether a trademark has acquired distinctiveness; or determining whether a trademark has become well-known.

5.02 The provision does not require Member States to provide the legal possibilities for acquiring or maintaining rights in trademarks or other distinctive signs through use. However, if use of a sign is relevant in these contexts under the law of a Member State, use on the Internet shall be taken into account, provided that such use can be deemed to have taken place in that Member State, as indicated by the expression “use of a sign on the Internet in a Member State” (see Section 3(2)). It should be noted that the provision does not specify the legal requirements for acquiring or maintaining a right in a sign through its use (similar concerns were voiced at the third session of the SCT, see document SCT/3/10, paragraphs 97 and 98). This determination is left to the applicable law. Section 5 merely requires that “use of a sign on the Internet in a Member State” be treated in the same way as use in the Member State outside the Internet.

PART II.
ACQUISITION AND MAINTENANCE OF RIGHTS

Section 5
Use for Determining Acquisition and Maintenance of Rights

Use of a sign on the Internet in a Member State shall be taken into consideration by the relevant authority, along with, and on the same basis as, other forms of use of the sign in that Member State, if any, in determining whether the applicable criteria under the relevant law of the Member State have been met for acquiring or maintaining rights in trademarks or other distinctive signs.

Notes on Section 6

6.01 Mere use of a sign on the Internet shall not be considered as infringing rights in trademarks or other distinctive signs protected under the law of a particular Member State. Use on the Internet shall only be taken into consideration under the laws of a particular Member State if such use has produced a commercial effect and can, therefore, be deemed to have taken place in that Member State (see Section 3).

PART III.
LIABILITY

Section 6
Consideration of Use on the Internet as Infringement of Rights
Protected in a Member State

Irrespective of other requirements under the applicable law, a determination that use of a sign on the Internet infringes a right in a trademark or other distinctive sign protected under the law of a Member State shall require that such use has produced a commercial effect in that Member State, as defined in Section 3.

Notes on Section 7

7.01 *Paragraph (1)*. This provision generally requires Member States to protect rights in trademarks and other distinctive signs in situations which might appear unusual if compared with forms of use outside the Internet (see documents SCT/2/9, paragraphs 23 to 27, and SCT/3/4, paragraphs 27 to 31), 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” form of use that might be possible in the future.

7.02 It should be noted, however, that Section 7 does not require Member States to consider such forms of use as generally infringing rights in trademarks or other distinctive signs. Whether an infringement has, in effect, taken place will be determined under the general principles of the applicable law which might provide for exceptions in certain situations, such as “fair use” of descriptive terms. Section 7 does not interfere with national laws, but underlines the general principle, embodied in Section 2, that rights in trademarks or other distinctive signs shall be protected under the applicable national or regional laws, whether or not they are used on the Internet.

7.03 *Paragraph (2)*. This provision appears self-explanatory.

Section 7
New Forms of Uses Made Possible by Technology

(1) Each Member State shall protect rights in trademarks and other distinctive signs with respect to forms of use of signs on the Internet in the Member State that are made possible by technological advances.

(2) The protection referred to in this paragraph may be provided under any of the laws relating to trademarks or other distinctive signs, including unfair competition laws, of the Member State, at the Member State's option.

Notes on Section 8

8.01 *Paragraph (1)*. This provision intends to provide those who use signs on the Internet a minimum of legal certainty as to which forms of use will not be considered an infringement, even though they might produce a commercial effect in particular Member States (see document SCT/3/4, paragraph 31). All these exceptions may not go beyond what is justified by the purpose of the use in question.

8.02 *Item (i)*. Even though it might be possible to imagine cases in which non-commercial use on a non-commercial site can produce a commercial effect in one or more Member States, for example due to the amount of Internet users who visit the site, such use should not be considered to infringe conflicting rights under the law of particular Member States. It should be noted that even if a sign was used in connection with goods or 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. However, unless the term “non-commercial use” is defined in the provisions, the determination as to what constitutes “non-commercial use” is left to the applicable law.

8.02 *Item (ii)*. If a Member State exempts “free speech” from liability in its national laws, it should also do so if a sign was used on the Internet. The provision does not require Member States to introduce such an exception in their national laws, and it leaves it to the applicable law to determine the forms of use that could be considered as “free speech.”

8.03 *Item (iii)*. This item introduces a concept that is sometimes referred to as “fair use”. It requires Member States to exclude from liability such use of a sign that is necessary to describe the goods or services offered. A retailer, for example, who offers trademarked goods over the Internet, should be able to identify these goods by reference to the trademark.

8.04 *Item (iv)*. This item clarifies that these provisions are not intended to prevent Member States from providing for other limited exceptions to exclusive rights in trademarks or other distinctive signs.

8.05 *Paragraph (2)*. Because of the principle of territoriality, rights in identical or similar trademarks or other distinctive signs can be held in different countries by different owners who are completely unrelated to one another. This can create problems if the sign is used on the Internet. Because of the necessarily global nature of the Internet, such use is likely to be considered as infringing rights which are protected under the law of a Member State in which the right of the user is not recognized (see document SCT/3/4, paragraphs 18 to 25). Paragraph (2) is intended to allow right holders to use their rights on the Internet, and to enable “coexistence” of conflicting territorial rights protected under the laws of different Member States. As was suggested by several delegations at the third session of the SCT, the principle of coexistence is drafted as an exception to liability (see document SCT/3/10, paragraphs 41 and 65). Therefore, it applies only when the conditions set out in Section 6 are met, i.e. when the use on the Internet has produced a commercial effect in the Member State where the conflicting right is protected.

Section 8
Exceptions to Liability

(1) [*Non-infringing Use*] There shall be no liability under the laws relating to trademarks or other distinctive signs of any Member State for the use of a sign on the Internet in that Member State that is:

- (i) non-commercial use on a non-commercial site;
- (ii) use that is protected as free speech;
- (iii) use that is necessary to describe the goods or services offered;
- (iv) use that is otherwise covered by any exception or limitation to the scope of the exclusive rights conferred under the said laws;

but only to the extent justified by the purpose of that use.

(2) [*Coexistence of Rights*] There shall be no liability under the laws relating to trademarks or other distinctive signs of a Member State for the use of a sign on the Internet in that Member State where the use of the sign in that Member State results, because of the necessarily global nature of the Internet, from the exercise of a right in a trademark or other distinctive sign protected under the law of another State by the owner of that right, where the owner:

- (i) [ALTERNATIVE A: is not doing business in the Member State which is determining liability;]

[ALTERNATIVE B: has taken reasonable steps to avoid a commercial effect in the Member State which is determining liability;]
- (ii) used the indication ® or tm, or the equivalent, in conjunction with the use of the sign; and
- (iii) indicated one or more countries in which the sign is protected;

unless the right in the sign was acquired or the sign was used in bad faith.

[Notes on Section 8, continued]

8.06 The principle of coexistence is subject to a number of conditions:

8.07 *Item (i)*. This item, for which alternative formulations are suggested, has been put into square brackets since there was no consensus at the third session of the SCT as to whether right holders should be able to use “their” sign in order to do business over the Internet and to serve customers even in Member States where someone else owns an exclusive right in the same or a similar sign (see document SCT/3/10, paragraphs 47 and 65 to 67). If this item is retained, the principle of coexistence would only benefit such right holders who, by virtue of the use they made of their right on the Internet, produced a commercial effect in a particular Member State without actually doing, or intending to do, business in that Member State. In effect, everyone intending to use a sign on the Internet would have to search for conflicting (registered or unregistered) rights in every country in which he or she intends to do business (see document SCT/3/4, paragraph 24). In order to avoid doing business in Member States where conflicting rights exist, the user would have to find out where his or her customers are located. This might be difficult where goods or services are delivered directly over the Internet (see document SCT/3/10, paragraph 47).

8.08 *Item (ii)*. In order to benefit from the exception, the user would also have to indicate that he owns a right in the sign he or she is using. This indication would have to be made in close conjunction with the sign. To this end, an abbreviation, such as “®” or “tm” could be used.

8.09 *Item (iii)*. The countries in which the right is protected would not necessarily have to be indicated in close conjunction with the sign used. It would suffice if such an indication were made, for example, in a footnote on the web page, or on a separate web site to which a hyperlink could be provided from the abbreviated indication required under item (ii). This might alleviate concerns voiced at the third session of the SCT that such a requirement might be too cumbersome in practice (see document SCT/3/10, paragraph 72).

8.10 Coexistence does not apply if the user has acquired or used the right in bad faith. Only good faith use should benefit from the exception to liability provided by paragraph (2). The criteria for determining whether a right was acquired or used in bad faith are set out in Section 9.

Notes on Section 9

9.01 *Paragraph (1)*. As was proposed at the third session of the SCT, this provision clarifies that a competent authority shall consider all relevant circumstances for determining whether a right was acquired or used in bad faith (see document SCT/3/10, paragraph 70).

9.02 *Paragraph (2)*. This provision sets out the factors that appear particularly relevant in the context of that determination. However, as was suggested at the third session of the SCT, Member States are free to adopt different standards for determining bad faith (see document SCT/3/10, paragraph 70).

9.03 *Item (i)*. As was suggested at the third session of the SCT, this item specifies that the user must have had knowledge, or reason to know, of the conflicting right at the time when he or she acquired the right or started to use the sign. If the user later becomes aware of a conflicting sign, he would not be considered to act in bad faith (see document SCT/3/10, paragraph 69). A similar provision is contained in Article 4(5)(c) of the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.

9.04 *Item (ii)*. It was pointed out at the third session of the SCT that knowledge alone should not be sufficient for a finding of “bad faith” (see document SCT/3/10, paragraph 70). This item introduces an additional element, namely that the right in the sign was acquired or used with a view to profit from the goodwill associated with the sign protected by the right of another.

Section 9
Bad Faith

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

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

(i) whether the person who used the sign, or acquired or used the right in the sign, had, at the time when the sign was first used or registered, or an application for its registration was filed, knowledge of, or reason to know of, the other right;

(ii) whether the use of the sign would take unfair advantage of the distinctive character or the reputation of the other right.

Notes on Section 10

10.01 This provision underlines the necessity to adapt national or regional laws concerning remedies to infringements occurring on the Internet. It should be taken into account that rights in trademarks and other distinctive signs as well as the means for enforcing these rights are territorial in nature, whereas the Internet is global (see documents SCT/3/4, paragraphs 15 and 16, and SCT/2/9, paragraphs 67 to 69). Some necessary adjustments are set out in more detail in the following sections.

PART IV.
REMEDIES

Section 10
Adapting Remedies to Protect Trademarks and Other Distinctive Signs on the Internet

Each Member State shall adapt the remedies available under its laws relating to trademarks or other distinctive signs, in order to provide appropriate protection of such rights on the Internet.

Notes on Section 11

11.01 *Paragraph (1)*. In principle, a decision as to remedies should take into account the territorial limitation of exclusive rights in trademarks or other distinctive signs. Remedies should, therefore, be limited, as far as possible, to the territory in which the exclusive right is recognized, and they should, in principle, only be available if the allegedly infringing use of the sign can be deemed to have taken place in that territory (see Section 6). The latter is determined with regard to the “commercial effect” that such use has produced in the country concerned (see Section 4). Thus, the “commercial effect” of use on the Internet is the yardstick for determining a “proportionate” remedy. Use of a sign on the Internet that infringes a conflicting right in a Member State should not be prohibited any more 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 a commercial effect in the Member State (or the Member States) in which the infringed right is protected, and damages should be assessed only for the commercial effect of the use in that Member State.

11.02 If possible under the applicable law, the competent authority may balance the interests, rights and circumstances involved. It can take into account, *inter alia*, the number of States in which the infringed trademark or other right in a distinctive sign is also protected, the number of States in which the infringing sign is protected by a trademark or other right in a distinctive sign, and the relative extent of use on the Internet.

11.03 *Paragraph (2)*. This provision takes up a proposal made at the third session of the SCT (see document SCT/3/10, paragraph 40). The defendant might be in a position to propose an equally effective remedy which is, however, less burdensome for him or her. Whether the remedy is, in effect, equally effective would have to be determined by the competent authority.

Section 11
Remedy Commensurate with Use in Member State

(1) The remedies provided for the infringement of rights in trademarks or other distinctive signs 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) In determining remedies, the competent authority shall consider alternative restrictions of use, such as concurrent use, gateway web pages, or disclaimers. The Defendant shall be given the opportunity to propose an equally effective alternative remedy.

Notes on Section 12

12.01 *Paragraph (1)*. This provision confirms the general principle of proportionality set out in Section 11, and specifies it with regard to the territorial effect of injunctions. It should be noted that an injunction to cease every use of a sign on the Internet would go far beyond the territory in which a conflicting exclusive right in that sign exists (see documents SCT/2/9, paragraphs 67 to 69, and SCT/3/4, paragraphs 15 and 16), and it would go beyond the speciality of trademark rights. This can, in general, be considered under the general principle of proportionality contained in Section 11. Section 12(1) sets out in detail under what conditions a “global injunction” shall not be imposed, mirroring, to a certain extent, the conditions for coexistence of rights set out in Section 8(2). As in that provision, the condition, in item (ii), that the user of the sign on the Internet does not do business in the Member State concerned, has been put into square brackets (see Note 8.07 above). In all other cases, the general proportionality requirement in Section 11 applies.

12.02 *Paragraph (2)*. As was pointed out at the third session of the SCT, it might be necessary, in particular situations, to enjoin every use of a sign on the Internet (see document SCT/3/10, paragraph 40). This provision is intended to clarify that this possibility exists in the case where the infringing use was undertaken in bad faith, as defined in Section 9.

Section 12
Global Injunctions

(1) Where the use of a sign on the Internet in a Member State infringes a right in a trademark or other distinctive sign protected under the laws of that Member State, the Member State shall not impose a remedy that would prohibit future use of the sign on the Internet with global effect if the user:

(i) is the owner of a demonstrable right in the sign under the law of another Member State;

[(ii) is not doing business in the Member State which is determining liability;]

(iii) has not acquired or used the right in bad faith as defined in Section 9.

(2) Where the use of a sign on the Internet in a Member State which infringes a right in a trademark or other distinctive sign was undertaken in bad faith, the remedies may extend beyond the use of the sign on the Internet in that Member State. In particular, a Member State may prohibit future use of the sign on the Internet with global effect.

[End of document]