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PROTECTION OF MARKS, AND OTHER INDUSTRIAL PROPERTY RIGHTS IN
SIGNS, ON THE INTERNET

Prepared by the International Bureau

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INTRODUCTION

1. The present document contains revised draft provisions concerning protection of marks, and other industrial property rights in signs, on the Internet, with accompanying notes.
2. The provisions are the result of a process which began 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. On that occasion, 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 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 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.
4. These provisions were discussed by the SCT at its fourth session, which took place from March 27 to 31, 2000 (see document SCT/4/6, paragraphs 102 to 152) and at its fifth session from September 11 to 15, 2000 (see document SCT/5/6 Prov., paragraphs 13 to 111).
5. This document contains a clean copy of the next draft of the provisions and of the explanatory notes, and an annex to the document, where differences between the text of the draft provisions adopted at the last meeting and the text of the draft provisions as contained in the present document have been highlighted (See document annexed to the Summary by the Chair, SCT/5/5).
6. It is hoped that the draft provisions could be finalized at the present session of the SCT. If that is the case, the SCT will have to take a decision as to the form in which these provisions shall be adopted, and in particular whether to recommend them to the Assembly of the Paris Union and the WIPO General Assembly for adoption, as a Joint Recommendation, at the meetings of the WIPO Assemblies in September 2001.

Preamble

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

Recognizing that Member States will apply, wherever possible, existing laws relating to industrial property rights in marks or other signs 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 an industrial property right in a mark or other sign, or whether such use constitutes an act of unfair competition.

PART I
GENERAL

Section 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;

(iii) “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;

(iv) “Internet” means a medium for communication which is simultaneously and immediately accessible irrespective of territorial location;

(v) “Remedies” means the remedies which a competent authority of a Member State can impose as a result of an action for the infringement of a right;

(vi) “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.

(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

Section 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 Section 3.

Section 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 on the Internet 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 a particular 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 particular 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;

[Section 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, including:

(i) whether the use is supported by a right in the sign in the Member State;

(ii) whether the use is motivated by the subject matter of an existing right in the sign in the Member State that belongs to another, or is otherwise in bad faith.

(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.

Section 4
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 shall 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, or could not have reasonably been unaware, of another right; and

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

PART III
ACQUISITION AND MAINTENANCE OF RIGHTS IN SIGNS

Section 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

Section 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.

Section 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 for the infringement of a right, and for acts of unfair competition committed, through use of a sign on the Internet in that Member State.

Section 8
Exceptions and Limitations Under the Applicable Law

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

PART V
COEXISTENCE OF RIGHTS *

Section 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) 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;¹
- (ii) he has not acquired that right or¹ used the sign in bad faith; and
- (iii) he 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.

* As agreed at the fifth session of the SCT (see paragraphs 84 to 88 of document SCT/5/6 Prov.), the International Bureau introduced alternatives concerning the possibility of avoiding liability for good faith users for the infringement of a conflicting right. These alternatives are reflected in footnotes 1 to 3 under Sections 9 and 10, and footnote 4 under Section 12*bis*.

¹ If the SCT decides to make the possibility of avoiding liability available to every good faith user irrespective of whether he holds a right in the sign, (i) would have to be deleted and the following items would have to be renumbered, and the words “acquired that right or” would have to be deleted in (ii).

Section 10
Use After Notification of Infringement

If the user referred to in Section 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;

(ii) gives relevant details of that right; and²

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

² If the SCT decides to make the possibility of avoiding liability available to every good faith user irrespective of whether he holds a right in the sign, items (i) and (ii) would have to be deleted and item (iii) would have to be included in the text without an item number.

Section 11
Notification of Infringement Under Section 10

The notification under Sections 9 and 10 shall be effective if it indicates in writing, in the language, or in one of the languages, used in conjunction with the use of the sign on the Internet:

- (i) the right which is alleged to be infringed;
- (ii) the owner of that right and information reasonably sufficient to contact him by mail, electronic 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.

Section 12
Disclaimer as a Measure Under Section 10

Member States shall accept, *inter alia*, a disclaimer, by a user referred to in Section 9, as a reasonable and effective measure under Section 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.

Section 12bis³
Use Without Right

A Member State may apply Sections 9 to 11, *mutatis mutandis*, in cases where the user of the sign does not own a right in that sign in any Member State.

³ If the SCT decides not to make the possibility of avoiding liability available to every good faith user irrespective of whether he holds a right in the sign, but nevertheless wants to clarify that Member States could introduce such a possibility under their national law, Section 12*bis* could be included. However, this provision would not seem necessary.

PART VI
REMEDIES

Section 13
Remedy Proportionate to Commercial Effect

(1) The remedies provided for the infringement of rights 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 be given the opportunity to propose an effective remedy for consideration by the competent authority.

Section 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, and
- (ii) to avoid confusion with the owner of the infringed right.

(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, 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 or in one of those Member States, and to refuse delivery to customers who have indicated that they are located in that Member State or in one of those Member States;

(d) gateway web pages.

Section 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 protected 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 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 at least minimum contacts] [has a close connection] [has a significant relationship]; and

(ii) the sign has not been used in bad faith.

[End of Provisions/Explanatory notes follow]

EXPLANATORY NOTES

The borderless character of the Internet challenges the territorial nature of industrial property rights. As a global medium, the Internet offers owners of industrial property rights a simultaneous and immediate presence irrespective of territorial location. It is, therefore, a source of conflicts between owners of rights claiming entitlement to identical or similar signs.

The draft provisions on the protection of marks, and other industrial property rights in signs, on the Internet are intended to deal with these conflicts in several ways: first, by guiding the application of existing national laws with regard to the acquisition, maintenance or infringement of industrial property rights; second by enabling competent authorities to tie the use of a mark to a specific country; third, by setting out conditions for the co-existence of rights in identical or similar marks on the Internet; and fourth by avoiding the imposition of global injunctions which would be detrimental to the further growth of electronic commerce.

Notes on the Preamble

0.01 The first and second recitals clarify that the present provisions do not constitute a self-contained industrial property law for the Internet, but are intended to guide the application of existing national or regional industrial property laws to legal problems resulting from the use of a sign on the Internet.

0.02 The third recital emphasizes the main particularity of the Internet, its “global nature” which challenges the territorial nature of national or regional laws. These challenges require some modifications in national or regional laws if rights in marks and other distinctive signs are to be granted an adequate level of protection on the Internet.

0.03 The purpose of the present provisions is, therefore, to provide a link between the global Internet and territorial laws and to make these laws Internet-compatible. The present provisions deal with all situations in which a competent authority is called upon to decide whether the use of a sign on the Internet has, under the applicable national or regional law, contributed to acquiring, maintaining or infringing a right in that sign, or whether such use constitutes an act of unfair competition.

0.04 The question of determining the applicable law is not addressed by the present provisions, but left to the individual Member States. Once the applicable national or regional law has been determined, it should be applied, directly or by analogy, wherever this is possible.

Notes on Section 1

1.01 *Items (i) (vi) to (vii)* appear self-explanatory.

1.02 *Item (ii)*. As agreed at the fourth session of the SCT (see document SCT/4/6, paragraphs 105 and 107) the present provisions are not limited to trademark rights, but include all types of industrial property rights in signs that might exist under the applicable law without providing an exhaustive list of such rights. Trademark rights are just one example; other examples could include trade names, or geographical indications. The definition in item (ii) imply as a common characteristic of such rights in a sign: (i) that they belong to one person or a group of persons (whether individualized or, as in the case of collective marks or geographical indications, defined in abstract terms) who may exclude every other person from using the sign (“exclusive rights”), and (ii) that these rights are only protected in a commercial context. Under the present provisions, Member States are free to determine what kinds of rights in (distinctive) signs they recognize as long as they provide, as a minimum, the protection required under international treaties, such as the Paris Convention. The present provisions would, however, not apply in a purely non-commercial context, in so far as, it is left to the law of Member States to determine whether and under what conditions they want to provide protection (see document SCT/4/6, paragraph 121).

1.03 The concept of “sign” is not defined in the provisions. However, it follows from the purpose of the provisions that they only refer to “distinctive” signs. The provisions deal with the question whether the use of a sign on the Internet can be considered in the context of determining whether an industrial property right in that sign has been acquired, maintained, or infringed, or whether such use constitutes an act of unfair competition. Therefore, the provisions only deal with the use of signs which, at least in the abstract, can serve to distinguish enterprises, goods, etc. irrespective of whether the user of the sign owns a right in that sign. Use of a sign that cannot even in the abstract serve as a “distinctive sign” could not contribute to acquiring, maintaining or infringing a right in such a sign, and would therefore be of no relevance for the purpose of these provisions. It is not required that the sign be actually used to distinguish enterprises, goods, etc., as long as it can be used as such.

1.04 *Item (iii)*. The legal nature of the “competent authority” will depend on the national system in a given Member State. The definition has been drafted broadly in order to accommodate all systems that might exist in Member States.

1.06 *Item (iv)*. This item attempts to give a description of the term “Internet” without attempting to provide a comprehensive definition. Given the rapid technological development of that sector, such a definition might soon be outdated. As is emphasized in the Preamble, one of the main particularities of the Internet is its “global nature”, the fact that a sign used on the Internet is simultaneously and immediately accessible irrespective of territorial location. This is the particular feature which challenges the territorial basis of laws relating to rights in marks or other signs, and which therefore requires the application of the present provisions.

Notes on Section 2

2.01 The question whether use of a sign on the Internet can be regarded as having taken place in a particular Member State is relevant for deciding whether such use should count towards deciding whether the user has acquired, maintained or infringed a right that is protected in the Member State, or whether he has committed an act of unfair competition in that Member State.

2.02 Section 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 Member 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 Member State, or, in other words, use that has a “commercial effect” in that Member State, can be treated as having taken place in that Member State. The provisions introduce the term “use of a sign on the Internet in a Member State” as a shorthand expression for use of a sign on the Internet which is deemed to have taken place in a Member State as a result of its commercial effect.

2.03 The provision is only intended to deal with the question of whether use of a sign on the Internet can be deemed to have taken place in a particular Member State. The legal effects of such use in that Member State would have to be determined under the applicable law in accordance with Sections 5 and 6.

2.04 The term “commercial effect” has been chosen rather than “in the course of trade”, in order to include situations in which a non-profit company by using the sign on the Internet has produced a commercial effect in a particular country without using it “in the course of trade.” It should be noted that use of a sign on the Internet can have a commercial effect even before any business transactions have been carried out in that Member State.

2.05 The present provisions are only applicable to rights that are protected in a commercial context. In so far as Member States also protect certain rights in signs, such as personality rights, in a purely non-commercial context, they are free to grant such protection in relation to use of a sign on the Internet independently of whether such use has a commercial effect.

Notes on Section 3

3.01 *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 be deemed to have taken place in that Member State, shall be made on the basis of all relevant circumstances. A competent authority is free to determine which factors are relevant in a given case. Once it has identified those relevant factors, it is obliged to take them into account. Paragraph (1) provides a non-exhaustive list of factors that can be relevant. The factors are grouped into various categories for clarity.

3.02 *Subparagraph (a)* This subparagraph contains two general principles and, in that regard, supplements all following items. First, doing business in a Member State is the most obvious way of creating a commercial effect in that State. Second, planning to do business in a Member State can have a commercial effect in that Member State. It should be noted, however, that use of a sign on the Internet might have a commercial effect in a Member State even if the user was not yet planning to do business in that particular Member State.

3.03 *Subparagraph (b)*. This subparagraph invites a competent authority to determine whether the level and character of commercial activity carried out in conjunction with the use of the sign on the Internet contributes to a finding that such use has a commercial effect in that Member State. This does not mean, however, that there always has to be some commercial activity in the Member State; use of a sign on the Internet can have a commercial effect in a Member State even though the user of the sign does not, or not yet, carry out any commercial activity.

3.04 *Item (i), (iii) and (iv)*. These items appear self-explanatory.

3.05 *Item (ii)*. This item refers to what might be called a “territorial disclaimer”. If a web site contains a statement to the effect that the goods or services offered are not available in particular Member States, it is less likely that such use would produce a commercial effect in those Member States. Such statements can either be drafted in a “positive” or in a “negative” way: The user can, for example, expressly exclude particular Member States (“No delivery to customers located in countries X, Y and Z”), or he can provide an exclusive list of countries in which the goods or services are available (“Delivery to countries A, B, and C”), which would implicitly exclude all countries which are not listed. Since mere use of “disclaimers” should not shield users of signs on the Internet from every liability, the item invites the competent authority to inquire whether the user has adhered to his stated intent.

3.06 As currently drafted, “disclaimers” constitute merely one factor among other factors which a competent authority can consider for determining whether the use of a sign on the Internet 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. A competent authority can also hold, for example, that a disclaimer was not effective in an individual case because it was not drafted clearly enough, because it was not placed obviously enough, or because it was written in a language that is not understood in the Member State in question. In sum, the determination as to whether a disclaimer is effective or not is ultimately left to competent authorities of Member States.

3.07 The concept of disclaimer used in item (ii) of Section 3 is broader than the one used in Section 12. In Section 3, the statement serves as a precautionary measure by a user who does not necessarily own a right in the sign he or she uses, and who does not necessarily know of any other existing rights. This could be one way of reducing the need to do a “global search” for existing rights, which is often difficult and prohibitively expensive. In item (ii) of Section 3, the effectiveness of the disclaimer is left to the appreciation of competent authorities in each individual case. In Section 12, however, the disclaimer serves as a means for users in good faith, who own a right in the sign they use, to avoid liability for the infringement of a particular right, after having been notified by the owner of that right. Section 12 therefore explicitly requires that the disclaimer also contain a statement designed to avoid confusion with the holder of the allegedly infringed right. Section 12 further sets out the specific actions the user must take in order to abide by the disclaimer in items (iii) and (iv). Under these circumstances, the disclaimer can effectively shield the user from liability.

3.08 *Subparagraph (c)*. This subparagraph invites a competent authority to determine whether the goods or services offered in conjunction with the use of the sign on the Internet relate or can relate to a particular Member State. Again, this does not mean that use of a sign on the Internet can only have a commercial effect in a particular Member State if it takes place in conjunction with the offer of goods or services over the Internet. As in the example of advertisement targeted at a particular Member State, use of a sign on the Internet can have a commercial effect in a particular Member State without any goods or services being offered over the Internet.

3.09 *Item (i)* This item refers to national laws which set conditions for the marketing of particular goods or services, such as product regulations. Use of a sign on the Internet in conjunction with the offer of goods or services that do not comply with the product regulations of a particular Member State is less likely to produce a commercial effect in that Member State because, in such a case, the goods or services could not lawfully be delivered in that State.

3.10 *Item (ii)* This item appears self-explanatory.

3.11 *Subparagraph (d)*. This subparagraph directs the attention of competent authorities to the online location, on which the sign is used, or for which it is used. Online location includes web sites, e-mails or e-mail headings etc. The subparagraph also includes instances of use where the sign does not appear on a web site itself, but is used to direct Internet users to a particular web site, for example if the sign is used in an Internet domain name or as a meta-tag. It should be noted that a sign can be used on the Internet without there being a web site on which or for which it is used.

3.12 *Items (i) and (ii)*. These items include 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, an online location, such as a 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 an online location can be an important factor for determining a commercial effect (see document SCT/2/9, paragraph 35).

3.13 *Item (iii)*. Top level domain names based on the ISO Standard country code 3166 refer to individual States. For example, “.ch” refers to Switzerland, “.fr” to France and “.ru” refers to the Russian Federation. If a domain name, which identifies a particular Internet location such as web site or an e-mail address, is registered in a top level domain referring to a particular country, this might indicate that the Internet location is in some way connected to that country.

3.14 *Item (iv)*. Language can be a decisive factor if the language used in conjunction with the use of the sign 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.

3.15 *Item (v)*. It should be noted that the fact alone that a particular Internet location, such as a web site, has been visited by Internet users located in a particular Member State may not suffice for concluding that use of a sign on that Internet location has a commercial effect in that Member State. Even though such visits will probably not be conclusive as such, they can nevertheless constitute one factor among others for determining whether the use of a sign on the Internet has a commercial effect in that country.

3.16 *Subparagraph (e)*. This subparagraph highlights the importance of any right in the sign used. Use of a sign on the Internet can have a commercial effect in a Member State if the sign is the object of a right protected under the law of that Member State. This link between the sign used and a right in it can become relevant in two situations: First, in a positive way (*item (i)*), if the user himself owns a right in the sign. If the user has, for example, registered a mark in a particular Member State, this can serve as an indication that he or she intends to engage in activities which have a commercial effect in that State. Second, in a negative way (*item (ii)*), if someone else owns a right in the sign under the law of a particular Member State. 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. Such use is generally considered to be use in “bad faith.” “Cybersquatting” would be the most obvious case of such unauthorized use. Thus, *item (ii)* would allow a competent authority to find a link between such cases of bad faith use, and the country in which the infringed right is protected.

3.17 *Paragraph (2)*. This provision states expressly that the list of factors is neither cumulative nor exhaustive, but functions as a checklist of factors which might be relevant in a given case, without obliging the competent authority to express an opinion about every listed factor. Paragraph (2) follows the model of Article 2(1)(c) of the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.

Notes on Section 4

4.01 *Paragraph (1)*. This provision requires competent authorities to consider all relevant circumstances when determining bad faith. A competent authority will determine bad faith in accordance with the applicable law. Accordingly, for determining whether a right has been acquired in bad faith, the law under which the right has been acquired will have to be applied, whereas the question whether a sign was used in bad faith can be determined under the law of the State in which the sign was used.

4.02 *Paragraph (2)*. This provision sets out, by way of example, the factors that appear particularly relevant in the context of the determination under paragraph (1). Member States are, however, free to adopt different standards for determining bad faith. The factors are stated in an abstract and general way. A more detailed list of factors could only provide examples for “unfair advantage” or “unjustifiable impairment”, such as those which are included in the Report of the WIPO Internet Domain Name Process (paragraph 172). Such a list might, however, rather be perceived as a limitation of relevant factors. A more general formulation chosen in the present provisions allows competent authorities of Member States to adapt their reasoning to the merits of each individual case.

4.03 *Item (i)*. This item specifies that users must have had knowledge, of the conflicting right at the time when they acquired the right or started to use the sign. If a user later becomes aware of a conflicting sign, he or she would not be considered to have acted in bad faith. The expression “could not have reasonably been unaware” is used instead of the term “reason to know” in order to avoid the inclusion of broad constructive knowledge provisions under certain national laws. A similar provision is contained in Article 4(5)(c) of the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks. It should be noted that knowledge, or the fact that the user could not reasonably have been unaware of the conflicting right, alone, would not be sufficient for a finding of bad faith.

4.04 *Item (ii)*. 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, or to impair its distinctive character or reputation. However, because of the difficulty of proving a certain intent, an objective formulation has been adopted.

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 a right in an unregistered mark or other sign; acquiring or maintaining the registration of a mark; avoiding abandonment of a right; determining whether a mark has acquired distinctiveness; or determining whether a mark has become well-known. If relevant under the applicable law, use of a sign on the Internet by another can also be considered as prior use of a sign in that Member State.

5.02 The provision does not require Member States to provide the legal possibilities for acquiring or maintaining rights in marks or other 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 also be taken into account, provided that such use can be deemed to have taken place in that Member State (see Section 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. This determination is left to the applicable law. Section 4 merely requires that use of a sign on the Internet that has a commercial effect in a Member State be treated in the same way as use in that Member State outside the Internet.

5.03 The provision also reminds competent authorities that “new” forms of use should not be discarded only because they are new. 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.

Notes on Section 6

6.01 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 Member State. Use on the Internet shall only be taken into consideration under the laws of a particular Member State if such use has a commercial effect and can, therefore, be deemed to have taken place in that Member State (see Sections 2 and 3).

6.02 The present provisions also address matters of unfair competition on the Internet. They are, however, limited to the question as to when and under what conditions use of a sign on the Internet can constitute an act of unfair competition in Member States. Consistent with the approach generally adopted in the present provisions, the substantive criteria for determining that use of a sign on the Internet constitutes an act of unfair competition in an individual case are left to the applicable law of Member States. Such an approach is also mandated by the fact that the private international law rules of unfair competition have not been harmonized. Therefore, the present provisions merely provide that use of a sign on the Internet shall only be considered as an act of unfair competition under the law of a Member State, if such use has a commercial effect in a particular Member State.

6.03 Section 6 also requires Member States to protect rights in marks and other signs in 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” form of use that might be possible in the future.

6.04 It should be noted, however, that Section 6 does not require Member States to consider such forms of use as generally infringing rights in marks or other 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 (see Section 8). Section 6 in effect obliges Member States to monitor new and emerging, possibly circumventive, forms of use, and to provide protection under their national laws. This protection may be provided under any of the laws relating to rights in marks or other signs, including unfair competition laws, of the Member State, at the Member State’s option.

Notes on Section 7

7.01 This provision states the general principle that, with regard to liability for infringement or acts of unfair competition, use of a sign on the Internet that can be deemed to have taken place in a particular Member State in accordance with Sections 2 and 6 shall, under the applicable law, be treated in the same way as use in that Member State outside the Internet. The only exceptions to that principle are provided for by Section 8 (Exception and Limitation under the applicable law) and contained in Part V (Coexistence of rights).

7.02 The provision does not specify the conditions for determining whether such use in fact infringes a right which is protected under the law of a particular Member State, or whether it constitutes an act of unfair competition. This determination has to be made under the applicable law of that Member State. Similarly, liability of intermediaries, such as online service providers, is not specifically addressed under these provisions either, but left to the applicable law.

Notes on Section 8

8.01 This provision generally requires Member States to treat use of a sign on the Internet in the same way as use of a sign outside the Internet, provided, of course, that the use on the Internet can be considered to have taken place in the Member State in question in accordance with Section 2. This means that all exceptions to liability or limitations to the scope of rights existing under the law applicable in that Member State have to be available to users of a sign on the Internet. However, the provision neither obliges Member States to recognize particular exceptions or limitations, such as “fair use” or “free speech”, nor requires them to introduce particular exceptions or limitations for use of signs on the Internet. It is left to the applicable law to determine the forms of use that could benefit from an exception or limitation.

Notes on Section 9

9.01 Because of the territoriality of rights in marks or other 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 Member State in which the right of the user is not recognized.

9.02 Part V provides for what might be called a “notice and avoid conflict” procedure in an attempt to balance the interests of good faith legitimate users who hold a right in the sign they use, and owners of rights which might be infringed by such use, and to implement the general principle that no one should be obliged to undertake a worldwide search for registered or unregistered rights before using a sign on the Internet. Right holders who use their sign in good faith are exempt from liability up to the point when they receive a notification of infringement. As a consequence, they cannot be subjected to any injunction, or held liable for any damages occurring, before notification. Right holders are, therefore, not compelled to undertake a worldwide search for existing rights before using their sign on the Internet. However, once they have received a notice of infringement, they 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 as well.

9.03 At its fifth session, the SCT discussed whether every user in good faith should have the possibility of avoiding liability for the infringement of other rights, even if he did not own a right in that sign (see SCT/5/6 paragraphs 84 to 88).

9.04 A number of delegations supported such an extension arguing that the real dividing line should not be drawn between those who own a right in the sign used, and those who do not, but rather between good faith and bad faith users. It was argued that a right of the user in one State would not be recognized in the State where the allegedly infringed right was protected. It did therefore not make any difference from the perspective of the infringed right whether the user held a right in another State or not. It was also pointed out that good faith users might have other legitimate reasons for using the sign; for example, if the use was covered by an exception (recognized under Section 8) in the country of origin, or if the sign used was considered generic in the country of the user. It would, furthermore, be almost impossible to acquire rights in signs through use on the Internet as envisaged under Section 5 if users were facing liability for the infringement of rights protected under the laws of other countries.

9.05 Delegations which opposed the extension stated that it would run against the structure of the provisions if every good faith user could avail itself of the possibility to avoid liability. Sections 9 to 12 were and should remain confined to the issue of coexistence of rights, i.e. the question as to how owners of rights in different countries could use their rights on the Internet without incurring mutual liability. The appropriate places to address good-faith use in a more general way was Section 2 on the one hand, and Sections 13 to 15 on the other: if someone who used a sign in good faith made the statements and took the actions described in Section 12, he would most probably not produce a commercial effect in particular country under Sections 2 and 3, and could, under Section 6, not be held liable for the infringement of another right protected under the laws of that country. If, however, a good-faith user

infringed another right, he should be held liable, but courts would, under Sections 13 to 15, be held to limit, rather than prohibit, use of the sign in question on the Internet.

9.06 The SCT now has three options: If the SCT decides that every good faith user should be able to avoid liability for infringement even without owing a right in the sign used, item (i) of Section 9 could be deleted and the consequential amendments made as set out in the footnotes 1 and 2. Member States would then be obliged to provide the exception to good faith users independently of whether they hold a right in the sign or not. If the SCT does not want to go that far, it could clarify, in a separate provision (Section 12*bis*), that nothing would prevent a Member State from extending the exemption under Sections 9 to 12 to users in good faith even if they do not own a right in the sign. Such a provision would, however, merely clarify what is already implicit in the current draft. The third option would consist in making none of the above mentioned amendments. Even then Member States could go beyond the minimum required in Sections 9 to 12 and open the “notice and avoid conflict procedure” to every user in good faith.

9.07 Section 9 exempts users of signs on the Internet from liability for the infringement of conflicting rights up to the point of notification, provided that all conditions listed in items (i) to (iii) are met. The provision is, of course, only applicable when the use on the Internet has a commercial effect in the Member State where the allegedly infringed right is protected, as set out in Sections 2, 3 and 6, because otherwise the user could not be held liable and there would be no need for an exception.

9.08 *Item (i)* Only users who own a right in the sign under the law of a Member State other than the Member State in which the conflicting right is protected, or those who use the sign with the consent of its owner, such as licensees, can benefit from the exception. As explained in Note 9.07, item (i) would have to be deleted if the SCT decides to provide the possibility of avoiding liability irrespective of whether the user has a right in the sign or not.

9.09 *Item (ii)* The exception from liability does not apply if the user has acquired or used the right in bad faith. The criteria for determining whether a right was acquired or used in bad faith are set out in Section 4.

9.10 *Item (iii)* The user can only be notified if he has provided sufficient contact information in conjunction with the use. If he fails to do so, he can not benefit from the exception under this section.

Notes on Section 10

10.01 Section 10 sets out the consequences of an effective notification. After notification, the user of a sign on the Internet only continues to be exempt from liability if he substantiates his own right in the sign in accordance with items (i) and (ii) and takes the measures set out in item (iii). The time period within which the user has to act is not specified because the time to implement the measures might be different in each individual case. However, the user has to act “expeditiously”, which means that he or she has to act as quickly as possible under the given circumstances.

10.02 In item (iii), the measures are described only with reference to their objective, namely, on the one hand, to avoid a commercial effect in the Member State in which the allegedly infringed right is protected, and, on the other hand, to avoid confusion with the owner of that right. In many instances it will be possible to meet both objectives with a single measure. The user can, however, only be expected to take “reasonable” measures. Such measures should not unreasonably burden the commercial activity the user carries out over the Internet. Thus, the user should not be obliged, for example, to stop every activity on the Internet which would, of course, be the most effective way of avoiding a commercial effect in any given country (see also Section 15 for remedies). The parties to the conflict are free to determine which measures would achieve these objectives in a given case. They are, of course, free to have recourse to alternative disputes resolution procedures, but are not be obliged to do so. If the user adopts certain measures unilaterally, the competent authority, which is called upon to decide whether the user can be held liable for the infringement of another right, will have to decide whether the measures adopted by the user are sufficient. Member States are, however, obliged to accept the measure set out in Section 12 as sufficient under Section 10.

Notes on Section 11

11.01 Section 11 sets out the requirements under which a notification has the effect described in Section 10. The owner of the allegedly infringed right has to enable the user to assess the case and to respond to the notification. Therefore, the owner of the allegedly infringed right has to present a *prima facie* case of infringement (items (i), (iii) to (v)), and to furnish sufficient contact information (item (ii)). Furthermore, the notification has to be drafted in the language, or in one of the languages, used in conjunction with the sign on the Internet. This requirement seems justified in view of the fact that the user of the sign has to act under time pressure under paragraph (2), and must therefore be in a position to understand the notification. If the notification fails the requirements listed in items (i) to (v), the user continues to be exempt from liability. Whether the notification becomes effective once it has been sent or only on receipt is, however, left to the applicable law.

Notes on Section 12

12.01 This provision is meant to give right holders who use their sign on the Internet in good faith some degree of legal certainty as to how to avoid liability for the infringement of other rights which they are already aware of. The effect of Section 12 is that such users cannot be held liable for the infringement of another right provided that they fulfill all requirements set out in Section 12. Hence, a disclaimer under Section 12, functions as an effective measure as described in Section 10, and can, therefore, shield right owners who use their sign in good faith from liability.

12.02 The disclaimer has to include two statements in order to achieve the objectives set out in Section 10, namely avoiding confusion with the owner of the conflicting right), and avoiding a commercial effect in the Member State in which the other right is protected (item (i)) The user also has to take certain qualified actions in order to render the disclaimer effective under Section 10 (items (ii) and (iii)).

12.03 The statements have to appear “in conjunction” with the use of the sign. If the sign is used on a web site, the statement would have to appear on that web site. So far, the provisions do not address further details, such as the exact location or the size of the statements, or whether it would suffice to place a link on the relevant page which leads to the statements. As currently worded, the provision leaves these determinations to competent authorities of Member States.

12.04 *Item (i)*. Once users have received a notification of conflict, they can be expected to make the statements set out in item (i), in order to avoid confusion with the owner of the other right on the one hand, and to avoid a commercial effect with a particular Member State on the other.

12.05 *Item (ii)*. The user should be able to remove the commercial effect caused by his use in one language, and to avoid liability for infringement, by making the prescribed statements in the same language.

12.06 *Item (iii) and (iv)*. The disclaimer is only effective under Section 10 if the user abides by it as described in items (iii) and (iv). This procedure should, however, not unreasonably burden his commercial activity. The user should, therefore, not be expected to verify the statements made by his customers. If the goods or services are physically delivered, it is in the own interest of customers to indicate their address correctly. If payments are effected via credit card, most companies require a billing address. If, however, the goods or services are directly delivered over the Internet, a business has in most cases no means to find out, in the normal course of business, where their customers are really located. In line with the rationale that the user should only be required to take measures which do not unreasonably burden his or her commercial activity, it seems justified to pose the remaining risk of false indications on the owner of the other right which is alleged to be infringed.

12.07 Unlike Section 14, Section 12 does not mention “gateway web pages.” The reason for this is that Section 12 describes measures which a user can take unilaterally in order to avoid liability. The establishment of gateway pages, however, would require consent of all parties involved. Gateway web pages can, of course, be adopted under Section 10 by way of

consent between the user and the owner of the allegedly infringed right, but not as a unilateral measure of the user.

12.08 As currently drafted, Section 12 is closely linked to the situation set out in Sections 9 and 10. As a consequence, only right owners who use their sign in good faith can benefit from the effect of a qualified disclaimer, and only once they have been notified as set out in Sections 10 and 11. It should be noted, however, that a right owner in good faith, who is aware of another right without having been notified, and who takes all the measures set out in Section 12, would probably not produce a commercial effect under Section 2, and could, therefore, not be held liable for infringements of other rights. This would, however, have to be decided by a competent authority in the individual case.

Notes on Section 12bis

12bis.01 As explained in Note 9.07, Section 12bis is proposed as one option for consideration by the SCT. The provisions clarifies that nothing would prevent a Member State from extending the exemption under Sections 9 to 12 to users in good faith even if they do not own a right in the sign they use. However, Member States could do so even without Section 12bis since the provision merely clarifies what is already implicit in the current draft.

Notes on Section 13

13.01 This provision emphasizes the necessity to adapt national or regional laws on remedies to infringements taking place on the Internet, and to take account of the fact that rights in marks and other signs, as well as the means for enforcing these rights, are territorial in nature, whereas the Internet is global.

13.02 *Paragraph (1)*. In principle, a decision as to remedies should take into account the territorial limitation of rights in marks or other signs. Remedies should, therefore, 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 (see Section 6). This is determined with regard to the “commercial effect” of such use in the Member State in question (see Sections 2 and 3). Thus, the “commercial effect” of Internet use should serve as a yardstick for determining a “proportionate” remedy. Use of a sign on the Internet that infringes a right which is protected under the laws of 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 the commercial effect in the Member State in which the infringed right is protected, and damages should be granted only for the commercial effect of the use in that Member State.

13.03 *Paragraph (2)* emphasizes the need for a balanced approach. In addition to the interests of the parties involved, a competent authority could also take account, *inter alia*, of the number of Member States in which the infringed right is also protected, the number of Member States in which the infringing sign is protected by a right, or the relative extent of use on the Internet.

13.04 *Paragraph (3)*. The user of the sign might, in a given case, be in a position to propose a remedy which is equally (or more) effective as the remedy envisaged by the competent authority, but less burdensome for him. Thus, a defendant should, in an infringement procedure, be given the right to propose a remedy. The final decision at the end of the infringement procedure is, however, left to the competent authority.

Notes on Section 14

14.01 This provision further specifies the general principle of proportionality contained in Section 13. Under normal circumstances, 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 because the right which they are meant to enforce is territorially limited.

14.02 *Paragraph (1)* For this reason, paragraph (1) requires competent authorities, in designing remedies, to consider limitations of use designed, on the one hand, to avoid a commercial effect in the Member State, or in the Member States, in which the infringed right is protected, and to avoid any confusion with the owner of that right on the other hand. These objectives mirror the ones listed in item (iii) of Section 10. The situation is, however, different: Whereas Sections 9 to 12 deal with measures that right owners in good faith can adopt to avoid liability for the infringement of another right, Section 14 addresses a situation in which a court has already found an infringement and is now determining a proportionate remedy.

14.03 *Paragraph (2)* gives examples for proportionate limitations of use. Unlike Section 12, Section 14(2) does not require a competent authority to adopt the measures listed. Competent authorities are free to choose other effective and proportionate remedies in a given case.

14.04 *Subparagraphs (a) to (c)* mirror the disclaimer described under Section 12, but in this case the disclaimer is imposed by way of an injunction. In such a case, the competent authority is free to determine the language of the disclaimer, and to take account of laws regulating the use of languages by official authorities.

14.05 *Subparagraph (d)* proposes an alternative measure which has already successfully been applied in practice: owners of mutually infringing rights could be required either to set up a gateway page through which the web site of both right holders could be accessed, or to provide links from one web site to the other.

Notes on Section 15

15.01 *Paragraph (1)* This provision contains another implementation of the general principle of proportionality set out in Section 13. An injunction to cease every use of a sign on the Internet would go far beyond the territory for which the infringed right in that sign has effect. It would have an effect which is as global as the Internet and could, therefore, also be called a “global injunction.” Applying the principle of proportionality, therefore, means that competent authorities should, as far as possible, refrain from granting such “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. The provision does, therefore, not interfere with national anti-cybersquatting laws which provide for prohibitions of use in such cases.

15.02 *Paragraph (2)* This provision generally exempts users from “global injunctions” if they are permitted to use the sign on the Internet in the way they use it, and if they do not act in bad faith as described in Section 4. There are many reasons why users might be permitted to use a sign in a particular way even if they do not own a right in it as defined in Section 1(ii). A user might have a right in that sign which is, like a personal name, protected in a non-commercial context; there might also be other justifications for using the sign in a given way which might be available under the applicable law, such as “fair use” of generic or descriptive terms; or the user might be permitted to use the sign simply because no other person owns a right in it. Under all these circumstances, the user could not rely on Sections 9 to 12 in order to avoid liability for the infringement of rights protected under the laws of other countries. The effect of paragraph (2) is that, in such cases, a competent authority can only apply limitations of use, such as those described in Section 14.

[End of Notes/Annex follows]

ANNEX

PROTECTION OF MARKS, AND OTHER INDUSTRIAL PROPERTY RIGHTS
IN ~~RELATION TO THE USE OF~~ SIGNS, ON THE INTERNET

Preamble

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

Recognizing that Member States will apply, wherever possible, existing laws relating to industrial property rights in marks or other signs 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 ~~establishment~~ acquisition, maintenance or infringement of an industrial property right in a mark or other sign, or whether such use constitutes an act of unfair competition.

PART I
GENERAL

Section 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; “Mark” means a mark relating to goods, to services or to both goods and services;

~~“(iii) “Sign” means a sign that distinguishes or that is capable of distinguishing, in a commercial context, one person from other persons, one undertaking from other undertakings, or the goods or services of one undertaking from those of other undertakings;~~

[Section 1, continued]

(iii*) “Competent authority” means an administrative, judicial or quasi-judicial authority of a Member State which is competent for determining whether ~~an industrial property a right in a mark or other sign~~ has been ~~established~~ 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;

(iv) “Internet” ~~reserved~~ means a medium for communication which is simultaneously and immediately accessible irrespective of territorial location;

(v*) “Remedies” means the remedies which a competent authority of a Member State can impose as a result of an action for the infringement of a ~~n industrial property right in a mark or other sign;~~

(vi*) “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.

(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

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

Use of a sign on the Internet shall constitute use ~~of the sign~~ 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 Section 3.

Section 3
Factors for Determining Commercial Effect in a Member State

[Section 3(1)(b), continued]

(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 on the Internet 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, web site contains a clear and unambiguous statement to the effect that the user that he does not intend to deliver the goods or services offered to customers located in a particular Member State, ~~or in particular Member States,~~ and whether the ~~user has~~ adheres ~~ed~~ to ~~the 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 particular 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 ~~the 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 ~~web site on which or for which the sign is used~~ with the Member State, including:

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

(ii) whether the ~~web site user has indicated, in~~ conjunction with the use of the sign indicates, an address, telephone number or other means of contact in the Member State, ~~or is otherwise directed to customers in that Member State;~~

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

[Section 3, continued]

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

(v) whether the sign is used in conjunction with an Internet location which~~web site~~ 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 an ~~industrial property~~ right in that sign, including:

(i) ~~if whether~~ the use is supported by an ~~industrial property~~ right in the sign, whether that right is protected in the Member State;

(ii) ~~whether if~~ the use is ~~not supported by an industrial property right but~~ motivated by the subject matter of an existing ~~industrial property~~ right in the sign in the Member State that belongs to another, or is otherwise in bad faith, whether that right is protected under the laws of the Member State.

(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.

Section 104
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 shall 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, or could not have reasonably been unaware, of another right; and

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

PART III
ACQUISITION AND MAINTENANCE OF ~~INDUSTRIAL~~
~~PROPERTY RIGHTS IN MARKS OR OTHER SIGNS~~

Section 45

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

~~(1)~~ 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 ~~any criteria relating to use~~ under the applicable law of the Member State for acquiring or maintaining industrial property ~~a rights in marks or other~~ the signs have been met.

~~(2)~~ ~~Forms of use that are made possible by technological advances shall be taken into consideration under paragraph (1) if they contribute to fulfilling the requirements under the applicable law of the Member State for acquiring or maintaining industrial property rights in marks or other signs.~~

PART IV
INFRINGEMENT AND LIABILITY

Section ~~65~~

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

~~(1)~~—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 industrial property rights under the applicable law of a Member State has ~~ve~~ 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 ~~under these provisions~~.

~~(2)~~—~~Forms of use that are made possible by technological advances shall be taken into consideration under paragraph (1) if they contribute to fulfilling the requirements under the applicable law of the Member State concerning the industrial property right in question.~~

Section ~~67~~

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

Except ~~in the cases where otherwise~~ provided for in ~~Sections 7 and 8 below~~ these provisions, there shall be liability in a Member State, under the applicable law, for the infringement of an ~~an industrial property~~ right, ~~in a mark or other sign~~ and for acts of unfair competition committed, through use of a sign on the Internet in that Member State.

Section 78
Exceptions and Limitations Under the Applicable Law

A Member State shall apply exceptions to liability, ~~or and~~ limitations to the scope of ~~industrial property~~ rights ~~in marks or other signs~~, existing under the applicable law when applying these provisions to in respect of the use of a sign on the Internet in that Member State.

PART V
COEXISTENCE OF RIGHTS

Section 89
Use Supported by an Industrial Property Right
Use Prior to Notification of Infringement

~~(1) [Use Prior to Notification]~~ If the use of a sign on the Internet in a Member State is alleged to infringe ~~an industrial property right in a mark or other sign~~ in that Member State ~~in accordance with Section 5~~, the user of that sign shall not be held liable for such infringement prior to receiving a notification of infringement, ~~that his use infringes an industrial property right in a mark or other sign protected under the law of another State~~ if:

- (i) he owns, ~~or uses the sign with the consent of the owner of, an industrial property~~ right in the sign in another Member State, or uses the sign with the consent of the owner of such a right;⁴

As agreed at the fifth session of the SCT (see paragraphs 84 to 88 of document SCT/5/6 Prov.), the International Bureau introduced alternatives concerning the possibility of avoiding liability for good faith users for the infringement of a conflicting right. These alternatives are reflected in footnotes 1 to 3 under Sections 9 and 10, and footnote 4 under Section 12bis.

⁴ If the SCT decides to make the possibility of avoiding liability available to every good faith user irrespective of whether he holds a right in the sign, would have to be deleted and the following items would have to be renumbered, and, the words “acquired that right or” would have to be deleted in (ii).

[Section 9, continued]

- (ii) he has not acquired ~~that~~ right or used the sign in bad faith; and
- (iii) he has provided, in conjunction with the use of the sign on the Internet on the web site on which or for which the sign is used, information reasonably sufficient ~~[to establish his identity, and]~~ to contact him by mail, e-mail or telefacsimile.

Section 10
Use After Notification of Infringement

~~(2) [Use After Notification]~~ If the user referred to in ~~paragraph (1) Section 9~~ has received a notification that his use infringes a ~~another~~ industrial property right in a mark or other sign protected under the law of another Member State (“conflicting right”), he shall not be held liable if he

(i) he indicates to the holder of the conflicting right person sending the notification that he owns, or uses the sign with the consent of the owner of, an industrial property right in the sign in another Member State, or uses the sign with the consent of the owner of such a right;

(ii) gives relevant details of that right; and⁵

(iii) expeditiously takes reasonable measures which are effective

(i) to avoid a commercial effect in the ~~that~~ Member State without unreasonably burdening his commercial activity referred to in the notification, and

(ii) to avoid confusion with the owner of the conflicting right referred to in the notification.

⁵ If the SCT decides to make the possibility of avoiding liability available to every good faith user irrespective of whether he holds a right in the sign, items (i) and (ii) would have to be deleted and item (iii) would have to be included in the text without an item number.

Section 11
Notification of Infringement Under Section 10

~~(3) [Notification]~~ The notification under Sections 9 and 10 shall be effective ~~under paragraphs (1) and (2)~~ if it indicates, in writing in the language, or in one of the languages, used in conjunction with the use of the sign on the Internet:

- (i) the right which is ~~alleged~~ claimed to ~~have been~~ infringed ~~by the use of the sign on the Internet~~;
- (ii) the owner of the right and information reasonably sufficient to contact him by mail, electronic mail or telefacsimile;
- (iii) the Member State ~~or Member States~~ in which the right is protected;
- (iv) relevant details of such protection allowing the user to assess the existence, nature and scope of the right; and
- (v) the use that is claimed to infringe the right.

Section 912
Disclaimer ~~as an Effective Measure~~ Under Section 10

Member States shall accept, *inter alia*, a disclaimer ~~under Section 8(2)~~, by a user referred to in Section ~~89(1)~~, as a reasonable and effective measure under Section 10 ~~to avoid a commercial effect in a Member State and to avoid confusion with the owner of a conflicting right~~, if:

- (i) the disclaimer includes a clear and unambiguous statement in conjunction with the use of the sign, ~~written in the language or in the languages used in conjunction with the use of the sign on the Internet~~, to the effect that the user
 - ~~(i)~~ (i) has no relationship with the owner of the conflicting right which is alleged to be infringed, and
 - ~~(ii)~~ (ii) does not intend to deliver the goods or services offered to customers located in a particular Member State, ~~or in particular Member States~~, 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) ~~provided that~~ the user inquires, before the delivery of the goods or services, whether customers are located in ~~that the~~ Member State, ~~or in one of those Member States~~; 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, ~~or in one of those Member States.~~

Section 12bis⁶
Use Without Right

A Member State may apply Sections 9 to 11, *mutatis mutandis*, in cases where the user of the sign does not own a right in that sign in any Member State.

⁶ If the SCT decides not to make the possibility of avoiding liability available to every good faith user irrespective of whether he holds a right in the sign, but nevertheless wants to clarify that Member States could introduce such a possibility under their national law, Section 12bis could be included. However, this provision would not seem necessary.

~~Section 10~~
~~Bad Faith~~

PART VI
REMEDIES

~~Section 113~~

~~Remedy Proportionate to Commercial Effect~~

~~(1) [Bad Faith] In determining whether a sign was used, or whether an industrial property 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 shall 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, or could not have reasonably been unaware, of the other right; and~~

~~(ii) whether the use of the sign would take unfair advantage of or unjustifiably impair the distinctive character or the reputation of the conflicting right.~~

(1) The remedies provided for the infringement of **industrial property** rights ~~in marks or other 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) The competent authority shall balance the interests, rights and circumstances involved.

(3) The user of the sign shall be given the opportunity to propose an effective remedy for consideration by the competent authority.

Section 124
Limitations of Use of a Sign on the Internet

[Section 14(b), continued]

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

(i) to avoid a commercial effect in the Member State ~~without unreasonably burdening the user's commercial activity~~, and

(ii) to avoid confusion with the owner of the ~~conflicting~~ infringed right.

(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 ~~conflicting~~ infringed right, 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, ~~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~~, to the effect that the user does not intend to deliver the goods or services offered to customers

located in a particular Member State, ~~or in particular Member States~~, 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, ~~provided that the user inquires~~, before the delivery of the goods or services, whether customers are located in that Member State or in one of those Member States, and ~~to~~ in fact refuses delivery to customers who have indicated that they are located in that Member State or in one of those Member States;

(de) gateway web pages.

Section 135

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 ~~n industrial property~~ right ~~in a mark or other sign~~ protected 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 is permitted to use the sign, in the manner in which it is being used on the Internet, is the owner of a right in the sign under the law of another Member State to which the user [has at least minimum contacts] [has a close connection] [has a significant relationship], ~~or is using the sign with the consent of the owner of such a right~~; and

(ii) the ~~right has not been acquired, and the~~ sign has not been used, in bad faith.

[End of Annex and of Document]