

QUESTION 164

The Use of Trademarks and other Signs on the Internet

38th Congress of Melbourne, March 23 - 30, 2001

Q164

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The Use of Trademarks and other Signs on the Internet

Resolution

General Remarks

Special Committee Q 164 was founded in Summer/Autumn 2000 with the primary aim of monitoring an initiative launched by WIPO to provide draft provisions on the use of marks and other distinctive signs on the Internet in the framework of the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT). Two WIPO SCT meetings, one in September 2000 and the other in March 2001, have dealt with the draft provisions subsequent to the founding of SC Q 164. The activities of WIPO in this context are limited to matters of substantive law, i.e., they do not touch upon issues of jurisdiction.

The main contents of the draft provisions in their present wording can be summarized as follows (see WIPO Doc. SCT 6/7 Prov. 1, 30 March 2001 – Draft Provisions on Protection of Marks, and other Industrial Property Rights in Signs, on the Internet):

Commercial effect as a mandatory requirement for the finding of infringement etc.

In order to find for infringement of national IP rights by the use of a sign on the Internet, national authorities must examine whether the use has a “commercial effect” in that particular country. The same test shall be applied to other issues such as acquisition and maintenance of rights in distinctive signs.

Criteria for the assessment of commercial effect

For the assessment of „commercial effect“, a comprehensive list of criteria is set out in Art. 3 of the draft provisions, referring *inter alia* to the language used and the currency in which prices are indicated, and also including the issue of whether the website offers means of interactive contact which are accessible to users in the particular country. As is explicitly stated in Art. 3, this list is neither mandatory nor exhaustive.

Disclaimers

A person using an allegedly infringing sign on the Internet shall be able to actively exclude “commercial effect” in particular countries by stating that the product is not

available in the country concerned and that it will not be delivered to customers residing in that country, etc. (disclaimers). Such measures shall however only be legally effective if the declarations made in cyberspace are also faithfully observed in the real world.

Notice and avoid conflict

Under the following conditions, no sanctions shall be imposed for the use of signs on the Internet:

1. the user is in good faith,
2. the use is lawful in a country to which the user has a close connection, and
3. the user gives appropriate contact details,

unless the proprietor of a domestic right in a particular state has given notice of his right to the user, upon which the latter has failed to take reasonable measures in order to avoid a commercial effect or an infringement in the state referred to in the notification.

Proportionate sanctions

As a general principle, domestic authorities shall only impose sanctions which are proportionate to the commercial effect of the use in the state concerned. For example, the use of a foreign mark on the Internet should only be prohibited to the extent that this is necessary to avoid a conflict with a domestic right, without unreasonably burdening the foreign user's commercial activities. This shall however not preclude domestic courts from granting, when certain conditions are satisfied, injunctions with a practically global effect.

AIPPI

observing that

- the rules of intellectual property law apply unequivocally to acts performed in the digital environment, yet the ubiquitous character of the Internet as opposed to the territorial nature of intellectual property rights may entail certain problems, which must be solved with due regard to the interests of domestic right holders as well as those doing business on the Internet;
- the opportunities for Internet communication should not be jeopardized by the risk that use of a sign on the Internet automatically leads to infringement of identical or similar signs existing in any country where computers have access to the Internet,
- this aim can be achieved by restricting the jurisdiction of domestic courts as well as by limiting the concept of infringement to acts having actual or threatened commercial effect in a particular territory, or by both;
- it should be possible to do business on the Internet whilst avoiding infringement of a right existing in another country by limiting one's commercial activities accordingly;
- disclaimers, if applied and observed in an appropriate manner, may provide a useful tool in this context;

- sanctions imposed by domestic authorities should not have the effect of prohibiting or interfering with commercial activities carried out on the Internet which may legitimately be performed in another territory, provided that the interests of the proprietor of the domestic right are safeguarded to the best possible degree;
- similar views on some of these issues have already been expressed in AIPPI's Resolution concerning Q 143 – Internet Domain Names, Trademarks and Tradenames – adopted at the Congress in Rio de Janeiro, 1998;

adopts the following Resolution:

1. The problems raised by the clash between the ubiquity of cyberspace and the territoriality of intellectual property rights with respect to the use of marks and other distinctive signs on the Internet must be approached and solved on a global level. It is acknowledged that the WIPO draft provisions (SCT 6/7 Prov. 1) constitute a pragmatic and useful effort to reach such a solution. AIPPI welcomes the general principle of commercial effect as embodied in the draft provisions, notwithstanding the need for further clarification and discussion on the way in which this principle should be implemented.
2. When assessing the infringement of intellectual property rights by the use of a sign on the Internet, national authorities should take into account whether the use of that sign has an actual or threatened commercial effect in the territory concerned.
3. The same test should be applied when assessing the acquisition and maintenance of rights in distinctive signs, and in respect of acts constituting unfair competition or similar torts in the commercial sphere.
4. Courts should be aware of the territorial reach of their competence, and should limit their decisions concerning the use of signs on the Internet to measures which do not unduly restrict activities which are legitimate in respect of the countries to which they are directed, provided that they only have commercial effect there and are not committed in bad faith.
