

**Note by the German Government Regarding
“Trademarks and the Internet”**

The German government welcomes the decision of the SCT to deal with trademarks in the context of the internet. It also thanks the WIPO Secretariat for the preparation of the document SCT/24/4 (dated August, 31st, 2010). In this valuable document the WIPO Secretariat has summarized existing information and presented a number of additional considerations for discussion by the SCT.

The WIPO Secretariat has identified primarily three recent developments regarding trademarks and the internet:

1. Liability of internet auction sites for trademark infringement;
2. Liability of search engines for the sale of trademarks as keywords;
3. Trademark infringement in virtual worlds and social media.

The German government is aware of the fact that courts across the world have dealt with some of the many issues raised by these developments. It reserves the option to comment at a later stage on overarching features of these issues and on what could be adequate and coherent legal guidelines for their settlement.

Like WIPO the German government currently has a close eye on the plan of the Internet Corporation for Assigned Names and Numbers (ICANN) to introduce new generic top-level domains. From our perspective it is of great importance that any procedure ICANN is about to develop for this purpose will not affect the interests of right holders, in particular those of trademarks. We thank the International Bureau for its participation in the meetings of the Governmental Advisory Committee (GAC) and commend the International Bureau for its valuable contribution. Joint efforts of governments and WIPO within GAC were instrumental for creating awareness throughout all constituencies of ICANN for the need to ensure the respect for intellectual property and the protection of trademarks in this context. We would therefore highly appreciate if WIPO were to keep itself involved in the process. The German government is glad to share with the SCT its statement from a trademark law point of view that it has introduced to the GAC by e-mail of 15 July 2010. This statement is attached as Annex I.

Annex I

Statement of the German Government Regarding ICANN's Plan to Introduce New gTLD's, Brought to the Attention of the GAC by E-Mail of 15 July 2010.

I) General Remarks

The introduction of new top level domains will probably lead to a reduced use of the top level domain „.de“. Internet users in Germany will increasingly resort to the websites with the new top level domains and therefore to areas which cannot be controlled by the instruments of German law. Most other states will face similar problems of loss of control. This will be particularly true for the area of trademark law. As a result, many trademark owners will probably be forced to make defensive registrations in order to avoid misuse of their trademarks. This will not only be costly but not even stop all possible misuse. To counterbalance the threat of a surge of trademark infringements in the wake of the introduction of new top level domains the German government courteously brings the following details to the attention of the GAC.

II) Law Enforcement Due Diligence Recommendations for ICANN-Seoul

The German government supports the propositions made in the document “Law Enforcement Due Diligence Recommendations for ICANN-Seoul (October 2009)” from a trademark law view. This document was presented by the international law enforcement community in order to prevent and disrupt efforts to exploit domain registration procedures by criminal groups for criminal purposes. However, it has more advantages to it: The propositions would not only foster the prevention of crimes but also the prevention of trademark infringements. According to these propositions the registrars and registries as well as domain name resellers and third party beneficiaries have to undergo a due diligence and have duties regarding the collection and validation of the data of registrants. Also, these propositions help to prevent that registrants hide their identity by not acting themselves but via third persons. Finally, they ensure that enforcement authorities will be provided with necessary information.

III) Uniform Rapid Suspension System (URS)

Regarding the Draft Rapid Suspension System (URS) the German government considers the letter by WIPO dated 16 June 2010 very helpful. In the last passage of page 2 of its letter the WIPO has highlighted the factors that in its view make the URS burdensome. The German government considers the following elements of the draft URS particularly burdensome:

- Panel examination of possible defences in default cases (no. 8.4 of the draft URS)
- Possibility of appeal during 2 years from default (no. 6.4 und 12.4)
- Higher burden of proof (no. 8.2)
- Use of the conjunctive bad faith registration and use (no. 1.2 lit. f) und g), no. 8.1 lit. c)
- Limiting marks forming the basis for a URS claim to either so-called substantive review or Clearinghouse validated marks (with cost and time implications), cf. no. 8.1 lit. a
- Possibility of de novo appeals (no. 6.4 und 12)

In addition, no. 5.7 lit. a) und b) are in a strong conflict with the law of the European Union according to which a defendant's objection of having acted „bona fide“ will be allowed only in rare circumstances and according to which the fact of having been commonly known by the domain name will in principle not help the holder of this name prevail over the holders of colliding trademarks (cf. Articles 5 and 6 of the directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks).

IV) Trademark Clearinghouse

The German government shares the view expressed by WIPO's letter of 16 June 2010, according to which the Trademark Clearinghouse must not turn into an arbiter of national trademark law systems. Accordingly, in no. 2 lit. B and no. 9 lit. b) of the draft document on the Trademark Clearinghouse the requirement that the trademark has been registered in a jurisdiction that conducts substantive (!) examination should

be cancelled. WIPO has suggested that registered trademarks be considered prima facie valid where they are subject to later challenge. This approach is preferable.

Furthermore, the document on the Trademark Clearinghouse unfortunately does not set out the modalities of the validation by the Trademark Clearinghouse.

In addition, the German government considers the last sentence of no. 8 of the draft document on the Trademark Clearinghouse to be too restrictive. This sentence reads as follows: "Notification should be limited to identical marks so as to ensure operational integrity, limitation of overly broad notifications and an unmanageable volume of processing by the Clearinghouse". Such an approach would miss many abusive domain name registrations (cf. letter by WIPO of 16 June 2010, page 3). Equally, there is no reason why the notification should not be before the registration is effected (see end of third passage of no. 8 in the draft document on the Trademark Clearinghouse and its critique by WIPO, letter of 16 June 2010, page 3).

V) Post-Delegation Dispute Resolution Procedure (PDDRP)

In the view of the German government, the Draft Post-Delegation Dispute Resolution Procedure has been established on problematic assumptions regarding the liability of registry operators. The latter should be much higher than assumed in said document. Particularly problematic are the following sentences on page 1 of the document: „One point that seems to be generally accepted is that such a procedure should only afford trademark holders the right to proceed against registry operators who have acted in bad faith, with the intent to profit from the systemic registration of infringing domain names (or systemic cybersquatting) or who have otherwise set out to use the gTLD for an improper purpose. The procedure is not intended to hold liable a registry operator that simply happens to have or knows of infringing domain names within its gTLD. Affirmative conduct is required". These assumptions of lax liability criteria are mirrored also in no. 6 of the document whereby the liability of the registry operator is only triggered by behaviours like "taking of unfair advantage", "unjustifiable impairment of the distinctive character of the reputation of the complainant" or "impermissible likelihood of confusion". In addition, the liability criteria in no. 6 of the document are also too lax insofar as "bad faith" of the registry operator is required in the case of

second-level domains. Furthermore, it is not clear what is meant by “affirmative conduct” in the case of top-level domains (see also no. 6 of the document).

Finally, the German government considers the following further passages in the document to be critical:

- No. 7 bullet-point 2 sub-bullet-point 3 sub-sub-bullet-point 4 (cf. no. 9 bullet-point 2 cipher 4): It is overly burdensome for the complainant to notify the registry operator at least 30 days prior to filing a complaint.
- No. 9 bullet-point 2 cipher 1: “substantive review“ -> see above under IV: Trademark Clearinghouse.
- No. 20 bullet-point 5 grants ICANN an overly large discretion in choosing the remedies it imposes on the registry operators.

VI) Dispute Resolution Procedure (Module 3 of the Draft Applicant Guidebook)

In module 3 of the Draft Applicant Guidebook 4 (DAG 4) on page 3-14 s. the factors are set out that the Dispute Resolution Service Provider (DRSP) panel has to consider when determining whether a legal rights objection is founded or not. The German government believes that the current wording of this section is too general and stands in strong contrast with the system of trademark law of the European Union. Instead, concrete constellations of trademark right infringement should be defined.