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STANDING COMMITTEE ON THE LAW OF TRADEMARKS, INDUSTRIAL DESIGNS AND GEOGRAPHICAL INDICATIONS

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

document prepared by the Secretariat

1. The Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) agreed, at its sixth session (March 12 to 16, 2001), to propose a Joint Recommendation Concerning the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet, for adoption by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO), at the Thirty-Sixth Series of Meetings of the Assemblies of the Member States of WIPO (September 24 to October 3, 2001).

2. At that joint session, the Paris Union Assembly and the General Assembly of WIPO adopted the proposed Joint Recommendation, including the text of the provisions, without modification. This document, circulated to the SCT for information, contains in Annex, the text of the Joint Recommendation, the provisions and the explanatory notes prepared by the International Bureau.

[Annex follows]

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Joint Recommendation

The Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO);

Taking into account the provisions of the Paris Convention for the Protection of Industrial Property;

Recommend that each Member State may consider the use of any of the provisions adopted by the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) at its sixth session, as guidelines concerning the protection of marks, and other industrial property rights in signs, on the Internet;

It is further recommended to each Member State of the Paris Union or of WIPO which is also a member of a regional intergovernmental organization that has competence in the area of registration of trademarks, to bring these provisions to the attention of that organization.

[Provisions follow]

Preamble

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

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

PART I
GENERAL

Article 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, whether registered or unregistered;

(iii) “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;

(iv) “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;

(v) “Remedies” means the remedies which a competent authority of a Member State can impose under the applicable law, as a result of an action for the infringement of a right or an act of unfair competition;

(vi) “Internet” refers to an interactive medium for communication which contains information that is simultaneously and immediately accessible irrespective of territorial location to members of the public from a place and at a time individually chosen by them;

(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

Article 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 Article 3.

Article 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 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 the 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 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;

[Article 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 in the Member State, including:

(i) whether the use is supported by that right;

(ii) whether, where the right belongs to another, the use would take unfair advantage of, or unjustifiably impair, the distinctive character or the reputation of the sign that is the subject of that right.

(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.

Article 4
Bad Faith

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

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

(i) whether the person who used the sign or acquired the right in the sign had knowledge of a right in an identical or similar sign belonging to another, or could not have reasonably been unaware of that right, at the time when the person first used the sign, acquired the right or filed an application for acquisition of the right, whichever is earlier, and

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

PART III
ACQUISITION AND MAINTENANCE OF RIGHTS IN SIGNS

Article 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

Article 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.

Article 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 when a right is infringed, or an act of unfair competition is committed, through use of a sign on the Internet in that Member State.

Article 8
Exceptions and Limitations Under the Applicable Law

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

PART V
NOTICE AND AVOIDANCE OF CONFLICT

Article 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) the user owns a right in the sign in another Member State or uses the sign with the consent of the owner of such a right, or 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 a close connection;
- (ii) any acquisition of a right in the sign, and any use of the sign, has not been in bad faith; and
- (iii) the user 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.

Article 10
Use After Notification of Infringement

If the user referred to in Article 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, or that he 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 he has a close connection;

(ii) gives relevant details of that right or permitted use; and

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

Article 11
Notification Under Articles 9 and 10

The notification under Articles 9 and 10 shall be effective if it is sent by the owner of a right or his representative, by mail, e-mail or telefacsimile, and indicates, in the language, or in one of the languages, used in conjunction with the use of the sign on the Internet, the following:

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

Article 12
Disclaimer as a Measure Under Article 10

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

PART VI
REMEDIES

Article 13
Remedy Proportionate to Commercial Effect

(1) The remedies provided for the infringement of rights or for acts of unfair competition 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, upon request, be given the opportunity to propose an effective remedy for consideration by the competent authority, prior to a decision on the merits of the case.

Article 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, or
- (ii) to avoid infringement of the right or to avoid the act of unfair competition.

(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 or the person affected by the act of unfair competition, 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, and to refuse delivery to customers who have indicated that they are located in that Member State;

(d) gateway web pages.

Article 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, or amounts to an act of unfair competition, 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 owns a right in the sign in another Member State, uses the sign with the consent of the owner of such a right, or 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 a close connection; and

(ii) any acquisition of a right in the sign, and any use of the sign, has not been in bad faith.

[Explanatory Notes follow]

EXPLANATORY NOTES^{*}
prepared by the International Bureau

^{*}These notes were prepared by the International Bureau of the World Intellectual Property Organization (WIPO) for explanatory purposes only.

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 marks and other rights in 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. They also apply in the context of determining remedies.

0.04 The question of determining the applicable law is not addressed by the present provisions, but left to the private international laws of 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 Article 1

1.01 *Items (i), (iii) and (v)* appear self-explanatory.

1.02 *Item (ii)*. The present provisions are not limited to trademark rights, but include all types of industrial property rights in signs existing under the applicable law. The provisions do not limit the freedom of Member States to determine the conditions for the protection of individual types of rights. Unregistered rights are included to the extent they are recognized under the applicable law. The provisions do not provide an exhaustive list of industrial property rights in signs. Trademark rights are just one example; other examples could include trade names, or geographical indications. Item (ii) describes the scope of industrial property rights in signs protected under national laws by reference to the following common characteristics of such rights: (i) 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) these rights are only protected in a commercial context. The present provisions neither limit the freedom of Member States to determine what kinds of industrial property rights in signs they recognize, nor interfere with obligations existing under international treaties, such as the Paris Convention. The present provisions do not apply in a purely non-commercial context. It is left to the law of Member States to determine whether and under what conditions they want to apply the provisions in a non-commercial context.

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 (iv)*. The legal nature of the “competent authority” will depend on the national system in a given Member State. Item (iv) does not interfere with the power of Member States to determine competence. It has been drafted broadly in order to accommodate all systems that might exist in Member States.

1.05 *Item (vi)*. This item gives a description of the term “Internet” without attempting to provide a comprehensive definition. This is emphasized by the use of the words “refers to” instead of the word “means” used in the other items. Given the rapid technological development of that sector, a definition of the term “Internet” 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 particular feature challenges the territorial basis of laws relating to marks or other industrial property rights in signs, and which therefore requires the application of the present provisions. The fact that the Internet allows a potentially unlimited number of users to access certain content distinguishes it from telephone networks.

Its public nature distinguishes it from private networks or Intranets. Its interactivity, and the fact that it provides content to individual members of the public at a time and from a place individually chosen by them distinguishes it from television and broadcasting. With regard to the last-mentioned aspect, item (vi) follows the wording of Article 8 of the WIPO Copyright Treaty (WCT) and Article 14 of the WIPO Performances and Phonograms Treaty (WPPT).

1.06 *Item (vii)*. This item has been added in order to facilitate the drafting of the provisions. A similar provision is contained in Article 1(xv) of the Patent Law Treaty.

1.07 References in the provisions to individual users or individual right owners also include legal entities recognized under the applicable law. Such entities can be regarded as users of a sign or owners of a right to the extent that they have competence to act or to own a right under the applicable law. The provisions do, however, not interfere with the power of Member States to determine the conditions for recognizing legal entities, and to regulate their structure and legal competence.

Notes on Article 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 Article 2 is based on the assumption that not each and every use of a sign on the Internet should be treated as taking place in the 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 Articles 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 has produced a commercial effect in a particular country by using the sign on the Internet 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 are 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 either to grant such protection in relation to use of a sign on the Internet independently of whether such use has a commercial effect, or to apply the present provisions.

Notes on Article 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 the 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).* The location of actual or prospective customers in the Member State is an important factor for determining whether use of the sign in the context of actual delivery of goods or services, or in the context of other commercially motivated relationships has a commercial effect in that State. Customers are located in the Member State if they are physically present in the Member State at the time of the relevant activity. For the purposes of these provisions, “location” is a purely factual concept, for which mere presence in the State should be sufficient. “Other commercially motivated relationships” include activities of the user that are, like direct mailing of advertisements or product information, aimed at prospective customers in preparation for the eventual future conclusion of commercial contracts.

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 only 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. It is recalled that “location” is used in a purely factual way, and does not require any continuous presence in the Member State, such as the term “domicile” (see Note 3.04 above).

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 Article 3 is broader than the one used in Article 12. In Article 3, the statement serves as a precautionary measure by a user who does not necessarily own a right in the sign he 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 Article 3, the effectiveness of the disclaimer is left to the appreciation of competent authorities in each individual case. In Article 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. Article 12 therefore explicitly requires that the disclaimer also contain a statement designed to avoid confusion with the holder of the allegedly infringed right. Article 12 further sets out, in items (iii) and (iv), the specific actions the user must take in order to abide by the disclaimer. Under these circumstances, the disclaimer can effectively shield the user from liability.

3.08 Items (iii) and (iv). These items appear self-explanatory

3.09 *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.

3.10 *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.

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

3.12 *Subparagraph (d)*. This subparagraph directs the attention of competent authorities to the manner of use of the sign on the Internet. A sign can be used on a web site, in an e-mail or an e-mail heading. It can also be used to direct Internet users to a particular web site, for example if it is used in an Internet domain name or as a meta-tag without being visible on the web site itself. It should be noted, however, that a sign can be used on the Internet without

there being a web site on which or for which it is used. Therefore, the item does not explicitly mention any specific forms of uses.

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 (*item (ii)*) which provide an obvious relationship with that State, 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. Similarly, if the sign was used in an e-mail which was sent to (potential) customers in the Member State, the recipients could directly reply to that e-mail, and thus easily communicate with the user of the sign. Thus, the “degree of interactivity” of the use can be an important factor for determining a commercial effect.

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 web site or an e-mail address, is registered in a top level domain referring to a particular country, this might indicate that use of the sign as part of, or in conjunction with, that domain name 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. It is recalled that the term “location” is used in a purely factual way, and does not require any continuous presence in the Member State, such as the term “domicile” (see Note 3.04 above).

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 subject of a right protected under the law of that Member State. This link between the sign used and a right in that sign 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. In order

to clarify that item (ii) refers to the effect of bad faith use, it follows the wording of Article 4(2)(ii).

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 Article 4

4.01 It should be noted that Article 4 does not introduce bad faith as a prerequisite of liability for infringement. However, since use of a sign on the Internet in bad faith is relevant in the context of Article 9 and 15, it is necessary to include a provision describing this concept in Part II which deals with use of a sign in the Internet in a general way.

4.02 *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.

4.03 *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.

4.04 *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 right, he 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.

4.05 *Item (ii).* This item introduces an additional element of bad faith, namely that the sign was 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 Article 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 industrial property rights in 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 Article 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. Article 5 merely requires that use of a sign on the Internet that has a commercial effect in a Member State be subject to the same general principles 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. However, the final determination as to whether a particular “new” form of use can be taken into account for the purposes of acquiring or maintaining a right is left to the applicable law.

Notes on Article 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 Articles 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 Article 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” forms of use that might be possible in the future.

6.04 It should be noted, however, that Article 6 does not require Member States to consider such forms of use as generally infringing marks or other industrial property rights in signs. Whether an infringement has in effect taken place will be determined under the applicable law, including any exceptions which might apply in certain situations, such as “fair use” of descriptive terms (see Article 8). Article 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 marks or other industrial property rights in signs, including unfair competition laws, of the Member State, at the Member State’s option.

Notes on Article 7

7.01 This provision states the general principle that the user of a sign on the Internet shall, under the applicable law on distinctive signs or unfair competition of a Member State, be liable for such use which constitutes an infringement or an act of unfair competition if use of the sign on the Internet can be deemed to have taken place in that Member State in accordance with Sections 2 and 6. The only exceptions to that principle are provided for by Section 8 (Exception and Limitation under the applicable law) and contained in Part V (Notice and Avoidance of Conflict).

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, but left to the applicable law.

Notes on Article 8

8.01 This provision generally requires Member States to apply any existing exceptions and limitations under the applicable law in respect of liability that arises in connection with the use of a sign on 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 Article 9

9.01 Because of the territoriality of marks and other industrial property rights in signs, different owners can hold rights in identical or similar signs in different countries. This can create problems if the sign is used on the Internet. Because of the necessarily global nature of the Internet such use might be considered as infringing a right under the law of a Member State in which the right of the user is not recognized. Similar conflicts arise when the use of a sign is permitted in one country, but is considered to infringe the right of someone else under the law of another country.

9.02 Part V provides for what might be called a “notice and avoidance of conflict” procedure in an attempt to balance the interests of good faith legitimate users who hold a right in the sign they use or are otherwise permitted to use that sign on the one hand, and owners of rights which might be infringed by such use on the other. It also implements 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, or persons who are otherwise permitted to use the sign, are exempt from liability up to the point when they receive a notification of infringement provided that they use the sign in good faith, and provide in conjunction with the use of the sign on the Internet, sufficient information to be contacted. As a consequence, they cannot be subjected to any injunction, or held liable for any damages occurring, before notification. Such users are, therefore, not compelled to undertake a worldwide search for existing rights before using the sign on the Internet. However, once they have received a notice of infringement, they 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 .

9.03 Articles 9 to 12 do not apply to cases where the use of a sign on the Internet is considered an act of unfair competition in a Member State. In most cases of unfair competition, there is no clearly specified right holder who could start the “notice and avoidance of conflict” procedure by sending a notification. The unfair competition laws of individual countries diverge widely with regard to the question who has standing to bring an action in unfair competition. It should be noted, however, that nothing would prevent a Member State from applying the “notice and avoidance of conflict” procedure to acts of unfair competition as well.

9.04 Article 9 exempts users of signs on the Internet from liability for the infringement of a right 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 Articles 2, 3 and 6, because otherwise the user could not be held liable. It should be noted that the “notice and avoidance of conflict” procedure does not result in a permanent restriction or limitation of rights that are infringed by the use of a sign on the Internet; liability for infringement begins with the notification if the user does not comply with the requirements set out in Articles 10 to 12.. Nothing in this provision shall derogate from the existing obligations that Member States may have to each other under existing international conventions and agreements concerning industrial property.

9.05 *Item (i)* Only users who own a right in the sign in another Member State, users who use the sign with the consent of the owner, or users who are otherwise permitted to use the sign can benefit from that procedure.

9.06 The phrase “otherwise permitted to use the sign” is understood to refer to:

(i) the use of the sign by a user who has a right in that sign which is, like his personal name, protected in a non-commercial context;

(ii) the fair use of generic or descriptive terms.

Member States may also apply the “notice and avoidance of conflict” procedure if the use is permitted in another Member State for other reasons or simply because no other person owns a right in the sign in that other Member State.

9.07 The term “close connection” describes a certain relationship between the user of the sign and the Member State under the laws of which he is permitted to use the sign. Such a relationship is obvious in cases where the user owns a right in that sign under the laws of a particular Member State. If the user, however, does not own a right in the sign, he should not be able to rely on the laws of a country with which he has no relationship whatsoever for asserting that his use was permitted. He should have valid reasons for this assertion, which would have to be based on his relationship with a country that permits the use. Domicility would satisfy this requirement. Since the present provisions are concerned with use which has a commercial effect, the “close connection” would typically be of a commercial nature. Obvious examples for such a “close connection” would be the relationship with a country in which the user has his seat or headquarters, or a real and effective industrial or commercial establishment in the sense of Article 3 of the Paris Convention for the Protection of Industrial Property. The user would also have a “close connection” with a country in which he carries out a substantial part of his business.

9.07 *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 Article 4.

9.08 *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 be held liable for any infringement even without having received a notification of infringement.

Notes on Article 10

10.01 Article 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, or spells out why he is permitted to use the sign, in accordance with items (i) and (ii), and, in addition to this substantiation, 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, to avoid a commercial effect in the Member State in which the allegedly infringed right is protected, or to avoid infringement of that right through other means.. 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 Article 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 dispute resolution procedures, but are not 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 the other 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 Article 12 as sufficient under Article 10.

Notes on Article 11

11.01 Article 11 sets out the requirements under which a notification has the effect described in Article 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)). If the notification fails any of the requirements listed in items (i) to (v), it shall not be considered effective and 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.

11.02 The notification can also be sent by a person other than the owner if the sender acts as the “representative” of the owner. The term “representative” includes every person that is authorized under the applicable law (*i.e.* the law under which the right is protected) to take steps for enforcing the right. Thus, the term can also include a licensee having this authority under the applicable law.

11.03 The notification has to be sent by mail, e-mail or telefacsimile. This requirement ensures that the required information exists in, or, as in the case of e-mail, can be reduced to, a physical embodiment. Oral notification by telephone or the like would thus not be sufficient.

11.04 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.

Notes on Article 12

12.01 This provision is meant to give right holders, and other permitted users, 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 another right after having received a notification of infringement. The effect of Article 12 is that such users cannot be held liable for the infringement of the other right provided that they fulfill all the requirements set out in Article 12. Hence, a disclaimer under Article 12, has to be accepted as an effective measure described in Article 10(iii), and can, therefore, shield right owners and other permitted users from liability.

12.02 The disclaimer has to include the two statements listed in item (i) in order to avoid confusion with the owner of the conflicting right, and to avoid a commercial effect in the Member State in which the other right is protected. The user also has to take certain qualified actions in order to render the disclaimer effective under Article 10 (items (iii) and (iv)).

12.03 The statements listed in item (i) 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. 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. This determination is left to the 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 Article 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, that is the right which is alleged to be infringed. It is recalled that the term “location” is used in a purely factual way, and does not require any continuous presence in the country, such as the term “domicile” (see Note 3.04 above).

12.07 Unlike Article 14, Article 12 does not mention “gateway web pages.” The reason for this is that Article 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 Article 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 Article 12 is part of the “notice and avoidance of conflict” procedure set out in Articles 9 to 11. As a consequence, right owners and other permitted users, who use their sign in good faith, can only rely on a disclaimer in the context of this procedure, *i.e.* once they have received a notification of infringement as set out in Articles 10 and 11. It should be noted, however, that a right owner or other permitted user in good faith, who is aware of another right without having been notified, would probably not produce a commercial effect under Article 2 if he takes all the measures set out in Article 12, and could, therefore, not be held liable for the infringement of that right. This would, however, have to be decided by a competent authority in the individual case.

Notes on Article 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 marks and other industrial property rights in signs, as well as the means for enforcing these rights, are territorial in nature, whereas the Internet is global. The same is generally true for the laws against unfair competition which apply only to acts which affect the market of a certain country. Such laws cannot claim authority over acts occurring in foreign countries. Thus, by being linked to certain national markets, unfair competition laws are also territorially limited.

13.02 *Paragraph (1).* In principle, a decision as to remedies should take into account the territorial limitation of marks or other industrial property rights in 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 Article 6). This is determined with regard to the “commercial effect” of such use in the Member State in question (see Articles 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 Similarly, remedies for acts of unfair competition should only be granted if the allegedly unfair use on the Internet can be deemed to have occurred in the Member State concerned (Article 6), and they should be limited as far as possible to removing the commercial effect from the Member State in which the unfair competition law applies.

13.04 *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.

13.05 *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, have the right to propose a remedy. This does not mean, however, that the competent authority is obliged to ask the defendant for proposals; paragraph (3) is a mere application of the principle that defendants have a right to be heard before a decision on the merits is taken. This is emphasized by the words “upon request”. The final decision at the end of the infringement procedure is, of course, left to the competent authority. Furthermore, the provision does not interfere with the authority of courts or other competent authorities under the applicable law to order provisional measures without hearing the other party (*inaudita altera parte*); the right to be heard can be given at a later stage in the proceedings before a decision on the merits is taken.

Notes on Article 14

14.01 This provision further specifies the general principle of proportionality contained in Article 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, or the law against unfair competition, 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 to avoid a commercial effect in the Member State in which the infringed right is protected, or in which the law against unfair competition applies. If there is not commercial effect, the user can no longer be considered to infringe a right or to commit an act of unfair competition in that Member State (Article 6). The competent authority can also order the user to avoid the infringement or the act of unfair competition in the Member State by other means. These objectives mirror the ones listed in item(iii) of Article 10. The situation is, however, different: Whereas Articles 9 to 12 deal with measures that right owners in good faith can adopt to avoid liability for the infringement of another right, Article 14 addresses a situation in which a court has already found an infringement or an act of unfair competition and is now determining a proportionate remedy.

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

14.04 *Subparagraphs (a) to (c)* mirror the disclaimer described under Article 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 Article 15

15.01 *Paragraph (1)* This provision contains another implementation of the general principle of proportionality set out in Article 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 of use in bad faith.

15.02 *Paragraph (2)* This provision generally exempts users from “global injunctions” if they do not act in bad faith as described in Article 4, and if they either hold a right in that sign themselves, or are otherwise permitted to use the sign on the Internet in the way they use it. It should be noted that the concept of “permitted use” in Article 15 is wider than the one in Article 9. In Article 9, “permitted use” is limited to the fair use of generic or descriptive terms, and to use which is supported by a non-commercial right such as a personal name (see Note 9.06 above). For the purpose of applying Article 15, however, no such limitation exists. Under this provision, there are many additional 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 Article 1(ii); the user might, for example, be permitted to use the sign simply because no other person owns a right in it. If his use is merely permitted, the user could not rely on Articles 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 cases of permitted good-faith use, a competent authority can only apply limitations of use, such as those described in Article 14.

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