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**The Coexistence of Trade Mark Laws and  
Rights on the Internet, and the Impact of  
Geolocation Technologies**

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**Abstract:** This paper reexamines the current legal landscape regarding the protection of trade marks and other industrial property rights in signs on the Internet. It is based on a comparative analysis of EU and national laws, in particular, German, U.S., and U.K. law. It starts with a short restatement of the principles governing trade mark conflicts that occur within a particular jurisdiction (part 2) and proceeds to the regulation of transnational disputes (part 3). This juxtaposition yields two basic approaches. Whereas trade mark conflicts within closed legal systems are generally adjudicated according to a binary either/or logic, transnational disputes are and should indeed be solved in a way that leads to a fair coexistence of conflicting trade mark laws and rights under multiple laws. This paper explains how geolocation technologies can alleviate the implementation of the principle of fair coexistence in concrete cases.

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## 1. Introduction

- 1 The protection of trade marks and other industrial property rights in signs<sup>1</sup> on the Internet has been a topic of international court practice, legislation and scholarly debate for at least 20 years. Nonetheless, trade mark conflicts on the internet continue to raise intricate questions. One reason is the fragmented character of these disputes, which are often adjudicated before different courts according to different laws. Moreover, the legal assessment cannot afford to ignore changes in information technologies. In that latter regard, the proliferation of ever more precise geolocation technologies might be a game changer. For many deliberations about trade mark law on the Internet start from the assumption that online communication is inherently if not necessarily global in reach<sup>2</sup> – which, in fact, it is not.
  
- 2 The aim of the following paper is to reexamine the current legal landscape in light of technological developments. It is based on a comparative analysis of EU and national laws, in particular, German, U.S., and U.K. law. It starts with a short restatement of the principles governing trade mark conflicts if they occur within a particular jurisdiction (part 2) and proceeds to the regulation of transnational disputes (part 3). This juxtaposition yields two basic approaches. Whereas trade mark conflicts within closed legal systems are generally adjudicated according to a binary either/or logic, transnational disputes are and should indeed be solved in a way that leads to a fair coexistence of conflicting trade mark laws and rights under multiple laws. The paper explains how geolocation technologies can alleviate the implementation of the principle of fair coexistence in concrete cases.

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<sup>1</sup> For reasons of simplicity, I use the term „trade mark” for both trade marks proper and other industrial property rights in signs, in particular company names, unless I expressly distinguish between different categories of rights.

<sup>2</sup> See, for example *Gucci Am., Inc. v. Hall & Assoc.*, 135 F. Supp. 2d 409, 421-22 (S.D.N.Y. 2001) (“the .. Web is not geographically constrained ... Web publishers are without any means to limit access to their sites based on the geographic location of particular Internet users.”); Wichard 2005, p. 262; Bettinger and Thum 2000a, pp. 162, 164; Johnson 2014, at fn. 308 (“For example, this Article assumes that the Internet cannot be divided or compartmentalized into geographies. Future advancements may prove otherwise”).

## 2. Trade Mark Conflicts Within a Jurisdiction

### 2.1 In General: Either Or

- 3 National and supranational unitary intellectual property (IP) laws like the Community trade mark regulation (CTMR) aim at establishing equal market conditions throughout the territory of the respective jurisdiction.<sup>3</sup> It follows as a rule that a sign is either exclusively allocated to one particular rightholder or it is free to use by everyone.
- 4 First, a sign in relation to certain products or a company is generally allocated to only one proprietor on the basis of the principle of priority. An earlier trade mark or right in a company name defeats every second-comer on “relative grounds”.<sup>4</sup> This solution is based on the premise that there is one fully integrated market where the public gets confused and thereby competition distorted if two or more persons were entitled to use identical or confusingly similar trade marks or other signs.
- 5 Second, the delimitation between the exclusive right in a sign and legitimate interests of third parties and the public at large to freely use a sign applies, as a rule, uniformly to every commercial communication of all market participants in the entire territory.<sup>5</sup> This holds also true in the case of signs consisting of foreign language terms and thus in situations that already feature a transnational element. Under EU law, a certain sign – e.g. the German word “Matratzen” (mattresses) – may well be devoid of distinctive character or descriptive of the goods or services concerned in one Member State (say Germany), but not so and thus eligible for protection in another (say Spain). The

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<sup>3</sup> See Recital 2, Art. 1(2) Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark, OJ L 78, 1 (codified version, in the following: CTMR).

<sup>4</sup> Art. 8, 53(1) CTMR; Art. 4 Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version), OJ L 299, 25 (in the following: TMD); sec. 9 German Trade Mark Act. On the principle of priority see ECJ Case C-245/02 *Anheuser-Busch Inc.*, EU:C:2004:717, paras. 98-9 (principle of priority as a basic principle of trade mark and IP law); CJEU Case C-561/11 *Fédération Cynologique Internationale*, EU:C:2013:91, paras. 32 et seq.; CJEU Case C-491/14 *Rosa dels Vents Assessoria SL*, EU:C:2015:161, paras. 21 et seq.

<sup>5</sup> See Art. 17 TRIPS; Art. 3, 6-7 TMD; Art. 7, 12-13 CTMR. On the trade mark public domain see Peukert 2012a, p. 23 et seq.

perspective of the relevant *local* public is the only thing that matters.<sup>6</sup> When examining CTM applications, OHIM only takes “official” languages spoken in EU Member States into consideration.<sup>7</sup> U.S. law takes a different position. Under the doctrine of foreign equivalents, foreign words from common languages are translated into English to determine genericness, descriptiveness, as well as similarity of connotation with English word marks.<sup>8</sup> In spite of this remarkable difference, both jurisdictions stick to the binary either/or logic: a sign is either eligible of protection or it is not.

## 2.2 Exceptionally: Coexistence of Conflicting Rights and Freedoms to Use a Sign

- 6 There are, however, exceptions to the binary logic of deciding trade mark conflicts in national/EU settings. These constellations are informative for the transnational level, where coexistent multinormativity constitutes the basic rule.

### 2.2.1 Examples

- 7 The first category of trade mark multinormativity within a jurisdiction concerns the boundaries of exclusivity by paying tribute to linguistic diversity. As explained, EU trademark law generally does not call for a consideration of the meaning of a word in a language other than the one officially spoken in a Member State. This monolingual approach is, however, increasingly challenged by transnational commerce and migration. In Germany, for example, there are many grocery stores that offer original Turkish and Russian products to customers who understand Turkish or Russian respectively. Products are labelled with the descriptive Turkish or Russian term, e.g. “gazoz” for soda or

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<sup>6</sup> ECJ Case C-3/03 P *Matratzen Concord*, EU:C:2004:233, paras. 40-2; ECJ Case C-421/04 *Matratzen Concord*, EU:C:2006:164, paras. 22-32; for German court practice see Ingerl and Rohnke 2010, sec 8 German Trade Mark Act, paras. 85 et seq. The pending revision of the EU trademark system will stick to this approach; see Amendment 22, European Parliament legislative resolution of 25.2.2014 on the proposal for a directive to approximate the laws of the Member States relating to trade marks (recast), COM(2013)162 – 2013/0089(COD) (rejection of the Commission proposal to require examination of grounds for non-registrability in other Member States where a trade mark in a foreign language is translated or transcribed in an official language of the Member States).

<sup>7</sup> For the OHIM see Max Planck Study 2011, p.141.

<sup>8</sup> See USPTO 2015, § 1207.01(b)(vi); *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772*, 396 F.3d 1369, 1377 (Fed.Cir. 2005); *Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.*, 175 F.3d 266 (2<sup>nd</sup> Cir. 1999) (otokoyama not eligible for trade mark protection in Japan because of its longstanding use as a designation for sake by many traders).

“Stolitschnaja” for a certain type of sausage. At the same time, these words are registered as Community or German trade marks because they are not descriptive in the official languages relevant for these trade mark offices. When it comes to the level of infringement, however, German courts do take the descriptiveness of such terms in foreign languages into account. To this end, they distinguish between consumers who understand Turkish or Russian and those who do not. If the contested use is primarily targeting the first group because it occurs in stores specializing in Turkish or Russian products, it was held to be in accordance with honest commercial practices “necessary to indicate the intended purpose of a product”, and thus not infringing.<sup>9</sup> Accordingly, the outcome of a trade mark analysis in entirely domestic settings may differ depending upon the language spoken in the relevant sector of the public. Community trade mark infringements are subject to the same proviso, allowing for the fair coexistence of different markets and consumer understandings in the EU Internal Market. “As a rule”, remedies for an infringement of a CTM extend to the entire territory of the EU. If the defendant proves, however, that the use of the sign at issue does not affect the functions of the trade mark in the entire EU “on linguistic grounds”, the court has to limit the geographical reach of its decision respectively.<sup>10</sup>

- 8 The second category of trade mark multinormativity pertains to disputes between two persons who legitimately claim conflicting exclusive rights in a sign. The phenomenon of conflicts of rights is a special feature of trade mark law compared to other IP laws. European and U.S. patent law require absolute worldwide novelty and thus rule out the possibility that different persons may legitimately claim ownership in an invention.<sup>11</sup> Where IP laws operate with

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<sup>9</sup> German Federal Supreme Court Case I ZR 23/02, GRUR Int. 2005, 70-2 – *Gazoz* (Art. 12(c) CTMR); Hamburg Court of Appeal Case 3 U 210/02, GRUR-RR 2006, 400 – *STOLITSCHNAJA* (Art. 6(c) TMD); ECJ Case C-421/04 *Matratzen Concord*, EU:C:2006:164, para. 31 (registration of foreign terms does not necessarily mean that all uses have to be prohibited). See also German Federal Supreme Court Case I ZR 100/11, GRUR 2013, 631 para. 64 - *AMARULA/Marulablu*; German Federal Supreme Court Case I ZR 114/13, GRUR 2015, 587 paras. 22-30 – *PINAR*.

<sup>10</sup> CJEU Case C-235/09 *DHL Express France*, EU:C:2011:238, paras. 38-39, 43-44, 46-48, 50. See also Düsseldorf Court of Appeal Case I-20 U 5/14 – *Combit/Commit* (request for preliminary ruling).

<sup>11</sup> Art. 54 EPC; sec. 3 German Patent Act.

national or regional concepts of novelty,<sup>12</sup> they accept that a certain subject matter might be allocated to another person in another jurisdiction, but they also provide for undivided ownership internally. Copyright law, finally, does acknowledge independent creations of identical works, but courts tend to imply that the second-comer unconsciously copied the earlier work and thus infringed the rights of the author of that work.<sup>13</sup> All of these IP rights confer an exclusive market position for certain products or technologies to one single innovator/creator/investor. Trade mark law, instead, takes its starting point from the principle of undistorted competition by preventing consumer confusion and other unfair adverse effects on one of the protected functions of the trade mark.<sup>14</sup> In addition, its subject matter differs from other IP rights in important ways. Whereas patents and copyrights protect a particular invention or work that can be identified anywhere in the world as the invention X or work Y invented/created by person Z, trade marks and other rights in signs protect a complex triadic relationship between a signifier (the sign, e.g. “Volkswagen”), a referent (i.e. the goods or services labelled with the sign, e.g. automobiles), and the signified, which is the origin of these products and its goodwill (e.g. the goodwill of Volkswagen AG).<sup>15</sup> The signifier can be identical or confusingly similar, and yet the referent and the signified may well be different. That possibility increases with the size of the market.

- 9 Already in the analog world and within the boundaries of a trade mark jurisdiction, not all conflicts of trade mark rights have been resolved in favor of one of the proprietors according to the principle of priority. Instead, trade mark laws on both sides of the Atlantic accept the coexistence of concurrent honest/legitimate users, in spite of a certain likelihood of confusion following from it. Most constellations of this type accrue from changes in the use of a sign that lead to overlaps of rights. This concerns cases where the holder of a right based on prior use in a certain region expands her commercial activity into the

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<sup>12</sup> See, e.g. sec. 1(1) and sec. 3(1) German Utility Models Act.

<sup>13</sup> See Rehbinder and Peukert 2015, para. 233; Glöckner and Kur 2014, pp. 29, 31.

<sup>14</sup> For U.S. law see *In re Trade-Mark Cases*, 100 U.S. 82 (1879); Lemley and Dogan 2007. The distinction between rights in innovations and in signs in the EU is less clear. See CJEU Case C-323/09 *Interflora*, EU:C:2011:604, para. 38.

<sup>15</sup> Beebe 2004.

“territory” of another user and right holder;<sup>16</sup> where a proprietor has acquiesced the use of a later trade mark;<sup>17</sup> where a trade mark acquired reputation and thus a broader scope of protection only after an otherwise infringing, younger trade mark came into existence;<sup>18</sup> and where formerly distinct trade mark territories are unified to one jurisdiction.<sup>19</sup> Another constellation where continued coexistence is the preferred solution pertains to natural persons with the same or confusingly similar names.<sup>20</sup> Courts also apply this approach to disputes between two legal persons who used identical or confusingly similar signs honestly and concurrently over the course of several years.<sup>21</sup>

### 2.2.2 Implementation of Coexistence

- 10 Coexistence in these situations can be implemented in two ways. The first approach strives to allow for coexistence and yet to avoid any consumer confusion. To achieve this seemingly paradox aim, the otherwise uniform trade mark territory is split up into separate zones of exclusivity.<sup>22</sup> Courts tend to favor this solution if the conflict not only concerns overspill of general commercial communication or advertisements to attract customers to the other “territory”, but direct competition by putting goods on the market or supplying services in the territory of the other proprietor.<sup>23</sup> In that way, they put emphasis on the

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<sup>16</sup> For U.S. law see 15 U.S.C. §§ 1057(b), 1115(a); *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 362 (2d Cir. 1959); McCarthy 2014, § 26:38.

<sup>17</sup> Art. 54 CTMR, art. 9 TMD; CJEU Case C 482/09 *Budějovický Budvar*, EU:C:2011:605, paras. 40-50.

<sup>18</sup> Sec. 22 German Trade Mark Act; CJEU Case C-65/12 *Leidseplein Beheer and Hendrikus de Vries*, EU:C:2014:49, para. 60.

<sup>19</sup> Sec. 22(1) no. 1 Act on the Integration of the Saarland in the Area of Industrial Property Law, 30.6.1959, BGBl. 1959 I, p. 388; secs. 1, 4, 30 Act on the Extension of Intellectual Property Rights (Erstreckungsgesetz), 23.4.1992, BGBl. I p. 938.

<sup>20</sup> Art. 12 lit. a CTMR, art. 6(1)(a) TMD.

<sup>21</sup> German Federal Supreme Court Case I ZR 174/07, GRUR 2010, 738, paras. 18-19 - *Peek & Cloppenburg I*; CJEU Case C 482/09 *Budějovický Budvar*, EU:C:2011:605, paras. 72-82 (honest concurrent use of two identical trade marks designating identical products under U.K. and EU law). See also ECJ Case C-245/02 *Anheuser-Busch Inc.*, EU:C:2004:717, paras. 80-1.

<sup>22</sup> On the separate exclusive zone of earlier use-rights of merely local reach vis-à-vis younger Community trade marks see Art. 8(4), 111(1) CTMR and CJEU Case C 96/09 P *Anheuser-Busch*, EU:C:2011:189, paras. 156-63; CFI Joined cases T-318/06 to T-321/06 *Alberto Jorge Moreira da Fonseca*, EU:T:2009:77, paras. 32 et seq.; Austrian Supreme Court, Case 4 Ob 148/14i, GRUR Int. 2015, 718, 720 – *Fashion One*. On separate zones of use-rights under German law see German Federal Supreme Court Case I ZR 174/07, GRUR 2010, 738 para. 19 - *Peek & Cloppenburg I*. For U.S. law see McCarthy 2014, §§ 26:40, 25:53.

<sup>23</sup> See ECJ Case C-10/89 *SA CNL-Sucal*, EU:C:1990:359, paras. 13-18 (both independent proprietors of national marks “HAG” are entitled to prohibit the unauthorized importation of coffee labeled “HAG”); *Dudley v. Healthsource Chiropractic, Inc.*, 883 F. Supp. 2d 377, 394 (W.D.N.Y. 2012).

avoidance of consumer confusion and the equal ranked interests of independent proprietors.<sup>24</sup>

- 11 The second approach champions the freedom of both concurrent proprietors to conduct their business in an integrated market.<sup>25</sup> It allows for the coexistence of identical or confusingly similar signs and thus for some risk of consumer confusion under the condition that both parties act in accordance with honest commercial practices/in good faith.<sup>26</sup> The fairness proviso is intended to minimize a potential distortion of competition resulting from coexistence. It requires courts to consider all circumstances of the case and to balance the interests involved. In particular, courts ask whether the party who changed the equilibrium can claim a legitimate interest in the contested use;<sup>27</sup> whether she could reasonably limit her commercial activity to “her” territory;<sup>28</sup> and whether she did what is necessary and reasonable to avoid or minimize a likelihood of confusion.<sup>29</sup> The aforementioned issue is often resolved by an obligation to adopt a sufficiently clear disclaimer that informs consumers about the coexistence.<sup>30</sup> The application of geolocation technologies has so far, however, not been considered as an appropriate, let alone the primary tool to ensure the fairness of concurrent legitimate uses of signs online.

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<sup>24</sup> Opinion of Advocate General Jacobs, Case C-10/89 *CNL-Sucal*, EU:C:1990:359, para. 25.

<sup>25</sup> With regard to German re-unification see German Federal Supreme Court Case I ZR 24/93, GRUR 1996, 897 - *Altenburger Spielkartenfabrik*; regarding the EC Common Market see ECJ Case C-192/73 *Van Zuylen frères*, EU:C:1974:72, paras. 12-15; regarding online communication *Allard Enterprises, Inc. v. Advanced Programming Resources, Inc.*, 249 F.3d 564, 575 (6th Cir. 2001).

<sup>26</sup> See CJEU Case C 482/09 *Budějovický Budvar*, EU:C:2011:605, para. 83 (honest concurrent use under U.K. and EU law); CJEU Case C-65/12 *Leidseplein Beheer and Hendrikus de Vries*; EU:C:2014:49, paras. 27 et seq. (earlier TM coexisting with younger TM with reputation). For U.S. law see Nupp 2003; Johnson 2014, pp. 1266 et seq. with further references.

<sup>27</sup> Cf. German Federal Supreme Court Case I ZR 41/08, GRUR 2011, 623, paras. 40 et seq. - *Peek & Cloppenburg II* (the registration of a nationwide trade mark containing the common company name unfairly prejudices the equilibrium between the homonymous companies).

<sup>28</sup> *Dudley v. Healthsource Chiropractic, Inc.*, 883 F. Supp. 2d 377, 394 (W.D.N.Y. 2012) (national advertising activities that cannot reasonably be geographically restricted); sec. 30(2) no. 2 Act on the Extension of Intellectual Property Rights (*Erstreckungsgesetz*) (regulating the coexistence of trade mark rights after German re-unification).

<sup>29</sup> German Federal Supreme Court Case I ZR 174/07, GRUR 2010, 738 para. 18 - *Peek & Cloppenburg I*.

<sup>30</sup> German Federal Supreme Court Case I ZR 174/07, GRUR 2010, 738 para. 37 - *Peek & Cloppenburg I* (both honestly concurring parties have to use sufficiently clear disclaimers); Johnson 2014, p. 1293.



### 3. Trade marks in Transnational Online Commerce

- 12 As explained, trademark conflicts occurring within a jurisdiction are generally resolved either in favor of a particular proprietor or the trademark public domain, whereas the coexistence of concurrent independent users/proprietors forms the exception. If commerce crosses borders – and this is always the case on the Internet, unless geolocation technologies are employed – the opposite is true. As a practical matter, trade mark disputes between concurrent legitimate users become much more frequent, even normal on a global online market subject to at least 176<sup>31</sup> trade mark laws compared to the situation within the territorial boundaries of a nation state or a region like the EU.<sup>32</sup> For example, there are many instances where independent companies use identical or similar trade marks and trade names accidentally<sup>33</sup> or because they are of common origin but have split up for various business or political reasons.<sup>34</sup> More importantly, coexistence on the global market is not only normal, but it constitutes the basic norm. In general, transnational trade mark conflicts are to be resolved according to a principle of *fair coexistence of all conflicting laws and rights*.<sup>35</sup>

#### 3.1 In General: Coexistence of Conflicting Rights and Freedoms to Use a Sign

##### 3.1.1 The Principle of Fair Coexistence

- 13 In order to justify this assertion, I firstly address the notion of “coexistence” before I proceed to the criterion of “fairness”.

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<sup>31</sup> Number of contracting parties of the Paris Convention as of 12 March 2015, see [http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty\\_id=2](http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=2).

<sup>32</sup> Glöckner and Kur 2014, p. 31.

<sup>33</sup> Cf. *Stichting BDO v. BDO Unibank Inc.* [2013] EWHC 418 (Ch) (dispute about “BDO” between Binder Dijker Otte & Co in Europe and Banco De Oro from the Philippines); *Euromarket Designs Incorporated v. Peters & Anor* [2000] EWHC 453 (Ch) (dispute about “Crate & Barrel” as a name of a chain of stores in the U.S. and a store in Ireland called “Create & Barrel”, which the defendant claimed to have devised independently upon the idea that “I had been working in pubs all my life lifting crates and changing barrels.”); German Federal Supreme Court Case I ZR 163/02, GRUR 2005, 431 – *HOTEL MARITIME* (dispute between German hotel chain “MARITIM” and a Copenhagen hotel called „HOTEL MARITIME”).

<sup>34</sup> ECJ Case C-10/89 *SA CNL-Sucal*, EU:C:1990:359 (Hag Germany v. Hag Belgium); *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214 (4<sup>th</sup> Cir. 2002) (Harrods UK v. Harrods South America); see also Ohly 2005, p. 249.

<sup>35</sup> See Bettinger and Thum 2000b, pp. 287 et seq., 302 (“consideration should be given to restricting absolute trade mark protection and applying a coexistence model restricted by an unfair-use proviso.”).

## “Coexistence”

- 14 The concept of “coexistence” stands in contrast to the binary either/or logic, which governs cases of purely national or Community trade mark conflicts, and which means that a use of a sign in commerce is either subject to the exclusive rights of one particular rightholder – or it is not. That approach rests on the assumption of a fully integrated legal order that establishes a hierarchy of norms and provides uniform solutions for the entire territory.
- 15 The moment a trade mark conflict involves an international element and thus becomes at the same time a conflict of laws, all of these basic suppositions become inoperative. First, the Internet is not a “Cyberspace” subject to globally unitary norms.<sup>36</sup> It is factually possible to control and regulate all layers of the Internet, and it is normatively justifiable to subject online communication to mandatory national, supranational and international laws in so far as these laws are legitimate.<sup>37</sup> These general observations also hold true with regard to the regulation of commercial activities by trade mark laws. Art. 7 of the 2001 WIPO Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet (WIPO 2001), proclaims that
- “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”.<sup>38</sup>
- 16 As this provision already indicates, online communication is, secondly, not subject to one trade mark law with worldwide unitary character, but to more than 176 trade mark laws of national and supranational provenance. According to the territoriality principle, the geographical reach of these laws and the rights they create is limited to the territory of the respective state or supranational entity like the EU.<sup>39</sup> Territoriality as a principle rooted in national law and international conventions leads to a mosaic adjudication of transnational infringement cases.

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<sup>36</sup> See Cf. Goldsmith 1998.

<sup>37</sup> Chander 2009, p. 312 (“But with respect to mandatory law, democracy demands glocalization, at least until ‘We the People’ elect to subject ourselves to foreign rules.”).

<sup>38</sup> See Wichard 2005, pp. 257 et seq.

<sup>39</sup> See Peukert 2012b.

Even if a court, such as under EU law the one at the defendant's domicile, has jurisdiction to decide about foreign trade mark infringements, it has to apply the laws of all countries for which the plaintiff seeks protection (*lex loci protectionis*).<sup>40</sup> Referring to the principle of territoriality, the CJEU expressly rejected to extend the rule that the courts at the place of the center of interests of a person whose personality rights have been infringed on the Internet have universal competence to adjudicate the case to online infringements of trade marks and other IP rights.<sup>41</sup> As a consequence, courts have generally been careful in limiting their orders regarding online infringements of IP laws to the territory of the state whose laws have been violated.<sup>42</sup> Art. 15(1) WIPO 2001 confirms the rule against global injunctions by proclaiming that

“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.”

- 17 Academic proposals, which allow for global injunctions according to one single IP law, primarily address copyright piracy on the Internet, where the infringement indeed “arguably takes place in every State in which the signals can be received”.<sup>43</sup> The only situation where the respective model provisions on “ubiquitous infringements” are arguably applicable in the area of trade marks is where the case concerns a well-known trade mark.<sup>44</sup> But even in this constellation, the CLIP model provisions add the proviso that

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<sup>40</sup> Peukert 2012b, pp. 193-194 with further references.

<sup>41</sup> See CJEU Case C-523/10 *Wintersteiger*, EU:C:2012:220, paras. 24 and 25 and CJEU Case 170/12 *Peter Pinckney*, EU:C:2013:635, paras. 45-46; *Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, 939 F.Supp. 1032, 1039-40 (S.D.N.Y. 1996) (“While this Court has neither the jurisdiction nor the desire to prohibit the creation of Internet sites around the globe, it may prohibit access to those sites in *this* country.”).

<sup>42</sup> See *Twentieth Century Fox Film Corp. v. iCraveTV*, 2000 WL 255989 (2000 W.D.Pa.) (injunction against online public performance in the U.S. only); Pichler 2008, para. 974. See also Article 2:604 CLIP Principles 2013 (“Scope of injunctions (1) When a court has applied a law pursuant to Article 3:601, an injunction issued by a court of competent jurisdiction shall concern only activities affecting intellectual property rights protected under the national law or laws applied by the court.”); AIPPI 2001.

<sup>43</sup> Art. 3:603(1) CLIP Principles 2013; § 321 ALI Principles 2008 and note 5 to § 204 ALI Principles (application of only one law addresses concerns that the defendant's residence may be an “information haven”); Ginsburg 1998, pp. 18-19.

<sup>44</sup> See *infra*, 3.2.1.

“any party may prove that the rules applying in a State or States covered by the dispute differ from the law applicable to the dispute in aspects which are essential for the decision. The court shall apply the different national laws unless this leads to inconsistent results, in which case the differences shall be taken into account in fashioning the remedy.”<sup>45</sup>

- 18 These observations suggest that the regulation of online communication is generally characterized by the *absence* of universal norms, including, one might be inclined to add, a universal principle of fair coexistence of trade mark laws and rights. This line of reasoning overlooks, however, that at a deeper level, trade mark law on the Internet does rest upon two universal norms, which in turn justify the concept of “coexistence”, namely first that the Internet is subject to trade mark law, and second that these trade mark laws are all subject to the territoriality principle. The universality of these two norms concerns their limitative effect. Trade mark law limits the freedom of online communication, and the territoriality principle limits IP protection. A universal regulation of trade mark conflicts online has to accommodate, at a minimum, both universal limitations of online communication and IP protection respectively.
- 19 A coexistence of divergent trade mark laws and rights satisfies this requirement. It corresponds to the lack of a hierarchy of norms beyond the state and accordingly implements a form of horizontal or heterarchical regulation.<sup>46</sup> It neither gives priority to exclusive rights by making the Internet trade mark compatible nor does it immunize freedom of communication in “Cyberspace” from trade mark regulation, for neither claim trumps the other on a global scale. Finally, the concept of coexistence pays tribute to the fact that all trade mark laws are independent from each other, and, provided they comply with applicable international treaties, of equal legitimacy.<sup>47</sup>

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<sup>45</sup> Art. 3:603(3), Art. 2:604(2) CLIP Principles 2013 (scope of injunction limited in that case); Glöckner and Kur 2014, p. 35.

<sup>46</sup> On horizontality in international law see Crawford 2012, p. 485.

<sup>47</sup> Art. 6(3) Paris Convention (in the following: PC); German Federal Supreme Court Case I ZR 163/02, GRUR 2005, 431 – *HOTEL MARITIME*; Japanese Supreme Court Case H6-(Ne)-3272, IIC 1998, 331, 334 – *BBS Wheels III*; *Barcelona.com v. Excelentísimo Ayuntamiento de Barcelona*, 330 F.3d 617, 628 (4<sup>th</sup> Cir. 2003).

- 20 It is important to stress that already for this latter reason, coexistence is the proper answer irrespective of whether the defendant argues that she also holds a right in the sign (conflict of rights) or whether she “merely” claims that the contested use is lawful according to another trade mark law (conflict of laws).<sup>48</sup> The WIPO Joint Recommendations 2001 and the UDRP ascribe equal significance to both defences.<sup>49</sup> Ignorance towards the legality of uses under foreign laws is not less unjustified than ignorance towards foreign rights. In both cases, the lawfulness of the contested use under foreign laws has to be taken into account as soon as the remedy requested has implications for cross-border commerce. This, however, is always the case if the plaintiff asks for an injunction concerning the use of a sign on the Internet, which enables global communication.
- 21 Finally, the call for a consideration of conflicting trade mark laws and rights is a rather thin normative claim. It only discards complete ignorance towards foreign laws in transnational disputes. The question remains, according to which substantive standard the formal concept of coexistence is to be implemented.

“Fairness”

- 22 The prime candidate for this task from the perspective of trade mark law is “fairness”. Under the rubric of this flexible tool, courts handle internal cases of legitimately concurring users.<sup>50</sup> The synonymous proviso of “honest practice” is, in essence, an expression of the duty to act fairly in relation to the legitimate interests of other trade mark owners involved. It is furthermore essentially the same criterion as that laid down in Art. 17 TRIPS regarding limitations and exceptions to exclusive trade mark rights.<sup>51</sup> EU trade mark law generally

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<sup>48</sup> German Federal Supreme Court Case I ZR 75/10, GRUR 2012, 621 – *Oscar*; WIPO 2001, para. 9.01. But see Ohly 2005, pp. 247 and 254; Bettinger and Thum 2000b, p. 287; Glöckner and Kur 2014, p. 29 (stressing the differences between conflicts of norms and conflicts of rights).

<sup>49</sup> See Article 15(2) WIPO 2001 (user “owns a right in the sign” in another Member State or she “is permitted to use the sign” under the law of another Member State to which she has a close connection); Art. 4(a)(ii) UDRP 1999 (“rights” or “legitimate interests” of the registrant).

<sup>50</sup> Supra 2.2.1-2.2.2.

<sup>51</sup> ECJ Case C-245/02 *Anheuser-Busch*, EU:C:2004:717, para. 82. See also art. 6 TMD and 12 CTMR (honest practices) and CJEU Case C-558/08 *Portakabin Ltd and Portakabin BV*, EU:C:2010:416, para. 69. See also art. 7 TMD, 13 CTMR (legitimate reasons for the proprietor to oppose commercialization of goods with regard to which the rights in the trade mark have been exhausted).

intends to strike a fair balance between the interests of the proprietor of a trade mark, and the interests of other economic operators in having signs capable of denoting their goods and services. It does so with the aim of fostering undistorted competition.<sup>52</sup>

23 Competition, in turn, is also subject to a general prohibition of unfairness. Art. 10<sup>bis</sup>(1) PC requires the 176 countries of the Paris Union to provide for “effective protection against unfair competition”.<sup>53</sup> Paragraph 2 of that provision defines unfair competition as acts which are “contrary to honest practices in industrial or commercial matters”.<sup>54</sup> Paragraph 3 adds a list of examples of such acts of unfair competition that “shall be prohibited”, including indications and allegations that are “liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity” of goods (subparagraph (ii)).

24 It is true that there is no universally accepted concept of competition, and that Art. 10<sup>bis</sup> PC leaves the countries of the Paris Union a considerable range of discretion in defining what constitutes an act of unfair competition.<sup>55</sup> Moreover, the rather general standard of Art. 10<sup>bis</sup> PC does not result in and of itself in the creation of a claim or action against a third party beyond the level of protection that the applicable national law already provides against confusing and otherwise misleading acts.<sup>56</sup> Nevertheless, Art. 10<sup>bis</sup> PC does set out a substantive minimum standard of protection against unfair competition.<sup>57</sup> At the least, it supports the finding that fairness/honesty is an acceptable standard for all countries that provide for some form of trade mark protection and trade regulation in general. And again, this standard is a rather limited one. It

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<sup>52</sup> CJEU Case C 482/09 *Budějovický Budvar*, EU:C:2011:605, para. 34; CJEU Case C-65/12 *Leidseplein Beheer and Hendrikus de Vries*, EU:C:2014:49, para. 46; Kur 2014.

<sup>53</sup> According to Art. 10<sup>ter</sup>(1) PC, the Paris Union countries have to assure to nationals of the other countries of the Union “appropriate legal remedies effectively to repress all the acts referred to” in Article 10<sup>bis</sup> PC.

<sup>54</sup> See also art. 12(1) CTMR, art. 6(1) TMD.

<sup>55</sup> Pflüger 2015, pp. 298-301.

<sup>56</sup> See *Grupo Gigante SA De CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1099-1100 (9<sup>th</sup> Cir. 2004); *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 162-3 (2<sup>nd</sup> Cir. 2007).

<sup>57</sup> Bodenhausen 1969, pp. 143-145; Pflüger 2015, p. 298.

essentially calls for a balancing of all legitimate interests involved, which is also the idea underscored by the principle of comity.<sup>58</sup>

### 3.1.2 Implementation on the Level of International Jurisdiction

- 25 If a conflict between equally legitimate concurrent users occurs within a national/supranational territory, it is addressed and solved in the course of applying substantive trade mark law. At the transnational level, the implementation of a fair coexistence of conflicting laws and rights can enter the analysis already at the question whether a court has international jurisdiction to hear the case. If the court denies its (personal)<sup>59</sup> jurisdiction, the factual coexistence of the uses remains unregulated and unaffected.
- 26 Under EU law, this hands-off approach is, however, foreclosed from the outset if the plaintiff institutes the proceedings where the defendant is domiciled or where the event giving rise to an alleged infringement occurred. The competence of the courts at defendant's forum is universal in scope, and the competence of the courts at the place of the triggering event extends to all damages following from it, irrespective of whether the contested use of the sign threatens to occur or to have commercial effect in those fora.<sup>60</sup> In such situations, common law courts will equally not be in a position to refuse to take jurisdiction under the doctrine of forum non conveniens because the choice of the plaintiff does not impose a heavy burden on the defendant, and there are specific reasons of convenience supporting his choice.<sup>61</sup>

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<sup>58</sup> Schultz and Ridi 2015. On the concept of comity in transnational IP disputes see also Peukert 2013, PRE:C17-8. On international comity as the basis for the doctrine of foreign equivalents in U.S. trade mark law see *Enrique Bernat F., S.A. v. Guadalajara, Inc.*, 210 F.3d 439, 445 (5th Cir. 2000); McCarthy 2014, § 12:41 (recognition of a generic word in any language as a mark would create a barrier to international trade).

<sup>59</sup> *Litecubes, LLC v. Northern Light Products, Inc.*, 523 F.3d 1353, 1366 (Fed. Cir. 2008).

<sup>60</sup> See art. 4, 62, 63 Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, OJ L 351/1 (in the following: Brussels Regulation Ibis); Art. 2:101 CLIP Principles 2013. As regards the competence of the court at the place of activity see CJEU Case C-523/10 *Wintersteiger*, EU:C:2012:220, para. 37; Article 93(5) CTMR; CJEU Case 360/12 *Coty Germany*, EU:C:2014:1318, paras. 26 et seq.; § 204(1) ALI Principles 2008 (where the defendant "has substantially acted, or taken substantial preparatory acts, to initiate or further an alleged infringement").

<sup>61</sup> Cf. *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 247 et seq. (1981). Forum non conveniens is not applicable in the context of the EU rules on jurisdiction; see ECJ Case C-281/02 *Owusu*, EU:C:2005:120.

- 27 International jurisdiction in trade mark matters is, however, not limited to the place where the defendant is domiciled or where she initiated an infringement. It is also available where that conduct produced effects<sup>62</sup> or where it resulted in damage.<sup>63</sup> Courts and commentators disagree whether this head of jurisdiction is already proper if the contested online use is accessible in the forum or whether and which additional conditions have to be met.
- 28 According to the jurisprudence of the CJEU, IP infringement jurisdiction is established if two requirements are fulfilled: First, the state in which the court is situated protects the IP right relied on by the plaintiff, and second, there is a likelihood of infringement within the forum.<sup>64</sup> With regard to online cases, the CJEU held that the accessibility of a website in the country of protection already suffices to trigger a likelihood of infringement and thus justifies special infringement jurisdiction. In particular, Austrian courts have been granted jurisdiction to adjudicate a dispute concerning the alleged infringement of an Austrian trade mark by the use of an identical keyword on the website google.de, which is directed to German consumers.<sup>65</sup> French courts are competent to decide about an unauthorized reproduction of a copyrighted work that occurred in Austria if it is possible to obtain such a copy “via an Internet site which is also accessible within the jurisdiction of the court seized.”<sup>66</sup> The result of this approach is that a user of a sign on the Internet has to expect that she might be sued in any court where her commercial communication is accessible.
- 29 This consequence has been criticized as an overbroad extraterritorial extension of local jurisdiction that creates unforeseeable and unavoidable legal risks for online commerce.<sup>67</sup> However, the assumption underlying this critique, according to which the Internet is an inherently global medium, which can be used and

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<sup>62</sup> CJEU Case 360/12 *Coty Germany*, EU:C:2014:1318.

<sup>63</sup> On the duality of linking factors under Art. 7(2) Brussels Regulation *Ibis* see CJEU Case C-523/10 *Wintersteiger*, EU:C:2012:220, paras. 19, 21; see also § 304(2) ALI Principles 2008 (where a person’s activities “give rise to an infringement claim”); Art. 2:202 CLIP Principles 2013.

<sup>64</sup> CJEU Case 170/12 *Peter Pinckney*, EU:C:2013:635, para. 43.

<sup>65</sup> CJEU Case C-523/10 *Wintersteiger*, EU:C:2012:220, para. 46; Austrian Supreme Court Case No. 4Ob82/12f, IIC 2013, 992, 997-8 – *Wintersteiger III* (google.de is rarely used by Austrian consumers).

<sup>66</sup> CJEU Case 170/12 *Peter Pinckney*, EU:C:2013:635, paras. 44, 47.

<sup>67</sup> See Wichard 2005, p. 262; Bettinger and Thum 2000a, p. 164; Kur 2005, pp. 175 et seq.; Glöckner and Kur 2014, pp. 29-30; Nupp 2003, p. 620.



regulated only on a global scale, is increasingly doubtful in light of ever more sophisticated geolocation technologies. These technologies locate the machine used for the communication with an accuracy approaching 100 %, unless the user deliberately employs circumvention tools to hide her true location.<sup>68</sup> Users often resort to such tactics when they are denied access to music or movie platforms that are only available in other countries. In trade mark cases, circumvention of geolocation technologies does not seem likely in so far as users are still able to access the desired content, if only under a different, non-infringing brand or company name.<sup>69</sup> In any event, the implementation of geolocation technologies allows content providers to effectively territorialize their commercial online communication and thereby avoid global exposure to lawsuits.<sup>70</sup> This option has normative implications. The easier it is to direct one's communication to a particular local audience, the stronger weighs the argument that without such a restriction, the content provider targets anyone not excluded, which in turn justifies the application of all laws in the countries where the content is accessible. The basic norm regarding online liability shifts from liability under local laws plus the states/laws targeted to global liability minus the states/laws excluded by technological measures.<sup>71</sup>

- 30 The opposite view maintains that, due to the global proliferation of the Internet, the criterion of accessibility is effectively redundant and, moreover, incompatible with the aims of the law governing international jurisdiction to avoid fora with only weak connections to the case, to limit the number of concurrent heads of jurisdiction, and to foreseeability.<sup>72</sup> In addition, geolocation technologies will never be 100 % accurate. False spillovers and false denials of access may

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<sup>68</sup> Upper Administrative Court of North Rhine Westphalia, Case 13 A 2018/11, juris; Svantesson 2007; Trimble 2012, pp. 586 et seq.; King 2011, 66 pp. et seq.; critical Hoeren 2007; Winkelmüller and Kessler 2009; Pichler 2008, para. 841.

<sup>69</sup> I owe this distinction to a remark made by Dan Svantesson.

<sup>70</sup> ALI Principles 2008, pp. 50-51, 56; Trimble 2012, p. 589; Svantesson 2004; Pichler 2008, para. 841; Garnett 2005, p. 947; If the defendant employs geolocation and access controls, she does not violate a court order (injunction) that was based on a different trade mark law; see *Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, 939 F.Supp. 1032, 1039-40 (S.D.N.Y. 1996).

<sup>71</sup> Svantesson 2004, p. 132; Reidenberg 2005, p. 1962 (widespread availability of geolocation tools "shifts the burden from demonstrating that a jurisdiction was targeted to showing that reasonable efforts were made to avoid contact with the jurisdiction."); King 2011, pp. 88 et seq.; Fawcett and Torremans 2011, paras. 10.20-21 ("targeting the world").

<sup>72</sup> German Federal Supreme Court Case VI ZR 23/09, NJW 2010, 1752 para. 17 - *New York Times*; Fawcett and Torremans 2011, para. 10.72; Torremans 2014, 386-7.

require the intervention of courts that accordingly have to look beyond these technologies to decide about whether hearing the case is warranted.<sup>73</sup> Finally, incentivizing market segmentation by coupling international jurisdiction to the (non-)application of geolocation technologies may exacerbate the emergence of a global and diversified online market with all its potential economic and cultural benefits.<sup>74</sup> To avoid these pitfalls, infringement jurisdiction in online cases is rightly considered proper only if the contested use is, in light of the circumstances of the case, directed to the forum state so that there is substantial effect on the local commerce.<sup>75</sup> Relevant indicia include sales to the forum, the use of the forum's language, top level domain, currency, units for measuring size and volume, and other "technical" barriers to transnational trade.<sup>76</sup> There is, however, no requirement to prove occurrences of local downloads or shipments of infringing goods.<sup>77</sup>

### 3.1.3 Implementation on the Level of Choice of Law

- 31 The second point at which the principle of fair coexistence of conflicting norms and rights in online trade mark disputes can enter the legal assessment is the choice of law analysis. If a court hears the case but refuses to apply the law of a country of protection (be it the law of the forum or a law of a third country), it leaves the concurrent online use unaffected for the respective territory. In principle, this second hands-off option is available not only for the courts in the country of an alleged infringement but also for the courts at the defendant's forum and at the place where the defendant acted. The structure of the conflicts rule of *lex loci protectionis* does not allow, however, for making the application of the law of a country of protection dependent upon the showing of a significant connection to this law. The rule does not refer to a de facto connecting factor

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<sup>73</sup> Chander 2009, fn. 190.

<sup>74</sup> Dinwoodie et al. 2009, p. 207-8.

<sup>75</sup> German Federal Supreme Court Case I ZR 163/02, GRUR 2005, 431, 433 – *HOTEL MARITIME*; German Federal Supreme Court Case VI ZR 23/09, NJW 2010, 1752, paras. 16-29 - *New York Times*, citing High Court of Australia *Dow Jones and Company Inc. v. Gutnick* [2002] HCA 56; French Cour de cassation Case 06-20230, 13.7.2010; French Cour de cassation Case 11-26822, 22.1.2014; on U.S. law see McCarthy 2014, § 32:45.50; *Calder v. Jones*, 465 U.S. 783 (1984) (the creation of intentional effects suffices to establish personal jurisdiction); Art. 2:202 CLIP Principles 2013; §204(2) ALI Principles 2008.

<sup>76</sup> ALI Principles 2008, 49; Kur 2013, Art. 2:202 CLIP Principles, C17.

<sup>77</sup> German Federal Supreme Court Case VI ZR 23/09, NJW 2010, 1752 para. 14 - *New York Times*.

such as the place where competitive relations or the collective interests of consumers are, or are likely to be, affected<sup>78</sup> or in which the allegedly infringing activity of the defendant occurred<sup>79</sup> but to the law of the country “where”<sup>80</sup> or “for which” protection is sought or claimed. Accordingly, the law of that country of protection is applicable as soon as the plaintiff relies on it to substantiate its allegation of infringement.<sup>81</sup> On this formalistic basis, there is simply no way to introduce an additional requirement of a sufficiently significant connection to the law of the country of protection. In this respect, IP law differs from unfair competition law, where market effects are crucial for the decision about the applicable law.<sup>82</sup>

### 3.1.4 Use in the Country of Protection

32 Thus, the principle of fair coexistence can be implemented only on the level of international jurisdiction (see supra, 3.1.2) or in the course of applying the substantive IP regime on which the plaintiff relies. As explained, courts on both sides of the Atlantic leave the factual coexistence of conflicting signs on the Internet unaffected if the contested use is accessible but not directed to the forum. In this case of in-existent or minimal commercial effect in the forum, they already refuse to hear an infringement claim. Under EU law, in contrast, the mere accessibility of allegedly infringing online content in a Member State where the right pleaded is protected suffices to establish infringement jurisdiction.

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<sup>78</sup> See Art. 6(1) Regulation (EC) No 864/2007 on the law applicable to non-contractual obligations (Rome II), OJ L 199/40 (in the following: Rome II Regulation: “The law applicable to a non-contractual obligation arising out of an act of unfair competition shall be the law of the country where competitive relations or the collective interests of consumers are, or are likely to be, affected.”); German Federal Supreme Court Case I ZR 131/12, MMR 2014, 605, para. 36 - *englischsprachige Pressemitteilung*. See also Art. 6(3)(a) Rome II Regulation (“The law applicable to a non-contractual obligation arising out of a restriction of competition shall be the law of the country where the market is, or is likely to be, affected.”).

<sup>79</sup> See sec. 34(1) Austrian Private International Law Act (Bundesgesetz über das internationale Privatrecht (IPR-Gesetz)) (“Das Entstehen, der Inhalt und das Erlöschen von Immaterialgüterrechten sind nach dem Recht des Staates zu beurteilen, in dem eine Benützung- oder Verletzungshandlung gesetzt wird.”).

<sup>80</sup> Article 5(2), 7(8) Berne Convention; *Subafilms v. MGM-Pathe Communications*, 24 F.3d 1088, 1097 footnote 15 (9<sup>th</sup> Cir. 1994) (en banc) (“ambiguous concept”).

<sup>81</sup> German Federal Supreme Court Case I ZR 75/10, GRUR 2012, 621 para. 34 - *Oscar*.

<sup>82</sup> See Glöckner and Kur 2014, p. 34.

- 33 However, the CJEU and courts in EU Member States applying the Brussels system of international jurisdiction deny a “use in the course of trade”<sup>83</sup> or at least an infringement of a trade mark if the use in question has *no intended commercial effect* on the interests of the proprietor and the competitive relations in the country for which protection is sought.<sup>84</sup> They thereby exhibit the reservation that other courts already show at the level of accepting jurisdiction on the later stage of substantive trade mark law. Both approaches are based on the same reasons. The intervention of courts and the application of local market regulations including trade mark law are justified only if there is a sufficiently close connection to the respective territory. The prohibition of minimal overspill would lead to a systematic overregulation of online activity. Users of the Internet had to clear all trade mark laws of the world before going online. This cannot be reasonably required.<sup>85</sup>
- 34 The criteria for assessing whether the use of a sign on the Internet is directed to and thus has sufficient commercial effect in the country of protection are also the same as those that other courts apply already at the level of jurisdiction, namely the content of the website and the existence of customer relationships with the forum.<sup>86</sup> The German Federal Supreme Court takes into consideration whether the accessibility of the online use in Germany is an “unavoidable by-product of a technical or organizational constellation”, which the defendant “is unable to control” or whether the defendant intentionally profits from reaching German consumers, for example by offering them possibilities to place online orders and by linking to allegedly infringing websites.<sup>87</sup>

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<sup>83</sup> Art. 16(1) TRIPS; Art. 5(1) TMD.

<sup>84</sup> See Art. 2, 3, 6 s. 1 WIPO 2001; CJEU Case C-324/09 *L'Oréal and Others*, EU:C:2011:474, paras. 62-64; CJEU Case 173/11 *Football Dataco*, EU:C:2012:642, paras. 37 et seq. (copyright); Austrian Supreme Court Case 4Ob82/12f, IIC 2013, 992, 996-8 - *Wintersteiger III*; German Federal Supreme Court Case I ZR 75/10, GRUR 2012, 621 paras. 34-55 – *Oscar*; *Stichting BDO v. BDO Unibank Inc.* [2013] EWHC 418 (Ch), para. 106; Article 3:602 CLIP Principles 2013; Kur 2013, Art. 3:602 CLIP Principles C03; but see Cologne Regional Court Case 6 W 161/07, GRUR-RR 2008, 71 (denying infringement jurisdiction).

<sup>85</sup> Wichard 2005, p. 261; Kur 2005, p. 179 (common sense compromise); Kur 2013, Art. 3:602 CLIP Principles, C05.

<sup>86</sup> CJEU Case 324/09 *L'Oréal/eBay International*, ECLI:EU:C:2011:474, para. 65; Austrian Supreme Court Case 4Ob82/12f, IIC 2013, 992, 996-8 - *Wintersteiger III*; French Cour de cassation Case 11-26822, 22.1.2014; Fawcett and Torremans 2011, paras. 10.29-30.

<sup>87</sup> German Federal Supreme Court Case I ZR 75/10, GRUR 2012, 621 para. 36 – *Oscar*; German Federal Supreme Court Case I ZR 131/12, MMR 2014, 605 para. 31 - *englischsprachige Pressemitteilung*.

35 These questions again raise the issue of geolocation technologies. As on the level of jurisdiction, the non-application of effective geolocation technologies does not automatically support a finding of local use in commerce.<sup>88</sup> An Internet communication that is freely accessible in a country of protection may nevertheless be considered an unintentional minimal spillover because there are other “technical” barriers to cross-border commerce in place, such as the use of a foreign language and currency. A use is also *de minimis* if it is obvious from the content of the website that it provides information about an establishment such as a shop or a hotel that is offering its goods or services solely in a foreign country.<sup>89</sup>

36 In sum, trade mark conflicts on the Internet continue to coexist in so far as only marginal overlaps are concerned. This result is achieved by denying infringement jurisdiction or local use in commerce under substantive trade mark law as regards minimal overspill. Although these two approaches are functionally equivalent, they entail important doctrinal and practical differences. In particular, international jurisdiction is a matter that a court has to decide of its own motion, whereas the defense of insufficient local use has to be pleaded by the defendant.<sup>90</sup> The substantive law solution generally implies higher legal costs, a risk of abusive forum shopping, and a potential need for coordination of parallel proceedings.<sup>91</sup> It thus seems preferable to solve cases of minimal overspill already at the level of international jurisdiction.

### 3.1.5 Infringement Under the Law of the Country of Protection

37 In any event, the finding that a cross-border online use of a sign has intended substantial commercial effects in the country of protection – for example by offering consumers the possibility to order goods, access digital services, make bookings<sup>92</sup> or by providing general commercial information about the respective

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<sup>88</sup> But see German Federal Supreme Court Case I ZR 131/12, MMR 2014, 605 para. 46 - *englischsprachige Pressemitteilung* (stressing that the defendant did not employ technological measures to prevent German consumers from accessing the website in question)

<sup>89</sup> Cf. *Euromarket Designs Incorporated v. Peters & Anor* [2000] EWHC 453 (Ch); German Federal Supreme Court Case I ZR 163/02, GRUR 2005, 431, 433 – *HOTEL MARITIME*.

<sup>90</sup> Cf. Art. 28(1) Brussels Ibis Regulation.

<sup>91</sup> Torremans 2014, pp. 386-7.

<sup>92</sup> Cf. German Federal Supreme Court Case I ZR 163/02, GRUR 2005, 431 – *HOTEL MARITIME*.

company or its products – does not conclude the matter. Instead, the court has to proceed to the question whether the proprietor of the trade mark is entitled to prevent the use of the sign, whether, in other words, the use actually infringes the exclusive right of the plaintiff.

#### The Basic Standard

- 38 Had the alleged infringement occurred within the territorial boundaries of a trade mark jurisdiction, the general body of trade mark law of that country would apply. In the EU, one therefore had to distinguish between cases of double identity, of mere similarity of signs and/or products, and of the extended protection of marks with a reputation.<sup>93</sup> For the reasons given above, the law of the protecting country cannot, however, be applied *telle quelle* in transnational trade mark conflicts. The binary logic of allocating exclusive rights in a sign to one party on the basis of the principle of priority has to give way to the principle of fair coexistence of conflicting trade mark laws or rights *if* the alleged infringer shows that she holds a right in the sign or at least has a legitimate interest in using the sign without the consent of the proprietor of the trade mark according to another trade mark law.
- 39 This approach resembles parallel cases of exceptionally coexistent legitimate/honest concurrent users on a national level.<sup>94</sup> It is furthermore confirmed by the two major legal instruments addressing trade mark conflicts on the Internet, namely the UDRP and the 2001 WIPO Joint Recommendation concerning rights in signs on the internet. Both documents take into account whether the alleged infringer “owns a right in the sign in another Member State” or “is permitted to use the sign ... under the law of another Member State to which the user has a close connection.”<sup>95</sup> They thus require decision makers to broaden their analysis and consider conflicting laws and rights as part of their infringement analysis. Whereas the UDRP necessarily leads to the allocation of a particular TLD to one of the opponents, the 2001 WIPO Joint

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<sup>93</sup> Art. 5 TMD; CJEU Case C-329/09 *Interflora*, EU:C:2011:859.

<sup>94</sup> *Supra* 2.2.2.; Nupp 2003, pp. 652 et seq.

<sup>95</sup> Art. 9(i), 10(i) WIPO 2001; Art. 4(a)(ii) UDRP (“rights or legitimate interests in respect of the domain name”). See also *Stichting BDO v. BDO Unibank Inc.* [2013] EWHC 418 (Ch), para. 190 (“Whether the defendant has a sufficient justification for using the sign complained of.”).

Recommendation expressly proclaims that an otherwise infringing use “should not be prohibited any more than is proportionate to the commercial effect that such use has produced” in the country of protection.<sup>96</sup>

40 In sum, courts should consider the following questions when confronted with an online trade mark infringement case:

(1) Has the contested use intended commercial effects in the forum/the country of protection so as to merit exercising infringement jurisdiction and applying the respective trade mark law?

(2) If yes, can the alleged infringer show that she owns a right in the identical or confusingly similar sign or that she is permitted to use the sign without the consent of the right holder according to another trade mark law?

(3) If yes, does she use the sign in the country of protection in accordance with honest practices in industrial or commercial matters (cf. Art. 10<sup>bis</sup> PC)?

41 Steps two and three of the analysis need not be performed as part of a new, free-standing test of transnational trade mark infringement. Instead, they can form part of the traditional trade mark analysis under the applicable law if only conflicting rights/interests are inserted into the equation at all. The third step boils down to the question whether the use qualifies as an unfair act in competition that has to be prohibited although it may be lawful in other places under other laws. As in unfair competition law, the court has to consider all circumstances of the case and give equal weight to the conflicting rights and norms.<sup>97</sup> The guiding principle of the analysis is the protection of undistorted competition, which trade mark law is meant to foster.<sup>98</sup>

42 If the alleged infringer acts fairly in relation to the legitimate interests of the trade mark proprietor, and takes reasonable steps to avoid confusion, use of the trade mark is inherent in transnational online commerce and thus in accordance

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<sup>96</sup> Art. 6 s. 2 WIPO 2001.

<sup>97</sup> German Federal Supreme Court Case I ZR 75/10, GRUR 2012, 621 para. 36 – *Oscar*.

<sup>98</sup> See *supra*, note 14.

with honest practices.<sup>99</sup> If, on the other hand, the contested use does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether or not the goods or services originate from the proprietor of the trade mark or an undertaking economically linked to it, a prohibition of the use of the sign in the country of protection is warranted.<sup>100</sup> In light of the fact that the alleged infringer equally owns a right in the sign or legitimately uses the sign without the consent of the proprietor according to another trade mark law, a likelihood of confusion or an otherwise unfair act vis-à-vis the trade mark proprietor should only be found to exist where there is a real and not merely a theoretical risk of confusion<sup>101</sup> or a serious detriment to the other functions/the reputation of the mark.<sup>102</sup> The fact that some internet users may have had difficulty grasping the independence of the companies involved is not a sufficient basis for a finding of trade mark infringement.<sup>103</sup>

#### Factors and Remedies

- 43 The following factors are particularly relevant for the balancing exercise. As a first step, courts have to identify the kind of right or interest that the parties put forward. A conflict between two trade mark rights calls for a different assessment than a conflict between two trade names, between other rights in signs, in the case of a conflict across these categories or if the defendant has a legitimate interest in using the sign without the consent of the right holder under a different law.
- 44 Secondly, courts should consider the identity or similarity of the signs and of the goods or services or, in the case of a conflict between trade names, the

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<sup>99</sup> CJEU Case C-228/03 *The Gillette Company and Gillette Group Finland Oy*, EU:C:2005:177, para. 49; CJEU Case C-558/08 *Portakabin Ltd and Portakabin BV*, EU:C:2010:416, para. 67; CJEU Case C-323/09 *Interflora*, EU:C:2011:604, para. 57.

<sup>100</sup> Cf. ECJ Case C-245/02 *Anheuser-Busch I*, EU:C:2004:717, paras. 82 and 83; CJEU Case C-558/08 *Portakabin Ltd and Portakabin BV*, EU:C:2010:416, paras. 34-5, 67; CJEU Case C-329/09 *Interflora*, EU:C:2011:604, para. 44.

<sup>101</sup> Cf. the jurisprudence of the ECJ concerning national unfair competition law as a proportionate limit to fundamental freedoms: ECJ Case 238/89 *Pall*, EU:C:1990:473, paras. 17 et seq.; ECJ Case 457/05 *Schutzverband der Spirituosen-Industrie*, EU:C:2007:576, para. 27; Radeideh 2005, pp. 29 et seq.

<sup>102</sup> Cf. CJEU Case C-558/08 *Portakabin Ltd and Portakabin BV*, EU:C:2010:416, para. 69.

<sup>103</sup> CJEU Case C-323/09 *Interflora*, EU:C:2011:604, para. 50. On U.S. law see Johnson 2014, p. 1296.



branches in which the parties operate. Both the similarity of the signs and the designated products/enterprises must be assessed globally, taking into account all the factors relevant to the circumstances of the case.<sup>104</sup> Of particular importance in this regard is the reputation and thus strength of the marks concerned.<sup>105</sup> If a trade mark that enjoys a certain reputation in the country of protection or even internationally is asserted against a use that is merely legitimate under the trade mark laws of a different country (e.g. because the sign is generic in the official language of that country), the interests of the right holder will in many situations prevail and justify a prohibition of the use in the country of protection. Even then, the user is free to enter the respective market, albeit under a different, non-infringing brand or company name.<sup>106</sup> A different outcome may be warranted if two marks of equal strength and reputation collide. In this case, a fair coexistence may indeed mean that both parties should be allowed to continue using identical or confusingly similar signs.

- 45 Whether such concurrent use is the proper solution depends, thirdly, upon the kind of use the right holder contests. Only on the basis of this criterion can the effects on the economic interests of the proprietor of the mark and the possibilities of the legitimate user to avoid the conflict be assessed.<sup>107</sup> If the user enters into direct competition with the proprietor by offering products for delivery offline or by supplying digital services to consumers in the country of protection, an injunction will in most cases be justified.<sup>108</sup> But even in this case, the principle of fair coexistence retains its significance because it rules out unqualified, global injunctions and requires the court to expressly limit its decision to the territory of the protecting country.<sup>109</sup> In exceptional circumstances, product offerings via the Internet under identical or similar signs may be considered lawful, for example, if the sign is descriptive in a foreign language and the user only targets consumers in the country of protection who

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<sup>104</sup> ECJ Case C-3/03 P *Matratzen Concord*, EU:C:2004:233, para. 28-9.

<sup>105</sup> ECJ Case C-245/02, 16.11.2004 *Anheuser-Busch I*, EU:C:2004:717, para. 83; *Stichting BDO v. BDO Unibank Inc.* [2013] EWHC 418 (Ch), para. 188; *Dudley v. Healthsource Chiropractic, Inc.*, 883 F. Supp. 2d 377, 391 (W.D.N.Y. 2012).

<sup>106</sup> Opinion of Advocate General Jacobs Case C-10/89 *CNL-Sucal ("Hag II")*, EU:C:1990:112, para. 22.

<sup>107</sup> German Federal Supreme Court Case I ZR 75/10, GRUR 2012, 621 para. 36 – *Oscar*; *Stichting BDO v. BDO Unibank Inc.* [2013] EWHC 418 (Ch), para. 184.

<sup>108</sup> Nupp 2003, p. 654.

<sup>109</sup> Cf. Art. 2:604(1) CLIP Principles 2013.

speak this foreign language. Otherwise, a Turkish grocery store in Germany would be prohibited from opening an online shop in Turkish language for its Turkish speaking customers.<sup>110</sup>

46 Conflicting and yet concurrent online use of a sign is even more warranted if the contested use does not concern direct competition on the product market but merely general commercial information about the company or the products of the user. This kind of commercial online communication can be considered fair and thus lawful for a number of reasons. To begin with, enterprises have a legitimate interest to inform potential customers and investors all over the world that they exist and that they offer goods or services in certain locations or regions. At the same time, consumers have an interest in accessing this information because they might plan to travel to this place or they might have questions concerning goods they originally bought there.<sup>111</sup> Last not least, investors look for opportunities globally. In order to reach these relevant parts of the public, the user should also be allowed employ the sign as part of its search engine optimization strategy and its home country TLD.<sup>112</sup> In the end, however, everything depends upon the facts, in particular the level of the cross-border exchange and the effects on the economic interests of the proprietor,<sup>113</sup> whether the user ought to have been aware of the conflict,<sup>114</sup> whether the trade mark owner knowingly tolerated the use for a significant period of time,<sup>115</sup> and whether there are contractual arrangements between the parties regulating the contested online use.<sup>116</sup>

47 Thus, the balance of interests can lead to the conclusion that conflicting uses with substantial effect in the country of protection can be fair and lawful. And even if conflicting substantial uses are found to be infringing, the principle of fair

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<sup>110</sup> See German Federal Supreme Court Case I ZR 23/02, GRUR Int. 2005, 70-2 – *Gazoz*.

<sup>111</sup> Glöckner and Kur 2014, p. 44; CJEU C-558/08 *Portakabin Ltd and Portakabin BV*, EU:C:2010:416, paras. 58, 62-63 (spare parts delivery).

<sup>112</sup> Cf. Glöckner and Kur 2014, pp. 43-44; Nupp 2003, p. 663.

<sup>113</sup> German Federal Supreme Court Case I ZR 163/02, GRUR 2005, 431 – *HOTEL MARITIME*.

<sup>114</sup> ECJ Case C-245/02 *Anheuser-Busch I*, EU:C:2004:717, para. 83; *Stichting BDO v. BDO Unibank Inc.* [2013] EWHC 418 (Ch), para. 182; Art. 4(5)(c), 5(3)(b) WIPO 1999; see also *Euromarket Designs Incorporated v Peters & Anor* [2000] EWHC 453 (Ch), para. 40.

<sup>115</sup> *Stichting BDO v. BDO Unibank Inc.* [2013] EWHC 418 (Ch), para. 191.

<sup>116</sup> On the validity of respective division agreements under competition law, see Opinion of Advocate General Jacobs Case C-10/89 *CNL-Sucal ("Hag II")*, EU:C:1990:112, para. 62; Hamburg Regional Court Case 3 U 139/10, BeckRS 2014, 23186.

coexistence controls the remedies following from an infringement. In order to comply with an injunction, an infringer has to do everything that is “reasonable”, not, however, everything that is technologically possible or conceivable.<sup>117</sup> In the past, courts only required sufficiently clear and prominent disclaimers such as “this product is not available in ...” or “there are two companies operating under the name of ...” and other “technical” barriers like the avoidance of the official language or currency of the country of protection.<sup>118</sup>

- 48 The cheaper and more effective geolocation technologies become, the more it seems fair, however, to oblige infringers to employ these tools in an adequate and reasonable manner. In cases of direct competition on the product market, infringers should be ordered to relocate requests from the country of protection to a website which offers the products or services under a different, non-infringing sign. Since the risk of a deliberate circumvention of this “soft” form of geolocation technology by consumers is very small,<sup>119</sup> it is, however, not necessary to adopt “hard” geoblocking solutions that require individual registration in order to access the site in question. In cases of general commercial information about the user’s enterprise or her products, geolocation technologies can also be helpful to implement a fair coexistence. In this scenario, much depends upon the actual effect of such activity on the protected interests of the proprietor. The smaller this effect is, the more limited should the obligation of the user to avoid an unfair prejudice to the other party be. At a minimum, she has to supplement her online presence in the country of protection with a sufficiently clear and prominent disclaimer. This territorial approach can again be realized by implementing adequate geolocation technologies to the mutual benefit of both parties. If a consumer accesses the Internet presence of the user from the country of protection, she must be shown a version of the web site that contains additional information about the origin of the products or the location of the enterprise. If the user already owns a non-infringing trade mark or trade name in the country of protection, requests from

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<sup>117</sup> Cf. Art. 14(1) WIPO 2001.

<sup>118</sup> Art. 12, 14(2)(a)-(c) WIPO 2001; *Flavor Corp. of America v. Kemin Industries, Inc.*, 503 F.2d 729 (8th Cir. 1974); German Federal Supreme Court Case I ZR 24/03, MMR 2006, 461, 462 - *Arzneimittelwerbung im Internet*; Kur 2005, pp. 190-1; Nupp 2003, pp. 652-3, 655-6; but see WIPO 2011, para. 3.5 (the existence of a disclaimer cannot by itself cure bad faith).

<sup>119</sup> See supra at fn. 69.

this country should be automatically redirected to a web presence under this sign. All other requests can be answered without such additions or redirections, thereby preventing potential confusion in other countries where no conflict exists. This territorialized solution will often also be feasible if the commercial use of the sign occurs on social media and other platforms, provided that the respective host provider offers country-specific solutions. If it does not, the global web presence of the user on this platform has to be supplemented with a disclaimer.

### 3.2 Exceptionally: Global Exclusivity Or Global Freedom

49 As I have explained, there is neither a global norm of free availability and use of signs in “cyberspace” nor a global norm of exclusivity in signs. Freedom of online communication is subject to national/supranational trade mark laws, and these laws are subject to the principle of territoriality. Thus, only the *limitations* to the freedom of doing business online (through trade mark law) and to exclusive rights in signs (through the territoriality principle) are universal. Instead, as a rule, transnational online trade mark conflicts call for the implementation of a fair coexistence of conflicting trade mark laws and rights. This final section addresses the question whether there are exceptions to this principle of fair coexistence in the sense of either a worldwide exclusive ownership or a global public domain.

#### 3.2.1 Global Exclusivity: The Case of Well-Known Marks

50 Absent an acquisition of trade mark protection under all existing trade mark laws, the only at least arguable case for the first scenario (global exclusivity) concerns well-known trade marks, which enjoy extended protection according to Art. 6<sup>bis</sup> PC and Art. 16(2) and (3) TRIPS.<sup>120</sup> This regime is also referred to as the only candidate next to copyright law for applying only one single substantive trade mark law to online infringement cases because if a well-known mark is

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<sup>120</sup> *Grupo Gigante SA De CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1094 (9<sup>th</sup> Cir. 2004) (“famous mark exception to the territoriality principle”). On national approaches to the protection of well-known marks see de Werra 2011.

concerned, “the infringement arguably takes place in every State in which the signals can be received”.<sup>121</sup>

51 It is true that the international *acquis* requires a protection of well-known marks against a likelihood of confusion even if the mark has not been registered or used in a country of protection. Suffice is that the “relevant sector of the public” (e.g. importers of certain goods) in that country has knowledge of the trade mark, which may have “been obtained as a result of the promotion of the trade mark”, including on the Internet.<sup>122</sup> Some commentators opine that Art. 16(2) TRIPS even covers the case that a mark is *not* well known in the country of protection, but in one or several other countries.<sup>123</sup> The Swiss Federal Court rightly declined to apply this extensive reading. It held that Art. 16(2) TRIPS aims, just as Art. 6<sup>bis</sup> PC, at preventing confusion and unfair competition.<sup>124</sup> In light of the fact that Art. 16(2) TRIPS sets out an international minimum standard and moreover deviates from the requirement of registration to acquire trade mark protection in Switzerland, the court found that the trade mark has to be well known in Switzerland.<sup>125</sup>

52 And indeed, the current international *acquis* falls short of establishing worldwide ownership of a well-known mark. No WIPO Member State has to protect an “internationally” known mark until it is well known by online promotion or other goodwill spillovers in its territory and has thus acquired priority.<sup>126</sup> Accordingly, territoriality remains intact as regards core features of trade mark law, namely the priority principle and the requirement that the mark has to acquire reputation

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<sup>121</sup> See Art. 3:603(1) CLIP Principles 2013 and Kur 2013, Art. 3:603 CLIP Principles comment, fn. 8.

<sup>122</sup> Correa 2007, pp. 189-90; Gervais 2012, para. 2.239; Malbon et al. 2014, para. 16.35; Art. 2 WIPO 1999; *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 153 et seq. (2<sup>nd</sup> Cir. 2007) (denying federal trade mark protection for foreign trade marks that are not used in the U.S.); *ITC Ltd. v. Punchgini, Inc.*, 9 N.Y.3d 467, 476 (N.Y. 2007) (recognizing the protection of the goodwill of a foreign mark not used in New York from misappropriation under New York unfair competition law if consumers of the good or service provided under a certain mark by a defendant in New York primarily associate the mark with the foreign plaintiff); *Grupo Gigante SA De CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1098 (9<sup>th</sup> Cir. 2004); see also Lockridge 2010, pp. 1362, 1413 (high standard of local knowledge of the famous mark required).

<sup>123</sup> Schneider 1998, p. 467; Schmidt-Pfitzner and Schneider 2013, art. 16 TRIPS para. 31 with further references; see also Kur 1999, p. 872 (creation of a kind of global „copyright“ in well-known signs).

<sup>124</sup> Swiss Federal Court BGE 130 III 267, 280-1 (referring to Art. 3(1) WIPO 1999).

<sup>125</sup> *Ibid.*

<sup>126</sup> Cf. art. 4(1)(d) WIPO 1999 and explanatory notes to WIPO 1999, para. 3.2.

in the country of protection. Mere knowledge of the mark in one relevant sector of the public is not enough.<sup>127</sup> Protection of well-known marks with regard to goods or services which are *not similar* to the goods or services for which the mark is well known even presupposes that the well-known mark is registered in the country for which protection is sought.<sup>128</sup>

53 Last not least, the alleged infringer of a well-known mark may still argue that she has a legitimate interest or even a right to use the sign under a different law. This important qualification of the protection of well-known marks is already implied in the wording of Art. 6<sup>bis</sup>(1) PC, which only prohibits “a reproduction, an imitation, or a translation” of the well-known mark or its essential parts.<sup>129</sup> A third party who uses, without the consent of the owner of the well-known mark, an identical or confusingly similar sign in accordance with honest practices – for example, because the well-known mark is generic in another language and therefore not eligible for trade mark protection countries where that language is the official one – does not reproduce, imitate or translate the mark, but creates an independent goodwill by legitimately taking advantage of the fact that the sign is in the public domain in at least one jurisdiction. In assessing such a case, all circumstances of the case must be taken into account.<sup>130</sup> This, however, is exactly the kind of analysis that governs the implementation of a fair coexistence of conflicting laws and rights in signs online. In sum, well-known marks are not a separate category of trade marks that merit the application of special rules in solving online trade mark conflicts.<sup>131</sup>

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<sup>127</sup> Art. 2(c) and (d) WIPO 1999 and explanatory notes to WIPO 1999, para. 2.16 (WIPO member “may” protect well-known marks if these are merely known or even unknown among the local public). But see art. 7 General Inter-American Convention for Trade-mark and Commercial Protection, 20.2.1929, 46 Stat. 2907 (right of the owner of any mark protected in a contracting state to challenge the use and registration of an interfering mark in another contracting state upon proof that the interfering party had knowledge of the existence and continuous use of the mark). See Farley 2014, p. 57 et seq.

<sup>128</sup> See Art. 16(3) TRIPS (“... in respect of which a trade mark is registered ... the interests of the owner of the ”); cf. Correa 2007, p. 192 f.; Gervais 2012, para. 2.240; Malbon et al. 2014, para. 16.39; Schmidt-Pfitzner and Schneider 2013, art. 16 para. 39. But see Art. 4(1)(b) WIPO 1999; Schneider 1998, p. 469 (question has been left open). Contra Swiss Federal Court BGE 130 III 267, 284-5 without further explanation; Kunz-Hallstein 2015, pp. 7 et seq.

<sup>129</sup> See also Art. 4(1)(a) WIPO 1999.

<sup>130</sup> The same is true with regard to the “bad faith” registrations under Art. 6<sup>bis</sup>(3) PC; see ECJ Case C-529/07 *Lindt & Sprüngli*, EU:C:2009:361; Max Planck Study 2011, p. 84.

<sup>131</sup> Accordingly, model provisions on „ubiquitous infringements“, according to which such an infringement is subject only to the IP law of the State having the closest connection with the infringement (supra) do not apply to the infringement of well-known marks on the Internet; but see Kur 2013, Art. 3:603 CLIP Principles, comment, fn. 8.

### 3.2.2 Global Freedom

- 54 The remaining alternative, namely a global freedom of using a sign in online commerce, is subject to even more qualifications. It presupposes a global norm of freedom of conducting a business or of commercial speech, which is anything but straightforward. The probably most far-reaching attitude in this respect, embodied in the doctrine of foreign equivalents, according to which generic names in languages other than English may be held to be generic for U.S. trade too, applies on U.S. territory only and therefore does not establish a global norm of free availability of all generic terms in all languages.<sup>132</sup> If the sign is protected under one single national/regional trade mark law for a third person, the freedom to use the respective sign is thus not global in scope any more. Considering the proliferation and scope of contemporary trade mark laws/rights, it seems to be a farfetched hypothesis that a sign is protected nowhere. One possible scenario concerns newly created arbitrary words or designs, which have nowhere been used yet as signs for goods or services in the course of trade. As soon as such distinctive signs are, however, protected by copyright, design rights or other IP rights, the original owner of these rights is, at least under EU trade mark law, entitled to oppose the registration of the sign as a trade mark and prohibit its unauthorized use in commerce.<sup>133</sup> And even if that is not the case – as for example with regard to newly created words or a sequence of letters – such arbitrary and often fanciful signs will quickly be adopted as a trade mark either by the person having created the sign or by third parties.
- 55 Thus, the global public domain of signs only covers very basic building blocks of communication, which are incapable of distinguishing any type of goods or services in any relevant sector of any country. It is questionable whether it is possible to identify such “signs”. One may think of abstract white and black colour or of shapes that exclusively result from the nature of the goods themselves.<sup>134</sup> Be it as that may – a norm of global freedom to use a sign in

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<sup>132</sup> See *Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.*, 175 F.3d 266, 270 et seq. (2<sup>nd</sup> Cir. 1999); *Enrique Bernat F., S.A. v. Guadalajara, Inc.*, 210 F.3d 439, 445 (5<sup>th</sup> Cir. 2000); McCarthy 2014, § 12:41. On the different legal situation in the EU see supra 2.2.1.

<sup>133</sup> Art. 4(4)(c) TMD, 53(2) CTMR.

<sup>134</sup> Art. 3(1)(e)(i) TMD, 7(1)(e)(i) CTMR.

online commerce may be theoretically conceivable, but it will remain an extremely rare case.

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