JURISDICTION AND CHOICE OF LAW
IN TRADE MARKS AND DOMAIN NAMES DISPUTES

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TABLE OF CONTENTS

Table of Contents................................................................. I
Dedication ................................................................................. IV
Acknowledgment ................................................................. V
Abbreviations .......................................................................... VI
Preface ..................................................................................... VII
Table of Cases .......................................................................... VIII
Table of Conventions .............................................................. XI
Table of Statutes ....................................................................... XII
Abstract (In English) ............................................................... XIII
Abstract (In Arabic) ................................................................. XV

CHAPTER ONE
The Range of Trade Marks Disputes ........................................ 1
1. Introduction .......................................................................... 1
2. The Nature and Function of the Trade Marks ......................... 1
3. International Trade Marks Disputes ......................................... 4
4. Importance of Trade Marks on line ......................................... 12
   (i) Development in Use of Trade Mark Online ......................... 13
      a - Use of Trade Mark as Meta tags .................................. 16
      b - Sale of Trade Mark as keywords ............................... 19
      c - Pop up Advertisement ............................................... 20
      d - Mousetrapping ......................................................... 21
      e - Linking and Framing ............................................... 22
   (ii) Domain name ............................................................... 24
   (iii) Use of Domain Name as Source Indicators ................... 26
5. Conclusion ............................................................................ 28

CHAPTER TWO
Jurisdiction in Trade Marks Disputes ....................................... 30
1. Introduction .......................................................................... 30
2. Jurisdiction in General ........................................................ 30
3. The Role of International Trade Marks Conventions ................ 33
4. Choice of Forum (Adjudicative jurisdiction) ......................... 36
   (i) Jurisdiction over Non-resident Defendant .................... 37
   (ii) Jurisdiction Based upon Stream of Commerce Theories or
        Web Site Access ........................................................ 44
   (iii) Jurisdiction over claims under foreign trade marks law 52

I
5. Conclusion

CHAPTER THREE

Applicable law

1. Introduction

2. Case Law on International Trade mark Disputes on the Internet
   (i) SG2 v. Brokat Information system GmbH
   (ii) Playboy enterprise v. Chucklberry publishing Inc.
   (iii) Bensusan v. King

3. International Jurisdiction for Tort Action under Code of Civil Procedure and Brussels Convention
   (i) Legal Basis
   (ii) Case Law on Jurisdiction for Trade mark Infringement In Internationally Disseminated Mass Media

4. International Jurisdiction for Trade mark Disputes on the internet
   (i) Application of Traditional principles
   (ii) Limitation of International Jurisdiction for Trade mark Disputes on the Internet
     a) Forum non conveniens
     b) Sufficient minimum contacts
   (iii) Applicable law for Trade marks infringement on the internet
   (iv) Substantive law General principles

5. The Extra Territorial Reach of U.S. Trade mark Law
   (i) Personal Jurisdiction
   (ii) Subject matter jurisdiction
   (iii) International Trade marks laws provide the basis for extraterritorial enforcement

6. Domain Names
   (i) International Domain Names conflict
   (ii) Legal protection before national courts

7. Conclusion
CHAPTER FOUR
Conclusion and Recommendations........................................ 101
Bibliography.............................................................................. 116
Dedication

To my Parents
    Family
    and friends.
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My gratitude is also due to my friends’ colleagues and legal department team their support, encouragement and assistance were a driving force.
ABBREVIATIONS

WTO ………… World Trade Organization.
TLT …………. Trade marks Law Treaty.
SCT………… Standing Committee on the Law of Trade marks, Industrial Design and Geographical Indications.
WIPO ……… World Intellectual Property Organization.
EU …………… European Union.
E Commerce … Electronic Commerce.
UDRP ……… Uniform Disputes Resolution Policy.
IP ……………… Internet Protocol.
HTML ………… Hyper text mark up language.
gTLDs…………… Generic to level domains.
cTLDs …………. Country code top-level domains.
CTM……………… Community Trade Mark.
ECJ ……………. European Court of Justice.
ICANN ………… Internet Corporation for Assigned Names and Numbers.
ABA …………… American Bar Association.
ACPA…………… Anticybersquatting Consumer Protection Act.
PREFACE

Questions of private international law have acquired increasing importance in the field of intellectual property as markets have become increasingly global. With the advent of the Internet, these questions have become both more pressing and complex. Because of the global nature of the Internet, it has become increasingly difficult to apply territorial connecting factors, and to determine, with reasonable certainty, which court will have jurisdiction and which laws will apply.

The questions of jurisdiction, and choice of law in trade marks disputes have been subject to great controversy in domestic courts due to the fact that the relevant international conventions have not covered comprehensively the issues that relate to the private international law regarding questions of jurisdiction and applicable law in relation to cyberspace and territoriality and the connection between trade marks and domain names. This research is an attempt to examine these questions and propose solutions.
TABLE OF CASES


2. General SPA .v. Crowe Italia Srl

3. Brook filed Communications Inc .v. West Coast Entertainment Corp. 
50 U.S.P.Q. 2d 1545(9th Cir.1999)


8. Wasingtonpost Newsweek Interactive Co.v. Gator Corp civil action no 02-909-a July 16, 2002 at http/ findlaw.com .last visit at December 2005

9. Ticket master Corp. V.Microsoft Corp Cv 97-3055 RAP, filed April 28,1997

17. Inset system, Inc v. Instruction Set, Inc No 3:95cv. 01314 (AVC)
18. Cybersell, Inc. v. Cybersell, Inc 130 F. 3d 414, 420 (9th Cir. 1997),
22. SG2 v. Brokat information system GmbH Nanterre Court of Appeal. October 13, 1996


27. Bier v. Mines de pat a sse d Alsace S.A.

28. Fiona Shevill V. Presse Alliance S.A ECJ.11.1995 NJW 1882

29. Tannen zeichen 1968 GRUR Int. 236

30. Tampax case federal Supreme Court. 1071 GRUR 153

31. Cyber sell, inc. v. cyber sell. In 130 Fd 414 9th Cir. 1997

32. Steele case 344 US. AT 283

33. Ocean Garden, Inc. v. mark trade co 953 F.2d 500 (9th Cir. 1991)
TABLE OF CONVENTIONS

1. TRIPS Agreement on Trade Related Aspects of Intellectual Property.

2. T L T. Trade Marks Law Treaty


6. UDRP Uniform Domain Name Disputes Resolution Policy.

7. ICCAN Internet Corporation for Assigned Name and Numbers

## TABLE OF STATUTES

3. German Code of Civil Procedure 1879
4. German Trade Marks Act 1995
5. Lanham Act, last updated in October 2005
7. ABA (American Bar Association) Jurisdiction Project.
ABSTRACT

This research deals with the questions of jurisdiction and choice of law in Trade Marks and Domain Names disputes and the problem that relates to a geographically border market, globalization, has changed the territorial scope of producers interest, but the trade marks disputes remain the same in kind. The temptation thus is simply to apply traditional trade marks concepts.

In this research, we have examined contributions from a number of private international law and intellectual property scholars and concerned international organizations such as WIPO, WTO, addressing the issue of how to resolve transnational intellectual property disputes.

The main objective of this research is to examine the existing rules of ascertaining the governing law in international intellectual property disputes, especially in the light of lack of legislations and judicial precedents as well as the legal literature and the actual need for such materials in stage of internationalization of trade, as the internet with the feature of accessibility contributes to the need for establishing mechanism for determining the question of governing law. The other objective is discussing the problems which trade marks laws experience from the cross-border effect of the internet and free movement of goods and services.
This research is divided into four chapters. Chapter One discusses the main functions of a trade mark and its modern use on the internet, and the infringement of foreign trade mark that result from its usage as a domain name on the websites. It further outlines some of the private international law issues that trade marks law must confront as a result of that usage.

Chapter Two notes briefly the jurisdiction of courts in general regarding the modern trade marks disputes, it then turns to international conventions to see whether they embody rules of jurisdiction and finally parties choice of forum is discussed as well as states practice.

Chapter Three discusses the law applicable to intellectual property disputes and specifically trade marks and domain names disputes. It discusses the traditional methods of resolving legal conflicts in court litigation on the basis of application of local laws, and the challenges which may arise when applying this territoriality basis to disputes arising on the internet, which actively occur with little regard for physical boundaries. It further examines the legal questions of personal jurisdiction, conflict of laws and substantive law applicable to trade marks disputes.

Chapter Four, attempts to make conclusion to the findings of the whole research, recommendations shall also be noted.
إلى البحث.

والخصائص المهمة.

ياقل الفصل الأول.

يآرifes الرئيسي وطريق التجارة للعالم.

استعملها على الحديث، ثم التعرف إليه.

استناداً إلى التجارة الخارجية، وصولاً إلى

تحاول إنجازها في:

بالأعمال الدولية، ومتناول[:-]

يتم ذلك في:

الخاصة الصداقات الدولية، مع تداخل

التجارة العالمية، و قوانينها.

في النهاية،

في الجزء الثاني.

تمت إعادة النظر في بعض القضايا

الدينية، كما في:[-]

هذا يتناول:-

تستعمل علي التجارة،

للدخول في قضايا، كمما في:[-]

يجوز أيا زوايا

المصالح الدولية، و أقلام

المكرونة، وأيضاً:

بالطرق، والفتاحات:

بال образом:

بالاخر،

تحاول تطبيق:-

وراء، والبحث

عن النتائج الخارجية، وصولاً إلى

التصديق، والاختتام.

بإيجاز الطرف الثاني.

تمت إعادة النظر في بعض القضايا

الدينية، كما في:[-]

هذا يتناول:-

تستعمل علي التجارة،

للدخول في قضايا، كمما في:[-]

يجوز أيا زوايا

المصالح الدولية، و أقلام

المكرونة، وأيضاً:

بالطرق، والفتاحات:

بال образом:

بالاخر،

تحاول تطبيق:-

والبحث

عن النتائج الخارجية، وصولاً إلى

التصديق، والاختتام.

الشعر، والبحث

عن النتائج الخارجية، وصولاً إلى

التصديق، والاختتام.

الشعر، والبحث

عن النتائج الخارجية، وصولاً إلى

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الشعر، والبحث

عن النتائج الخارجية، وصولاً إلى

التصديق، والاختتام.
Chapter One

The Range of Trade Marks Disputes

1. Introduction

This chapter discusses the main functions of trade marks, and illustrates types of using trade marks on the internet, and the infringement of foreign Trade Marks as a result of the use of trade mark as a Domain Name on the Websites, since the internet has initiated a new stage in the internationalization of trade, and further outlines some of the private international law issues that trade marks law must confront resulting from the cross-border effects of the internet and free movement of goods.

2. The Nature and Function of Trade Marks

A trade mark is a sign used on goods or in connection with the marketing of products, including goods and services. Saying that the sign is used on a good or in connection with the marketing of a product means that it may appear not only on the goods themselves, but also on the container or wrapper of the goods when they are sold or in the windows of the stores in which the product is sold. Where a trade mark is used in connection with services, it is sometimes specifically called a service mark. Service marks are used, for example, in connection with...
the operation of hotels, airlines, banks, insurance companies and travel agencies. With the growth of service industries such marks and their protection have become as important part as traditional trade marks relating to goods. Generally speaking, it can be said that the trade mark is for the consumers the most visible and most tangible form of intellectual property.

Trade marks law confers on the proprietor the exclusive right to prevent all third parties not having the consent of the owner from using in the course of the trade any sign which is identical with trade mark or any sign whose similarity to the trade mark is such that there exists likelihood of confusion on the part of the public between the sign and trade mark. From the consumer point of view, a trade mark is a symbol needed to distinguish between competing products and services in market economy that is increasingly complex. Many distribution channels and distance lie between the producer and consumer. Trade mark is the recognizable sign that the consumer can use in distributed markets to associate the product with its origin. The protection of trade marks is without limitation in time. Initial registration and each renewal of trade mark have to be for term of at least seven years under the terms of the TRIPS Agreement.

In general it may be said that trade marks traditionally perform four main functions. These functions relate to the distinguishing of marked
goods and services, their origin, their quality, and their promotion in the market place. While the first two functions mentioned concern the legal quality of the mark, the latter ones are essentially economic and commercial.

(i) The first and primary function of a trade mark is to distinguish the products of an enterprise from products of other enterprises and to distinguish the products of enterprise from other products or services of the same enterprise. The trade mark helps the consumer to identify a product which was already known to him or which was advertised.

(ii) The second function of trade mark is to refer to a particular quality of products for which the trade mark is used and stands for. Here the trade mark essentially protects investment in labour and capital and the goodwill achieved through these efforts in the market place. The legal quality of this function, however, is controversial and not generally recognized.

(iii) The third traditional function of trade mark is to relate a particular product to the producer. It indicates the origin of the products for which the mark is used. With the possibility, however, of detaching the trade mark from a particular producer and product

\[\text{Id, at 65.}\]
and to license the trade mark (franchising), this function no longer seems to be an essential legal component of trade mark.

(iv) The fourth and last function of trade mark is to promote the marketing and sale of products and the marketing and rendering of services.

3. International Trade Marks Disputes

The nature of intellectual property law, recently, reflects international consideration. Trade marks law is no exception to this general statement. In the last few years, there have been several significant developments in the public international law of trade marks and unfair competition. In 1994 in addition to the Agreement on Trade Related Aspects of Intellectual Property (the TRIPS Agreement), which includes all forms of intellectual property protection and made the obligation contained there in subject to state-to-state disputes settlement before the World Trade Organization (the WTO), the Trade Marks Law Treaty (the TLT) rationalized the procedural aspects of trade marks registration, maintenance and assignment. More recently still, the Standing Committee on the Law of Trade Marks, Industrial Designs and

3. The most significant progress in this field internationally has been with respect to the protection of registered trade marks. But this research addresses the protection of both registered and un registered trade marks. The latter is particularly important in the United States. The protection of un registered marks is, of course, only one of the numerous topics covered by national laws against unfair competition. International commitment to protect against unfair competition is long standing. See Paris Convention for Protection of Industrial Property, Mar. 20, 1883, as last revised at Stockholm July 14, 1967.

4. See agreement on TRIPS Apr. 15, 1994 Marrakesh establishing the WTO.

Geographical Indications (the SCT) of the World Intellectual Property Organization the WIPO, developed proposals that were endorsed by the WIPO member states on the protection of well-known marks.

Finally, throughout the last 10 years there has been significant regional harmonization of trade marks law, particularly within the European Union the (EU) In contrast, the private international law aspects of the protection of trade marks have received somewhat less attention, but these private international law aspects may turn out to be equally as important as public law developments. In this research I outline some of the private international law issues that trade marks law must confront, and consider a range of approaches that might be considered in addressing those issues.

The content of private International law remains in a large part a function of national rules on three topics: Jurisdiction. Choice of law and Recognition of judgements.

But in the case of intellectual property law, these rules are formulated and applied against backdrop of public international obligations. Before turning to existing and proposed national rules of private international law, it should be noted, however, that this tripartite analytical structure, while consistent with historical study of private international law, does not neatly correspond to the analysis that courts apply to disputes.

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regarding the international exploitation and use of trade marks in particular. As explained more fully below, the question of jurisdiction and applicable law are frequently and inevitably intertwined, and the concepts deployed to determine the applicable national trade marks law might appropriately be borrowed from solutions being developed in assessing jurisdiction to adjudicate multistate trade marks cases. Moreover, some of the solutions that are considered under the nominal heading of choice of law are more concerned with substantive trade marks law than would be traditional analyses of applicable law.

Finally: if a proposed Hague Convention on Jurisdiction and the Recognition of Judgement is adopted in the near future, jurisdiction rule may come in part to define the parameters of courts international obligations to recognize foreign trade marks judgement.

The range of trade marks disputes implicating these three topics of private international law is limitless. Several paradigmatic disputes can, however, be identified. This merits a brief preliminary explication here because each type of case may raise different challenges for private international law.

First: because trade marks rights are like all intellectual property rights territorial in nature\(^7\), different producers may own rights in

\(^7\)The primes of territoriality pervade existing analysis of all intellectual property law. But trademark law may be the form of IP right most susceptible to disintegration caused by the breakdown of territoriality because the scope of trademark rights is especially grounded in geography.
the same mark for the same class of goods in different countries. Producer X may use a mark in state A that is separately used and owned and registered by producer Y in state B. This may occur because each initially markets its products in only one country or because, although producer X may wish to market its goods in both countries, it finds upon seeking to register the mark in state B that the mark is already owned by producer Y.

International trade marks disputes will arise where one producer seeks to expand into the territory of the other, or where the goods of one producer travel into the market of the other, that is, both parties may have legitimate, discrete national trade marks rights that conflict only when one or both wish to operate in the international marketplace.

Second: a defendant in state B may use in that state a mark that is within the scope of a mark owner's exclusive control in state A but not in state B. If the goods bearing the defendant's mark enter state A or come to the attention of the consumers in state A, can the mark owner restrain the defendant’s use?

The dissonance between the scope of the trade marks owners right in state A and state B might in some cases be attributed to different national legal
rules. For examples, the defendant's use of the mark may incontrovertibly give rise to no likely confusion with the plaintiff's goods, but may be likely to dilute the distinctiveness of the mark. If state A accords mark owner protection against dilution, while state B allows the mark owner to restrain only uses that give rise to likely confusion, the defendant’s use would fall within the scope of the mark owners rights in state A but not state B.

Alternatively, the different scope of rights attaching to the mark in state A and state B may result from factual differences pertaining in the different states, for example, different marketing practices in the different countries may make the use of the marks confusingly similar in one state but not the other. Competitive conditions or countervailing free, expression policies in the different states may require that the mark be left unprotected and available for competitors and/or the public in one state but not the other.

Third: there may be a right to use the mark in one country but not in another because of different determinations of the trade marks validity rather than legal differences on the question of scope of rights, for example as distinctive in one country but not in another as a result of different consumer understanding of the meaning of that term.
Substantively, the issues presented by these cases may suggest problems to a geographically broader market. Globalization, it might be argued, has changed the territorial scope of a producer’s interests but the trade marks disputes remain the same in kind. The temptation thus is simply to apply traditional trade marks concepts, for example, priority of rights whether defined by registration or use, or likelihood of confusion to the new setting of an increasingly international marketplace. For international trade mark policy-makers operating under this assumption globalization would thus present three principle tasks:

**FIRST**: The harmonization of substantive rules of national trade marks law in order to reduce the costs and uncertainties of producers operating in international marketplace⁸.

**SECOND**: for similar reasons, the development of mechanisms designed to facilitate the registration of marks on an international basis⁹.

**THIRD**: The decision whether to recognize separate trade marks rights linked to broader geographic markets as the EU has with the community trade mark¹⁰, or to affirm the sanctity of existing national borders in the grant and recognition of trade marks rights as remain more typical, and

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⁸The TRIPS agreement, the work of the WIPO SCT in developing recommendations presented to the WIPO assemblies, and the harmonisation work of the EU can be grouped under this heading.
⁹The principal mechanisms through which this goal has been pursued are the MADRID agreement and the separate but related MADRID protocol.
¹⁰persons Co v. christman, 900 F.2d 1565 ,n.18(fed.cir.1990) as sited by Gareme B. Dinwoodie at 5 rejecting the argument that, in light of the world economy priority of rights should be determined by first use any where, even use outside the United States.
which is consistent with the basic premise of extant international trade
marks conventions.\(^{11}\)

The internet may affect this strategic calculation by creating additional
types of disputes that throw up intractable problems of private
international law\(^{12}\). The conservative solution of applying traditional
national notions of priority or infringement is premised upon the notion
that international disputes can, in the final equation, simply be reduced,
localized to particular domestic market. That is, international commercial
activity can be fictionally reconfigured by trade marks lawyers to
conform to the nationalistic (nineteenth century) premises of international
trade marks law. The internet undermines this premise because it is in
large part non-national. Certain internet use may but need not be viewed
as simultaneous use in almost every country of the world.

*Cyberspace*: might be regarded as akin to any new territory that one, and
only one, of several existing mark owners may add to their existing
territories. But the scenario presented by cyberspace is different in at least
on important way. The ownership of the exclusive rights to use the mark
in this new territory, cyberspace may impinge upon the ability of the
respective mark owners to exercise fully the rights that they already own

\(^{11}\) Gareme B. Dinwoodie, supra note 6 at 5.

\(^{12}\) Torston Bettinger and Dorothee Thum, *Territorial Trademarks rights in the Global Village*
(International jurisdiction, choice of law and substantive law for trademarks disputes on the internet
(part one) page: 162-163 (2000))
The most frequent cause of legal disputes on the internet has been the infringement of trademark rights.
in existing territories. If producer X owns the mark ORANGE for computer in country A and producer Y owns that same mark in country B acquisition of the rights in country C determines only which of the two producers can now market their goods in that new country. But if the new territory for which exclusive rights are granted is country C, but cyberspace, the exclusive right to use the mark online will affect the ability of the respective producers to use the marks that each owns in country A or country B.

Should online use be adjudged by the separate dictates of national laws, as is used in offline international commerce? If so, which national law should have primary or exclusive claim to regulate that use? If such use can be localized in any country where internet access is available, how should the competing perspective claims of different countries be weighed? What deference or recognition is owed the decisions of courts in one country deciding a case over which several national courts or laws might have a valid claim?

These tougher questions are perhaps raised most acutely by the use of trade marks as part of domain names which, as part of the infrastructure of the internet, appear to have very little grounding in national regulation or national culture.
4- Importance of Trade Marks online

Trade marks are an important tool in commerce, enabling consumer to identify the source of a product, and to link the product with its manufacturer in widely distributed markets. The exclusive right to the use of the mark, which may be of indefinite duration, enables the owner to build a good will and reputation in its enterprise and to prevent others from misleading consumers by false association with an enterprise with which they are not connected. Trade marks are of essential importance in E-Commerce. It is clear that trade marks carry at least as much significance on the internet as in the Offline world. Particularly following the downturn of the .com economy, online enterprises are focusing on building recognition and good will, so as to inspire confidence in them and in their brands, and to remain competitive. Consumers, operating in virtual markets where face to face interactions are infrequent and there is little or no opportunity to inspect goods or services before purchase, are willing to reward trusted source offering competitive products. In fact a survey of E-Commerce consumers reported that 80% of their decision whether to purchase is affected by issues beyond their online experience, and that most important was placed on brand performance.

13 It may be noted that certain informational goods, such as software and data, are almost inherently non-transparent, meaning the consumer can not detect the quality of the goods up-front, consumer will be relying in large part on the reputation of the seller, and place value in the relationship with that company and its ability to provide services (including the future products upgrades).
There is a general international consensus that trade marks protection under law should extend to the internet, and that its scope should be neither less nor more extensive than the protection granted in the physical world. While existing national or regional trade marks law systems apply, together with the relevant international treaties, these provisions are of a general nature, applying on territorial basis, and are not tailored for the borderless world of the internet. The challenges of this new medium of commerce are not limited to trade marks. They exist with regard to all kinds of distinctive signs online, including trade names and geographical indications.

(i) Development in use of Trade Marks online

Trade marks owners recently face new challenges with respect to use of their trade marks in the digital environment. It is estimated that the typical large business owns between 200 and 500 corporate, products and service identities, which need to be registered, maintained and defended. A corporate presence on the internet requires trade marks owners to defend their rights against new form of trade marks abuse and across millions of discrete sites or domain names in connection with pornographic or other objectionable sites, or by trade competitors to divert search engine traffic, or dilute or tarnish a brand.

14 WIPO documents use of trademarks on the internet; issues paper (SCT/3/4) 1999
One provider of digital brand management services, Verisign, estimates that 70% of domain names associated with top brands are not registered by the true brand owners, promoting rights holders to defensively register their marks as domain names, and take action to protect their mark through domain names disputes resolution procedure as it will be described in Chapter Three.

Trade marks owners are facing new types of infringement, including user traffic diversion through keyword and Meta tags, or unauthorized linking and framing as described below. In addition to that the internet has vastly increased consumer choice by making available a global spread of online enterprises which, together with the new diversity of media channels and increased consumer control, has contributed to an erosion of brand loyalty. In this environment trade marks owners may employ services of online brand management and cyber surveillance companies that assist in the protection and enforcement of their trade marks rights in the digital environment.

The means by which users locate businesses on the internet has been also changed. From the early development of the internet, the domain name system has served to facilitate user’s online navigation using domain names and corresponding Internet Protocol (IP) numbers to identify computer connected to the network. Domain names because they are easy to remember and tend to mirror the entity's trade marks or business name
have functioned both in and offline advertising and marketing practices as business identifiers in a manner similar to trade marks. However users have alternative mechanism to locate sites on the web, mainly through search engine such as Google, Alta Visa, or Yahoo as well as internet keywords.16

Some internet practices that may raise trade marks issues such as hyperlinking and Meta Tagging are important to facilitate user's navigation of the web. Nevertheless, they raise concerns for trade marks owners since they create associations and links, thereby increasing the risk of confusion, dilution or other form of unfair exploitation of trade marks. A growing body of jurisprudence is developing in some countries, as courts and legislators determine the limits of legal activity in this field. While there are differences between countries based on their national distinct laws relating to trade marks, trade practices and unfair competition, it is difficult for enterprises to formulate a proper marketing strategy for their activities in e-commerce. A number of these emerging practices are described below.

16A key word system is based on technology that is independent to the domain name system and operates on layer above it see: ICANN internationalized Domain Names (IDN) committee briefing paper on internet keyword issue (February 15, 2002) at www.icann.org/committee/idn/
a) Use of Trade Marks as Meta Tags

A meta tag or meta data is a key word or phrase embedded in a web sites HTML (hypertext mark up language) code as means for internet search engine to identify and categorise contents of the website. Meta Tag are not visible to normal users on the website itself, although they can be made visible together with the source code of the page. However, a search engine seeking particular key words will find and list that particular site. The more often a keyword appears in the hidden code, the higher a search engines will rank the site in its search results. In various jurisdictions, trade marks owners have challenged the unauthorised use of their trade mark as meta tag.

However a trade mark employed as a Meta tag, because it is used in a way that is invisible to the average viewer, is not used primarily to distinguish particular goods or services, a finding that is generally necessary to establish trade marks infringement. In some jurisdictions, the courts have nevertheless found that companies use of competitors names as Meta tags constitute unfair competition, including the Indian case of Tata Sons Limited v. Bodacious Tatas\(^\text{17}\) and the Italian case of General SPA v. Crowe Italia Srl\(^\text{18}\). In the USA, in the case of Brook filed

\(^{17}\) WIPO/INT/02 supra note 4 at 67 unreported ex parte interim injunction order of Delhi High Court dated January 1999.

\(^{18}\) id at 67
Communications Inc. v. West Coast Entertainment Corp.\textsuperscript{19} the court regarded the practice of meta tagging as potentional trade marks infringement, stating that such use might suggest sponsorship or authorization by the trade marks owner, or that consumers looking for the products of the trade marks owner might be misdirected and diverted to a competitor’s website and be at least initially confused in their search for the trade marks goods.\textsuperscript{20}

However, while as a general rule the unauthorized use of a trade mark as a Meta tag is considered unlawful, this approach is not universal. A number of cases brought by playboy magazine illustrate the complexity of the law in this area, and the diversity of outcomes even within one legal jurisdiction. In the American cases of playboy Enterprises, Inc. v. Calvin Designer Label,\textsuperscript{21} and playboy Enterprises, Inc. v. Asia focus international, Inc. v. Welles\textsuperscript{22} the court prevented the defendants from using the marks (playboy) and (playmate) as Meta tags on their websites, as well as in related domain names. In the case of Welles it was held that use as meta tag of the playmate trade mark by a former playmate of the year to enable consumer to locate her website, was a fair use. Similarly, in playboy

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\textsuperscript{19} 50 U.S.P.Q. 2d 1545(9th Cir.1999) as cited in Id at 67 .

\textsuperscript{20} (initial interest confusion) was described by the district court in the American case of playboy Enterprise Inc. v. Netscape communication Corp 1999, as follow {generally speaking initial interest confusion may result when a user conducts a search using a trademark term and the result of research include website not sponsored by the holder of the trademark term.

\textsuperscript{21} 985 F.Supp.1220(N.D.Cal.1997) as cited in Id

\textsuperscript{22} 7 F.Supp.2d 1098,47 U.S.P.Q.2d 1186 as cited Id.
Enterprises Inc, v. Netscape communication Corp, the court found that the use of trade mark as a meta tag by the defendants search engines, which linked adult entertainment advertisement to the trademarked terms, was in fair use.

It is becoming clear that the courts may allow the use of trade marks as Meta tags where such use is not misleading or unfair. In the case of Numtec Interstahl, the Austrian Supreme Court held that it was legitimate for the defendant to use the plaintiff's trade mark as Meta tag on its website, because such use enabled the public to be informed about the product plaintiff produced under patent, and because the average users would not be confused as to the ownership of trade marks.

Similarly, the regional trail court in the Philippines, in Philippine long distance telephone company Inc. v. Philippine league for Democratic Telecommunication Inc, the court found that the defendant's use of Meta tag on parody site clearly used to criticize the plaintiff's business scheme and raise public awareness of the political issues, was not likely to confuse or mislead users and, therefore, did not amount to trade marks infringement.

23WIPO/INT/02 supra note 4 at 69. 55 F.Supp.2d1070(C.D.Cal.)
24 Numtec interstahl December 19/ 2000 original text in German at: www. Internet4jurists.at/entscheidungen/ogh4-308-00y.htm.
25 WIPO/INT/02 supra note 4, at 68
26 civil case number 99-38800 see www.pldt.com/ourcase.htm
b) Sale of Trade Marks as keywords

As mentioned above internet users are increasingly resorting to search engines to locate information online as an alternative to relying on domain name to navigate the web. Users request a search of specified terms and the search engine then uses a mixture of manual and automated methods to locate those keywords on the web, either in Meta tags, keyword listing or based on history of visits. Based upon this data, the search engine attempts to rank the information so that more relevant information is provided first. Most sites owners seek to maximize their chance of being highly ranked in search results, because the higher the volume of users to a site, the higher the potential advertising revenue. Some of these search engines sell keyword to advertisers who want to target their marketing, such that, whenever the keyword is entered into the search engine, an advertisement appears with any search results. Retailers, for example, have purchased keywords so that their banner advertisements are displayed whenever certain trademarked products are the object of search.

This practice has been challenged by trade marks owners as a diversion of customers from their own website, or from the websites of their preferred or authorized web retailers. However the legal treatment of such cases is still developing. In the abovementioned case of *Playboy Enterprise Inc. v. Netscape Communications Corporation*, the court denied
preliminary relief stating that the (playboy) and (playmate) keywords sold by the defendant were used by searchers as common or generic terms, not the marks. In the pending case of *Mark Nutritionals Inc. v. FindWhat services Inc*[^27]. The plaintiff has filed suit against a number of internet service providers alleging that the search engine sale of keywords containing its trade mark altered the search results related to their products in a manner that amounted to trade mark infringement and dilution.

c) Pop-up Advertisements

The pop-up advertisement is a window, not initiated by the user that appears on the top of the content page when a site is loaded. A user who clicks on the pop-up graphic will be redirected to the advertiser’s website, otherwise, and unless closed by the user, the pop-up window will close automatically after short period of time. Pop-up advertisements are used as marketing tools designed to capture consumers attention, and are based on software designed to track users online activity and then deliver targeted advertising based on their preferences.

In the American case of *Washingtonpost Newsweek Interactive Co.v. Gator Corp*\(^{28}\), the court issued a preliminary injunction that prohibited the defendant from enabling third party advertising to appear on users computer screen while the users was viewing websites owned or affiliated with the plaintiff, who were 16 online news companies. The court found that the software violated the plaintiffs' trade marks by causing pop-up advertising to appear in proximity to them.

d) Mousetrapping

Mousetrapping is an aggressive marketing technique that forces users to remain on a specific website, sometimes while disabling their browser functions or flooding them with pop-up advertisements. Whenever the user try to leave the site by using the back, forward or close buttons, a new window is automatically opened that prevents the browser from leaving the site. To exit the loop, the user is forced to end the task or reboot his computer. A recent court decision of the United State federal trade commission permanently barred the defendant from diverting or obstructing consumer on the internet and from launching websites or webpage that belonged to an unrelated third party. In that case, the defendant was registering internet domain names that were misspelling or version of legitimate domain names and, once consumers arrived on the defendants' sites, they were unable to exit.

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\(^{28}\) civil action no 02-909-a July 16, 2002 available at http://findlaw.com .last visit in December 2005
e) Linking and Framing

This in relation to copyright, linking technologies enable internet users to access content stored in the files of millions of individual computers and enable users to use links to retrieve information from files on the same or other websites. However, linking can also raise concerns of trade marks infringement if it explicitly or implicitly suggests an unwarranted association between the linking and linked sites, and leads a user to believe that unassociated web page is affiliated, approved, or sponsored by the trade marks owners. In the United State case of *Ticket master Corp. v. Microsoft Corp*\(^{29}\), the plaintiff alleged that a deep link from the defendants (seattlesewalk.com) site to events pages within its site implied a false association that constituted unfair and deceptive trade practises and a dilution of its trade mark, in addition to copyright infringement, trespass and false advertising. The deep links, which by-passed the plaintiffs home page and its associated advertising, potentially diminishing its revenue, also conflicted with the plaintiff's contractual agreement with other companies that had paid to link to its site or advertise on its home page. However, the district court did not address the issues as the case was settled .In the case of *Ford motors company v.2600 enterprises*\(^{30}\), however the U.S district court denied the claims for alleged

\(^{29}\) Cv 97-3055 RAP, filed April 28,1997, at http/www.jmls.edu/cyper/cases/ticket.html
unfair competition and trade mark dilution as a result of linking, because the defendants had not used the plaintiff’s mark in commerce, nor in connection with the sale, or advertising for sale, of any goods or services. The practise of framing, also described above in relation to copyright, equally raises concerns of trade mark infringement because of its potential to mislead or confuse viewers as to the origin of the site and the goods and services it displays. In contrast to linking, users viewing framed materials usually remain on the original site and view content from both sites, possibly without being aware that the material has been called up from another site, raising the potential for trade mark liability.

In the American case of the *Washington Post v. Total news, Inc.*\(^{31}\) six major news organizations whose content has been framed by the defendant alleged misappropriation, trade mark dilution and infringement, false and deceptive advertising, unfair trade practices, copyright infringement, and tortious interference with their advertising contracts. The defendant in this case has framed news content from the plaintiffs sites with advertisements that it had itself sold, thereby diverting advertising revenue and by maintaining its own site address for the material, made it appear that the news originated from the site. A settlement was reached that permitted the defendant to maintain its links.

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\(^{31}\) No.97 Civ. 1190 (PKL) (S.D.N.Y) the Washington post complaint is at http/ www.jmls.edu/cyber/case/total.html. A line of cases in trademark law on the repacking of trademarked goods also offers support for the contention that framing may violate trademark law.
to the news sites, upon agreement to cease framing the plaintiff's material in association with any third party advertising.

(ii) Domain Names:

Domain names are Internet addresses in simplified form, designated to enable users to locate sites more easily. They can be registered in the 'generic top-level domains' (gTLDs), such as .com, .org, .net, .biz or .info, or any of some 243 'country code top-level domain's' (ccTLDs) such as .ch (Switzerland), .(France)or .za(South Africa).

In addition to their function as locators of the internet sites, domain name have a function as identifiers of businesses and their goods or services on the internet, which give them an economic value comparable to that of other identifiers. This characteristic of domain names has given rise to a great many ownership disputes with other signs that existed prior to the advent of the internet and were protected by intellectual property rights, such as trade marks.

Therefore, internet has introduced new challenges to trade marks owner efforts, in order to maximise the value of their brands, as well as to prevent the infringement, misuse and dilution of the trade marks and trade names by others.

It is a fact that internet has introduced millions of new users into the stream of international commerce, both as consumers and as merchant.

32 Alberto Castelli and Lucia Salaverry Galbanni. Domain Name Trade Marks and Cyber squatting Wipo. university of Torino post graduate specialization course in Intellectual Property at 7. 2002
Meanwhile, it has also reduced the ways in which users of identical or similar marks can be distinguished from each other.

Due to the fact that more and more products are sold, and services are rendered over the internet, it has become increasingly necessary to view how trade marks are being used on the internet and compare that usage, to an analogous usage in the non-internet world. It is undeniable that the internet makes it more difficult to distinguish trade marks from each other in various ways.

Marks tend to appear to be more similar in appearance because the usage of trade marks in a single medium, namely web pages, tend to vary less than trade marks which are used on different types of media including package, containers, displays, magazine, advertisement, etc.

Apart from that, the channels of trade tend to converge because almost all web pages are available to the same universe of consumers, and it is easy for an online seller to at least link to the sites of sellers of diverse products.

Nevertheless, a domain name works like a telephone number only informs the public how to reach a company.
(iii) Use of a Domain Name as source Indicators

The use of a Domain Name as source indicator can serve as a trade mark, potentially giving rise to liability for infringement and dilution. The following point is illustrated in the judgement adopted in *Juno online servs v. Juno lighting Inc.* The plaintiff, Juno online, registered the Domain Name Juno .com and also applied for federal registration of Juno . On the other side, the defendant opposed the application and invoked the NSI policy to cancel the domain name . The court found that the use in commerce requirement would only be fulfilled if defendant were to use the internet. The act of warehousing of a domain name, for example, registering a domain name but not using it, was not enough to find that a defendant placed the mark on goods or used or displayed the mark in the sale or advertising the service required, some of the plaintiffs tried to stop infringements by attempting to use the registry itself NSI, in order to present it from registering infringing domain names. These actions were dismissed by the fact that NSI had a restricted field of action as an institution able to register the domain names under contract. The conclusion of the court was that the registration of a domain name as an internet address does not by itself constitute trade mark use.

The court specially pointed out that domain names, like trade marks, do not act as trade marks when they are used to identify a business entity.

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33 *979 F supp. 684 N.D 111.1997* I.d at 8
In another case, *panavision Int v. Toeppen*\(^{34}\). The Toeppen registered PANAVISION .COM. At the same time, Toeppen also registered a number of other well-known marks as domain names. The court considered that the mere registration of a domain name, was not considered a commercial use of a trade mark. However, the court found that Toeppens act constituted commercial use because his purpose was to register trade marks as domain names and then sell them to the rightful trade mark owners.

After a while, Toeppen registered the domain name intermatic.com and maintained the domain name as an internet web page. The court considered Mr Toeppen as a cybersquatter. The main business objective was to profit from the resale or licensing of domain names, to the entities who conduct business under those names.

In these cases the court understood that trade marks have been used and that the same constituted a commercial use in adequate interpretation of the law. The same judgement was pronounced in *Avery Dennison Corp v. Sumpton*.\(^{35}\) In that case the court found that the defendants were cybersquatters who had registered over 12,000 domain names, and that many of them, were well-known trade marks.

\(^{34}\) 945 F. supp 1296 C.D.CI 1996 aff'd 141 F3d 1316 (9 cir 1998) Id at 8

\(^{35}\) 999 F.supp 1337 (C.D.CAL. 1998) Id at 9
In many countries one of the unavoidable requirements to maintain a trade mark registration is the use in commerce. It represents a hard task to determine if the in commerce exits in an internet context.

With regard to the U.S.A Lanham Act, under certain conditions, using another mark as a domain name to advance views contrary to those of the trade mark owner constitutes use in commerce. As a conclusion, the use of domain name on the internet, constitutes commercial use, and through it, it is establishes the possibility of an infringement or dilution of a trade mark.36

5. Conclusion

This Chapter attempted to discuss the range of trade marks disputes that involve the issues of private international law which is wide-here. Each type of case may raise different challenges for conflict of laws. First because trade marks rights are like all intellectual property rights territorial in nature, different producers may own rights in the same mark for the same type of goods in different countries. Second since trade marks rights in one country are independent of trade marks rights in other countries this will create many disputes because today’s international business environment enjoys many features such as flow of trade , transacting business abroad i.e. selling of goods and services encountered new problems of legal nature .

36Id. at 11
However different situations may be spread from the use of trade marks in the internet and we illustrate the type of use of trade marks on the internet and disputes which may arise from that use as well as its use as a domain names.
Chapter Two

Jurisdiction in Trade Marks Disputes

1. Introduction

International private law is part of the law in each state, country, or other jurisdiction that determines whether, in dealing with a particular legal situation, its law or the law of some other jurisdiction will be applied. An alternative term, widely used in United States, is the conflict of laws. The conflict of laws rules that a court applies in the disputes situations are commonly designed to decide the case by the law of the territory having the closest connection with the transaction. An often expressed view is that of making the decision the same regardless of where the case is decided.

This Chapter will note briefly the jurisdiction of the courts in general. It will then turn to international conventions to see whether they embody rules of jurisdiction. Finally, parties choice of forum will be discussed.

2. Jurisdiction in General

Jurisdiction generally only lies with a forum that has a relationship to the dispute in question. Such a relationship is often established with regard to the defendant domicile, residence, place of business, nationality, or in
case of an alleged infringement, with regard to the place where the harmful event had occurred. A general rule defining the competent court of justice is to provide the effective and predictable solution which can not easily be manipulated, and which grants jurisdiction to the courts of the territory or country having the most significant relationship to the dispute in question.

At present, someone who uses sign or mark on the internet may have to anticipate being taken to court in potentially every country of the world. Some countries distinguish between general jurisdiction covering every possible claim against defendant, and specific jurisdiction, which extend only to claims arising out of a particular event, such as, for example, the infringement of a right.

General jurisdiction is usually established with regard to the domicile, residence, or place of business of the defendant. Often, no further relationship between the disputes in question and the territory or country is required. A court in general jurisdiction could decide claims against the defendant arising under the law of various countries, and could consider all relevant rights and interests of the parties. Such a court could, for example, hear complaints concerning infringement of a trade mark in every country or territory.

In many cases, and especially when specific jurisdiction has to be established, the courts of a particular country or territory are competent
only if some relationship between the dispute and the territory or country exists. Such a relationship is often established with regard to the place where the harmful event had occurred i.e. the place of the limitation of the harm and the place of its impact, for example article 5 (3) of the Brussels Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters, which reads (in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred).

In some countries, such as those belonging to the EU, specific jurisdiction is limited to awarding compensatory damages for the injury sustained within that jurisdiction. Such court could not hear claims arising from the infringement of rights in other countries and would, therefore, not be able to consider all relevant rights and interests of the parties. The only court competent to take into account the full range of infringing acts would be the court of general jurisdiction.

Jurisdiction for dealing with claims relating to the use of a sign on the internet would be potentially worldwide if it were not possible to limit the relationship of such use to particular countries or territories. This will be especially relevant in infringement cases, where user of a sign on the internet would otherwise have to anticipate being taken to court in potentially every country of the world. Limitation would probably require some form of international cooperation. It could be effected by using the
factors described above. Jurisdiction could be granted to the courts of every territory or country in which the use of sign on the internet had a demonstrable effect. Such jurisdiction might have to be limited to deciding on the effect of such use on a right which has already been established in that territory or country in cases involving maintenance or infringement of rights or in which protection is to be established by virtue of such use in cases including the establishment of rights.

3. The Role of International Trade Marks Conventions

Any effort to distinguish between international trade mark problems generally and internet induced problems specifically should, however, recognize the extent to which, for many industries, internet marketing has become integral to international and even national commerce. Absent the ability to market and, perhaps, for certain entertainment industries, deliver products or services online, producers may be placed at a significant disadvantage. Indeed, competitive necessities may extend further, depending upon evolving consumer practices, to a need to use one's trade mark as a domain name.

The extent to which online marketing has become an integral part of branding strategy is such that companies may, by virtue of prohibitions against use of a mark on the internet, effectively be obliged to reconfigure

1 Wipo publication SCT/2/9/ Study concerning the use of trade marks on the internet. April 8 1999 page 12
offline marketing to avoid use of that mark in the non-internet sales and marketing\(^2\). Thus any rules that impose restrictive standards on producer trade mark uses online may effectively be exported to the offline world, and the standards on the internet may become standards of the global commerce generally. This is, of course, particularly problematic if competing expansive national assertions of legislative jurisdiction effectively preclude the use of large number of trade marks (the national blocking problem). If the blocking is the result of a conscious effort to prevent expansion from one geographic territory to another, national trade mark laws may provide relief for the first producer\(^3\), transferring scarcity of marks online to the offline world, where concern about the reduction of available new marks has been expressed in recent years.

The international trade marks conventions contain little that is determinative on the private international law questions of jurisdiction, applicable law, or recognition of judgements. The TRIPS Agreement which incorporates and builds upon the Paris Convention\(^4\) requires compliance with provisions of Paris Convention. Each embodies three principal concepts:


\(^3\) Id at 290

\(^4\) TRIPS Agreement art. 2(1) (requiring compliance with provisions of The Paris Convention)
(i) Signatory states must provide minimum standards of substantive trade marks protection.\(^5\)

(ii) States must offer protection on the basis of national treatment (i.e. accord the same protection to citizens of foreign signatory States as they do to their own citizens\(^6\)

(iii) National trade marks rights in one signatory country are independent of rights in other countries\(^7\).

The minimum standards in the Paris Convention and the TRIPS Agreement do not directly address or affect any questions of private international law. National treatment and the principle of independence of rights, which affirm in different ways and with different strength the principle of territoriality, arguably do bear upon the question of choice of law. But their significance in this regard should not be overstated. These principles do not mandate any particular choice of law rule. The national treatment principle in particular is often treated as instituting a choice of law rule in both copyright and trade mark law, acknowledging the accepted view that although copyright treaties do not discuss choice of law, the national treatment principle implicates a rule of territoriality and noting that the applicable law is the copyright law of the state in which the infringement occurred not that of the state of which the author is

\(^5\) Paris Convention for the Protection of Industrial Property arts- 6bis-10ter.
\(^6\) Paris convention arts. 2, 6(2)
\(^7\) Paris convention art. 6(3)
a national or in which the work was first published\textsuperscript{8}. But as the United States Court of Appeal for the Second Circuit has noted, in the copyright context:

The principle of national treatment is really not a conflict rule at all: it does not direct application of the law of any country. It simply requires that the country in which protection is claimed must treat foreign and domestic authors alike. Whether U.S copyright law directs U.S courts to look to foreign or domestic law as to certain issues is irrelevant to national treatment, as long as the scope of protection would be extended equally to foreign and domestic authors\textsuperscript{9}


In the United State, to hear a case a court must possess personal jurisdiction over the defendant and jurisdiction over the subject matter of claim. Although these concepts may be expressed differently in other countries, the notion that there are restrictions grounded both in fairness to the parties and in the legitimate scope of forum sovereignty on the courts that may adjudicate a particular dispute is common to all


\textsuperscript{9} I.d at 8. Itar Russian News Agency v. Russian Kurier
developed legal system\textsuperscript{10}. In Chapter Four, I will discuss the legal systems of Sudan regarding the subject matter of this research.

\textbf{(i) Jurisdiction over Non-resident Defendant}

Jurisdictional analyses are essentially efforts to find a tie between the forum and the defendant or the event in disputes between the parties. In the U.S personal jurisdiction may be specific or general. Where a defendant is subject to the general jurisdiction of the court, the court may adjudicate a cause of action even if that action did not arise out of or is not related to the defendant's contacts with the forum. Specific jurisdiction allows the court to adjudicate only cases that arise out of or are related to the connection with the forum. Thus, a court that has general jurisdiction over defendant in a trade mark action may adjudicate an infringement claim even if the contacts that the defendant has with the forum are wholly unrelated to the alleged trade mark infringement. In contrast, if the court is relying upon specific jurisdiction over such a defendant, the conduct that is alleged to amount to trade mark infringement must itself be forum-related. As discussed in the context of the \textit{Shevill case}\textsuperscript{11}, this distinction may be significant if courts wish to consider the possibilities of consolidating several related national claims.

\textsuperscript{10} AMERICAN BAR ASSOCIATION GLOBAL, CYPERSPACE: JURISDICTION PROJECT, ACHIVING LEGAL AND BUSINESS ORDER IN CYPERSPACE: www.aba.com
of infringement as one means of reducing the cost of national rights in an international era.

Courts in the United States possess general jurisdiction over a person who engages in systematic and continuous contact with the forum. Such jurisdiction, because it subject defendants to the adjudicative authority of a court with respect to any cause of action, requires stronger contacts than those sufficient merely to found specific jurisdiction. It is under the set of instructions of general jurisdiction that U.S exercises personal jurisdiction over their own domiciliaries. General jurisdiction may also be founded on the service of the defendant with process while voluntarily present in the forum. The validity of this latter form of jurisdiction, sometimes referred to as tag jurisdiction has been upheld recently by the U.S Supreme Court.\textsuperscript{12}

Jurisdiction in the courts of EU states in action against European citizens is governed by the Brussels Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters.\textsuperscript{13} When it was concluded, the Brussels convention limited certain types of jurisdiction that prevailed therefore in European countries. French law for example historically permitted the assertion of jurisdiction in any case brought by a French plaintiff. The Brussels Convention prohibits jurisdiction based upon such a consideration in cases covered by the Convention (that is, cases brought

\textsuperscript{12} Burnham v. Superior court, 495 U.S 604 (1990)
\textsuperscript{13}
against domicilaries of convention states). The convention also forbids jurisdiction based upon tag jurisdiction, although it does permit courts to assert jurisdiction over their own defendant domicilaries based upon that contact alone. The rule of specific jurisdiction in the United States and EU reveals less obvious textual disagreement. Jurisdiction over a trade mark claim against a non-resident defendant normally exists in the courts of the state where the harm occurs. The Brussels Convention similarly permits the assertion of jurisdiction over tort claims in the place where the harm occurred.

Trade marks rights are aimed at protecting against two primary harms: the confusion of consumers and diminution of the goodwill of the producer. Where do these harm occur when trade marks are being used in the international marketplace?

Several possibilities come to mind. A place of conduct rule could be adopted: the harm could be treated as occurring where the defendant used the mark without authority. In most systems, the assertion of jurisdiction by courts of the state where the allegedly tortious conduct occurred would be regarded as unobjectionable.

14 Brussels convention. Art.3.
15 Id. art.3.
16 Id. art.2.
17 Id. Art5(3)
The first basis of jurisdiction would, if regarded as the exclusive place of harm, subject non-resident defendants to the jurisdiction of the court only where they conduct business and use the mark. To be sure, the place of conduct could be expansively interpreted to include "places" where the defendant is not physically present. Courts have, for example, interpreted the unauthorized online posting of a copyrighted work as involving the distribution of copies of the work in all places from which the work can be accessed by the public\textsuperscript{19}.

A second basis for jurisdiction could focus on where consumers the unwitting victims of the unauthorized trade mark use are based, and thus where injury arguably occurred. The European Court of Justice has interpreted the Brussels Convention expansively as permitting the assertion of jurisdiction both where the conduct giving rise to the tort occurred or where the harm occurred. Under Article 5, the Brussels Convention permits a court to assert jurisdiction over a tort cause of action based upon extraterritorial conduct that causes effects within the forum state\textsuperscript{20}. U.S courts may also exercise jurisdiction where a foreign defendant intentionally aimed his conduct at the forum state for example


\textsuperscript{20} The WIPO international Bureau has suggested that the place of injury would, in trade mark cases, be the same, namely, the loci protectionis see, Standing Committee on the law of Trade marks, Industrial Designs and Geographical Indications, provisions of the preliminary draft convention on jurisdiction and foreign judgement in Civil and Commercial Matters, WIPO Doc.No.SCT/4/3 (Dec.20.1999)

Rather than focusing on consumers in identifying the place where the 'harm impacted' one could as a third option look at where the plaintiff's goodwill was harmed. If goodwill were conceived of in simply financial terms, this harm would always potentially occur at the home of the plaintiff or where the plaintiff registered its mark. Although this view has strong support in case law, *Euromarkets Designs, Inc. v. Crate and Barrel Ltd.* 21 The Euromarket Design court explained that the significance of the principal place of business reflected the fact that it was the place where the trade mark owner's suppliers, vendors and consumers would likely be based, as well as the place where the loss in revenues would be felt. And taken together these considerations clearly suggest that the injury was felt in Illinois. But it is not clear that the claim is so strong when the only connection is place of incorporation and hence where the profit were lost. Relying upon place of incorporation alone might be too superficial a reading of the concepts of goodwill at least as presently understood, if the interest of the state of the plaintiff's incorporation is framed in terms other than the preservation of financial resources. Its claim to assert jurisdiction as the place of injury might be stronger. The goodwill of the plaintiff within such state will only be harmed if the unauthorized use has an

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effect in that state either by confusing consumers or by tarnishing or blurring the distinctiveness of the mark. If the use is felt only in other states, the separate goodwill in those states may be affected, but that should not be treated as a harm occurring within the first state and the strength of this argument will diminish as marks begin to develop universal goodwill based upon common consumer understandings and unitary global marketing by producers. Moreover, allowing jurisdiction on this basis might effectively approximate jurisdiction on the exorbitant grounds of plaintiff nationality found in French law but precluded by the Brussels Convention in action against convention nationals. For purposes of personal jurisdiction, the focus of U.S constitutional analysis is on the defendant's purposeful availment of the benefits of the forum state. The plaintiff connection with the forum may be relevant as part of choice of law analysis, but it should typically be given less weight in analysis of personal jurisdiction.\textsuperscript{22}

Although jurisdictional rules at present are, with the exception of regional agreements such as the Brussels and Lugano Conventions, the province of national laws, with minimal international direction, globalization and the internet has made international attention to the jurisdictional issues essential. Accordingly, the Hague conference on private international law

\textsuperscript{22} Graeme B.Dinwoodie supra note 10.at 13.
has in recent years been working on a proposed Hague that would regulate jurisdiction in civil cases.

The Hague Convention process does, however, provide an attractive vehicle for the consideration of many of these jurisdictional issues. At present, the draft convention would consolidate on a global basis most of the common grounds for jurisdiction currently prevalent in both the United States and the EU. Thus a defendant could be sued generally in the courts of the state where he is habitually resident. And plaintiff may bring an action in tort in the courts of the state where the act that caused the injury occurred or in which the injury arose unless, in the latter case, the defendant could not reasonably have foreseen that the act could result in an injury of the same nature in that state. Jurisdiction based upon habitual residence is general: jurisdiction based upon tortious act or injury would, in U.S. terminology, be specific jurisdiction\(^\text{23}\). The draft convention prohibits tag jurisdiction\(^\text{24}\), jurisdiction based upon the nationality of the plaintiff alone\(^\text{25}\), or general jurisdiction based upon the defendant’s systematic and continuous contacts with the forum (although these may contribute to specific jurisdiction where the dispute is directly related to those activities.

\(^{23}\) Proposed Hague Convention, art 10(4) (limiting jurisdiction in such cases to the causes of actions in respect of injury that occurred in the state)
\(^{24}\) Id art 18 (prohibiting tag jurisdiction)
\(^{25}\) Id (prohibiting jurisdiction based upon the nationality of the plaintiff alone)
(ii) Jurisdiction Based Upon Stream of Commerce Theories or Web Site Access

Two particularly difficult related jurisdictional questions are raised by modern international trade marks practices. First: if a producer places its goods in the “stream of commerce” and those goods eventually reach a foreign state where they are alleged to infringe trade mark rights, can the producer be subject to jurisdiction of that state? Second, and putting this first question in a more specific context, can a person who uses an allegedly infringing trade mark on a web site or in a domain name be subject to the jurisdiction of courts in a country where that web site is accessible by virtue of that accessibility alone?

On the more general question, the U.S. Supreme Court splintered badly when asked to consider whether mere placement of a product in the stream of commerce might meet the constitutional standard of due process. The court split 4-4 on the question, and Justice Stevens found it unnecessary to decide the question in the case presented to the court Asahi Metal Indus. Co. v. Superior Court of California. The Supreme Court of California in this case exercised personal jurisdiction over Japanese manufacturer of valve stems for tire tubes manufactured in Taiwan by Cheng Shin and held that “mere awareness” is not sufficient to satisfy the minimum contacts test. In this case a foreign defendant, Asahi Metal

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Industries was aware that the tire valves it manufactured, sold and transported would find their way to California. The issue was whether the awareness that the tire valves would find their way to California was sufficient for jurisdiction. The court held that a defendant’s awareness is not sufficient to satisfy due process. Instead, there must be an action of the defendant purposefully directed toward the forum state. Example of these actions may include advertising in the forum state or providing regular advice to customers in the forum state.

Lower courts thus remain divided on whether mere placement of a product in the stream of commerce with awareness that the product might enter the forum state constitutes purposeful availment of the privilege of doing business in that state. The constitutional inquiry of minimum contacts in the United States will be treated as satisfied if the defendant “purposely availed itself” of the privileges of conducting activities within the forum state.

Answers to the second, more specific, question are also still being developed, both in the United States and elsewhere. One way to address the new jurisdictional issues presented by the internet would be to analogize online activity to offline conduct for which we have developed jurisdictional rules. And the “stream of commerce” theory still being debated in the United States may bear a superficial resemblance to the factual premises of internet marketing using an unauthorized trade mark.
The foreign user, so the argument goes, uses the mark on its web site knowing that site will be accessed in and thus be viewed in a wide range of states. By using the mark online, the user places the mark in the stream of commerce such that it should be expected to be haled into courts in any place from which the site is accessible.

Several lower courts in the United States have considered the question of whether the mere accessibility of a web site in the forum will render the owner of the web site susceptible to jurisdiction in that state. Most of these cases have involved internal U.S disputes, but the same principles would apply in the international setting. These courts have thus far proved resistance to such arguments. As general matter, despite an early case to the contrary, *Inset system, Inc v.Instruction Set, Inc* where the United States District Court accepted personal jurisdiction over a defendant in trade mark infringement action based upon the fact that the defendant had a web site that used the plaintiff’s trade mark, and concluded that “once posted on the internet, unlike television and radio advertising, the advertisement is available continuously to any internet user and the defendant has therefore purposefully availed itself of the privilege of doing business in Connecticut”. The mere accessibility of a

27 The development of in rem jurisdiction over certain claims of cybersquatting- one of the most significant new trade mark/internet claims- has reduced the pressure to test the limits of personal jurisdiction in online trade marks disputes involving domain names. But such claims( which are premised on the lack of in personam jurisdiction) can afford guidance by implication on the likely attitude of courts to personal jurisdiction question.

28 No 3:95cv. 01314(AVC) as cited in Graeme B.Dinwoodie supra note 20 page 16
web site in the United States will be an insufficient basis of personal
jurisdiction. These cases include causes of action alleging trade mark
infringement.

If the mere accessibility of a web site were sufficient to establish personal
jurisdiction, all persons with web sites would be subject to jurisdiction in
courts of every country. *Cybersell, Inc. v. Cybersell, Inc.* the plaintiff in this
case was an Arizona corporation that advertised its commercial services
over the internet. The defendant was a Florida corporation offering web
page construction services over the internet. The Arizona plaintiff alleged
that the alleged Florida trade mark infringer should be subject to personal
jurisdiction of the Federal Court in Arizona because a website which
advertises a product or services is necessarily intended for use on a
worldwide basis. First the court articulated a three-part test for
determining whether a district court may exercise specific jurisdiction
over a nonresident defendant. It stated:

(a) the nonresident defendant must do some act or consummate
some transactions with the forum or perform some act by which
he purposefully avails himself of the privilege of conducting
activities in the forum, thereby invoking the benefits and
protection; (b) the claim must be one which arises out of or

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29 130 F. 3d 414, 420(9th Cir.1997), cited in ABA section on international law and practice
Annual Spring Meeting New York city May 8,2002 at 10
results from the defendant’s forum-related activities; and (c) exercise of jurisdiction must be reasonable.

Applying the foregoing principles the Ninth Circuit concluded that the Florida defendant had conducted no commercial activity over the internet in Arizona. The Ninth Circuit found that the mere operation of a passive web site would be insufficient to found jurisdiction “otherwise every complaint arising out of alleged trademark infringement on the internet would automatically result in personal jurisdiction where the plaintiff’s principal place of business is located”. Indeed, the jurisdictional picture painted by the cybersell court, if such a contact were of itself sufficient, demonstrates how close such an approach would be to the exorbitant form of jurisdiction practised by the French court in favor of French citizens and now prohibited by the Brussels Convention.

Instead, courts in the United States have focused in large part upon the web site containing the allegedly infringing material is passive or interactive. Operating a purely passive web site is insufficient in and of itself: the case law is still forming on how interactive a site must be to approach the other end of the spectrum where jurisdiction would be proper. e.g. Euromarket designs, Inc. v. Crate & Barrel Ltd.\textsuperscript{30} and Zippo Mfg. Co.

\textsuperscript{30} Supra, note 21
V. Zippo Dot com. the court in Zippo identified a spectrum of situations. At one end of the spectrum are situations where a defendant clearly does business over the internet in which case personal jurisdiction is proper. At the opposite end are situations where a defendant has simply posted information on an internet web site which is accessible to users in foreign jurisdiction, a passive web site which does not of itself justify personal jurisdiction. The middle ground is occupied by interactive web sites where users can exchange information with host computer. In these cases, the exercise of jurisdiction is determined by examining the level of interactivity and commercial nature of the exchange of information that occurs in the web site. Some courts have found an interactive site insufficient, if in fact there was no accessing of the site from the forum. For example, in. People solutions, Inc.v. People solution, Inc. the court decided that interactive web site was insufficient to found jurisdiction because although the web site had the potential to interact with Texas resident no such interaction had taken place.

Trade mark and copyright claims based upon unauthorized use of a mark or work on a foreign web site have been upheld by U.S courts. But none of these cases creates any significant deviation from the proposition

above regarding personal jurisdiction. In *Playboy Chuckleberry*, for example, the defendant was already subject to the personal jurisdiction of the U.S court by virtue of an earlier court proceeding. The case preceded as a motion for contempt of prior injunctive order. In *National Football League v. TVRadio Now*, the corporate officers of the defendant were resident in the district in the United States in which the proceedings were brought. There was substantial organizational and marketing activity by the corporate defendant in that district, and there was evidence, based upon number of hits and the nature of the programming, that the defendant has targeted the United States.

Courts in Europe have also considered this question. In France, for example in *SG2 v. Brokat informationssysteme GmbH*, a French trade mark holder sought an injunction against the allegedly infringing use of its registered French mark on a German web site. The German defendant owned the same mark for the same goods and services in Germany, and used the mark only in its German web site (brokat.de). Although the German defendant had never sold its goods in France, and indeed could not do so because of French cryptography regulations, and used the mark only on a German site, the Nanterre Court of Appeals assumed

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35 Nanterre Court of Appeal. October 13, 1996 as cited in Torsten Bettinger and Dorothee Thum Supra note 28 page 166.
jurisdiction over the defendant under article 5(3) of the Brussels Convention. Because the German web site was accessible from France, an infringement had occurred in France within the meaning of article 5(3). Although the court’s injunction against internet use had effects beyond France- indeed, it had effects in Germany where the defendant owned the trade mark registration, the court held that French Court, if it enjoyed jurisdiction as the court of place of infringement, must be able to impose the sanctions provided by French trade marks law, since otherwise a trade mark would no longer be protected on its territory. Consequently, the German enterprise was obliged to cease the use of the trade mark playline in French in any form and hence also, and in particular on the internet.

Scholars have criticized the assertion of jurisdiction in cases such as in SG2 Case and have suggested that jurisdiction must be based upon something more than mere accessibility. German scholars have suggested that the use must be purposely directed at the forum for jurisdiction to be proper.

As a matter of private international law, more than one court may be able to assert jurisdiction over the same dispute. But some limits must be established less extraterritorial extrusion of national adjudicatory jurisdiction (and the prescriptive jurisdiction that is likely to follow) cause burdensome over-regulation of the internet. The inquiry being
pursued by courts and scholars in the United States and scholars in Germany—namely, what conduct in addition to the mere availability of a web site warrants the assertion of jurisdiction, thus appears an essential one if the internet is to flourish as a medium of global communication.

(iii) Jurisdiction over Claims under Foreign Trade Marks Laws:

In addition to the personal jurisdiction, the court must also have jurisdiction over the subject matter of a claim. In context of trade mark claims, this issue is often intertwined with other elements of private international law analysis. In particular, subject matter jurisdiction is often subsumed within a court analysis of applicable law. In theory, the question of jurisdiction is analytically distinct from the question of which law courts will apply. That a court may hear a case does not mean that it may or should apply its own law to resolve the controversy that it adjudicates. Courts may thus assume jurisdiction over a dispute even if the plaintiff’s claims are to be determined under a foreign law.

But the practice is quite different. Indeed U.S federal courts hearing federal causes of action generally not just trade mark claims, frequently blend analysis of subject matter jurisdiction and prescriptive jurisdiction.

In the United States, most trade mark infringement claims are brought under the federal Lanham Act, and are heard in federal courts.\(^{36}\) The

\(^{36}\) Whereas patent and copyright claims in the United States are reserved exclusively to the federal courts and to federal law, state trade mark protection exists concurrently with federal protection and claims may be heard in state or federal courts. See 28 U.S.C 1338(a).
federal court subject matter jurisdiction over most trade marks claims rests upon their adjudicating a claim under the Lanham Act, which in turn rests upon the Lanham Act i.e., U.S law being chosen as the applicable law. If the court decides that a trade mark infringement claim should not be decided under U.S law, then the court will dismiss the claim for lack of subject matter jurisdiction because the claim does not “arise under the federal law.”

The existence of a federal question is not the only basis, however, upon which the federal court may have jurisdiction over the subject matter of a claim. For example, a claim that does not arise under federal law may also be heard by federal courts if the parties are of diverse citizenship and the amount in controversy exceeds $75,000. Although federal courts have historically treated copyright claims in much the same way as trade marks claims, in recent years, U.S federal courts have been willing to entertain claims under foreign copyright laws, relying on alternative bases of subject matter jurisdiction such as diversity of citizenship or pendent supplemental jurisdiction. In Carell v. Shubert the court permitted claims based on foreign copyright laws to proceed notwithstanding the plaintiff’s failure to specify in her complaint the particular countries under whose law the claims were made. Indeed the second circuit in a copyright case

37 See 28 U.S.C 1332
cautioned against declining jurisdiction merely because adjudicating the case would involve the application of foreign laws. The theory underlying these cases is that copyright is a transitory cause of action that can be litigated in any courts that have personal jurisdiction over the defendant. Recently, however, courts in Europe have also been willing to hear copyright claims, based upon the liberal jurisdictional provisions of the Brussels Convention, and to revisit the historical notion that intellectual property infringement is a local cause of action. Moreover, in several cases European primarily, but not exclusively, Dutch, courts have used the “multiple defendants” provision in Article 6 of the Brussels Convention\(^{39}\) to consolidate national claims and grant pan-European relief based upon a collection of domestic and foreign national patent and trade marks rights. And broader geographic relief for trade mark infringement can also be achieved in Europe through the Community Trade Mark (CTM). The holder of a CTM may, in certain circumstances, obtain EU-wide relief in national court sitting as “CTM court’. CTM courts have exclusive jurisdiction in all actions for infringement, declaration of non- infringement, or counterclaim for revocation or declaration of invalidity of, the CTM. If the jurisdiction of the CTM court is based upon domicile or establishment of the defendant or the plaintiff, the CTM owner may obtain injunctive relief across the EU. Thus the

\(^{39}\) Article 6(1) provides simply that (a person domiciled in a contracting state may be sued where he is one of a number of defendants in the courts of the place where any one of them is domiciled)
relief in CTM proceedings is strictly still being sought in the courts and under the law of the country, or rather union of countries, conferring the rights.

A similar spate of cases applying foreign law can not be found in the trade marks as opposed to copyright, context in the United States, however, where a conclusion that a foreign law should apply still largely results in the dismissal of the case. What justification might there be for this difference, and does it support a continuing reluctance to adjudicate foreign trade marks claims? In part, the paucity of cases applying foreign trade mark law in the United States might reflect a lack of need. Whereas the U.S courts have in the last six years become increasingly cautious about the extraterritorial application of U.S copyright law, courts have expressed a greater willingness to apply U.S trade mark law extraterritorially.

Another explanation for the different approach in trade marks cases can be discerned from the reasons given by the courts for exercising such jurisdiction in the copyright context. Trade marks claims are a less attractive target for adjudication by a foreign court because many but not all trade marks rights are registered. The hesitation to entangle courts in the review of foreign registered intellectual property rights in seen in a number of instruments of private international law that otherwise make liberal provision for assertion of jurisdiction in international litigation.
For example, although the recently adopted EU.E-Commerce directive excludes intellectual property rights generally including copyright from the scope of its conflicts provisions, the Brussels Convention, the proposed Hague Convention, and the proposed EU regulation on jurisdiction all carve out only certain issues relating to registered industrial property rights from the scope of their operation\textsuperscript{40}.

The Brussels Convention reserves issues regarding the validity of registered industrial property rights to the exclusive jurisdiction of the courts of the state that granted the rights\textsuperscript{41}. The scope of the registered industrial property exclusion in the proposed Hague Convention is still being debated. At its narrowest, it may be limited to challenges to the validity of registered rights. But some countries have suggested that the exclusive jurisdiction provision should be extended to infringement questions on the theory that the scope of rights and hence determinations of infringement are linked to validity. A restrictive approach to one might justify an expansive approach to the other, and vice versa.

If national courts adopt the approach to this issue that found favor with some European courts under the Brussels Convention, the practical significance of the scope of the exclusive jurisdiction provision may not

\textsuperscript{40} Graeme B.Dinwoodie supra note 29 at 23.

\textsuperscript{41} Brussels Convention ,art 16(4)
be huge. Once a reservation is made for challenges to validity, the defendant should not find it difficult to remove an infringement claim within the protective confines of “validity” exclusion by interposing a defense based upon invalidity of rights.

The registration variable is said to be significant for several reasons, including respect for foreign administrative officials and concerns of institutional competence. First, it is argued that registered rights, such as trade marks rights, are more likely directly to implicate decisions of administrative organs of the state. Courts are generally reluctant to pass on the correctness of the government acts of foreign state. But it is not clear that the application of foreign trade marks law would be any more offensive to a foreign state than the wholesale extraterritorial application of U.S law, which U.S courts are clearly willing to contemplate in the trade marks context albeit only after consideration of likely conflict with foreign trade marks rights.

Accordingly exclusive jurisdiction to the conferring state on matters implicating validity or nullity of registered rights also reflects the concern of some countries regarding the ability of foreign judges to make judgments regarding the validity of registered rights, which are normally

42 The introductory language of the exclusive jurisdiction provision in the draft Hague Convention may restrict such broad interpretations. It demarcates the scope of exclusive jurisdiction by referring to “proceedings which have as their object the registration, validity”. etc of registered rights art 12(4). in contrast, Article 16(4) of the Brussels Convention vested exclusive jurisdiction “in proceedings concerned with the registration of validity.”
granted only after detailed administrative examination by specially trained national officials. But the objection regarding the capacity of the judiciary to make determinations of validity applies with greater force to patent rights than trade marks rights. To be sure, trade marks rights in certain countries are conditioned on examination. But in many countries examination is cursory. And the trend is clearly toward less rigorous examination of trade marks registrations applications. Finally, the basic concepts of trade mark law are common to most countries, even if there remain differences in the application of those rules.

If states remain concerned that foreign judges would be assessing the validity of national registered rights, the *res judicata* effect of such a foreign judgment on validity could be restricted to the parties to the foreign litigation. Alternatively, an additional exception could be created to the rules on recognition and enforcement of judgments that would permit member states with what might be called “primary jurisdiction” that is, those with “exclusive jurisdiction” under the current draft, to revisit *de novo* the question of validity.

Other reasons support revising the exclusive jurisdiction provision of the proposed Hague Convention. In some countries most notably the United States, trade marks rights may exist without registration of the mark, but rather are based upon the use of the mark in commerce as a source
indicator. And in other countries, unfair competition laws effectively institute a parallel system of unregistered trade marks protection even if such protection might not be denominated as such in all countries. If registration is conceived as a dividing line of significance in determining whether to assume jurisdiction over foreign infringement claims, the treatment of such composite bodies of intellectual property protection under private international law may become unduly fragmented.

If the exclusive jurisdiction provision is adopted without revision, efforts to litigate question involving trade mark rights granted by several states in a single proceeding might be frustrated. Forcing intellectual property owners to pursue their rights in serial national proceedings is a serious threat to effective enforcement of rights. Consolidation of claims in a single proceeding would facilitate full enforcement of national rights in an international era, and would conserve the judicial resources that would otherwise be involved in serial national litigation. Indeed, the successful litigants in one national proceeding may be unable to take advantage of issue of claim preclusion doctrines. In *Computer Assocs. Int’l v. Altai, Inc*,

*Inc* Court of Appeal of the United States adopted the three part test to analyze non-literal infringement claims in computer software. Utilizing this process, the court found that in this instance, there was no

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43 15 U.S.C. 1125(a) protecting unregistered marks.
44 126F. 3d 365.371-72 (2d Cir.1997)
copyrightable expression copied, so there is no copyright infringement. To be sure the streaming of international intellectual property litigation will depend upon more than the ability to consolidate several national claims in a single proceeding, the judicious use by national courts of forum non conveniens and lis pendens powers will, for example, also be important. But a broadly read exclusive jurisdiction provision would of itself hinder any streamlining of international industrial property litigation.

5. Conclusion

Jurisdiction, whether adjudicative or prescriptive, over alleged trade mark infringement should not be based upon the mere accessibility in a state of a website containing allegedly infringing mark.

Jurisdiction to prescribe means that the substantive laws of the forum country are applicable to the particular persons and circumstances. When a country has jurisdiction to prescribe, it can appropriately apply its legal norms to conduct. A country has jurisdiction to prescribe with respect to (I) conduct that, wholly or in substantial part, takes place within its territory (II) the status of persons, or interests in things present within its territory (III) conduct outside its territory that has or is intended to have substantial effect within its territory (IV) the activities, interest, status, or relations of its nationals outside as well as within its country and (V)
certain conduct within its territory by persons who are not its nationals that is directed against the security of the country or against a limited class of other national interests.

Jurisdiction to adjudicate means that the tribunals of a given country may resolve a dispute in respect to a person or thing where the country has jurisdiction to prescribe the law that is sought to be enforced. The exercise of jurisdiction by a country is subject also to the requirements of reasonableness. States exercise jurisdiction on the basis of various links, including the defendant’s presence, conduct, or in some cases, ownership of property within the country, conduct outside the states having a substantial, direct and foreseeable effect within the country or the defendant’s nationality, domicile, or residence in the country. Exercise of judicial jurisdiction on the basis of such links is on the whole accepted as reasonable but reliance on other bases, such as the nationality of the plaintiff or the presence of property unrelated to the claim, is generally considered exorbitant.
1. Introduction

This chapter discusses the applicable law for intellectual property disputes as a whole and specifically trade marks and domain names disputes, and discussing the traditional methods of resolving legal conflicts in court litigation on the basis of application of local laws such as German Code of Civil Procedure and Brussels Convention and Lanham Act in the USA and the challenges which may arise when applying this territoriality basis to disputes arising on the internet, which actively occur with little regard for physical boundaries. This chapter examines the legal questions of personal jurisdiction, conflict of laws and the substantive law applicable to trademarks disputes that result from the cross-border effects of the Internet. It will also discuss the international conventions that deal with issues.

2. Case Law on International Trade Marks Disputes on the Internet

Before we address the principles applicable to international jurisdiction, conflict of laws and substantive law in trade marks disputes, it is necessary to cast brief glance at the decisions on international trade marks disputes on the internet. While the problem has already been given considerable
attention in academic literature, case law is still very thin on the ground. Three decisions in existing cases are presented below, which appear capable of revealing the essential constellations of facts and illustrating the legal issues concerning trade marks protection that result from the global nature of the internet.

(i) SG2 v. Brokat Information system GmbH

One of the few genuinely international cases of a trade marks dispute, in which objection was raised not to use of a domain name but of a trade mark on a web page, was submitted to the Nanterre court of appeals for decision. SG2, a French software enterprise, had requested the Nanterre to issue a preliminary injunction against Brokat, a German company located in Stuttgart, forbidding the latter from continuing to use the term “playline’ a German trade mark registered in its name for the internet payment system “Brokat-payline” that it sold on the internet under the web address “brokat.de”. The French company had previously registered ‘payline” as a trade mark in France for the same services. In addition it was found that the German company had not yet sold its products on the French market and did not intend to do so in the future, since otherwise it would have infringed French national cryptography regulations. The defendant contested the

French court’s international jurisdiction with respect to the requested prohibition on use with worldwide effect, which the defendant argued could at best be issued by a German court, and for the best relied on its German trade mark rights, which were equivalent to the plaintiff’s French trade marks rights.

The Nanterre court issued the injunction requested. It justified its international jurisdiction on the ground that the defendant website could be accessed worldwide and hence there had also been a place of infringement on French territory Article 5, No.3 of the Brussels Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters. With respect to the worldwide effect of the prohibition issued, it held that French court, if it enjoyed jurisdiction as the court of place of infringement, must be able to impose the sanctions provided by French trade marks law, since otherwise a trade mark would no longer be protected on its territory. Consequently, the German enterprise was obliged to cease the use of the trade mark “playline” in French in any form and hence also, and in particular, on the internet.
(ii) *Playboy enterprise v. Chucklberry publishing Inc*.²

The decision of the District court for southern of New York, in similar constellation of facts, in 1996, was somewhat more cautious and took greater account of the international nature of the facts of the case. The plaintiff was *playboy enterprise Inc.*, the publisher of world famous magazine. The defendant was the publisher of the Italian men’s magazine *playmen*, which has setup a home page on an Italian internet server, using the trade mark “*playmen*”. Access was available to the title page of the Italian magazine and also to photos, which, depending on how candid they were, were available free of charge under the name “*playmen-lite*” or against payment under the name “*playmen-pro*”. *Playmen Inc.*, argued that the defendant online service infringed an injunction imposed in 1981 prohibiting the defendant from distributing and selling the *playmen* magazine in the USA on the ground of an infringement of the American “*playboy*” trade mark. According to the plaintiff, the defendant was obliged to improve the password issuing procedure, which already applied to the “*playmen-pro*” version, by means of credit card check that would filter out users from the United States. At the same time, the defendant should also prevent access by U.S citizens to the “*playmen-lite*” version. This could, for instance be done

by issuing free passwords for the “playmen-lite” version after verification of the user IDs, again so as to prevent access by U.S citizens. The fact that the “lite” version was fundamentally to be treated in the same way as the “playmen-pro” version resulted from the fact that the “playmen-lite” version was already the product itself and no longer mere advertising. However, with respect to the use of the trade mark “playmen” by the defendant on the home page for its Italian services, a use forbidden in the USA, the court held that nobody should be prevented from setting up a web site under a particular name merely because this web site is also accessible from a country in which the sale of products advertised on the website is forbidden as a result of an infringement of national trade marks law.

(iii) Bensusan v. King

The decision in Bensusan v. King was based on an interregional constellation of facts, but one which is also conceivable as genuinely international dispute. The cause of dispute was the use of a company logo on the home page of a website. Richard King, operator of a jazz bar under the name Blue Note in Columbia, Missouri, had set up a web page on the internet including the term Blue Note on the home page. Bensusuan Restaurant Corp, the operator of jazz bars in New York and other cities

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under the same name. Relying on its registered trade mark for the name Blue Note filed an action for infringement of trade mark and unfair competition law against King before the New York district court. The court held that the conditions for its jurisdiction according to the New York long-arm statute were not met. It was true that for a tort in the form of trade marks infringement it was sufficient that only a single product infringing the plaintiffs trade mark rights was offered on the New York market. However, this condition was not satisfied by the mere accessibility of a web-page stating a telephone number. The fact that a person could access information about services allegedly infringing a trade mark on the internet was not to be equated with advertising, sales or other activities for placing one’s own product on the New York market.

Moreover even if the condition of the procedural law regulations were deemed to be met, it would infringe the constitutional principle of due process if jurisdiction was enjoyed in New York, since King, like many others, had merely made available a website for access on the Internet.

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4 the corresponding provision of Sec 302 a of the Civil Practice Law and Rules SPLR allows jurisdiction in the following cases.
S. 302 (a) (1) addressing the transaction of business in New York.
S. 302 (a)( 3) governing the commission of a tortuous act outside New York causing injury in New York where the defendant either 1 regularly transacts business or derives substantial revenue from goods or consumed services rendered in the state or 2 expects his acts to have consequences in the state and derives substantial revenue from interstate or international commerce.
Even if, for technical reasons, this had effects at federal or even international level, and such effects were predictable for King, he had not thereby deliberately made use of the advantage of carrying out business activities on the New York market.

3. International jurisdiction for tort action under Code of Civil Procedure and Brussels Convention

If the use of a trade mark on a website leads to a dispute between parties from different countries, the first question that arises is which national courts are competent to hear the infringement claim and have jurisdiction as to the substance of the matter. The answer to this question is provided by the national rules for the international jurisdiction of domestic courts. In German law, subject to higher ranking international treaties\(^5\), such as the Brussels Convention, the provision of the Code of Civil Procedure concerning local jurisdiction applies. This means that the German courts enjoy international jurisdiction if in the specific case a German court enjoys local jurisdiction pursuant to section 12et seq. of the Code of Civil Procedure in a purely national case known as the double functionality of the rules for local jurisdiction\(^6\). Since, in international trade mark disputes relating to the

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\(^6\) Toreston Bettinger and Dorothee Thum supra note 1 at 169
internet, the potential infringer usually has neither a registered office, a branch nor assets in Germany, international jurisdiction can only be established by the special jurisdiction for tort claims, section 32 of the Code of Civil Procedure and Article 5, No.3. Of the Brussels Convention. However, the attempt to determine the scope of the special jurisdiction for tort claims based on national trade marks right on the global internet raises considerable difficulties. If the technical possibility of accessing a website from Germany is to be regarded as a sufficient basis to establish jurisdiction over foreign parties or grounds of a domestic act of infringement, foreign companies would always have to appear before German courts if the owner of a German trade mark felt his rights were being spoiled by the defendants Internet activity. Particularly in cases where the defendant business activity is restricted to special region without any risk of an expansion abroad, such as in the Jazz club case *Bensusan v.King*. It seems to appear obvious that the scope of personal jurisdiction for tort actions should be limited in such a way that the defendant would not have to appear at all before the German courts in order to defend himself against an *apriori futile* claim. Consequently, an increasing number of voices in legal literature are demanding a limitation of international German jurisdiction based on place of infringement for Internet disputes concerning the infringement of
domestic trade marks rights. Whereas some favor flexible jurisdictional rules that would have open the possibility of denying jurisdiction in an individual case, the majority proposes to distinguish between website purposely directed to Germany and websites which are accessible in Germany only by reason of technicality of the internet.

(i) Legal Basis

International personal jurisdiction for tort claims pursuant to section, 32 of the Code of Civil Procedure presupposes a place of infringement within German territory, where by place of infringement is to be understood both as the place where the act causing the harm was committed and the place where the result occurred [principle of ubiquity]. If these places are located in different countries, the injured party is given a choice of forum for multinational act of infringement. However, due to their territorial nature, infringements of trade marks rights show a difference in treatment to general tort actions.

According to this principle of territoriality, the exclusive rights of a trade mark as a national monopoly end at the borders of the national territory in question, so that also, by definition, the infringement of trade marks rights can only take place in the country granting the right. Infringement acts taking place in Germany can thus not infringe foreign trade mark rights, and
vice versa. This means in effect that German international jurisdiction based on the place of an infringement of trade mark right only exists for action relating to a German trade mark\textsuperscript{7}. Therefore the jurisdiction for tort pursuant to section 32 of the Code of Civil Procedure is restricted to action based on German trade marks.

If the defendant is domiciled or has a registered office in a contracting state of the Brussels Convention section.32, of the Code of Civil Procedure is superseded by Article 5.No.3, of the Brussels Convention\textsuperscript{8}. According to this provision, action based on torts, including infringements of intellectual property rights\textsuperscript{9}, can be filed before the courts at the place where the harmful event occurred. The European Court of Justice construe this expression broadly to mean both the place of the action causing the harm and the place of its result, and allows the injured party a choice between these two jurisdictions. \textit{Bier v. Mines de pat a sse d Alsace S.A.}\textsuperscript{10}. The place of

\textsuperscript{7} The federal supreme courts assumption in the Zeiss decision, 1958- that in the case of transit across the territory of Germany there can be a domestic place of infringement pursuant to sec. 32 of the Code of Civil Procedure on the ground of a pending infringement of foreign trade mark rights, is hardly compatible with the territoriality principle. Transit merely represents a preparatory action for an infringement of a foreign trade marks abroad that begins when the border is actually crossed, but it self is not an infringement of the foreign trade marks rights. It is not also remarkable that, in the case to be decided, the federal supreme court in the result refused jurisdiction based on the place of infringement with respect to a possible infringement of foreign trade marks resulting from transit across German territory, though it based this finding on the lack of local jurisdiction of the court invoked.

\textsuperscript{8} The convention is binding within its scope of application and displaces national jurisdiction laws, for the acceleration summary proceedings important in trade mark law; national jurisdictions continue to apply alongside those of the convention pursuant to Article 24 of the convention.

\textsuperscript{9} This follows by \textit{argumentum e contrario} from Article 16 No.4, of the Brussels Convention which only provides for the exclusive jurisdiction of the granting state for nullity actions.

\textsuperscript{10} As cited in Toreston bettinger and Dorothee Thum supra note 1 at 172
damage is only understood to be the place at which the first damage was incurred, but not the place of further consequential damage.

But again, the territorial restriction of national trade mark rights modifies, like in German domestic law, the place of infringement in a specific way such that the jurisdiction for tort actions according to Article 5, No. 3, of the Brussels Convention also coincides with the state granting the trade mark right, and Article 5, No. 3. of the Convention allows jurisdiction only for action based on domestic but not on foreign trade mark rights.

On the other hand, it has never been regarded as a problem of jurisdiction that a possible injunction, which is solely based on domestic competition law or domestic intellectual property rights, shows extraterritorial effects. The level of examination of claim, where an extraterritorial effect of a possible injunction become irrelevant, was the level of substantive law. This means that the extraterritorial effect could lead to the result that the infringement of the national trade mark or national competition law was permitted by the special circumstances of the case, but it could not exclude the plaintiff’s action from jurisdiction of domestic courts. Thus jurisdiction pursuant to section.32 of the Code of Civil Procedure and Article.5.No.3 of the Brussels Convention run largely parallel for actions relating to infringement of trade marks rights, in particular, the restrictive construction
of Article 5, No.3. of the Convention for the dissemination of defamatory press article, in press organs distributed internationally resulting from the decision in *Fiona Shevill V. Presse Alliance S.A ECJ.11.1995NJW 1882*. The European Court of Justice held that a plaintiff could sue either in the country of publication, pursuant to Article 5 (3) of the Brussels Convention, or in the country in which the defendant publisher was established. However, if the plaintiffs choose to sue in the country of publication it could recover damages only in respect of the publication in that country. Otherwise it recovers for publication in all the convention countries. This does not lead to difference in the scope of the two jurisdictions for torts in the case of trade mark disputes, since claims for infringement of trade marks are in any event restricted by the territoriality principle to damage in the specific country of protection.

(ii) Case Law on Jurisdiction for Trade Marks Infringement In Internationally Disseminated Mass Media

The case law on international jurisdiction for action based on German trade marks rights directed against the use of trade marks in internationally distributed press media is extremely sparse. There has been no decision by
Supreme Court, and the only decision issued on this problem to date appears to be the *Tannen zeichen*¹¹, of the Mannheim District court in 1967.

In the Tannen zeichen case, a North American company had advertised its products, which were sold exclusively in USA, in American magazines distributed worldwide using its American registered trade mark showing a fir-tree symbol. A small number of the total edition was supplied, on subscription, to Germany. A German company that had registered the same Fir-tree symbol for identical goods as trade mark in Germany regarded the use of the mark in the American company’s advertisements as an infringement of its German trade mark and brought an action for an injunction against the distribution of the advertisement in Germany. The district court upheld German jurisdiction pursuant to section.32 of the Code of Civil Procedure, but it dismissed the action upon the merits as unfounded. It emphasized that the failure of the plaintiff in its submissions to reveal an unlawful infringement of the trade mark at issue was insufficient to deny the international jurisdiction of the court invoked and bar the action as improper. Although as a matter of principle the plaintiff must present conclusively the facts that give rise to international jurisdiction, this could not mean that, if the legal assessment of the specific facts were disputed in a particular case,

¹¹ 1968 GRUR Int.236 as cited in Id at 173
the plaintiff would have to argue the correct legal point of view that first has
to be examined, otherwise, it would be impossible to reach a finding with
substantive legal effect that certain facts were not to be regarded as an
infringement of the domestic trade mark right. Thus in order to establish
international jurisdiction pursuant to section.32 of the Code of Civil
Procedure, it must be sufficient if the facts submitted by the plaintiff which,
in its opinion constitute the tort, took place within the forum.

In the case itself, the district court held that German trade mark law was in
any event applicable as a result of the distribution in Germany.

The Tampax\textsuperscript{12} decision of the Federal Supreme Court, to which reference is
repeatedly made when determining the scope of international jurisdiction for
trade marks disputes on the internet, did not concern trade marks law issues
but rather almost exclusively competition law questions with respect to
advertisements in cross-border press media.

In this case a British company had advertised in a German language Swiss
magazine for a product that was also available in Germany but was
distributed there by a different company. A competitor of the German
company filed an action for the cessation of the advertising on the ground of
an infringement of the German Act against unfair competition. The Federal

\footnote{\textsuperscript{12}federal Supreme Court. 1071 GRUR 153 as cited in Id at 173}
Supreme Court upheld the international jurisdiction of the German courts pursuant to section 32, of the Code of Civil Procedure, since the magazine cross the border effect of the advertising was thus predictable for the advertiser. The court pointed out that there could only be no distribution of magazine in Germany and hence no trading in Germany in cases in which only occasionally an individual copy or several copies of a magazine crossed the border.

This decision is cited to conclude that the German courts only have international jurisdiction for the advertisements in border-crossing press media if the advertisements were specifically addressed to the German market, i.e., if Germany was part of the intended area of distribution of the advertising company.

However, on closer examination, the Tampax decision does not contain such a precedent. According to the Federal Supreme Court, the target of the advertising was not at all decisive for the question whether there had been a place of distribution and hence a place of potential infringement in Germany. The sole decisive factor was the regular area of distribution of the medium. Only genuinely accidental and occasional border crossings should not suffice to establish jurisdiction in Germany, since such cases lack predictability and expectability for the advertiser. The Tampax decision
therefore does not give reasons for a restrictive construction of the place of potential infringement for the purpose of jurisdiction law with respect to advertisements in media that are distributed across borders on a regular basis.


(i) Application of Traditional Principles.
If the traditional principles to determine the specific jurisdiction for torts concerning trade marks uses in international mass media are applied to the internet, the question arises whether and to what extent the accessibility of websites from Germany can be compared with the regular area of distribution of traditional press media. From technical point of view, it is by no means accidental that a website can be accessed by all computers connected to the internet. Any company active on the internet knows of this technically possible world wide accessibility of its website. The only difference to conventional press products is that the information is not transported across the border to its addresses in tangible form, but is made available in digital form on a server to access and retrieve at any time. However, this technical difference in communication does not of itself justify a different legal treatment. In particular, it would appear rather pointless to deny any distribution at all at the places from which a website
can be accessed. Firstly, the technique that underlies the communication processes, namely that the individual user must request the data from servers located abroad, is not visible in the practical handling of the internet. Secondly, the relation that is established by the making available of contents on the internet to the places from where they can be accessed is given the fact that the contents can be accessed at any time and repeatedly by the uses, lasting and hence more intensive from a technical point of view than that established by the more or less ephemeral media such as newspapers, magazine, television or radio.

The technical possibility of accessing a website thus equals the regular, non-accidental dissemination of a press media with the result that, upon application of traditional principles, in Germany, as part of the regular and not merely accidental area of dissemination of the internet, the courts enjoy international jurisdiction for all litigation that concerns the infringement of German trade marks rights by the use of trade marks on websites accessible from Germany.

(ii) Limitation of International Jurisdiction for Trade Marks Disputes on the Internet.

This universal German jurisdiction for potential infringement of German trade marks rights through foreign websites should, according to the vast
majority of voices in legal literature, be restricted. The main reason given is the protection of foreign defendants against becoming involved in litigation before a distant forum simply on the grounds of the accessibility of their website. Reference is regularly made to the decision of the US courts where personal jurisdiction according to the long-arm statutes has been denied in case in which the defendants, as in the Bensusan case, had no contacts with the forum state beyond the mere accessibility of their websites.

Yet the effort to restrict German jurisdiction based on the place of infringement for international trade marks disputes on the internet involving German trade marks is proving to be difficult in terms of its legal transformation and effective procedural enforcement. Unlike the American jurisdictional rules, which *apriori* are aimed at a flexible handling and permit a comprehensive consideration of all the facts of the individual case by the court\(^\text{13}\), the German judges are allowed no opportunity to apply comparable considerations at the level of jurisdiction. According to the German procedural law, the existence or absence of jurisdiction should be reliable predictable in advance by the parties, thus avoiding unproductive disputes about jurisdiction that would delay a decision in the case proper.

\(^\text{13}\) This go as far as considerations such as that the court invoked was only two hours by car away from the defendants registered office.
a) Forum non conveniens

One means of restricting German jurisdiction based on the place of infringement for disputes between German and foreign parties concerning the use of trade marks on the internet would be to retain the traditional universal jurisdiction for tort actions with German trade marks involved, but to allow the court the possibility of denying their jurisdiction in the individual case as improper. This solution would reflect the Anglo-American doctrine of *forum non conveniens*, according to which the courts are not obliged to exercise an existing jurisdiction if in their opinion the courts of a foreign country are significantly more suited to hear the dispute. However, the internet, as a communication medium that can be used in principle by anyone, requires rules for handling a huge number of potential trade marks disputes to ensure legal clarity and certainty. This need cannot be satisfied appropriately by the doctrine of *forum non conveniens*, which necessarily provides for a correction in the individual case due to particularly exceptional constellations. In addition, the essential precondition for the denial of jurisdiction as *forum non conveniens*, the existence of a clearly more suitable court abroad, is not met in the case of trade marks disputes on the internet. Foreign courts cannot be regarded as better suited for infringement litigation deriving from domestic trade marks, since the proximity of the
facts and the evidence argues in favor of a legal venue in Germany, nor does it go without saying that foreign countries hear infringement cases based on foreign intellectual property rights.

b) Sufficient minimum contacts

The most frequent proposal in the literature is to subject German jurisdiction for tort actions concerning the infringement of German trade marks to the existence of certain, sufficient minimum contacts, which, in light of the global nature of the internet, would not be established by the mere accessibility of a website from Germany. However, the sufficient domestic connecting factor of a constellation of facts does not as a matter of principle represent a sufficient requirement in international law to establish national jurisdiction. On the contrary, exorbitant legal venues with only a weak domestic connecting factor are widespread\(^\text{14}\). Rather the existence of German jurisdiction would depend on whether the website was at least also intentionally directed to the German market. This could for instance, be assumed in the case of a website operated under a(de) domain, but it would have to be denied if the operator clarified by the addition of disclaimers, such as “no delivery of goods to Germany”, that this website was not intended to address internet users located in Germany.

\(^{14}\) SCHACK, *Internationales Zivilverhrensrecht*, at 330 as cited in Toreston Bettinger and Dorothee Thum supra note 4 at 177
(iii) Applicable law for Trade Marks Infringements on the Internet

The substantive law principle of territoriality that applies to trade marks worldwide correspond at the level of the conflict of laws, known as *lex loci protectionist*. The new German Act on private international law does not provide an explicit rule for infringement of intellectual property rights, but in the explanatory memorandum of the new Act it is stated that the new law does not change the general rule of *lex loci protectionis* for infringement of intellectual property rights. This conflict of laws principle provides that the question of whether and to what extent trade mark protection is granted against specific cross border use is to be determined according to the law of country for which trade mark protection is claimed. Since on the basis of the principle of territoriality, only domestic trade mark rights can have effect in the specific country of protection, the question whether a German subjective trade mark law rights has been infringed is determined as a result exclusively according to German objective trade mark law, while the question whether a foreign subjective trade mark right has been infringed is determined exclusively according to the specific foreign objective trade mark law. It is indeed thereby possible that one and the same use of mark

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15 Bundesrats Druck Sachen 759 98 at 18 22 as cited in Toreston Bettinger and Dorothee Thum supra note 4 at 286
on the internet, may infringe two national trade marks rights, possibly belonging to different holders at the same time.

There is no reason to depart from this principle of the country of protection as a conflict of laws rule conventionally applied to trade marks rights, by developing entirely new points of attachment rules\textsuperscript{16}. Thus, in the event of an action deriving from German trade marks rights against a use of a trade marks on the internet, there would be no point in denying the applicability of German trade marks law and instead determining the case according to foreign trade marks law. In particular, the conflict of trade marks on the internet is not a question of asserting either the domestic or foreign objective trade marks law by means of an abstract choice of law rule, but of achieving balance between the subjective trade marks rights granted by the different national legal systems in light of the fact that the use of trade marks on the internet can only be either global or not at all. Since it is not the conflict of legal systems but rather the conflict of subjective property rights that must be solved, classic conflict of laws rules do not seem suitable for solving the conflict. From systematic point of view, it seems to be more reasonable to restrict the scope of both or all subjective trade marks rights involved in

\textsuperscript{16} the special nature of intellectual property rights in the filed of the conflict of laws is also made clear by their exemption from the scope of application of Article 3 of the planned E-commerce Directive Draft Directive dated November 18.1998, as cited Toreston Bettinger and Dorothee Thum supra note 4 at 286
a cross border internet of the medium, by excluding certain uses of a foreign trade mark, despite their effect on the substantive trade marks law exclusivity in each national trade marks law.

The following section examines how and in what manner such restriction of substantive law could be achieved. In any event, trade marks conflict of laws rules is not the appropriate starting point for the solution to the problem. To solve the conflict of rights on the internet, new rules of substantive law have to be developed for those genuinely international cases where national substantive rights conflict in a global medium. German law forms the starting point, but final solution could also be adopted in an international agreement\textsuperscript{17}.

(iv) Substantive law General Principles

As a matter of principle, a trade mark allows its holder to prevent any third party acting without his consent from using a trade mark that is identical or misleadingly similar: sections 14(2)(1) and(2), 15(2) of the German Trade Marks Act\textsuperscript{18}. In cases of well-known trade marks or commercial designations, use can also be prohibited even where there is no risk of confusion under trade marks law but where the use of sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character of the

\textsuperscript{17} Id. At 287

\textsuperscript{18} German Trade Marks Act with effect from January 1, 1995 available at http://www.internetmarken.de/guide/tmlawe.htm
repute of the trade marks or the commercial designation sections .14 (2) (3), 15(3) of the German Trade Marks Act. Possible infringement includes not only affixing the sign to goods or the offering or supplying of services under that sign, but also use in business paper or in advertising i.e. any rendering of trade mark outwardly. Perceptible rendering includes online perceptibility of the sign.

However, the territorial restriction of the trade marks means that claims for injunction are only possible if the infringement has taken place within the territorial scope of the trade marks in question or in the case of preventive injunctions, where infringement is seriously threatened by an action carried out abroad.

5. The Extra Territorial Reach of U.S. Trade Marks Law

Both in the U.S. and internationally, trade mark law is essentially territorial, meaning a mark is exclusively owned by a registrant or user only within each territory. The Paris Convention contains a national treatment tenet in Article 2 (1), which has supported a territorial approach to choice of law in trade marks cases, as well as copyright and patent cases, which are outside the scope of this research. The territoriality of trade marks law is further expressed in the Paris Convention in Article 6(3), which provides that “a mark duly registered in a country of union shall be regarded as independent
of marks registered in the other countries of the union, including the country of origin”

“parallel imports” or ”gray market goods” are goods bearing authentic trade marks that are instead imported and sold to the ultimate consumer in a country where the trade mark signifies a domestic source\textsuperscript{19}. The territoriality theory in the U.S. provides a trade marks holder with an exclusive monopoly right in its trade marks within the nations borders, which actually provides the trade mark holder with rights against and control over a foreign holder of the same trade mark when the foreign holder attempts to bring his mark into the U.S.

If a foreign website viewed in the U.S. presenting a foreign trade mark identical to a U.S. registered trade mark, then the website may be subject to same customs preclusion as parallel goods. However, it seems that the only fair way to determine whether the website is actually being digitally imported is to apply the test for personal jurisdiction.

(i) Personal Jurisdiction

For a court to hear a case, it must have personal jurisdiction over the defendant in accordance with constitutional due process requirements. This may require use of state long arm statutes. Initially, in determining whether

\textsuperscript{19} Yelena Simonyuk 2002. The Extra Territorial Reach of Trade Marks on The Internet, Available at http://www.law.duke.edu/journals.
there were sufficient contacts and activity for establishing personal jurisdiction, courts relied on a medium specific analysis of the internet. Distinguishing the internet from traditional media, those courts hold that website advertising was inherently more likely to constitute purposeful availment of the benefits and protection of the forum state. However, the primary consideration in determining whether a website constitutes purposeful availment has become whether the website is active rather than passive. The distinction between active, passive and intermediate interactive, websites was illustrated by the court in *Zippo manufacturing CO-V. Zippo Dot com-Inc*.20

The Zippo court delineated a three-part” sliding scale” of internet activity:

- At one end of the spectrum are situations were a defendant clearly does business over the internet. If the defendant enters into contracts with residents of a foreign jurisdiction that involve the knowing and repeated transmission of computer files over the internet, personal jurisdiction is proper, at the opposite end are situations where a defendant has simply posted information on an internet website which is accessible to users in foreign jurisdiction. A passive website is not ground for the

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exercise of personal jurisdiction. The middle ground is occupied by interactive websites where a user can exchange information with the host computer. In these cases, the exercise of jurisdiction is determined by examining the level of interactivity and commercial nature of the exchange of information that occurs on the website.

The Zippo court held that the defendant fell within the first category and exercised jurisdiction over California defendant who not only advertised on the internet, but also sold subscription to 3,000 state residents and entered into contracts with internet service providers in the forum state to download the electronic messages which formed the basis of the suit. The Zippo “sliding scale” has been adopted in several circuits and numerous cases. For example cyber sell, inc. v. cyber sell. In\textsuperscript{21}, it was held that the defendants use of plaintiff’s mark on its internet website advertising its website construction corporation did not support personal jurisdiction over the Florida defendant in Arizona because the site was passive and lacked additional commercial activity. The court concluded that no court had ever held that an internet advertisement alone is sufficient to subject a party to jurisdiction in another state without “something more”.

\textsuperscript{21} 130 Fd 414 9th Cir. 1997 as cited in Id at 289
(ii) Subject matter jurisdiction

Like all U.S. Courts, federal courts must have, in addition to personal jurisdiction, subject matter jurisdiction in cases they are to hear. For federal courts, that jurisdiction is limited to those types of cases designated by Congress, and in the context of this research, all actions covered by the Lanham Act.

The Lanham Act provides a civil right of action against parties misusing, as detailed by the Act, a mark used “in commerce”. “Commerce” is defined in the Act as all commerce which may lawfully be regulated by Congress. Therefore, a U.S. Court has subject matter jurisdiction to hear a case under the Lanham Act if the defendant’s activities occurred in commerce that may be lawfully regulated by congress. The Lanham Act without reference to extraterritorial powers clearly controls infringing acts of the ships carrying infringing goods from a foreign nation to the United States. Section 25(6) of the Lanham Act precludes the entry and permits the seizure of goods imported into the U.S that are marked or labeled in contravention of the provisions of section 1125, which defines a trade marks infringement. However, it is when the activity, which would be infringing if occurring in the U.S. occurs solely in foreign countries that the extraterritorial reach of the Lanham Act is raised and implemented when the foreign activity is held
to affect U.S. commerce. In Steele case\textsuperscript{22} selling watches in Mexico was held as effecting U.S commerce because consumers who had bought the watches in Mexico had brought them to the U.S. Also in Ocean Garden, Inc. v. mark trade co\textsuperscript{23}, shipping infringing canned fish from Mexico to the Far East was held to affect the American foreign trade zone and to divert American foreign sales.\textsuperscript{24} Essentially, courts have applied the Lanham Act to conduct occurring abroad, even in the absence of infringement within the United States.

A more difficult question of application arises when the infringing acts occur through the sole use across national borders of a website. This issue had not yet been explicitly raised in any U.S. case. Whether an extraterritorial application of the Lanham Act in such a case must be considered at all depends on which real word activity we choose to analogize the internet. If sales in the U.S. conducted through a website are analogized to the shipment of goods from the foreign nation hosting the website to the U.S., then the extraterritorial analysis is unnecessary although enforcement of the U.S. holding may rely on extraterritorial application.

If, however, the transactions are viewed as the result of consumers traveling to the foreign website and conducting the sale in the foreign country, then

\textsuperscript{22} 344 US. AT 283. as cited in Yelena Simonyuk supra note 18  
\textsuperscript{23} 953 F.2d 500(9th Cir.1991) as cited in Id  
\textsuperscript{24} Ocean Garden 953 F.2d 500 9th Cir. 1991.
the Lanham Act could only reach the defendants activities through an extraterritorial application. It is unclear how website activity would be treated in such a case. In *play boy*, a case involving an Italian Website using the mark ”play men”, the court would likely have rejected the traveling analogy in favor the shipping analogy because the court rejected the defense argument that it was not distributing materials in the U.S.

(iii) **International Trade mark Laws Provide the Basis for Extraterritorial Enforcement**

The Paris Convention for the Protection of Industrial Property serves as the basis for current international trade marks law. As already indicated above, the Paris Convention establishes under Article 2(1) “national treatment” tenet to intellectual approach to trade marks in particular. However, despite the interaction to preclude extraterritorial application of individual nation’s trade mark laws, the Paris Convention requires certain recognition and interaction with foreign trade marks, which has the effect of providing the authority to enforce remedies extraterritorially.

Returning to the extraterritorial rules of the Paris Convention, Article 6(6) requires the prohibition of registration and use of a trade mark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of
registration or use to be well-known in that country as being already the mark of a person entitled to the benefits of this convention and used for identical or similar goods. Article 16 of the TRIPS Agreement which states that” in determining whether a trade mark is well-known, members shall take account of the knowledge of the trade mark in the relevant sector of the public, including knowledge in the member concerned which has been obtained as a result of the promotion of the trade mark”. The mark may be well-known in a country without it being registered there or in use. For example, a mark such as “Nike” would likely be well-known almost any where in the world, through its appearance in all forms of the media, even if its products were not actively sold by the trade marks holders in those areas. Essentially, this rule provides for the extraterritorial reach of well-known marks, and prevents bad faith registration and use meant to appropriate the good will of an otherwise famous mark.

Furthermore, not only does the Paris Convection under Article 9 (1) requires all goods unlawfully bearing a trade mark or trade name to be seized on importation into countries where it is entitled to protection, but under Article 9 (2) “seizure shall likewise be effected in the country where the unlawful fixation occurred or in the country into which the goods were imported.” Article 9 (2) provides for extraterritorial enforcement of a remedy to
infringement. However, Article 9(2) does not define unlawful fixation except that article 9 will apply in cases of false designation of source under article 10, which does not indicate that it shall be the only time Article 9 is applied. Article 9 does not beg the question of whether the fixation in country A is actually unlawful when it would only be unlawful if the fixation occurred in country B. The language of Article 9(2) is open to the interpretation that if the goods are intended for country B and would be infringed there, then the fixation of the marks in country A is unlawful and the goods bearing those marks on goods intended for country B may be seized under Article 9. This power has the potential to swallow all extraterritorial application of trade marks laws unless it is limited to merely providing the authority to expect enforcement of country A’s infringement has occurred in country A is subject to personal jurisdiction and subject matter inquiries. As indicated above, personal jurisdiction inquiries are crucial shipping i.e. importation into country.

6. Domain Names

(i) International Domain Names Conflict

A special issue of trade marks law on the internet that has been left aside in the consideration so far is that of domain name dispute, which has occurred
on numerous occasions in the past. According to new established case law by appellate courts, the use of domain name that is identical or confusingly similar to a trade mark or commercial designation may give rise to prohibition claims under trade marks law. Just like the use of a trade mark on a website, the use of domain name can thus lead to trade marks disputes if a foreign company operates under a domain name a website that can be retrieved by internet users in each country\textsuperscript{25}.

(ii) Legal Protection before National Courts

A comparison of domain name disputes with general trade marks disputes resulting from the use of trade marks on the internet reveals no fundamental differences with respect to the international nature of the problem. As with the use of a signing on a website, the use of domain name also leads to global perceptibility, which can be forbidden by the holders of identical or confusingly similar signs by application of general trade marks law principles, since the accessibility of domain names cannot be restricted territorially.

As a reaction to large number of abusive domain name registrations, demands has been voiced for the provision of alternative disputes solutions that would avoid time-consuming and expensive state recognition and

enforcement proceedings. In the final Report of WIPO Internet Domain Name Process these demands were taken into account. The WIPO report, internet by a white paper from the U.S.A and with approval of WIPO Member states, contains a detailed catalogue of recommendations for reforming the domain name system and possible alternative dispute settlements that will be submitted to ICANN Internet Corporation for Assigned Name and Numbers, and to the Member nations of WIPO. Domain names in the generic top level domains are allocated by registrars accredited by the Internet Corporation for Assigned Names and Numbers (ICANN). Each registrar accredited by ICANN to offer such names must agree to require domain name applicants to resolve (before an ICANN approved dispute settlement provider) any dispute regarding the domain name that arises between the applicant and trade marks owner.

Disputes that are brought before ICANN panels are decided according to the Uniform Domain Name Dispute Resolution Policy (the UDRP). The UDRP, and additional rules elaborating upon the conduct of proceedings, were promulgated by ICANN in October 1999, and the first cases were heard by ICANN Panels in December 1999. The proceedings have been

extremely popular with trade marks owners. In the first year of the policy’s operation, over 2500 cases were filed involving over 3200 domain names. Decisions are handed down within 45 days of the filing of the complaint. The process is inexpensive, and trade marks owners are providing approximately 75% of cases.

The UDRP Rule (4) a, provides trade marks owners with relief only in limited circumstances. However, in particular, a complaint must show.

(i) That the domain name in question is identical or confusingly similar to a trade mark or service mark in which the complainant has rights,

(ii) That the domain name registrant has no rights or legitimate interest in respect of the domain name.

(iii) The domain name has been registered and is being used in bad faith.

These elements collectively, demonstrate cybersquatting, which is focus of an action under the UDRP. If a complaint is made out, and the decision is not challenged within 10 days by the losing registrant before a national court, the panelist will order the cancellation of the domain name or the transfer of the domain name to the trade mark owner.29

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29 UDRP. Rule 3 (c) (transfer or cancellation of name). Rule 4(k) (providing ten days stay of transfer)
Unlike court decisions, international arbitrations decision are the subject of an existing broad-based multinational recognition and enforcement scheme. The New York Convention on Recognition and Enforcement of Foreign Arbitral Awards requires signatory states to recognize and enforce arbitration awards issued by arbitrators subject to limited enumerated defenses which do not include legal errors on the part of the arbitrator. Co. opting that multilateral system as a means of providing greater certainty to trade mark owners and domain name registrants seeking to resolve disputes potentially subject to variety of competing national laws and institutions is thus attractive. For all these reasons, arbitration would appear to offer some advantages over a potential multiplicity of national court litigation. Indeed, some policy-makers and scholars have suggested that the UDRP model might be extended to certain other internet-based disputes, or to the internet based disputes generally. These benefits may, however, be less easily secured than it might first appear. First, the question of applicable law remains contentious issue, in ways that are not unfamiliar. Although Rule 4 of the UDRP sets out the essential elements of the cause of action that trade marks owners can pursue and hence the jurisdiction of the panels, adjudication of disputes requires interpretation of the terms of that policy. Rule 15(a) of the Rules from UDRP provides that a panel shall decide a
complaint on the basis of the statements and document submitted and in accordance with the policy, these rules and principles of law that it deems applicable. Some panels have had resort to principles developed under national laws to interpret the policy, while others have sought to find meaning in the language and history of the UDRP often as interpreted by other panels. This introduces both horizontal and vertical of law questions into the analysis. Horizontally, if panels are to have regard to national law, to which national law should they look? The traditional problems of choice of law referred to above resurface. Vertically, if the international rules laid down in the policy are to apply with an occasional interjection of national rules and principles, what are these principles according to which the balance of international and national rules is to be calibrated?

Moreover adjudication of disputes may require reference to a right that exists under national law. A trade mark owner must demonstrate that the domain name in question is identical or confusingly similar to a trade mark or service mark in which the complainant has rights. This will not always be a mechanical process, and may involve determinations by panelists of the validity of rights under national laws.

Second, it is not clear that the benefits of automatic recognition are available to ICANN panel decisions. In particular, the decisions of the ICANN panels
may not constitute final decisions subject to recognition and enforcement under the New York Convention. Rule 4(k) of the UDRP explicitly contemplates that panel decision might be subject to *de novo* review by national courts, which is quite inconsistent with the concept of final arbitral awards to which the New York Convention commands deference.

7. Conclusion

The protection of trade marks often depends on registration. In many countries trade marks rights can also be acquired through use. In all cases, trade marks are only protected under the law of the territory or country in which the legal requirements for such protection (registration or use) are satisfied. In all other countries, the trade marks has no legal existence because foreign trade marks rights, which are protected only under a foreign law, are not recognized. If, for example, a trade mark has been registered only in Switzerland, it will not be recognized in Germany, unless it has been registered or sufficiently used in Germany. This is a consequence of the territoriality of trade marks rights. Similarly, Article 6bis of the Paris Convention and Article 16(2) and 16(3) of the TRIPS Agreement mandates protection for well-known marks only if they fulfill certain requirements in a particular country, namely if they are well-known in that country. Even an
international registration under the Madrid Agreement or the Madrid Protocol does not give rise to an international trade mark right, but creates a bundle of national trade marks rights. This means that choice of law issues are of vital importance in trade marks law. If the law under which the trade mark enjoys protection is not applicable, the trade mark is legally non-existent. Therefore, the choice of the applicable law has a direct bearing not only on the scope but also on the existence of a right.
Chapter four

Conclusion and Recommendations

It is firmly established that any legal system cannot avoid handling legal consequences resulting from the global nature of communication technology. There can hardly be any doubt that in certain areas of the law it will be necessary to make amendments to the legal principles based on the borders of nation states. Trade marks law as well will not be able to avoid making adjustments to global communication technology.

The subject of this research has shown that two questions relating to jurisdiction are raised by modern international trade marks practices. *First,* if producer places its goods in the stream of commerce and those goods eventually reach a foreign state where goods are alleged to infringe trade marks rights, can the producer be subject to the jurisdiction of that state in such situation? *Second,* and putting this first question in a more specific context, will a person who uses a trade mark that is alleged to be infringing a trade mark right on a website or in a domain name be subject to the jurisdiction of courts in a country where that website is accessible by virtue of that accessibility alone?

The essential provision on trade marks infringement is provided for in section 27 of the Sudanese Trade Marks Act 1969. The obvious infringement case occurs when a sign which is identical to a registered
trade mark is used without the authorization of the trade mark owner to identify goods or services which are identical with those goods or services for which the sign is registered as a trade mark\(^1\). Infringement also occurs in two cases, which are slightly different, in the first instance the sign is used in relation to similar rather than identical goods or services. This means that the mere use of a sign which is identical with the trade mark on the register constitutes an infringement when this use takes place in relation to goods or services that are similar to the goods and services for which the sign has been registered as a trade mark\(^2\). In the second and opposite case, the goods or services in relation to the sign that are used are identical to those for which the sign has been registered as a trade mark, whilst the sign itself is similar, rather than identical, with the sign that has been registered as a trade mark\(^3\). The extra requirement to constitute the case as infringing a trade mark, in both cases, is the existence of likelihood of confusion on the part of the public\(^4\). Third and final scenario that deviates fully from the original obvious infringement case, the infringing act is the unauthorized use of an identical or a similar mark in relation to totally different goods, but additionally it must be shown that the trade mark has reputation in Sudan and that the distinctive

\(^1\) Trade Mark Act 1969, s 27 (6) (a)  
\(^2\) Trade Mark Act 1969, s 27 (6) (d)  
\(^3\) Trade Mark Act 1969, s 27 (6) (e)  
\(^4\) JAMES J. FAWCETT and PAUL TORREMANS Intellectual Property and Private International Law 1998 at 123.
character or the reputation of the mark will be harmed by such a use. All infringement cases rely on the use of sign in the course of trade.

Section 27 from the Trade Marks Act 1969 provides for some examples of what constitutes infringement of a sign that has been registered as a trade mark. Affixing the sign to goods or their packaging and offering and selling goods under the sign are easy examples. Further clarification is provided in the last two examples such as import of goods under the sign and the use of sign on any business papers or in press.

The question which may emerge in this context is what are similar goods or services and what are similar signs? The definition of similarity is a matter of fact. The test is whether the public is likely to be confused.

The Trade Marks Act 1969 makes it clear that trade marks rights are territorially of a limited scope. This is clear from the wording of the sections. The proprietor of a registered trade mark has the exclusive rights in the trade mark which are infringed by use of the trade mark in Sudan without his consent.

We generally accept the notion that the people within a geographically defined border are the ultimate source of law-making authority for activities within that border. By virtue of the preceding consideration, the category of persons subject to the sovereign’s laws, and most deeply affected by those laws, will consist primarily of individuals who are located in particular physical space. Since territoriality is a cornerstone in
this present work it would seem helpful to attempt to define it. Cornish \(^5\) conveniently identify four separate and independent aspects of the principle of territoriality in the context of intellectual property. They may be summarized as follows: (1) the effects of the intellectual property right in each country are determined by the law of that country; (2) the intellectual property right only affects activities in the territory for which it is granted; (3) the right may be asserted only by nationals of the country for which it is granted, and others given similar status by law; (4) the right may be asserted only in the courts of the country for which it is granted.

We would like to examine the most recent and pressing questions that result from the development of modern communications under the umbrella of the Sudanese law. Answering the first question section 27 of Sudanese Trade Marks Act 1969 states clearly that the scope of the trade marks Law was to guarantee that no others than the right owner markets similar products under the same trade marks and section 27 (6)(g) regulates cross-border importation to the Sudan. It reads as follows “Any person who, with intent to deceive, commits or attempts to commit, aids or abets any other person in committing any of the following acts, shall be guilty of an offence against this Act and shall be liable upon

conviction to imprisonment for a period not exceeding one year or with a fine”.

“(g) Imports any goods bearing a mark which would constitute an infringement of a duly registered mark or imports goods to get-up wrapped packed or prepared as to enable such goods to be passed off as the goods of another manufacturer.”

The above section deals and regulates cross-border importation to the territory of Sudan. It provides protection to the trade marks which have been registered in accordance with the provision of this Act and no further measures have been adopted to protect the intellectual property rights from infringing imported goods before entry to country and prior to its delivery or reaching the local customers and consumers in order to avoid the confusion of consumers and diminution of the good will of the producer in Sudan. So it is highly recommended to make arrangements for a liaise on between the Intellectual Property Registrar and the Customs Administration to control the movement of goods on the international border and customs stockyards as a preventive measure to protect intellectual property rights in Sudan.
The best measures and standards for the protection of intellectual property from movement of goods across the border were set and adopted in Malta in 2002\textsuperscript{6}. These established measures relating to the importation to Malta, and the exportation and re-exportation from Malta in contravention of intellectual property rights. Section 2 of this Act has defined the infringing intellectual property right (trade marks in this context) which reads as follow

2. (1) In this Act, unless the context otherwise requires

"Goods infringing an intellectual property right" means:

(a) Counterfeit goods, namely:

(i) Goods, including the packaging thereof, bearing without authorization a trademark which is identical to the trademark validly registered in respect of the same type of goods, or which cannot be distinguished in its essential aspects from such trademark, and which thereby infringes the rights of the holder of the trademark in question under Maltese law;

(ii) Any trademark symbol (logo, label, sticker, brochure, instructions for use or guarantee document) whether presented separately or not, in the same circumstances as the goods referred to in sub-paragraph (i);

(iii) Packaging materials bearing the trademarks of counterfeit goods, presented separately in the same circumstances as the goods referred to in Sub-paragraph (i).

And this Act set further measures such as giving the customs authorities the right to make an application for action.

5. (1) The holder of a right may lodge an application in writing with the Comptroller of Customs for action by the Customs authorities where goods alleged to infringe intellectual property rights are placed in one of the situations referred to in section 4.

Section 4 referred to stipulates the circumstances in which the custom has an authority to prohibit goods which infringe the intellectual property rights. It reads:

The entry into Malta, export or re-export, release for free circulation, temporary importation, placing in a free zone or free warehouse of goods found to be goods infringing an intellectual property right shall be prohibited.

A Sudanese court may accept personal jurisdiction over a defendant in trade marks infringement action based upon fact that the defendant had a website that used the plaintiff’s trade mark accessible from Sudan.
A careful reading of section 27 (6) (c) which reads (Uses a mark duly registered by another person under this Act for the purpose of advertising in the public press or in any other manner, goods in respect of which the mark is registered), shows that the use of trade mark registered in accordance with the provision of this Act for the purpose of advertising in the public press or in any other manner, is an infringement of a trade mark. Obviously this section has included impliedly the use of trade mark on the TV and the internet since it mentioned the terms public press and any other manner which may constitute trade marks infringement. We come to know that since the legislator opted to protect trade marks in the press it should have protected it from usage on TV and Internet and the legislator in this context does not mention press exclusively but it comes as an example and it mentions the minor to include the most important and influential, because the expansion of the internet has created an enormous consumer market where many businesses now advertise their products or services and communicate directly with consumers and the internet. Unlike TV and Radio advertising, the advertisement is available continuously to internet user. Trade mark uses specific to the internet, such as domain name, mate-tags, hyperlinks and framing, have introduced new means of infringement.
It’s highly recommended to set anticypersquatting rules, and the best example which referred to is the Anticybersquating Consumer Protection Act (ACPA)\(^7\). ACPA is a globally unique piece of legislation in at least two respects. First, the act creates a new statutory tort of cyperpiracy whereby a trade mark owner may bring an action against a person who has registered a domain name in a bad faith and intent to profit from the mark. Second, ACPA creates a new basis of \textit{in rem} jurisdiction for trade mark owners. As an alternative to bringing a personal action against a defendant, the plaintiff may proceed \textit{in rem} action against the offending domain name in the judicial district in which the domain name registrar or domain name registry is located. This \textit{in rem} jurisdiction is available for cyber-piracy, trade mark infringement, and dilution claims.

Moreover, we would like to explore International Jurisdiction of Sudanese courts in respect of above mentioned questions.

In case the use of trade mark on a website leads to disputes between parties from different countries, the first question which may arise is which court is competent to hear the infringement claim and has jurisdiction as the substance of the matter. The answer for this question is provided by the national rules for the international jurisdiction of courts

\(^7\) 15 U.S.C. S 1125(d) (1999) (section 1125 is generally referred to as the Lanham Act).
in Sudanese law. Where the suit is supposed to be against a foreigner who is infringing the trade marks rights as aforesaid, the jurisdiction of Sudan court over such dispute is based on section 9 (6) of The Civil Procedures Act 1983 as per the following criteria.

(i) It can be Sudan as the place of harm i.e. in case of infringement of trade marks that result from cross-border effects of the internet and free movement of goods.

(ii) The place where consumers, the victim of the unauthorized trade marks use, are based.

(iii) The place where the good will is harmed.

The first question which may arise in this context is that what amounts to a harmful event? To answer this question we should elaborate on the following ingredients.

a) mere visibility of the webpage

b) offers specifically addressed to people domiciled in the state

c) business relations with people domiciled in the state
These three ingredients have been elaborated by US doctrine, because the situation is the same between Sudan and USA. Both are not parties to the Brussels Convention. So they need some fixed criteria for establishing competent jurisdiction.

The WIPO International Bureau has suggested that the place of injury would, in trade mark cases, be the same, namely, the *loci protectionis*. The provisions of the Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters\(^8\), suggests that this result flows from the territoriality of trade marks. But as discussed more fully in the previous chapter in the context of choice of law, this need not be the case. Where the defendant uses the mark on a website in one country that confuses consumers in another, the place of the act and place of injury are discrete. The act may not be tortuous in the country where the conduct occurred, and thus the act may be actionable only under the laws of the former, but the countries are distinct, and jurisdiction might appropriately be founded in either.

The “collision” between the national law of trade marks and the borderless Internet domain name system has led to many complex disputes before national courts. In an entirely domestic dispute—between

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\(^8\) Wipo doc. No SCT/4/3 (Dec.20, 1999)
two parties with places of business in the same country, concerning local trade marks rights, questions of personal jurisdiction; applicable law and enforcement of judgments do not arise. The introduction of the cross-border element, however, creates problems for domestic courts. Not only should the interest of the foreign party be taken into account but also the interest of foreign states, when the forum court’s holding may encroach upon their jurisdictional and legislative competence.

In some decisions, great respect has been paid to the foreign interests implicated in the litigation, but in other cases courts have assumed jurisdiction or applied local law in almost mechanistic fashion with little regard for the foreign dimension. This unilateralist tendency is justified in the case of abusive and bad faith conduct by foreign users of marks, but is much less acceptable where the user is simply pursuing a genuine, parallel business under the mark in another country. This latter situation, which appears to be the most common type of cross-border Internet trade marks disputes, calls for restraint and sensitivity in assumption of jurisdiction and application of local law. Recent technological developments may be available to help courts in this respect by encouraging them to give a limited territorial effect to any orders they issue. Such an approach, based on respect for foreign interests and rights, would seem both necessary and desirable, at least until a truly global trade marks regime emerges.
The following recommendations may be made.

1. Jurisdiction, whether adjudicative or prescriptive, over alleged trademark infringement should not be based upon the mere accessibility in a state of a web site containing the allegedly infringing mark.

2. In seeking to resolve the problems of choice of law presented by international trade marks disputes, the role of substantive law-making must be acknowledged and co-opted as a means of solving problems. A series of substantive law reform, particularly if backed up by institutional structures designed to facilitate the development of converging national rules governing international disputes, will greatly develop what at first might seem difficult problems.

3. Although the different factors found in common in several of the proposals discussed in this research as a resolution of choice of law problems are surely the central considerations in any decision to apply national trade marks law to foreign online use, it would be a delusion to think that focusing on these considerations will of itself solve trade marks choice of law problems. Situations will persist where two or more national rights that conflict have commercial effect in more than one state. Assessments of distinctiveness, confusion, and functionality among
others will continue to be subject to national variation\(^9\). And the SCT Proposal does not attempt to harmonize the consequences of “use,” thus ensuring that differences in the scope of protection will remain\(^10\). An amalgam of the strategies canvassed here, including conceptual localization, the use of technology and the development of separate international standards, will also be relevant to any broad-based development of the problems of applicable law.

4. Unless trade marks owners are willing to accept a contraction of their theoretical substantive rights when operating in an online environment, they may find that they are unable to exercise their own rights on the internet. Such a result would undermine the purposes of trade marks protection, and would threaten the integrity of consumer understandings that have developed in the offline context.

5. Trade marks owners should actively involve themselves in the conclusion of the proposed Hague Convention. Adherence to a Hague Convention that requires recognition and enforcement of judgments, and that enables the consolidation of intellectual property claims, will allow

\(^9\) Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, Protection of Industrial Property Rights in Relation to the Use of Signs on the Internet, WIPO Doc. No. SCT/5/2 (June 21, 2000) hereinafter SCT Memorandum, at 24 (recognizing that national laws will continue to determine the existence of exceptions and limitations, such as fair use or free speech).

\(^10\) See id., at 18, 22.
courts to develop means of reconciling competing national claims and depending upon that means, new substantive intellectual property law tailored to the hugely complex problems of international intellectual property. To enable this process, the exclusive jurisdiction provision in the current draft should be re-assessed to ensure that it will not frustrate the consolidation of claims and the adjudication in a single forum of international disputes.
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