Geographical Indications: discussions and negotiations about protection tools

Nadja El Benni*

ABSTRACT: This report presents the history of international negotiations about geographical indications. It highlights the different protection schemes used by the US and the EU and the consequences of the last WTO panel.

KEY WORDS
Geographical Indications, typicality, protection tools, international negotiations.

* Nadja El Benni is assistant for ETH Zurich in the agricultural Economics – Agri-food and Agri-environmental Economic group (Institute for Environmental for Environmental decision s- IED).
Impressum

ETH Zurich
Institute for Environmental Decisions IED
Agricultural Economics - Agri-food & Agri-environmental Economics Group

ETH Zurich, SOL
Sonnergasse 33
CH - 8092 Zürich

Tel. +41 44 632 53 92
Fax +41 44 632 10 86
# TABLE OF CONTENT

EXECUTIVE SUMMARY ................................................................................... 2  
1 INTRODUCTION .......................................................................................... 3  
2 PROTECTION OF GIs IN THE EU LAW .................................................... 4  
3 PROTECTION OF GIs IN THE US LAW .................................................... 7  
   3.1 The US GI protection as Trademark....................................................... 7  
   3.2 The US GI protection as Certification mark ......................................... 7  
   3.3 The US GI protection as Collective mark ............................................ 9  
   3.4 The US GI protection as Common-Law Geographical Indication......... 9  
   3.5 Differences between trademarks and GIs .......................................... 9  
4 PROTECTION OF GIs IN INTERNATIONAL LAW .................................... 12  
   4.1 The Paris Convention for the Protection of Industrial Property 1883 ... 12  
   4.2 The Madrid Agreement on indications of source 1891 ...................... 13  
   4.3 The Protocol concerning the international registration of Marks 1989 .. 13  
   4.4 The Lisbon Agreement 1958 ............................................................... 14  
   4.5 GIs in the TRIPS Agreement of the WTO ......................................... 15  
   4.6 Trademarks in the TRIPS Agreement of the WTO ............................ 17  
5 THE DISPUTE OVER THE EU REGULATION 2081/92 ON GIs ....... 18  
   5.1 The EU Regulation 2081/92 on GI protection .................................... 18  
   5.2 The EC Clawback proposal for GI protection ..................................... 20  
6 THE WTO NEGOTIATIONS ON GIs ....................................................... 22  
   6.1 The multilateral registry .................................................................... 22  
   6.2 The extension of additional protection beyond wines and spirits ...... 25  
7 GIs IN FREE TRADE AGREEMENTS ....................................................... 26  
   7.1 Bilateral Agreements ......................................................................... 26  
   7.2 Plurilateral Agreements ..................................................................... 28  
8 THE ‘GREEN PAPER’ OF THE EUROPEAN UNION ......................... 29  
9 CONCLUSION ............................................................................................. 30  
References ................................................................................................... 34
EXECUTIVE SUMMARY

This report gives an overview about the legal framework of protection of geographical indication on national, international and multinational level as well as about the disputes evolves in the international community.

The Paris Convention (1883) was the first multilateral agreement, which included “indications of source or appellations of origin” as objects of protection and is administered by the World Intellectual Property Organisation (WIPO). However, this first concept is not clearly defined and was afterwards complemented by the Madrid Agreement of 1891 for the Repression of False or Deceptive Indications of Source on Goods. The Madrid Agreement was the first multilateral agreement to provide specific rule for the repression of false and deceptive indications of source. The Lisbon Agreement for the Protection of Appellations of origin and their International Registration was established 1958 in order to facilitate the international protection of appellation of origin against usurpation or imitation. Names are registered by the International Bureau of WIPO upon request of the competent authorities of the interested contracting state.

Beside the protection of GIs by the WIPO GIs are also protected on WTO level in the legal framework of the Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement) of 1994. The GI protection within the WTO became effective on January 1995 after the Uruguay Round 1986-94. The definition in the TRIPS agreement expands the concept of appellation of origin of the Lisbon Agreement to protect goods which merely derive a reputation from their place of origin without possessing a given quality or other characteristics which are due to that place. The TRIPS Agreement contains a broad definition of GIs which leaves room for interpretation as well as the obligation to protect and enforce them. Each WTO Member is free to decide how to implement the commitments about GIs in the national legislation.

Generally speaking, three basic models for geographical indication protection can be distinguished: a *sui generis* system (specific to geographical indications and countries), the trademark laws (the system where geographical indications are protected by an existing trademark), and unfair competition law. The sui generis system can be found in the rules of the European Communities, Switzerland, China (whereas China has also trademarks for GIs in an coexisting system), India, Mexico, Georgia, Thailand and others. The trademark system that incorporates GIs in the general system can be found in the United States and was adopted by many other countries including South Africa, Brazil, Canada, Ethiopia, Indonesia, Japan, South Korea and the Russian Federation (Echols, 2008). Some countries like Switzerland, Germany, France, Spain or Australia protect geographical indication under an unfair competition law. In Australia, under its Trade Practices Act 1974, there is a general prohibition against misleading or deceptive conduct, which has been utilised as a supplement to passing off in cases involving the misuse of geographical designations. Article 3 of the German Unfair Comptition Act prohibits any person, in the course of business activity, for the purpose of competition, making deceptive statements concerning the origin of particular goods (Vaver, 2006).

The stagnation of the Doha Round gives rise to an even faster increasing number of bilateral and regional trade agreements which also include GI protection. Some examples
of the inclusion of language concerning geographical indications in trade agreements are the Swiss-Vietnam Agreement, the South Africa-EC Agreement and the North American Free Trade Agreement. An example for a regional trade agreement is the Caribbean Community (CARICOM) a regional grouping of Caribbean Central and South American countries which was established in 1973 in the Treaty of Chaguaramas and the Caribbean Single Market and Economic Community. Several CARICOM Member States have sui generis laws, others follow the United States approach and protect geographical indications in their trademarks law (Echols, 2008, p. 104).

The protection of trademarks and GIs in the TRIPS Agreement is a hotspot of intense negotiations. The main points of debate are: the establishment of a multilateral registry for spirits and wines and the extension to all products of additional protection beyond wine and spirits.

The Clawback proposal of the European Community was a tactical manoeuvre (among other things) to increase the acceptance of a moderate “extension-version” which was never supported by other countries. Even if the issue of this proposal was abandoned from the international agenda the several years lasting dispute shows again the different fronts within the WTO.

As one can expect out of the long lasting discussion and hardened fronts, the negotiations on geographical indications in WTO will last for some more years. The mid-term future for geographical indications will therefore lie in bilateral and multilateral agreements. To exploit the different export markets the development of a co-existing system (including trademark and GI protection schemes) seems to be the best solution. However, cost effectiveness as well as short and long-term effects must carefully be investigated when evaluating the establishment of a GI system.

Report 1 “Geographical Indications: Creation and distribution of economic value in developing countries” will give an overview on the (theoretical) effects of GIs, including the potential of value creation and fair distribution of value to producers through GI protection and collective organisation. Report 2 “Geographical Indications: Review of seven case studies” will give more detailed information on how geographical indication work in practice. Therefore seven case studies were chosen, including Argan oil from Morocco, Cashmere of Mongolia, Café de Colombia, Coffee of Costa Rica, Habanos of Cuba, Rooibos of South Africa and Tequila of Mexico. For each case study information is given about the unique characteristics of the product, the marketing strategy, the supply chain organisation and the legal protection at national and international level.

1 INTRODUCTION

The international protection of GIs has experienced a notable worldwide resurgence starting with the Uruguay Round in 1986. The reason for this increasing interest may be found in local reaction to the industrialization and globalization of agricultural production and the need of product differentiation. The industrialization of agriculture based on the Green Revolution of the twentieth century started a trend to mass production of agricultural and food products and resulted in economies of scale that made it sometimes uneconomical for small farmer even to continue to cultivate their land (Evans and
The market liberalization process starting 1947 with the General Agreement on Tariffs and Trade (GATT) resulting on the one hand in an increasingly concentrated and privatized world market with in some cases significant oversupply and decreasing commodity prices (e.g. coffee). On the other hand new market opportunities were established on the global market place in terms of product differentiation and the demand for such differentiated products is growing fast. Policy-makers have to react on world market dynamics and its impact on domestic farmers.

In most developed countries the reduction or abolishment of border protection measurements increased the financial transfers from taxpayers to farmers through subsidies and therefore increases the pressure to justify and/or reduce taxpayers subsidies given to farmers. The EU for instance have a twofold approach: compensate farmers income losses by direct payments decoupled from production or support promotion measurements and generate an environment where these promotion activities are protected against copies, usurpation or other misleading actions of third parties and thus create a more diversified, profit-oriented generating agriculture. To ensure price-premiums at the international level the implementation of GIs protection in the frame of the WTO is of high importance. In addition, an international register would reduce the administrative and cost burden of establishing and protecting a new GI product. Such a cost-effective system would especially important for small and medium enterprises even if they do not have deep pocket. However, opponents argue the register would be too costly, especially if it contains an enforcement provision.

The first chapter of this report gives some insights into the EU legislation concerning geographical indications, the sui generis system. The second chapter entails information about the protection of geographical indications under the trademark law of the United States. The third chapter contains information about protection of intellectual property rights at the international level. In the fourth chapter the disputes and negotiations about the different protection schemes are reviewed followed by some examples of bilateral and plurilateral trade agreements. The “Green Paper on agricultural product quality” is the most actual action taken by the European Union concerning geographical indications which is described in chapter six. The conclusion will provide some ideas on how the current legal protection scheme might be adequately exploited and give some advices on what to check before investing in the buildup of a GI protection scheme.

2 PROTECTION OF GIs IN THE EU LAW

In 1992, the European Union enacted the EU Council Regulation on the Protection of Geographical Indications and Designations of Origin for agricultural products and foodstuffs (Regulation No.2081/92). With effect from 31 March 2006, this regulation was replaced by Council Regulation (EC) No. 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. With Article 2(1) of the Regulation No. 510/2006 (corresponding Article 2(2) of Regulation No. 2081/92) two types of GI designations can be distinguished:

---

1 EU Official Journal, L 93/12 of 20 March 2006
Protection of Designation of Origin (PDO)

The PDO designation means the product is produced, processed, and prepared within the specific geographical area, and the product’s quality or characteristics are “essentially due to that area”.

Protection of Geographical Indication (PGI)

The PGI designation means the product is produced, processed, or prepared in the geographical area, and the quality, reputation, or other characteristics are attributable to that area.

To be eligible for a PDO or PGI, an agricultural product or foodstuff must comply with a product specification. In accordance with Article 4(2), the product specification shall include at least:

a) the name of the agricultural product or foodstuff comprising the designation of origin or the geographical indication;

b) a description of the agricultural product or foodstuff, including the raw materials, if appropriate, and principle physical, chemical, microbiological or organoleptic characteristics of the product or the foodstuff

c) the definition of the geographical area…;

d) evidence that the agricultural product or the foodstuff originates in the defined geographical area…;

e) a description of the method of obtaining the agricultural product or foodstuff and, if appropriate, the authentic and unvarying local methods as well as information concerning packaging, if the applicant group within the meaning of Article 5(1) so determines and gives reasons why the packaging must take place in the defined geographical area to safeguard quality or ensure the origin or ensure control

f) i) the link between the quality of characteristics of the agricultural product or foodstuff and the geographical environment or

ii) the link between a specific quality, the reputation, or other characteristic of the agricultural product or foodstuff and the geographical origin;

A registered PDO or PGI enjoys the broad description of exclusive rights and is protected against (Article 13(1) Regulation No 510/2006):

a) any direct or indirect commercial use of a registered name in respect of products not covered by the registration in so far as those products are comparable to the products registered under that name or in so far as using the name exploits the reputation of the protected name;
b) any misuse, imitation, or evocation, even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as 'style', 'type', 'method', 'as produced in', 'imitation', or similar;

c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;

d) any other practice liable to mislead the public as to the true origin of the product.

These rights provided in Article 13.1 prohibit the use of the GI for products that do not meet the standards set forth in the application as well as products which are originated in the outside of the GI region.

Hence, a product qualified as PDO is based on the product’s qualities or characteristics that are “essential to the area of origin”. A product produced under the PGI label has the quality, reputation, or other characteristics that are “attributable to the area of origin”. In both cases specific origin and producing/manufacturing standards are promised to the consumer. In the case of a PDO the aim is to protect the product against products that do not meet the standards and/or are not originated in the area of origin. PGI products are protected against products that are not produced, processed, or prepared in origin and/or that do not meet the standards. The recognition of a GI establishes a collective intellectual property right over the geographical name of the product, allowing only producers respecting the link of the product with its geographical origin to use the geographical name on the product (Galtier et al., 2008, p. 2). Because GI is usually not owned by an individual or single company, a consortium or similar type of organization comprised of producers and processors normally sets standards to control product quality and integrity, ensure appropriate use of GI identifiers and sub-brands, and promote the GI product. The Member State shall ensure that any operator is entitled to be covered by a system of official controls. Therefore, each PDO or PGI product must be certified by a competent authority or one or more control bodies operating as a product certification body designated by the State. Before placing the product on the market also third countries need to verify and comply with specifications ensured by public authorities or product certification bodies. The costs of verification of compliance with the specification shall be borne by the operators subject to those controls. From 1 May 2010 the product certification bodies shall comply with European standard EN 45011 or ISO/IEC Guide 65 (General requirements for bodies operating product certification

2 “official control” means any form of control that the competent authority...performs for the verification of compliance with feed and food law, animal health and animal welfare rules (Council Regulation (EC) No 882/2004, Article 2).

3 “competent authority” means the central authority of a Member State competent for the organisation of official controls or any other authority to which that competence has been conferred; it shall also include, where appropriate, the corresponding authority of a third country (Council Regulation (EC) No 882/2004, Article 2).

4 “control body” means an independent third party to which the competent authority has delegated certain control tasks (Council Regulation (EC) No 882/2004, Article 2).
systems (Council Regulation EEC No. 2081/92 Article 10 & 11). In practice, the producer organisation usually establishes a code of practices to ensure a certain product quality which is than announced to the competent authority or control body.

3 PROTECTION OF GIs IN THE US LAW

The United States do not have a sui generis system that is specific to geographical indication but a system based on trademark protection that incorporates geographical indications. The existing trademark system allows for the Protection for Geographical Indications as Trademarks, Certification Marks and Collective Marks. They are foreseen to protect non-generic foods and services and prevent the owner against the use of his right by unauthorized parties when such use would likely cause consumer confusion, mistake or deception as to the source of the goods or services. Hence, a prior right holder has priority and exclusivity over any later users of the same or similar sign on the same, similar, related, or in some cases unrelated goods and services where consumers would likely be confused by the two uses. In some cases products can also be protected under the common law even if they are not registered by the USPTO (USPTO, 2008).

3.1 The US GI protection as Trademark

In general geographic terms or sign are not allowed to be registered as trademarks if they are geographically descriptive or geographically misdescriptive of the origin of goods (or services) because the consumer might be misled or deceived by the use of the sign. However, if a geographic sign is used in such a way as to identify the source of the goods/services, the geographic sign has secondary meaning to consumers– signing the producing or manufacturing source. Then the primary meaning to consumers is the geographic place; the secondary meaning to consumers is the producing or manufacturing store. Thus GIs are protectable within the US trademark law as trademark or collective mark (USPTO, 2008).

**Trademark**

*Any word, name, symbol, or device, or any combination, used or intended for use in commerce to identify and distinguish the goods of one manufacturer or seller from goods manufactured or sold by others, and to indicate the source of the goods. In short, a trademark is a brand name. It is not intended to protect a product based on the product’s origin (U.S. Patent and Trademark Office, 2008).*

3.2 The US GI protection as Certification mark

The U.S. Trademark Act provides three types of certification marks used to indicate a) Regional or other origin, b) Material, mode of manufacture, quality accuracy or other characteristics of the goods and services and c) Work or labor on the goods and services performed by a member of a union of other organization.

Certification marks are source-identifying in the sense that they identify the nature and quality of the goods and affirm that these goods have met certain defined standards. The purpose of a certification mark is to inform purchasers that the goods/services of the
authorized user possess certain characteristics or meet certain qualifications or standards. The consumer know that the product was examined, tested, inspected, or in some way checked by the certifier/owner who is not the producer of the good/services, by methods determined by the certifier/owner. In the United States, in most instances the authority is a governmental body of a body operating with governmental authorization. When a geographical term is used as a certification mark, two elements are of basic concern:

1) Preserving the freedom of all persons in the region to use the term

2) Preventing abuses or illegal uses of the mark which would be detrimental to all those entitled to use the mark

If use of the sign is controlled by the certifier and limited to goods/services meeting the certifier’s standards of regional origin, and if purchasers understand the sign to refer only to goods/services produced in the particular region and not to goods/services produced elsewhere, the sign functions as a regional certification mark (USPTO, 2008). As such, a U.S. certification mark protects one or more products and one or more producers or manufacturers of the product within a specified region (Babcock and Clemens, 2004, p.3).

For the enforcement of the certifiers’ standards, competitors and consumers ensure that certifiers maintain the requisite quality. With respect to protection of geographical indication certification marks, affected parties can oppose registration or seek to cancel registrations (USPTO, 2008).

**Certification mark**

A certification mark is defined as any word, name, symbol, device, or any combination, used or intended for use in commerce with the owner’s permission by someone other than its owner, to certify regional or other geographic origin, material, mode of manufacture, quality, accuracy, or other characteristics of someone’s goods or services, or that the work or labor on the goods or services was performed by members of a union or other organization (U.S. Patent and Trademark Office, 2008).

The certification mark as geographical indication indicates a product or producer organization within a specific region but is not necessarily linked to its origin. The certification mark certifies regional or other geographical origin, material, mode of manufacture, quality, accuracy, or other characteristics of goods or services, or that the work or labour on the goods or services was performed by members of a union or other organization. One example for a product protected by a certification mark linked to its origin is “Roquefort”. The certification mark is used upon the goods to indicate that the same has been manufactured from sheep’s milk only, and has been cured in the natural caves of the community of Roquefort, Department of Aveyron, France (Babcock and Clemens, 2004, p.41). Another example of a certification mark not linked to origin is this of OREGON TILTH CERTIFIED ORGANIC OTCO. The Oregon Tilth, Inc. Corporation uses this certification mark for organically grown or processed agricultural products (fruits, vegetables, nuts, livestock and dairy products). This certification mark, as used by
persons authorized by the certifier, certifies that the products are organically grown or processed (Babcock and Clemens, 2004, p. 28).

3.3 The US GI protection as Collective mark

Two types of collective marks can be distinguished: a) collective trademarks or collective service marks and b) collective membership marks. A collective membership mark indicating membership in an organized collective group, such as a union, an association, or other organization. Neither the collective nor the membership mark uses the collective mark to identify and distinguish goods or services. The sole function of such a mark is to indicate that the person displaying the mark is a member of the organized collective group. These marks indicate the commercial origin of goods or services just as “regular” trademarks and service marks do, but as collective marks they indicate origin in members of a group rather than origin in any one member or party. Therefore no one member can own the mark, and the collective organization holds the title to the collectively used mark for the benefit of all members of the group. The collective organization might conduct advertising or other promotional programs in which reference is made to the mark in order to publicize the mark and promote the business of the members, but this would be merely informational use or a publicity display of the mark.

A collective trademark or collective service mark is a mark adopted by a “collective” (i.e. an association, union, cooperative, fraternal organization, or other organized collective group) for use only by its members, who in turn use the mark to identify their goods or services and distinguish them from those of nonmembers. The “collective” itself neither sells goods nor performs services under a collective trademark of collective service mark, but the collective may advertise or otherwise promote the goods or services or rendered by its members under the mark (U.S. Patent and Trademark Office, 2008).

3.4 The US GI protection as Common-Law Geographical Indication

GIs are also protected through common law trademark law without being registered by the USPTO. One example is “Cognac” which is a protected but unregistered certification mark under the common-law. The justification to protect “Cognac” as a common law regional certification mark was, that purchasers in the United States primarily understand “Cognac” designation to refers to brandy originating in the Cognac region of France, and not to brandy produced elsewhere and because opposers control and limit use of the designation which meets certain standards of regional origin (USPTO, 2008). Thus, “Cognac” has, even in the absence of formal registration equitable rights as a certification mark and is not a generic term.

3.5 Differences between trademarks and GIs

Trademarks and Geographical Indications have some important differences (see tab. 1). Trademarks are signs used by an enterprise to distinguish its goods and services from
those of other enterprises. The trademark gives its owner – one enterprise - the right to exclude others from using the trademark. The trademark is permanent for life of its owner but can be sold or delocalized. The registration as well as cancellation procedure is done by self-declaration and the protection is assured by court. For small producers the implementation and administration of a trademark is costly especially as there is no protection against modified similar products from other enterprises. In general it is prohibited to name the trademark with the geographical origin. However, as mentioned above, if the primary meaning for consumers is the geographic place, then geographical names can be protected by trademarks (i.e. Idaho Potatoes, Florida Oranges).

In contrast, a geographical indication can be used by all producers who make their products in the place designated by a geographical indication and whose products share specified qualities that are due to that place of production like climate or soil conditions. GIs are usually owned by a consortium comprised of producers and processors normally sets standards to control product quality and integrity, ensure appropriate use of GI identifiers and sub-brands, and promote the GI product. GIs can not be sold or delocalized but often individual companies are allowed to add their own “sub-brands” (Babcock and Clemens, 2004, p. 4). Due to the local network transaction costs are minimized and therefore small producers can gain. A GI is relatively strict in sense of production and products are protected by a GI as long as they are produced by fixed standards and rules. GIs can co-exist with trademarks, certification and collective marks.

Certification and collective marks have the potential to protect geographic terms or signs even they are not explicit designed for it. A collective trademark can be granted to the members of a collective for use by its members but does not by itself sell goods but may advertise or promote goods produced by members of the collective (Josling, 2006, p. 347). The certification reflects a certain product standard or in some cases solely the membership to a collective. In the latter case the form of protection would seem to be not suited to the direct protection of GIS (Josling, 2006, p. 347). New producers can join the collective if they comply with the qualified standards and allow them a quality signalization with relative low costs. The certification mark can not be transferred and should be unambiguous and thus should not need further protection against modifiers or translation. Often standards and therefore certification marks are in a dynamic change so that duration is often not permanent. Certification marks can co-exist with both, trademarks and GIs.
Table 1: Comparison of trademark protection and GI protection

<table>
<thead>
<tr>
<th>Identifier</th>
<th>Trademarks</th>
<th>GIs</th>
<th>Certification and collective marks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Identifies a manufacturer</td>
<td>Identifies a place of origin</td>
<td>Identifies quality sometimes linked with place of origin</td>
</tr>
<tr>
<td>Intention</td>
<td>Reflects human creativity</td>
<td>Reflects climate and soil and other characteristics</td>
<td>Reflects certification of product quality of member of collective</td>
</tr>
<tr>
<td>Owner of right</td>
<td>One producer</td>
<td>Ownership by state or parastatal on behalf of all producers in area</td>
<td>Owner of mark not allowed to produce but can promote</td>
</tr>
<tr>
<td>Means of Protection</td>
<td>Private firms protect trademark with help of courts: no public intervention</td>
<td>Public agencies protect GIs, sometimes complicated by multiple producers</td>
<td>Protection of certification by public agency: collective marks by collective</td>
</tr>
<tr>
<td>Transferability</td>
<td>TM can be sold or licensed</td>
<td>GI cannot be sold or licensed</td>
<td>Not transferable</td>
</tr>
<tr>
<td>Registration</td>
<td>Self-declaration: no reputation necessary for registration</td>
<td>Registered by public authority: reputation necessary</td>
<td>Request for certification by producer groups must show quality</td>
</tr>
<tr>
<td>Extended Protection</td>
<td>No protection against modifiers or translations</td>
<td>Protection for modifiers and translations</td>
<td>Certification should be unambiguous</td>
</tr>
<tr>
<td>Conflicts</td>
<td>Cannot contain GIs (unless grandfathered) if consumers might be misled</td>
<td>Can coexist with trademarks and certification and collective marks</td>
<td>Can coexist with both GIs and trademarks</td>
</tr>
<tr>
<td>Duration</td>
<td>Trademark permanent for life of owners</td>
<td>Continuous as long as conditions do not change</td>
<td>Often subject to renewal of collective and certification marks</td>
</tr>
</tbody>
</table>

Source: Josling, 2006, p. 348
4 PROTECTION OF GIs IN INTERNATIONAL LAW

4.1 The Paris Convention for the Protection of Industrial Property 1883

The Paris Convention was the first multilateral agreement, which included “indications of source or appellations of origin” as objects of protection and is open to all States. Article 1(2) of the Paris Convention states:

Paris Convention Article 1(2)
“The protection of industrial property has as its objects patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellation of origin, and the repression of unfair competition”.

The Paris Convention identifies geographical indications as a separate intellectual property right, but does not clearly define the concept (O’Connor, 2007, p. 2). The provisions of the Paris Convention were sub-divided into three main categories by the WIPO (2004, p. 242 et seq.):

1) The right to national treatment guarantees that each country party to the Paris Convention must grant the same protection to nationals (natural persons and legal entities) of the other member countries as it grants to its own nationals. Additional, nationals of countries which are not part of the Convention must be protected if they are domiciled in a member country and it is not allowed to discriminate against foreigners in any way.

2) The right of priority is provided by the Convention in the case of patents, marks and industrial designs. This right means that within a certain period after the first application in one of the contracting States, later applications will be regarded as if they had been filed on the same day as the first application. The practical advantage of this provision is that, when an applicant desires protection in several countries, he is not required to present all his applications at the same time.

3) There are Common rules for marks (and patents) which all the contracting States must follow. The Convention does not regulate the conditions for the filing and registration of marks which are therefore determined in each contracting State by the domestic law. The registration in one country is independent of the registration in another country but where a mark has been duly registered in the country of origin, it must, on request, be accepted for filing and protected in its original form in the other contracting States. Nevertheless, registration may be refused in well-defined cases, such as when the mark would infringe acquired rights of third parties, when its is devoid of distinctive character, when it is contrary to morality of public order, or when it is of such a nature as to be liable to deceive the public.

Each contracting State must refuse registration and prohibit the use of marks which constitute a reproduction, imitation or translation or is liable to create confusion. Collective marks must be granted protection among others as to
Indications of Source and Trade Names. Measures must be taken by each contracting State against direct or indirect use of a false indication of the source of the goods or the identity of the producer, manufacturer or trader. And protection must be granted to trade names in each contracting State without the obligation of filing or registration.

4.2 The Madrid Agreement on indications of source 1891

The Madrid Agreement on indications of source was the first multilateral agreement to provide specific rule for the repression of false and deceptive indications of source. It is open to any State which is party to the Paris Convention and States may adhere to either of them or to both. Intergovernmental organization which maintains its own Office for the registration of marks may become party to the Protocol.

Article 1(1) of the Madrid Agreement provides that:

**Article 1(1) of the Madrid Agreement**

“All goods bearing a false or deceptive indication by which one of the countries to which this Agreement applies, or a place situated therein, is directly or indirectly indicated as being the country or place of origin shall be seized on importation into any of the said countries.”

4.3 The Protocol concerning the international registration of Marks 1989

Since a number of countries provide protection to geographical names through trademark systems, a certain degree of international protection for those names can be obtained through the Protocol relating to the Madrid Agreement concerning the international registration of Marks 1989.

The System makes is possible to protect a mark in a large number of countries by obtaining an international registration which has effect in each of the Contracting Parties that has been designated (WIPO, 2004, p. 287 et seq.). Therefore the marks must already been registered with the Trademark Office of the Contracting Party.

The filing of an international application is subject to the payment of a basic fee, a supplementary fee for each class of goods beyond the first three classes, and a complementary fee for each Contracting Party designated.

Once the International Bureau receives the international application, or carries out the examination for compliance with the requirements of the Agreement, the Protocol, and their Common Regulations. If there are no irregularities, the mark is recorded in the International Register, published in the international registration in the WIPO Gazette of International Marks, and notified to each Contracting Party. According to the Protocol, an international registration produces the same effects as an application for registration for the mark made in each of the countries designated by the applicant (O’Connor, 2007, p. 6).
Contracting Parties may examine the international registration for compliance with their domestic legislation and have the right or refuse protection in their territory. The refusal is communicated to the holder, recorded in the International Register and published in the Gazette. The procedure subsequent to a refusal is carried out directly between the administration or court of the Contracting Party concerned and the holder, without any involvement of the International Bureau. The final decision concerning the refusal must be communicated to the International Bureau, which records and publishes it.

The system of international registration of marks has several advantages for trademark owners. Instead of filling many national applications in all countries of interest, in several different languages, in accordance with different national procedural rules and regulations and paying several different fees, an international registration may be obtained by simply filing one application with the International Bureau, in one language and paying only one set of fees.

However, the system can only be used by those countries that protect geographical indications via a certification trademark regime and do not have specific (sui generis) rules on the protection of geographical indications (O’Connor, 2007, p. 5).

4.4 The Lisbon Agreement 1958

The aim of the Lisbon Agreement is to provide for the protection of appellation of origin. The Agreement created a Union, which has an Assembly. The Lisbon system has been established under the Lisbon Agreement in order to facilitate the international protection of appellation of origin. The system offers the possibility of obtaining the protection of appellation of origin in 25 Contracting Parties to the Lisbon Agreement (i.e., excluding the country of origin) by using one single registration procedure.

Article 2 of the Lisbon Agreement states:

\[
\text{Article 2 of the Lisbon Agreement}
\]

1. In this Agreement, "appellation of origin" means the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.

2. The country of origin is the country whose name, or the country in which is situated the region or locality whose name, constitutes the appellation of origin which has given the product its reputation.

Only an appellation of origin which is protected as such in its country of origin may be the subject of an application for international registration.
Article 3 of the Lisbon Agreement states that:

**Article 3 of the Lisbon Agreement**

“Protection shall be ensured against any usurpation or imitation, even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as "kind," "type," "make," "imitation," or the like.”

Names are registered by the International Bureau of WIPO upon the request of the competent authorities of the interested contracting State. If no declaration of refusal is notified to the International Bureau by a competent authority within the relevant time limit, the protection of the appellation of origin takes effect in that country as from the date of international registration. Figure 1 gives some information about the number of countries that signed the different multilateral agreements.

**Figure 1: Number of countries signed the different multilateral agreements**

![Figure 1: Number of countries signed the different multilateral agreements](http://www.wipo.org)

Source: http://www.wipo.org

### 4.5 GIs in the TRIPS Agreement of the WTO

The WTO’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), negotiated in the Uruguay Round (1986 to 1994), introduced intellectual property rules into the multilateral trading system for the first time.

The GI protection within the WTO became effective on January, 1995, under the TRIPS Agreement Article 22. Developing countries were given ten years more time for implementation.
**TRIPS Agreement Article 22(1)**

Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation, or other characteristics of the good is essentially attributable to its geographical origin (WTO, 1994).

The definition of Article 22 expands the concept of appellation of origin contained in Article 2 of the Lisbon Agreement to protect goods which merely derive a reputation from their place of origin without possessing a given quality or other characteristics which are due to that place. To be protected a geographical indication needs to be “an indication”, but not necessarily the name of a geographical place (O’Connor, 2007, p. 6).

Article 22 was designed to prevent misrepresentation of a product originating in a geographical area other than the true place of origin. The goals of the regulation are to prevent use of misleading information that might confuse consumers about a product’s geographical origin and to prevent any unfair competition that may result for such misunderstanding. When disputes over GIs occur, the GI holders must prove that the public was misled and that unfair competition resulted from improper GI name. The cost of this dispute resolution process discourages GI holders from filing complaints against potentially unfair competition (Babcock and Clemens, 2004, p.6).

Article 23 of the TRIPS Agreement provides broader protection for wines and spirits by removing the burden of proof that the public was misled and unfair competition occurred (Babcock and Clemens, 2004, p.6).

**TRIPS Agreement Article 23**

1. Each Member shall provide the legal means...to prevent use of a geographical indication identifying wines...or identifying spirits...not originated in the place indicated by the geographical indication in question, even where the true origin of the goods is indicated or the geographical indications is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation”, or the like.

2. The registration of a trademark for wines which contains or consists of a geographical indication identifying wines or for spirits which contains or consists of a geographical indication identifying spirits shall be refused or invalidated, ex officio if a Member’s legislation so permits or at the request of an interested party, with respect to such wines or spirits not having this origin (WTO, 1994).

The Article provides the industry with a sub-system of transnational protection. First, it establishes a voluntary, multilateral system of notification and registration of GIs for wines eligible for protection. Second, it offers the highest standards of protection against unauthorized use. In this regard Article 23(2) states that, trademarks for wine and spirits not originated in the place of origin containing such GIs must be refused or cancelled, either ex officio or at the request of an interested party (Evans and Blakeney, 2006, p. 7).
The second part of Article 23(1) is borrowed from Article 3 of the Lisbon Agreement prohibiting the use of words like “kind”, “type”, “style” “imitation” or “like” for non GI goods.

Article 22(3) and 24(5) of the TRIPS Agreement address the relationship between GI protection and trademark protection. According to Article 22(3) if the public is mislead by an improper used GI as trademark, the trademark needs to be refused when the product was not produced in the territory indicated.

**TRIPS Agreement Article 22(3)**

A Member shall […] refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark…is of such a nature as to mislead the public as to the true place of origin.

TRIPS Article 24(5) gives priority to prior trademarks under certain conditions. The priority is given for trademarks that were merely applied for, was registered or was used before the TRIPS Agreement entered into force in the WTO Member where there is a competing geographical indication (TRIPS Agreement Article 24(5) a). Priority also is given to a trademark that was applied for, was registered or was used “before geographical indication is protected in its country of origin” (TRIPS Agreement Article 24(5) b)).

**TRIPS Agreement Article 24(5)**

Where a trademark has been applied for or registered in good faith, or where rights to a trademark have been acquired through use in good faith either:

(a) before the date of application… in that Member…; or
(b) before the geographical indication is protected in its country of origin;

measures adopted to implement this Section shall not prejudice eligibility for or the validity of the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with, or similar to, a geographical indication.

4.6 Trademarks in the TRIPS Agreement of the WTO

In Article 15(1) a trademark is defined as:

**TRIPS Agreement Article 15(1)**

“Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertaking, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. ….”
The protection scope of trademarks is stated in Article 16(1):

**TRIPS Agreement Article 16(1)**

“The owner of registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. …”

Thus, service marks must be protected in the same way like trademarks used for goods. Adopted from the Paris Convention (1967, Article 6bis) the TRIPS Agreement constitute that, if the essential part of the mark constitutes a reproduction of any well-known mark or an imitation liable to create confusion, Members shall refuse or cancel registration and prohibit the use of such trademarks. Therefore, marks that become well-known in a particular country enjoy additional protection.

5 THE DISPUTE OVER THE EU REGULATION 2081/92 ON GIs

5.1 The EU Regulation 2081/92 on GI protection

The main opponents in the current WTO debate around the legal protection of GIs in the TRIPS Agreement are the EU and the United States. On 18 August 2003, the USA and Australia requested the establishment of a WTO dispute settlement panel to review the consistency of the EU Regulation 2081/92 with the rules of the TRIPS and GATT Agreements (WTO, 2003a; WTO, 2003b). After a meeting of the Dispute Settlement Body on 20 April 2005 the EC had to adjust some parts of their regulation to comply with the TRIPS Agreement and GATT (Evans and Blakeney, 2006, p. 23).

The USA and other proponents were concerned at the systematic discrimination its trademark owners faced in enforcing their rights against European-registered GIs that they invoked the WTO dispute settlement procedure in August 2003. The WTO dispute settlement panel was requested to review the consistency of the EU Regulation 2081/92 with the rules of the TRIPS and GATT Agreements. The USA and Australia submitted that the EU scheme for the protection of GIs fails to comply with TRIPS in three chief respects (Evans and Blakeney, 2006, p. 21):

The complainants argued that the EC Regulation (92) was discriminatory and in violation of the TRIPS Agreement and the General Agreement on Tariffs and Trade as it violates the national treatment and most-favored-nation obligation (Evans and Blakeney, 2006, p. 21). The EC regulation did not allow non-EC national to apply for GI protection unless their government had adopted an equivalent system of GI protection to the ECs (Grant, 2005, p. 4).

Furthermore the EC Regulation would violate the exclusive rights of the registered trademark owners in the TRIPS Agreement as it does not ensure that a trademark owner may prevent uses of GIs which would result in a likelihood of confusion with a valid prior trademark (Evans and Blakeney, 2006, p. 22).
A third complaint was that the EC Regulation would violate the principle of priority in respect of senior marks. Thus, the Regulation failed to provide sufficient protection to pre-existing trademarks that were similar or identical to a GI. This issue was one of the priorities between a coexisting GI and a trademark and whether the principle of first-in-time, first-in-right should be enforced as it is in the trademark law of the United States. In contrast, in the European Union, trademarks are required to coexist with GIs (Evans and Blakeney, 2006, p. 22/23).

The findings of the WTO Panel Report were adopted at a meeting of the Dispute Settlement Body on 20 April 2005 (WTO, 2005a). Concerning the discriminatory conditions, regarding the registration of foreign GIs and requirements for reciprocity of protection, the Panel stated in favor of the USA and Australia. A recommendation by the Panel was to bring the Regulation into conformity with the TRIPS Agreement and GATT by amending the Regulation so as for those conditions not to apply to the procedures for registration of GIs located in other WTO Members. The Regulation 2081 was repealed and came into force on March 2006 as EU Council Regulation No. 510/2006. The registration is now open to associations for producers from third countries on proof that the name is protected in its country of origin. From 2006, applications for registration of PDOs and PGIs from producers in third countries may be made directly with the European Commission on a single form.

Concerning the other complaints the Panel decided in favor of the European Commission. The Panel endorsed the European principle of their coexistence with all but the most famous of prior trademarks and established conditions for this co-existence. In respect of the earlier trademarks owners’ rights of priority, under certain conditions the EC law prevents the registration of a GI, if a prior trademark would be affect adversely by the later GI. Furthermore, the Panel concluded that while the Regulation is inconsistent with Article 16.1 of the TRIPS Agreement, the derogation is justified by Article 17 of the TRIPS Agreement. Thus, members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms.

The outcome of the WTO case managed to give comfort to both sides to the dispute. There was no appeal. The EU was able to claim that its GI protection program was not WTO-incompatible as such and the US and Australia could point to the fact that the way the EU put forward its regulation was not in compliance with the WTO rules (Josling, 2006, p. 353) (see tab. 2).
Table 2: Summary of WTO Panel ruling on GIs protection by the EC Regulation 2081/92

<table>
<thead>
<tr>
<th>Issue</th>
<th>Ruling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Violation of Article III: discrimination against non-EC firms and producer groups</td>
<td>EC GI regulation discriminates against non-EC persons and products. EC cannot deny protection on the grounds that the foreign government does not grant equivalent protection nor can the EC make protection conditional on reciprocal protection in another country</td>
</tr>
<tr>
<td>Violation of Article III: interpretation of process of challenge of GIs by foreign firms</td>
<td>Non-EC firms should be able to register and challenge GIs directly without requiring intervention by their governments. Private rights holders should receive protection under domestic law without needing the intervention of their own government</td>
</tr>
<tr>
<td>Violation of Article 16.1 of TRIPS dealing with potential conflicts between trademarks and GIS</td>
<td>EC regulations should allow holders of pre-existing trademarks to prevent confusing use of geographical indications. The EC argument that TRIPS allows for co-existence of GIs and pre-existing trademarks but limits trademark holders’ rights was rejected by the panel. The EC should take steps to avoid registering GIs where there is a “relatively high” likelihood of confusion with a trademarked product. This protection against confusion was specifically extended to the registration of GIs that used a translation of a trademarked term.</td>
</tr>
</tbody>
</table>

Source: Josling, 2006, p. 353

5.2 The EC Clawback proposal for GI protection

In the context of the negotiations under the Agreement on Agriculture, the EC has put forward a proposal to reserve 41 product terms for the exclusive use of European producers (Grant, 2005, p. 3) known as the Clawback Proposal for GI Protection in Agricultural Negotiations. This of course led to controversy as many of the products that individual countries want to retrieve and register as GIs are being considered as generic products in other countries. Furthermore, some names on the EC list are already protected in non-EC countries (e.g. Grappa, Gruyère and Emmental in Switzerland). The proposal intended to be complementary to the work on GIs in the context of TRIPS Decision of August 2004 on the Doha Work Program (Wager, 2006). The USA is opposed to this approach as it would violate the property rights of domestic producers protected by trademarks or certification marks. Some product examples of the “E.U. 41” list are summarized in table 3 below.
Table 3: Examples of U.S. trademark protected Products of the E.U. 41 list

<table>
<thead>
<tr>
<th>Product of the E.U. 41 list</th>
<th>Protected in the United States as</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beaujolais (French wine)</td>
<td>Branded Trademarks with “Beaujolais” in Name</td>
</tr>
<tr>
<td></td>
<td>Service Mark as “Beaujolais”</td>
</tr>
<tr>
<td>Bordeaux (French wine)</td>
<td>Trademarks as “Bordeaux”</td>
</tr>
<tr>
<td></td>
<td>Branded trademarks with “Bordeaux” in Name</td>
</tr>
<tr>
<td>Chianti (Italian wine)</td>
<td>Service Marks as “Chianti”</td>
</tr>
<tr>
<td></td>
<td>Branded Trademarks with “Chianti” in Name</td>
</tr>
<tr>
<td>Cognac (French wine)</td>
<td>Trademark as “Cognac”</td>
</tr>
<tr>
<td></td>
<td>Branded Trademarks with “Cognac” in Name</td>
</tr>
<tr>
<td>Grappa (Italian brandy)</td>
<td>Service Mark as “Grappa”</td>
</tr>
<tr>
<td></td>
<td>Branded Trademarks with “Cognac” in Name</td>
</tr>
<tr>
<td>Asiago (Italian cheese)</td>
<td>Trademark as “Asiago” but no branded trademarks</td>
</tr>
<tr>
<td>Feta (Greek cheese)</td>
<td>Branded Trademarks with “feta” in Name but not Mark as Feta</td>
</tr>
<tr>
<td>Grana Padano (Italian cheese)</td>
<td>Certification Marks</td>
</tr>
<tr>
<td></td>
<td>Branded Trademarks with “Grana” in Name</td>
</tr>
<tr>
<td>Manchego (Spanish cheese)</td>
<td>Certification mark as “Manchego”</td>
</tr>
<tr>
<td></td>
<td>Branded Trademarks with “Manchego” in Name</td>
</tr>
<tr>
<td>Mortadella Bologna (Italian Pork sausage)</td>
<td>Certification Marks</td>
</tr>
<tr>
<td></td>
<td>Branded Trademarks with “Mortadella” in Name</td>
</tr>
</tbody>
</table>

Source: Babcock and Clemens, 2007, p. 32-41

However, the EU has abandoned efforts to « claw back » place names that have become generic in some parts of the new world, such as Parmigiano or Emmental cheese, but still wants to protect them in third markets where they are not yet common parlance (Reuters, 2008).
6    THE WTO NEGOTIATIONS ON GIs

6.1    The multilateral registry

The negotiations between countries that agreed to develop a registry for wines and spirits started in 1997 but no agreement has yet been reached. Several countries have indicated a desire to extend the additional protection granted by Article 23 to other agricultural products beyond wine and spirits (Josling, 2006, p. 355). The main issue here is not about whether to negotiate, since this is already decided in the Doha mandate, but whether such a register would have a normative value or simply contain an indicative list of names.

The negotiations on the multilateral registry have revolved around two proposals, the joint proposal sponsored by the United States, Australia, Argentina and Canada along with other exporters, and the other supported by the EU, Switzerland and a number of European countries and Sri Lanka (see tab. 4).

The EC submission of 14 July 2005 sets out provisions for a centralized register that would be compulsory and have legal effect (WTO, 2005b). It envisages multilateral registration as a three-step process as follows:

a) First, WTO Members would notify their GIs and the WTO Secretariat would publish all notifications.

b) In the second phase, Members would have 18 months to examine the notifications and would have the right to object to the registration of notified GI. In such a case, the Members concerned would start bilateral negotiations aimed at resolving the disagreement.

c) In the third phase, the notified GI would be registered in the multilateral register with reference to any challenge\(^5\).

Under the EC proposal, registration would have legal effects in so far as a registered GI could no longer be claimed:

a) not to be in conformity with the definition of GIs in the TRIPS Agreement of
b) to be false homonymous or
c) to be a generic name
d) Finally, registration would create a rebuttable presumption of eligibility for protection

Opponents of the EC proposal, including the USA, Australia, Canada, Chile, and Argentina, disagree with the creation of a mandatory multinational system of notification and registration of GIs for wines and spirits, or any other products and submitted the joint proposal. They advocate a system of voluntary notification and registration with no

\(^5\) EC June 2005 slightly modified by Evans and Blakeney (2006) to clarify that the negotiation is a possibility given to notifying Member, but not an automatic consequence, in line with Article 24.1 of the TRIPS Agreement.
obligations to protect registered GIs (Evans and Blakeney, 2006, p. 32). GIs would have to be registered in a database upon notification and Members could choose whether to participate or not. If they do so, they would need to consult the database when taking decisions (Grant, 2005, p. 3). The reasons for their opposition are on the one hand legal but also related to the cost of implementing a mandatory system of registration and extended protection (Evans and Blakeney, 2006, p. 32).

The USA and its supporters argue that the protection of GIs should be granted according to the criteria established by the national law and in fact, trademark law requires the substantive examination of applications by WTO Member States. However, there is no agreement to date concerning the extent to which national governments should have the authority to determine the validity of third party specification (Evans and Blakeney, 2006, p. 32).

An additional paper, introduced by Hong Kong (Josling, 2006, p. 357), aims to tread a line between the EC and the Joint proposal. But the gap between a voluntary system and a compulsory system with voluntary membership has so far proved unbridgeable.

According to the Organisation of an International Geographical Indications Network (origin) 108 WTO Members and as such a majority of two thirds of all Member states currently support the enhancement of the international regime for GI protection. These states ask for the extension of the protection of Article 23 of TRIPs to all GI products beyond wines & spirits, a multilateral Register binding for all WTO members as well as significant legal effects arising out of the Register (origin, 2008).
<table>
<thead>
<tr>
<th>Joint proposal (US and others)</th>
<th>EU (and member states) proposal</th>
<th>Hong Kong Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Participation</strong></td>
<td>Voluntary, with written</td>
<td>Voluntary system</td>
</tr>
<tr>
<td></td>
<td>notification</td>
<td>with no legal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>effects in</td>
</tr>
<tr>
<td></td>
<td></td>
<td>non-participating</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Members</td>
</tr>
<tr>
<td><strong>Notification</strong></td>
<td>Notify wines and spirits</td>
<td>Notify wines and</td>
</tr>
<tr>
<td></td>
<td>originating in that</td>
<td>spirits protected</td>
</tr>
<tr>
<td></td>
<td>member</td>
<td>in home markets</td>
</tr>
<tr>
<td><strong>Registration</strong></td>
<td>Enter notification in a</td>
<td>Enter notifications</td>
</tr>
<tr>
<td></td>
<td>database</td>
<td>in a Register</td>
</tr>
<tr>
<td><strong>Legal effect</strong></td>
<td>Consult database when</td>
<td>Prima Facie</td>
</tr>
<tr>
<td></td>
<td>taking decision on</td>
<td>evidence of</td>
</tr>
<tr>
<td></td>
<td>protecting GIs</td>
<td>ownership;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>notification of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trademark</td>
</tr>
<tr>
<td></td>
<td></td>
<td>applications</td>
</tr>
<tr>
<td></td>
<td></td>
<td>containing GIs</td>
</tr>
<tr>
<td><strong>Non-participants</strong></td>
<td>Encourage to consult</td>
<td>Cannot refuse</td>
</tr>
<tr>
<td></td>
<td>database</td>
<td>registration;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>notification of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>conflicting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trademarks; no</td>
</tr>
<tr>
<td></td>
<td></td>
<td>effect in</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LDCs until they</td>
</tr>
<tr>
<td></td>
<td></td>
<td>fully adopt TRIPS</td>
</tr>
<tr>
<td><strong>Updating</strong></td>
<td></td>
<td>Ten year validity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>renewable</td>
</tr>
<tr>
<td><strong>Review</strong></td>
<td>Review by competent</td>
<td>Review after 4</td>
</tr>
<tr>
<td></td>
<td>committee</td>
<td>years</td>
</tr>
<tr>
<td><strong>Administrative costs</strong></td>
<td>System of basic and</td>
<td>Full cost recovery</td>
</tr>
<tr>
<td></td>
<td>individual fees to cover</td>
<td></td>
</tr>
<tr>
<td></td>
<td>costs; assistance for</td>
<td></td>
</tr>
<tr>
<td></td>
<td>developing countries to</td>
<td></td>
</tr>
<tr>
<td></td>
<td>meet costs; no costs for</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LDCs</td>
<td></td>
</tr>
</tbody>
</table>

Source: Josling, 2006, p. 357
6.2 The extension of additional protection beyond wines and spirits

Another issue of the EU proposal is the extension of additional protection offered to the GIs of wines and spirits under Article 23 of the TRIPS Agreement to other products. This includes geographical indications not only for agricultural products but for traditional craft and industrial goods (such as watches) as well. Whether and exactly how this issue should be handled within the Doha round of negotiations is very controversial among the WTO members, and the Hong Kong meeting did not bring any progress (IGE, 2008). To date the issue is still under discussion.

Under the proponents of the extension a number of developing countries have identified GIs as a category of intellectual property from which they might profit. Proposed by Turkey in 1999 (WTO, 1999b) the extension of GIs in TRIPS beyond wines and spirits was endorsed by an African group of countries, including Kenya, Nigeria and South Africa, requested that the protection of GIs be extended “to other products recognizable by their geographical origin”, notable agricultural, food, and handicraft products (WTO, 1999a). This proposal was also adopted by Cuba, Czech Republic, Dominican Republic, Honduras, India, Indonesia, Nicaragua, Pakistan, Sri Lanka, and Venezuela. These developing countries support and extended GI regime for food in order to facilitate market differentiation for a variety of common commodities such as tea, coffee, and rice. As the EC legislation only protects agricultural products, the EC was unable to support this proposal.

Opponents of the proposal, led by the United States, warn that the extension would oblige Members of the WTO to protect the GIs of all other Members at an enhanced level and that this could involve a considerable burden. The opponents including Australia, Chile and Guatemala, further point out that the extension would lead to claims by other producer groups and that any grant of exclusive rights to one group of producers necessarily involves depriving other of the right to those terms (Evans and Blakeney, 2006, p. 30/31).

The Hong Kong Ministerial Declaration exhorts WTO Members to redouble their efforts to find appropriate solutions but the issue over the extension of TRIPS Article 23(1) is still under discussion. Opponents to any such extension argue that the Doha negotiating mandate does not foresee such a modification of the TRIPS Agreement.

A further negotiation point upon multilateral GI protection is the extension of Article 23 of the TRIPS Agreement. In June 2005 the EC has presented a two-pronged proposal to broaden the TRIPS Agreement (WTO, 2005b):

1. Establish a register of GIs protected across international boundaries, currently for wines and spirits
2. Extend the higher level of protection already provided for wines and spirits to include other products and therefore also broaden the register

---

6 The WTO Doc (2005b) TN/IP/W/11 regards the extension and the multilateral register of GIs. Earlier proposals are the IP/C/W/107/rev.1 on GI register and IP/C/W/353 on extension.
The Clawback proposal put forward by the EC was another controversy between WTO Members as its object was to reserve EC product terms exclusively for the use of European producers even if they are protected by prior trademarks.

Around the different discussions proponents and opponents can mainly be distinguished by their legal model, the sui generis system that is specific to geographical indication and the trademark based that incorporates geographical indications into the general system for the protection of signs, symbols and similar forms of intellectual property. Countries applying the former system are beside the European Community, Switzerland, India, Mexico, China, and Georgia. The latter system is beside the USA applied by Brazil, Canada, Ethiopia, Indonesia, The Russian Federation and South Africa. The next sections will describe the above mentioned points in more detail.

7 GIs IN FREE TRADE AGREEMENTS

Several free trade agreements (FTA) have included GIs protection to comply with the TRIPS Agreement. Depending on the own and partners national legal systems these agreements include the language or at least the definition of Article 22 of the TRIPS Agreement. Other agreements are called “TRIPS-Plus”, because they eliminate some of the Article 24 exceptions. Post-TRIPS free trade agreements have gone beyond TRIPS in defining geographical indications and in establishing procedural requirements to be followed by those WTO Members that offer GI protection (Echols, 2006, p. 88/89). The USA maintains such agreements with several developing countries. One of these agreements is its bilateral agreement with Morocco (2004). Other bilateral or plurilateral agreements incorporate provisions for the protection of GIs are for instance the North American Free Trade Agreement between the United States, Canada, Mexico (NAFTA 1992), the FTA between Mexico and Chile (1998), the FTA between Bolivia and Mexico (1994), between Canada and Chile (1996), between the EU and Mexico (1995), between EU and South Africa (2001), between Canada and Chile (2001) and between EU and Chile (2002), the EC-US Wine Agreement (2005), the Cotonou Agreement (2000), the Bangui Agreement (1977) and several agreements between South and Central American countries.

7.1 Bilateral Agreements

The EC-Australia Wine Agreement of 1994 (renewed in 2008) is one of the earliest examples of bilateral agreements concluded between the European Community and another country for the protection of geographical indication. The Agreement provides a definition of geographical indications and limits the scope of the protection to names specified in Annex II to the Agreement. An important condition for the protection us the recognition of geographical indications under the laws of the contracting parties. In addition, the Agreement contains provisions relating to the mutual recognition of traditional expressions (O’Connor, 2007, p. 9).

The Swiss-Vietnam Agreement of 1999 on the Protection of Intellectual Property and on Cooperation in the Field of Intellectual Property was the first agreement focusing only on intellectual property. The Agreement is twofold. A first part deals with material law, containing obligations for both parties to provide effective and non-discriminatory
measures for the protection of IP rights, such as the national treatment and most favored nation clauses. The second part deals specifically with co-operation in the field of IP, including a Special Program of Co-operation (SPC) in the annex to assist Vietnam to fulfil the obligations set forth in international treaties on Intellectual Property, including the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement) under the WTO (Swiss Federal Institute of Intellectual Property, 2009).

The FTA between the U.S. and Morocco of 2004\(^7\) included GIs protection in Article 15.3 that tracks the TRIPS definition (15.3 (3)) but adds a comment in footnote 5 regarding the meaning of “originating”. The comment distinguishes “originating” for GI purposes from “originating” for customs purposes (Echols, 2008, p. 88). In Article 15.3 (1) the Procedures with Respect to Geographical Indications are listed, including the acceptance of GIs without requiring intercession by a Party on behalf of its national or to make available contact information sufficient to allow the general public to obtain guidance concerning the procedures for filing application as well as for procedures for opposing and cancellation geographical indications that are the subject of applications or petitions. Article 15.1(2) fixes the relationship of GIs to trademarks. In general trademarks are given priority whether or not they pre-exist the GI application and whether or not registered. Refusing protection or recognition of a geographical indication is possible when the GI is likely to be confusingly similar to a trademark that is the subject of a good-faith pending application or registration or if it is confusingly similar to a pre-existing trademark in the territory of the Party through use in good faith.

The EC-US Wine Agreement of 2005 seals a conflict between the European Community and the United States that lasted for about 20 years. The USA claimed that the EC did not recognize their viticulture practices as compatible with EU regulations. The EC claimed that the USA allowed third country wine imports with labels that used names that the EU considered GIs. Also at issue were a number of “semi-generic” terms that had been legally used by non-European wine in the US market. In the Agreement the EC agreed to accept all existing US wine-making practices and the US agreed to ban the use of some semi-generic names by non-EU producers’ imports. The US and EU agreed also to recognize some existing names of origin. Strictly speaking this bilateral agreement is not related to the TRIPS Agreement, because trade restrictions based on different wine-making practices and the issue of simplification of wine certification are covered by the Sanitary and Phytosanitary (SPS) and the Technical Barriers to Trade (TBT), both parts of the WTO. But the aspects of the Accord that resolve labeling and issues, including the tightening up of semi-generics, the recognition of certain terms on labels and the agreement on certain names of origin range into the TRIPS category (Josling, 2006, p. 354). The 2005 Agreement was intended to lay the foundation, as the first phase, for a broad agreement on trade in wine between the two trading partners. However, since then, the agreement was hardly extended.

The EC-Mexico Agreement of 1997 is an Agreement on Designations for Spirit Drinks under which both parties agreed to grant protection to the denomination of origin of

\(^7\) http://www.ustr.gov/Trade_Agreements/Bilateral/Morocco_FTA/Final_Text/Section_Index.html
certain spirits such as Tequila and Mezcal, Whisky, Grappa and Cognac (O’Connor, 2007, p. 10).

The **EC-South African Agreement** of 1999 is an Agreement on Trade, Development and Cooperation. In the Attachment to the Annex X the Republic of South Africa reconfirmed that the names “port” and “sherry” will not be used for its exports to the European Community. It agreed to phase out the use of the “port” and “sherry” names on all export markets within 5 years, except in the case on non-SACU SADC countries, where an 8-year phase-out period should apply. For the domestic market, South Africa may use names “port” and “sherry” during a 12-year transitional period (O’Connor, 2007, p. 10).

### 7.2 Plurilateral Agreements

The **Cotonou Agreement** is a multilateral trade, development and governance agreement between African, Caribbean and Pacific countries and the European Community lasting 20 years from March 2000 to February 2020 with the expectation of revisions every five years. Article 46 covers the Protection of Intellectual Property Rights in a general way to “recognize the need to ensure an adequate and effective level of protection of intellectual industrial and commercial property rights, and other rights covered by TRIPS including protection of geographical indications, in line with the international standards with a view to reducing distortions and impediments to bilateral trade (Echols, 2008, p. 90).”

The **North American Free Trade Agreement** of 1994 joins Canada, Mexico and the United States in a free trade area. Its language about geographical indications, contained in Article 1712, is almost identical to TRIPS Article 22 but without definition of the term geographical indication (Echols, 2008, p. 89).

The **Bangui Agreement** signed 1977 created the African Intellectual Property Organization and enjoins its members to recognize and cooperate in the enforcement of different categories of Intellectual Property Rights including appellation of origin. The agreement provides for common administrative procedures through a centralized application and registration process for all Intellectual Property Rights. It does not restrict the usage of a GI to a particular group but instead extends it to anyone, including foreigners that meet the expected criteria as long as they are carrying out business in the covered Bangui Agreement area (Mosoti and Gobena, 2007, p. 186).

The **Andean Group Decision** of 1993 is the common patent and trademark law for the five Andean Pact countries: Bolivia, Colombia, Ecuador, Venezuela and Peru. It applies directly in the member countries and does not require ratification. It provides for the protection of the exclusive right to make use of officially recognized “appellation of origin”. In general, the decision prohibits the registration of marks consisting exclusively of signs or indications which may be used in commerce to designate or describe the species, quality, quantity, destination, value, origin, time of production, or other

---

8 Partnership Agreement between the Members of the African, Caribbean and Pacific Group of States, of the One Part, and the European Community and Its Member States, of the Other Part (Echols, 2008, p.90)

9 Revised in 1999 and entered into force in February 2002
characteristics of the products or services to be protected (Mosoti and Gobena, 2007, p. 186).

The Treaty of Asunción joins the countries Brazil, Argentina, Paraguay and Uruguay since 1991 to create the Common Market of the Southern Cone, the MERCOSUR. Coordination regarding intellectual property is not mentioned in the Treaty (Echols, 2008). The 1995 MERCOSUR Protocol on Harmonization of Rules on Intellectual Property in Relation to Trademarks, Geographical Indications and Denominations of Origin contains a general obligation for parties to protect both geographical indications and appellations of origin. However, the protocol does not define? the scope of protection (Mosoti and Gobena, 2007, p. 187).

The “Group of Three” joins Colombia, Mexico and Venezuela and lays down the right of member countries to protect “designations of origin” and geographical indications. However, it is left to domestic legislation to determine the conditions for protection (Mosoti and Gobena, 2007, p. 187).

The Revised Central American Convention for the Protection for Industrial Property was signed between El Salvador, Guatemala, Costa Rica and Nicaragua. Its 1994 revision requires the protection of geographical indications, using the same definition of that notion as employed by article 22(1) of the TRIPS Agreement (Mosoti and Gobena, 2007, p. 187).

8 THE ‘GREEN PAPER’ OF THE EUROPEAN UNION

On October 15, 2008, the European Commission published its "Green Paper on agricultural product quality: product standards, farming views and quality schemes". The purpose of the Green Paper is to examine in depth different aspects of four specific EU quality schemes that have been introduced to develop geographical indications, organic farming, traditional specialties, and product from outermost regions of the EU. It serves as discussion and consultation document and therefore asks open questions on “what works well”, “what needs to be changed” and “what else is needed”. In May 2009 the Commission will present a policy options paper (a “Communication”). This will be based on the contributions received during the Green Paper public consultation. In the following some of the questions formulated in this paper are given to complement the legal aspects on GIs.

Protection. As has been shown by this report the registration and protection of geographical indications can lead to conflicts with any existing users of the name, such as holders of trademarks. Some users claim that a name is used in a generic sense since a name that is generic cannot be registered as geographical indications. Even if legislative rules exist to try to resolve these issues of conflict and the question of generic status has been clarified by the European Court of Justice the issue seems still not to be clear. Questions arising out of the protection issue were on which criteria should be used to determine that a name is generic, and if the use of alternative instruments such as trademark protection should be more actively encouraged.

Criteria for registration. To meet consumer expectations for quality products is essential to maintain confidence in the GI system. For some protected product names the link
between the place and the production rests on the processing rather than the farming of
the ingredients and on the reputation attached to the product. Some of the raw materials
may therefore come from outside the area and this might not be what the consumer is
expecting. Also sustainability criteria like sustainable farming methods, social
contribution of the product to the local economy, and economic viability of the product
may be expected by the consumer in addition to the geographical origin. Therefore
questions were asked on whether additional criteria should be introduced to restrict
applications for geographical indications and if the distinction between PDOs and PGIs
should be stricter. A further question is, if a specific sustainability and other criteria
should be included as part of the specification, whether or not they are intrinsically linked
to origin.

Protection of European GIs in third countries. Products having considerable potential in
high-end export markets they may face the problem of copying and usurpation. For legal
protection in third world countries the EU has therefore concluded a number of bilateral
agreements. However, as different protection systems exist question 7 asks on what kind
difficulties do users of GIs face when trying to ensure protection in countries outside
the EU. It is also asked what the EU should do to protect GIs in the most effective way in
third countries.

Coherence and simplification of geographical indication systems. There are currently
three systems of registration and protection of agricultural geographical indications in the
EU: one for agricultural products and foodstuffs, one for spirit drinks and one for wine.
While the bases for the three systems are similar: type of protection, definitions,
administrative enforcement, relationship with trademarks, rules on coexistence with
homonymous names, creation of a register, and role of a product specification, there are
procedural and other differences based on specific requirements for the product types.
The question is therefore if the three EU systems should be simplified and harmonised.

9 CONCLUSION

There are different protection schemes for geographical indications: the sui generis
system e.g. of the European Communities, the trademark system of the United States and
systems in which both protection schemes co-exist like in China. Compared to the
trademark system the sui generis system usually identifies a place of origin and therefore
all producers in the announced region can apply for registration if they comply with the
quality standards set by the consortium. In the case of trademark protection the owner is
given the exclusive right to exclude others from using the trademark. With certification
marks the United States provide a somehow similar possibility for their producers’
collectives to protect geographical indications.

The incentive to use either GIs or trademarks differs is in some parts, in others not. In
both cases the incentive is to fit better consumer perception through product
differentiation and therefore generate a price premium. The price premium is feasible as
the demand for a specific product is relatively price inelastic compared to generic product\textsuperscript{10}.

Without legal protection neither trademarks nor GIs would provide an incentive to invest in the development of new products, because differentiation can be undermined by free-riding competitors who mislead consumers by copying names. In this sense, a trademark is an effective incentive to invest money for the production of higher quality goods which can than be sold at higher prices. A system of trademark protection is essential to encourage the production of a variety of goods at varying quality levels and varying prices, resulting in greater consumer satisfaction and efficiency. However, the only reason for a trademark owner to invest in product differentiation is the commercial necessity and preservation of reputation. A registered trademark is not a guarantee of the uniqueness of the marked product (Caenegem, 2003, p. 12).

As for GIs, the differentiation argument is taken a step further. A region has unique geographic and human characteristics, not replicable in any other region. Thus, in the case of GIs the differentiation is given beforehand and “only” needs to be exploited. In that way there is a much stronger link between the distinctiveness of the GI and the uniqueness of the underlying product, and an even stronger justification for a priori, broad proprietary rights. But if one accepts the uniqueness principle, it demands a system that has stringent product-standard controls and adheres strictly to the requirement of geographic origin. Otherwise the GI cannot be said to represent the unique characteristics of the goods of the originating region, and extensive a priori rights will not be warranted (Caenegem, 2003, p. 12/13).

As one can expect out of the long lasting discussion and hardened fronts, the negotiations on geographical indications within the international community are likely to last for some more years. The mid-term future for geographical indications will therefore rather lie in bilateral agreements. To exploit the different export markets the development of a co-existing system (including trademark and GI protection schemes) seems to be the best solution.

However, to be cost effective the products in question should have a suitable (export) quantity as otherwise the efforts may result in a net loss. The need of support and the ability to create a GI product is highly dependent on existing supply chain structures. In the case of coffee for instance historically high volatile market prices have in some countries led to a self-helping supply structure that developed in many decades. Such structures might support the establishment of a GI product with less governmental support than in other cases were no prior commercial chain exists\textsuperscript{11}.

Pro-arguments for GIs protection by the European Union are positive social side-effects of GIs as development tool. By the viewpoint of the EU geographical indications are not about protectionism but about free trade as so far their farmers are not allowed to indicate the products origin on foreign markets and therefore can not sell them for appropriate

\textsuperscript{10} For more details see report 1 on “Geographical Indications: Creation an distribution of economic value in developing countries”

\textsuperscript{11} For case study examples see report 2 on “Geographical Indications: Review of seven case studies”
prices. In the EU position 2003 it is stated that developing countries can benefit from a wide protection of GIs in the TRIPS Agreement concerning income and agri-food industry aspects and rural development. It is argued that GIs are key to EU and developing countries cultural heritage, traditional methods of production and natural resources. Unlock value by capitalizing on consumer desires for diversity, typicality, quality GI products could constitute a genuine interest for producers as other brands do (EU position 2003).

However, the impact of a GI protection on (rural) development must be analysed in every single case. It can hardly be assumed that in all cases GIs are an appropriate development tool to protect farmers against existing market disadvantages. Kerr (2006, p. 8) for example argues that GIs only generate short-term rents and that the case for producers in developing countries for similar rents like the European Union is weak, hence, the approach may lead to developing countries wasting their limited resources. In his mind protection of geographical indicators is something developed countries have the luxury to (likely) waste their resources on, but it is probably not something that should be encouraged in developing countries. However, as it is shown in report 2 “Geographical Indications: Review of seven case studies” also developing countries have the potential to generate value from a product labeled by its origin. Of course, efforts are needed to establish an appropriate supply chain (e.g. code of practice, quality controls, distribution of value within the supply chain) and consumer acknowledgement (e.g. marketing to increase or maintain product reputation). Dependent on existing supply chain structures and product reputation, for some countries or products these efforts may be very high.

Another argument for GIs protection is expressed by the European Union in the EEC regulation No 2081/92: “consumers must, in order to be able to make the best choice, be given clear and succinct information regarding the origin of the product”. Here the question is the one of asymmetric information.

The protection of trademarks as well as of GIs is based on the rationale of informational asymmetry between producers and buyers and role of reputation, conveyed through distinctive sign, in ameliorating such asymmetries (Rangnekar, 2004, p. 1). The signalization of products aims to prevent market distortions that arise with asymmetric information between producers and consumer and allow producers to benefit from price premiums by consumers trust. In contrast to a trademark, a GI provides the possibility for a group of producers to access the market with a certified product that is distinctive for consumers and therefore generate a higher price.

Trademarks as well as GIs can be justified regarding the reduced search-costs for consumers if a product is signaled. Trademarks and GIs reduce the cost of bargain involved in overcoming the asymmetry between buyers and seller by providing the repeat customer with a relevant source of information indicating consistency of origin and characteristics of goods (Caenegem, 2003, p. 7).

\footnote{http://ec.europa.eu/trade/issues/sectoral/intell_property/argu_en.htm}
However, the challenge on every market is to achieve a consumer acknowledgement and to overcome an information lack about product quality. When consumers judge products by means of Country of origin, the image of the Country of origin is projected on the product. Thus, country reputations play a key role for GI labeling and consumers prefer products from countries with favourable images whereas products from countries with unfavourable images are most likely to be rejected. However, quality perception in association with the country image may vary across products. A general low reputation of the countries’ image might be overcome by a high reputation of a specific product from this country (e.g. Colombia and coffee). Thus, when thinking about GI protection at the international level one should evaluate the existing reputation of the country and the product and keep in mind the continuous marketing costs that arise with the geographical indication system. Examples on how different supply chains deal with this challenge is part of report 2 “Geographical Indications: Review of seven case studies”.
References


Council Regulation (EC) no 882/2004 of 29 April 2004 of the European Parliament and of the Council o official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules


IGE (undated): TRIPS- Important developments www.ige.ch/e/jurinfo/j11011001.shtm, Institut of Intellectual Property in Switzerland (access: 20.05.2008)


O’Connor (2007): The guide of GIs and TRIPs, O’Connor and Company, European Lawyers


WTO (1999a): Preparations for the 1999 ministerial conference- The TRIPS Agreement. Communication from Kenya on behalf of the Africa Group, 6 August 1999, WT/GC/W/302

WTO (1999b): Preparations for the 1999 ministerial conference- Agreement on TRIPS: Extension of the additional protection for geographical indications to other products- Communication from Turkey, 18 November 1999, Doc WT/GC/W/249


WTO (2003b): European Communities- Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs- Request for the Establishment of a Panel by Australia, 19 August 2003, Doc WT/DS290/18

