Geographical Indications and Trademarks:

*Synergies and Conflicts in the International Market*

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- Synergies and Conflicts in the International Market

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“Champagne should be cold, dry and free”1
- The question is: where shall it come from?

1. Introduction

1.1 Background and definitions
In today’s increasingly competitive and transnational trading environment, products from all over the world are sold in domestic and foreign markets. These products need to be distinguished from one another in order to provide consumers with information about their (commercial) origin, quality etc. Various ways and methods with legal implications have been developed, for the purpose of distinguishing products from each other. This has also provided producers with tools to guard themselves from infringement, unfair competition, free-riding etc. Most likely, today, the product carries a trademark, distinguishing its commercial origin from that of other products. It may also be protected under patent regulations, if it contains a sophisticated enough invention. In addition, its design and trade name may be protected. These are examples of intellectual property measures intended to reassure consumers of the specific characteristics of the product in question, and to provide protection for individual producers.

Historically, trademarks became the chief way for producers to individualize themselves, distinguish their products from those of others, and secure economic revenue from exclusivity. However, as competition grew increasingly fierce and international, protection for trademarks turned out not to be enough; goods needed to be further distinguishable.2

This was where indications of geographical origin, such as geographical indications (GIs), demonstrated their importance. GIs are place names used to identify the origin and quality,

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1 Quote: traditionally ascribed Winston Churchill.
reputation or other characteristics of products, for example “Champagne”, “Tequila” or “Roquefort”. Thus, a GI has historically been, and still is today, a way to create value through exclusivity. In order to fully understand the discussion going on today about GIs it is important to recognize that, in addition to communicate geographical origin, a GI is also a legally protected instrument for creating value through the exclusivity for the producers of the good in question.

This essay uses the definition of GIs as given by the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), Art 22(1). By being able to label goods in yet another unique way, producers communicate to consumers that the good in question has certain valuable features. “GIs – like trademarks – are intrinsically associated with the buying and selling of goods”. The system of protection through distinguishing marks laid the foundation for what today is a system for the protection of indications of geographical origin.

The term indications of geographical origin (IGOs) is here used as an umbrella term for several different relevant denotations, namely indications of source, appellations of origin and geographical indications. IGOs are commonly afforded rights, and can as such be used simultaneously by many producers. Conversely, no producer fulfilling the requirements related to the IGO can be denied using it. This separates IGOs from other intellectual property rights (IPRs), which generally convey individual (monopoly) rights to a single rightholder. However, IGOs and trademarks resemble in that, that they convey rights to prevent unauthorized producers from labeling their goods with identical, or confusingly similar, IGOs or trademarks.

1.2 Purpose
This essay analyzes the relationship between GIs and trademarks, focusing on the synergies and conflicts that arise in the international market due to their similarities and differences. In addition, the purpose is to contribute to the current discussion regarding the need for an efficient GI protection scheme.

2. Development of the protection for IGOs

2.1 Introduction
People have since early times appreciated that not all goods of the same type are equivalent in terms of quality. In ancient Greece, a particular wine from a certain region was more in demand than other wine, because people appreciated its superior quality. This wine had unique characteristics based on its origin, something that is referred to today as terroir. Consequently, it sold at a higher price.
People distinguished this wine from other types by its markings, indicating its particular geographical origin. It has since been recognized that other goods than wine can possess certain features due to origin and several international instruments provide means to distinguish such goods from other goods, lacking this origin and these features.

2.2 The Paris Convention and the Madrid Agreement

The first international legal framework to grant protection for indicators of geographical origin on goods was the Paris Convention. It affords protection for *indications of source* as well as for *appellations of origin*, when such indicators are used on goods. However, the Paris Convention does not stipulate any particular requirements as to “quality, characteristic or reputation of the identified product”, in which aspect it differs from some more recently adopted legal frameworks. Rather, the requirements for protection under the Paris Convention are fulfilled already when the goods are labeled “made in...”, or in some other way convey to consumers “the notion that the goods bearing the indication originate in that country or place”. Hence, the Paris Convention is mainly focused on the actual geographical *source or origin* of the product, rather than certain features of it. If “false” indications are used on goods, the Paris Convention stipulates applicable remedies.

The concept of indications of source is also used in the Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods, of 1891 (the Madrid Agreement). It was the first multilateral legal instrument to address the issue of “deceptive indications of source”, thus expanding the scope of protection already provided for by the Paris Convention. Deceptive indications are “literally true but nevertheless misleading”, insofar that they refer correctly to a certain origin, but it is not the origin consumers think. This situation occurs when, for example, a certain name is used on two different places in two different countries – but functions as indication of source for goods from only one of these countries. If producers in the other country use the name as indication of source, the Madrid Agreement applies.

2.3 The Lisbon Agreement

In 1958, the Lisbon Agreement was established. This multilateral agreement deals with *appellations of origin*. It raises the requirements for protection from those in previously mentioned instruments, by stipulating that a product should be of certain “quality and characteristics [...] due exclusively or essentially to the geographical environment” from which it originates. In addition, it is only “the geographical name of a country, region, or locality” that can serve as an appellation of origin. Thus, the notion of appellations of origin applies to a smaller number of indicators than does indications of source. A result of the higher requirements in the Madrid Agreement is that all appellations of origin are indications of source, whereas not all indications of source are appellations of origin.

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8 Paris Convention for the Protection of Industrial Property of March 20, 1883 (revised at later occasions).
13 WIPO, 2003b, p 11.
2.4 TRIPS
The most recent international agreement on IGOs is the Agreement on Trade-Related Aspects of Intellectual Property Rights, of 1994 (TRIPS). TRIPS, as part of the WTO Agreement, is binding on all WTO Member States. It is, in addition, the first international legal instrument in which the term geographical indications (GIs) appears.

TRIPS Art 22 frames the definition of GIs.\(^\text{16}\) GIs indicate that a good carries a certain quality, reputation or other characteristics, which are essentially due to its origin. This means that “quality, reputation and other characteristics are each in their own right a sufficient but indispensable condition for the existence of a GI.”\(^\text{17}\) Being of significant value, WTO Member States shall arrange protection for GIs and save them from unfair competition and misleading practices.\(^\text{18}\) However, such protective measures only come into effect if it is proved that illegitimate use of the GI has caused consumers to be misled. But by “corrective labels”, consumers are informed of the true origin of the good, and are prevented from being misled.\(^\text{19}\)

TRIPS Art 23 refers exclusively to wine and spirits. Such goods are afforded a higher level of protection, in that all illegitimate use of the GI is prohibited. There is no requirement of consumers having to be misled.

GIs resemble appellations of origin, although the requirements of a GI are less strict. The good merely has to have a quality, reputation or other characteristics which essentially are due to its origin. This is an alleviation of the stricter requirement contained in the Lisbon Agreement, stating that a product’s “quality and characteristics” must be “exclusively or essentially” due to the geographical environment from where it originates.\(^\text{20}\) Furthermore, any sign can constitute a GI according to TRIPS, not only geographical names as in the Lisbon Agreement.\(^\text{21}\) It is further noted that TRIPS refers specifically to goods, which entails agricultural products such as food and wine, as well as other manufactured goods.\(^\text{22}\) However, it is unanimously acknowledged that the definition of GIs in TRIPS does not include services.\(^\text{23}\)

The less strict requirements in TRIPS result in GI being a broader term than appellations of origin.\(^\text{24}\) Since no particular quality or characteristics have to be presented (reputation is enough), and since any indication – not only place names – is enough, all GIs can be said to be appellations of origin, but not all appellations of origin are GIs.

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\(^{16}\) See supra, footnote 4.
\(^{17}\) Addor & Grazioli, 2002, p 869.
\(^{18}\) TRIPS Art 22 protects “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 characteristic of the good is essentially attributable to its geographical origin.”
\(^{19}\) For further discussion on corrective labels, see sections 3.2, 3.4 and 4.2.
\(^{20}\) Lisbon Agreement Art 2. Emphasis added.
\(^{21}\) EC, 2007, p 6. Within the EU, “Feta” is, allegedly, the most famous GI that does not refer to a specific geographical place. See http://ec.europa.eu/trade/issues/sectoral/intell_property/argu_en.htm, last visited 2009-03-05.
\(^{23}\) Rangnekar, 2002, p 16-17. This is the reason why TRIPS uses the term “good” and not “product”.
\(^{24}\) This is true even though Art 22 TRIPS is based on the language in Art 2 of the Lisbon Agreement. See WIPO, 2000, p 6.
2.5 Bilateral Agreements

Various countries from all over the world have entered into bilateral agreements, for the protection of GIs.\(^{25}\) Such agreements add to the existing set of rules on the handling of GIs, stipulated in other legislative instruments.\(^{26}\)

2.6 Trademarks

The purpose of a trademark is to indicate a commercial origin. Thus, they are in nature individual, and refer only to one producer. Trademarks are usually made up of words, numbers or names, or combinations thereof. The bottom-line is that they shall have a certain level of distinctiveness, meaning that they are “capable of distinguishing the goods or services of one undertaking from those of other undertakings”.\(^{27}\) A mark will not be deemed distinctive if the term itself is generic. Without the required level of distinctiveness, the mark is not considered eligible for protection as such. However, TRIPS acknowledges that marks can acquire distinctiveness through “use”, should they not be inherently distinctive.\(^{28}\)

The protection TRIPS assigns trademarks is found in Art 16. Trademark owners have an “exclusive right to prevent all third parties ... from using ... identical or similar signs” on identical or similar goods, if such use might lead to confusion in the marketplace. This “likelihood of confusion” is a well established measurement in the world of trademarks. If the use of a trademark causes no risk of consumers being confused, it is sufficiently distinct from existing trademarks, and can obtain protection under applicable legal instruments.

2.7 National regulations

In addition to international regulations on IGOs, many countries provide protection through domestic legal instruments, many of which existed prior to TRIPS. It is held that protection of IGOs has its oldest roots in European countries such as France, Italy, Spain and England.\(^{29}\)

It was recognized that there were inherent discrepancies in how IGOs were protected on the national level, and WTO Member States hence have discretion to implement the provisions of TRIPS as they think appropriate.\(^{30}\) As a result, the modes of protection differ.\(^{31}\) In the EU, India and China and others, protection springs from a *sui generis* system, whereas the U.S, Canada and Japan\(^ {32}\) protect IGOs by means of trademark law.\(^ {33}\) Within the EU, protection for *agricultural products* is provided

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\(^{25}\) Such bilateral agreements include the *EC – Australia Wine Agreement*, the *EC – Canada Agreement* in which GIs for European wines and spirits are afforded protection in Canada, in return for protection for Canadian GIs, such as “Canadian Rye Whisky”. Other bilateral agreements are those between the EC and Mexico, EC and Chile and EC and South Africa. Furthermore, the *EC – US Wine Agreement* stipulates rules for how certain European wine GIs are to be used in the US. *See EC, 2007, p 8 – 12. See also WTO, 2001, p 25, for an extensive enumeration of bilateral agreements in force 2001, not only involving countries from the EU.*

\(^{26}\) It is noted that such agreements occasionally stipulate stronger protection for GIs than what TRIPS does. However, the implications of this will not be discussed in this essay. *See Das, 2008, p 495 – 496.*

\(^{27}\) TRIPS Art 15 (1).

\(^{28}\) Id.

\(^{29}\) Marie-Vivien, 2008, p 323

\(^{30}\) TRIPS Art 1.1.

\(^{31}\) In 2001, the WTO recognized that the three main methods of protecting IGOs were:

   - (a) By means of “law focusing on business practices”,
   - (b) By means of “trademark law”, and
   - (c) By other “special means of protection”

*See WTO, 2001, p 5.*

\(^{32}\) Echols, 2008, p 3

through Regulation 510/2006, which is specifically dedicated to GIs. Products that are “non-agricultural or industrial” fall outside of the scope of protection.

In the U.S., the regular trademark doctrine provides protection for GIs through the notions “certification marks” and “collective marks”. Unlike regular trademarks, certification marks and collective marks are not individual rights; any producer can, by adhering to certain rules and standards, use them. Such rules and standards, however, are imposed by the holder of the mark. There are few requirements as to what such standards for use actually have to entail, i.e., there is no need to prescribe a certain geographical origin of the good for it to legitimately carry the mark. Hence, the rules governing the standards for legitimate use of the marks are much less strict than corresponding requirements under sui generis systems. As long as the goods are produced in conformity with certain specific methods of production and/or the producer is a member of a specific association, the marks in question can be used.

3. Different systems for protection of GIs

3.1 Sui generis or trademark system?
Whether one or the other system provides a better protection for GIs is debatable. Arguments are raised in both directions, and there seems to be no world-wide consensus on this issue.

On the one hand, it might arguably be “smoother” to protect GIs using existing legislation, e.g. trademark law. By simply expanding the scope of protection afforded under its trademark law, a country can protect GIs instantly, since no legislative process is necessary. And if disputes arise between GIs (protected as certification or collective marks) and trademarks, they will be settled using principles of trademark law. Thus, a dispute settling system giving foreseeable outcomes is ensured.

On the other hand, protection afforded GIs by a sui generis system is tailored specifically. EC Regulation 510/2006, which replaced Regulation 2081/92, is such a system. It protects GIs by using the notions of Protected Designation of Origin (PDO), Protected Geographical Indication (PGI). PDOS and PGIos need to be registered in order to be protected as GIs, but they cannot refer to wine or spirits. Although defined slightly differently, both notions include specific requirements as to the geographical origin of the products. The link between the product and its origin is crucial, and it has been shown that 40% of the consumers in the EU “would pay a 10 percent premium for origin-guaranteed products”. The economic importance is clear, and becomes even clearer when assessed...
on an individual level for certain products; “Toscano” oil yields a 20 per cent higher price after it became registered as GI.\textsuperscript{44}

Countries choose to create either a specific system for GI protection (emphasizing the “collective” aspects of GIs), or utilize the “individual ownership approach” by awarding protection by means of trademark law.\textsuperscript{45} Nevertheless, the rights related to GIs are collective and come to every producer of the designated goods within the designated geographical area. As such, the right to use the GI is not conveyed to producers outside the geographical area, nor can it be transferred to any such producer.\textsuperscript{46}

3.2 Conflicts between GIs and trademarks

GIs and trademarks represent different spheres of distinguishing marks, and the efforts to protect them sometimes create conflicts. Such conflicts arise, \textit{i.e.}, between trademarks and protected GIs for identical/similar products, which contain the same sign. Determining who should have the right to use that sign as trademark or GI is difficult, but nevertheless important. The question whether exclusivity of a registered trademark trumps a later-in-time protected GI is also of great significance.\textsuperscript{47} The conflicts that arise can be settled from either a trademark perspective or a GI perspective\textsuperscript{48} and, depending on which perspective is used, conflicts will be dealt with differently. It is, in essence, a matter of either granting exclusive rights to either the trademark or the GI according to a “first-in-time, first-in-right” scheme, or granting the GI exclusive rights, without taking possible prior trademarks into account, or prescribing a co-existence of the trademark and the GI.\textsuperscript{49}

TRIPS deals with these conflicts by prescribing that previously registered trademarks containing a protected GI can, under certain circumstances, be invalidated. Such circumstances include the situation when the use of a trademark “is of such a nature as to mislead the public” about the origin of the goods carrying it.\textsuperscript{50} The burden of proof lay on the producer claiming that an illegitimate use of the GI is taking place. But if the GI relates to wine or spirits, no proof regarding risk of misleading is needed; the trademark shall be invalidated anyway.\textsuperscript{51} Nonetheless, a trademark will prevail, even though it is “identical” or “similar” to the GI if it is registered or applied for in good faith, before a certain time, or if rights to it have been acquired through use.\textsuperscript{52}

Moreover, Art 22 TRIPS allows for the use of a GI by producers from outside the designated geographical area, provided that such a use is accompanied by a corrective label. Such a label

\textsuperscript{44} EU, 2003, p 1.

\textsuperscript{45} Addor & Grazioli, 2002, p 869.

\textsuperscript{46} Blakeney, 2001, p 632. Whereas a GI is a non-transferable right, a trademark – being an economic right – may be freely transferred. This is specifically pointed out in TRIPS Art 21.

\textsuperscript{47} Such conflicts between two trademarks in the same relevant market are usually solved by virtue of the priority principle, which offers a “first-in-time, first-in-right” type of solution. The principles of territoriality and specialty can also result in that the trademarks are to coexist, instead of granting superior rights to either of them. See WIPO, 2000, p 4 (which refers to the Paris Convention Art 6septies), as well as p 14.

\textsuperscript{48} WIPO, 2000, p 15.

\textsuperscript{49} For an introductory note to this debate, see Montén, 2006, p 328 – 331.

\textsuperscript{50} TRIPS Art 22(3). Invalidation follows either an “ex officio” procedure, or a request of an “interested party”.

\textsuperscript{51} TRIPS Art 23(2). Invalidation follows either an “ex officio” procedure, or a request of an “interested party”.

\textsuperscript{52} It shall also be noted that invalidation claims under Arts 22-23 must be made within a period of 5 years from that the use of the contested trademark became known in the country where the protected GI comes from, or from the date of the registration of the trademark in question, whichever is the earliest in time. See TRIPS Art 24(7).

\textsuperscript{53} TRIPS Art 24(5), which is also known as a grandfather clause. Blakeney describes this feature in TRIPS as a result of protection for GIs being an “innovation” in many countries, why, under certain circumstances, trademarks receive a further stretching protection. See Blakeney, 2001, p 641.
discloses the true origin of the good, thus disclosing that it is another than what is actually indicated by the GI that the good carries. The position of TRIPS is that corrective labels prevent consumers from being misled about the actual origin of the good. By identifying the true origin, the GI can be legitimately used on the good, even though it originates from elsewhere. However, corrective labels cannot be used on wines or spirits, according to Art 23 TRIPS. It is further noted that Reg 510/2006 proscribes the use of corrective labels – a prohibition which thus applies to corrective labels on agricultural products.

Conflicts will at times also be settled in direct favor of the trademark. In practice, Parma Ham is a protected GI within the EU, but cannot be used as GI in Canada or Mexico. A prior Canadian trademark registration of the very same connotation renders such use impossible. Typically, countries in support of more limited GI protection measures use trademark law as the vehicle for protection, which involves a “first-in-time, first-in-right” resolution of conflicts. In such situations, producers of GI labeled goods will be denied the right to use that GI, as a direct result of the principle of priority.

Furthermore, trademark law itself sometimes hinders producers of GI labeled goods to use the GI relating to the goods. Since GIs commonly entail geographical references, such as names of regions or cities, they cannot be registered under trademark law since such names are in nature descriptive.

3.3 Trademark system supplementing GI protection
Conflicts between trademarks and GIs usually result in either concept being prohibited to use the geographical denomination at issue. Nevertheless, there are situations where the two systems create synergies, rather than being adversarial.

Trademarks and GIs have important similarities, as well as differences. Both concepts enable producers to distinguish their products in the market, although GIs are used on a collective level rather than individual. Producers may utilize both a trademark and a GI, as long as both are used legitimately. Hereby producers obtain a two-layer protection; one in their capacity of producers as such, and one for producing a certain good within a certain demarcated geographical area. In addition to the two-tiered protection, such combined use will provide consumers better information regarding both commercial and geographical origin of the good.

Being indicators of source, neither trademarks nor GIs may lack distinctiveness or be deceptive. Generally, trademark law prevents marks containing a geographical reference from obtaining protection. Only if such a geographical source reference does not confuse the public as to the origin of the goods will it be allowed. Thus, this restrictive feature of trademark law will help keeping the sphere of trademarks “clean” from GIs.

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54 See also Rangnekar, 2004, p 13.
55 Reg 510/2006 Art 13(b).
57 See above, section 2.5 for examples of where protection is granted through the use of trademark law.
60 Trademarks are distinguishing as to commercial origin of the goods, whereas GIs connote certain qualities, characteristics or reputation of the good.
61 WIPO, 2003a, p 12.
62 WIPO, 2000, p 15. One example of a trademark that does not confuse the public as to the origin of the goods is “Antarctica” on bananas.
Lastly, it is once again emphasized that when GIs are protected by means of trademark law (and more specifically, through the concepts of certification marks and collective marks), there are synergies between them, and potential conflicts will be easily settled. The applicable legal principles provided to resolve the dispute will be pointed out in the legislative document already, and a solution to the dispute will thus be swiftly obtained.\(^63\)

3.4 Generalization of GIs and trademarks

The protection of IPRs is based, \textit{i.e.}, on the principles of territoriality and specialty. Hence, TRIPS clarifies that a GI may be protected in one country, and a generic term in another.\(^64\)

In the EU, terms that have once become generic may not be registered as GIs.\(^65\) But at the same time, registered GIs cannot become generic.\(^66\) This has important implications for producers outside the designated geographical area, since a registration renders it impossible for them to use the GI or even attack it on the grounds of being generic. Thus, when a GI disappears from the public domain due to registration under the EU rules, it will not return. To further increase the protection for GIs, the EU rules prohibit all use of corrective labels, irrespective of what type of goods they would be used on.\(^67\)

The rules on generalization of GIs in Reg 510/2006 differ from those of TRIPS. According to TRIPS a GI can become generic. Art 24(9) gives that WTO Member States are not obligated to protect GIs which are not protected in their country of origin. International protection requires domestic protection, which itself requires that the sign is not generic.\(^68\) One way, in which GIs risk becoming generic is through the use of corrective labels on GI labeled goods. By being used on goods originating elsewhere than the originally GI labeled goods, the GI itself becomes less and less powerful. When a GI has become generic, the exclusivity it once represented has vanished; it will no longer distinguish a certain origin of goods.\(^69\) However, it shall be noted that every country assesses individually whether a GI is generic under its domestic standards.\(^70\)

Unlike GIs protected in the EU, registered trademarks can become generic if the owner is incautious. In other words, a mere registration does not render trademarks indefinitely exclusive and protected. Rather, trademark owners must maintain the trademark’s distinctiveness by consistently ascertaining consumers of its existence and uniqueness. Classic examples of trademarks that can freely be used today, and thus where the exclusiveness is gone, include \textit{cellophane, escalator} and \textit{linoleum}.\(^71\) And in countries where GIs are protected by trademark law, it is plausible that GIs can become generic in a similar way that ordinary trademarks can.

\(^{64}\) TRIPS Art 24(6). See also WIPO, 2000, p 8
\(^{65}\) Reg 510/2006 Art 3(1).
\(^{66}\) Reg 510/2006 Art 13(2).
\(^{67}\) Reg 510/2006 Art 13(1)(b). See case C-87/97, Consorzio per la Tutela del Formaggio Gorgonzola and Käserei Champignon Hofmeister GmbH & Co. KG, Eduard Bracharz GmbH, for further elaboration on corrective labels within the framework of community law.
\(^{68}\) It is plausible that countries are unwilling to declare their own GIs generic, especially since GIs often represent great economic values.
\(^{69}\) Addor & Grazioli, 2002, p 881.
\(^{70}\) Das, 2008, p 480.
\(^{71}\) http://en.wikipedia.org/wiki/List_of_generic_and_genericized_trademarks, last visited on 2009-03-03.
4. Do current rules efficiently protect and ensure the enforcement of GIs?

4.1 Introduction

Opinions vary regarding which regulatory system should govern GIs, and countries disagree on whether the current protection is efficient. This issue is hotly debated within the Doha Development Round. On the one hand, the EU and WTO Member States in Africa and Asia advocate a strong, far-reaching protection for GIs, and claim it should be even stronger than today. On the other side of the debate, the US, Australia and countries in Latin America oppose this desire for strong(er) protection. The division is thus not of a North-South type, rather between emigrant-immigrant countries.

4.2 Arguments of the different sides to the debate

As a strong proponent for GI protection, the EU consistently strives to make the afforded protection even stronger than today. Therefore, it has proposed additional changes through which such improved protection for GIs would be achieved.

In short, the EU’s proposal in the Doha Development Round entails requirements for the establishment of an international register for GIs relating to wines and spirits, as well as requirements of a broadened applicability of TRIPS Art 23, thus making it apply to all GI labeled goods. In addition, the EU compiled a list of 41 GIs which are deemed generic in countries outside the EU, and demanded that these be afforded the protection they should rightfully have. The EU claims that these GIs are not generic.

These changes would ensure that all GIs benefit from the more sophisticated and adequate protection which presently is only afforded wine and spirits. Thus all risk of consumer confusion would be eliminated, and producers would not be subject to unfair competition from producers using corrective labels. Eliminated possibilities to use corrective labels will, in addition, prevent unjustified free-riding of GI labeled goods. This is regarded as a goal in itself, and also makes it more unlikely that a GI becomes generic due to undue use.
The presently warranted freedom to use corrective labels (and thus an opportunity to free-ride) causes producers, whose goods are protected by TRIPS Art 22 only, to be discriminated. Since “Geneva watch made in the United States” is an acceptable corrective label – whereas “Napa Valley-type Red Wine, produced in Argentina” is not – goods protected under TRIPS Art 22, and thus their producers are being discriminated.

In addition to preventing free-riding and generalization, an enhanced protection would benefit developing countries. Through stronger protection, goods from such countries would be granted the protection they need, in order to wrestle their way into consumer patterns in developed countries. Thus, for goods from developing countries, a widened applicability of TRIPS Art 23 and an international register for GIs is of vital importance.

Other WTO Member States are reluctant to a stronger and extended protection. Viewing matters from another perspective, the US and other countries oppose the changes aiming at extending the protection. Instead, these countries have put forward a “joint proposal”, in which they propose a voluntary database for the registration of GIs.

The U.S. opposes an extended protection, as it is claimed that the success of its companies is jeopardized. Furthermore, the U.S. argues that the desire to retrieve the 41 GIs is merely a way for the EU to convey a monopoly on groups of European producers. Monopolies should be avoided, being undesirable per se, and they would also, in this case, convey unjustified (higher) income on the to-be monopolists in the EU.

Furthermore, a successful “claw back” itself would mean that currently generic words have to be protected as GIs. This would force innumerable producers outside the EU to undertake costly rebranding measures. Since the hitherto used GI no longer would be available to them, producers would have to come up with new ways of communicating their goods to consumers. Such rebranding, in addition to being costly, would plausibly cause much consumer confusion, leading to lower sales levels and reduced profit. The impacts on the market would be even worse if TRIPS Art 23 is extended to cover all GIs, since this would prevent the (presently fair) use of corrective labels.

4.3 Is the protection afforded efficient?

The debate regarding GI protection is clearly divided between countries desiring an enhanced protection, and countries wishing to maintain status quo. Interestingly, proponents of enhanced protection often protect GIs via a sui generis system (e.g. the EU), while countries taking the more reluctant approach often provide protection through trademark law (e.g. the U.S.).

Thus, the question whether the current level of protection is efficient will, most certainly, be answered differently by the two sides. Countries that support an extension of the protection...
evidently believe that maintaining status quo is unsatisfactory. This is the underlying reason for the proposal presented by the EU. By extending the applicability of TRIPS Art 23, and ascertaining protection for the 41 GIs mentioned in the list, GI protection will be made more efficient. Conversely, negative externalities such as free-riding, generalization and lost profits are unopposed under the present system. Furthermore, an enhanced protection will facilitate for producers in developing countries to market their goods internationally, and this is true also for niche market producers in developed countries. And by excluding free-riding possibilities, consumers will always be informed of the good’s geographical and commercial origin. Hereby they will also know which qualities, characteristics or reputation it represents.

On the other hand, arguments are raised against an extended protection. Clearly, countries representing this view consider the protection afforded by TRIPS and other existing international agreements to be sufficient. Therefore, producers of GI labeled goods are adequately enabled to benefit from the protection as it is, why an enhancement of it is undesirable. Furthermore, it is invoked that the GIs that the EU wants to retrieve are generic, and should therefore not be protected. If the “claw back” initiative is successful a vast array of producers will suffer huge costs for re-branding expenses, and re-branding itself creates consumer confusion. Finally, such an enhanced protection would benefit producers in the EU more than producers in other countries, and would in itself entail a barrier to trade.

The question whether the present protection for GIs is efficient is not easily answered; persuasive arguments can be found for either standpoint. However, developing countries show increased support for an enhanced protection, realizing that, for them, economic benefits are likely to follow from a stronger protection. Furthermore, GIs are to a significant extent protected also by bilateral trade agreements. The support developing countries show for the EU’s position, and the fragmented legal situation on GI protection indicate that the protection as such could probably be made more efficient.

5. GIs and Trademarks – synergies, conflicts and future development

GIs and trademarks are different IPRs, and cause both synergies and conflicts in international trade. The former is based on the collective, whereas the latter is individual. But in important respects, they also serve the same purposes – identifying to consumers the origin of the goods, and providing exclusivity for producers. This will be of great value also in the future. By constituting exclusivity rights, they prevent non-privileged producers from unfairly using the GI or trademark to the detriment of the rightholders.

Consumers today want to know the commercial and geographical origin of goods, in order to make informed purchasing decisions. A desire to buy goods of certain features has lead to a clear tendency among consumers to buy food and other good of particular origin. GIs function as guarantees for

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88 Supra, footnote 75.
89 Blakeney, 2001, p 652.
94 A contemporary example of these tendencies from Sweden is the advertisement for “Norsk torsk”, which means “Norwegian Salmon”. Hence, consumers are concisely informed of the salmon’s origin, and thus able to make an informed purchasing decision.
such desired features. In a future where consumers demand greater certainty of the origin of foodstuff and other goods, GIs will be indispensable.

However, in order for GIs to play this role in the international marketplace, the protection for them must, de jure condendo, be transparent, reliable, efficient and clear-cut. Therefore, an international system for their registration is desirable. An extended applicability of TRIPS Art 23 would enable producers to invest time, effort and money in actions for the monitoring of their rights. Thus, consumers’ desires for high-quality goods could be even better ensured.

Many countries seem to believe that the protection for GIs can be made more efficient, and the arguments on how to realize such desires have been presented above. In order to obtain a solution regarding GI protection that is acceptable for all parties, and thus sustainable, negotiations must take place on the multilateral level. Therefore it is important that the Doha Round is successfully concluded. The advantages of GIs will not be obtained unless a globally agreed, efficient and accepted scheme of protection is ensured.

Such a register would be even more beneficial, if it applied to all GIs, not only wines and spirits.
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