

UNCTAD-ICTSD Project on IPRs and Sustainable Development



# Geographical Indications

A Review of Proposals at the TRIPS Council: Extending Article 23 to Products other than Wines and Spirits

By **Dr. Dwijen Rangnekar** Senior Research Fellow, School of Public Policy, University College London



International Centre for Trade and Sustainable Development



Issue Paper No. 4

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For details on the activities of the Project and all available material, see <http://www.ictsd.org/iprsonline>

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## FOREWORD

The present paper dealing with Geographical Indications: A Review of Proposals at the TRIPS Council: Extending Article 23 to Products other than Wines and Spirits is one contribution of the joint UNCTAD-ICTSD Project on Intellectual Property Rights (IPRs) and Sustainable Development to the ongoing debate on the impact and relevance of intellectual property to development.

It consists of three broad parts. In the first part, the study provides an overview of the legal doctrines that frame and rationalise the protection of geographical indications (GIs), identifying the misleading use of indications and the dilution of an indication as the two main reasons for such protection.

The second part reviews the rules on GIs under the TRIPS Agreement. In this context, it clarifies the differences between some key terms, namely "geographical indication", "indication of source" and "appellation of origin". This part is completed by a comparative analysis of the different forms of protection offered under the TRIPS Agreement, highlighting the elevated level of protection conferred under Article 23 to GIs for wines and spirits, as opposed to the ordinary protection made available under Article 22 to GIs for all other goods.

The proposal to extend the additional protection under Article 23 to products other than wines and spirits has been sponsored by a group of WTO Members including both developing and developed (mostly European) countries. The developing countries included in this group of demandeurs are expecting economic benefits from the improved GIs protection of domestic or indigenous products. Other developing countries, sided by developed Members such as the US and Australia, have rejected any extension of protection, expressing concerns about limited access to export markets as a direct consequence of additional protection. Thus, the study shows that the question of GI extension cuts across a range of issues including protection of indigenous knowledge, sustainable development, and promotion of agri-rural development. The third part of the paper critically analyses the submissions to the TRIPS Council, where negotiations currently remain in a deadlock. It comes to the conclusion that further study, in particular with respect to the socio-economic consequences of GIs, is required before a final assessment of the economic value of GIs extension for developing countries can be made.

Intellectual property rights (IPRs) have never been more economically and politically important or controversial than they are today. Patents, copyrights, trademarks, industrial designs, integrated circuits and geographical indications are frequently mentioned in discussions and debates on such diverse topics as public health, food security, education, trade, industrial policy, traditional knowledge, biodiversity, biotechnology, the Internet, the entertainment and media industries. In a knowledge-based economy, there is no doubt that an understanding of IPRs is indispensable to informed policy making in all areas of human development.

Intellectual Property was until recently the domain of specialists and producers of intellectual property rights. The TRIPS Agreement concluded during the Uruguay Round negotiations has signalled a major shift in this regard. The incorporation of intellectual property rights into the multilateral trading system and its relationship with a wide area of key public policy issues has

elicited great concern over its pervasive role in people's lives and in society in general. Developing country members of the World Trade Organization (WTO) no longer have the policy options and flexibilities developed countries had in using IPRs to support their national development. But, TRIPS is not the end of the story. Significant new developments are taking place at the international, regional and bilateral level that build on and strengthen the minimum TRIPS standards through the progressive harmonisation of policies along standards of technologically advanced countries. The challenges ahead in designing and implementing IP-policy at the national and international levels are considerable.

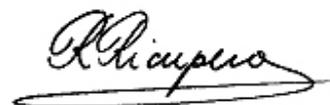
Empirical evidence on the role of IP protection in promoting innovation and growth in general remains limited and inconclusive. Conflicting views also persist on the impacts of IPRs in the development prospects. Some point out that, in a modern economy, the minimum standards laid down in TRIPS, will bring benefits to developing countries by creating the incentive structure necessary for knowledge generation and diffusion, technology transfer and private investment flows. Others stress that intellectual property, especially some of its elements, such as the patenting regime, will adversely affect the pursuit of sustainable development strategies by raising the prices of essential drugs to levels that are too high for the poor to afford; limiting the availability of educational materials for developing country school and university students; legitimising the piracy of traditional knowledge; and undermining the self-reliance of resource-poor farmers.

It is urgent, therefore, to ask the question: How can developing countries use IP tools to advance their development strategy? What are the key concerns surrounding the issues of IPR for developing countries? What are the specific difficulties they face in intellectual property negotiations? Is intellectual property directly relevant to sustainable development and to the achievement of agreed international development goals? Do they have the capacity, especially the least developed among them, to formulate their negotiating positions and become well-informed negotiating partners? These are essential questions that policy makers need to address in order to design IPR laws and policies that best meet the needs of their people and negotiate effectively in future agreements.

It is to address some of these questions that the joint UNCTAD-ICTSD Project on Intellectual Property and Sustainable Development was launched in July 2001. One central objective has been to facilitate the emergence of a critical mass of well-informed stakeholders in developing countries - including decision makers, negotiators but also the private sector and civil society - who will be able to define their own sustainable human development objectives in the field of IPRs and effectively advance them at the national and international levels.



Ricardo Meléndez-Ortiz  
ICTSD Executive Director



Rubens Ricupero  
UNCTAD Secretary General

## EXECUTIVE SUMMARY

Marks indicating the geographical origin of goods are the earliest types of trademarks and were established to differentiate goods that possessed some unique quality reflecting environmental factors or processing methods or manufacturing skills. These marks have strong geographical motifs that include the depiction of local animals (panda beer), landmarks (Mt. Fuji sake), buildings (Pisa silk), heraldic signs (fleur de lys butter) or well-known personalities (Mozart chocolate). Even while earlier multilateral treaties involving indications of geographical origin (IGOs) have existed, the TRIPS Agreement seeks to establish new standards and norms; it also introduces a new category of IPRs - geographical indications (GIs).

Our research demonstrates that a range of countries have protected GIs and that the European Communities (EC)<sup>1</sup> and their Member States possess the largest and most diverse portfolio of GIs (Box 1). However, unlike any other instrument of intellectual property protection in the TRIPS Agreement, *demandeurs* include developing countries and Eastern European countries (Box 2). These *demandeurs* seek to expand the scope of application of Article 23 to products other than wines and spirits and thus remove the hierarchy in the level of protection that currently exists in Section 3 of Part II of the TRIPS Agreement. This matter, widely referred to as GI-extension, cuts across a range of issues that include protection of indigenous knowledge, sustainable development, and promotion of agri-rural development.

This paper critically analyses the submissions to the TRIPS Council on GI-extension. The study begins with an overview of the legal doctrines that frame and rationalise the protection of GI. Here, we draw attention to the two central pillars, viz. protection against the misleading use of indications and protection against dilution of an indication. This is followed by a discussion of Section 3 (Part II) of the TRIPS Agreement. Here, we provide a brief overview of each article in Section 3. In addition, the discussion also analyses the definition of GIs (Article 22.1) and relates it to other IGOs like 'indication of source' and 'appellations of origin'. The analysis of Section 3 is completed by a comparative analysis of the protection offered under Article 22 with that provided by Article 23. It is this hierarchy in protection that forms the key basis for demanding GI-extension. The final section reviews the submissions to the TRIPS Council on GI-extension. Our analysis identifies and reviews three sets of issues: (a) the Uruguay Round balance, (b) the sufficiency or inadequacy of Article 22 and (c) the potential costs and implications of GI-extension.

## Doctrines for Protecting Indications of Geographical Origin

The rationale for protecting IGOs is found to be similar to that for other IPRs, in particular trademarks, and is based on the public good properties of knowledge/information and the harm resulting from 'free riding' on reputation. In the case of trademarks it is argued that

firms invest in establishing product standards and quality that through repeated purchases by (satisfied) consumers generates goodwill and reputation. The 'mark' on the good allow consumers to easily identify it. It thus follows that the accumulated goodwill of the firm should be protected from misappropriation, since 'free riding' on this reputation misleads consumers and is unfair competition. A similar rationale forms the legal foundation for protecting GIs; viz. protection against misleading use of IGOs and protection against dilution of IGOs.

Protection against the misleading use of IGOs reflects a consumer protection principle. Protection is offered against the use of the IGOs on products not originating in the geographical area to which the indication refers, where such use of the indication misleads the public. For the use of an indication to be considered misleading it must be the case that the public perceive the (original) IGO to refer to a certain geographical area. A variety of border measures exist in the Paris Convention for the Protection of Intellectual Property (henceforth, Paris Convention) to implement this doctrine. The Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods (henceforth, Madrid Agreement) broadens the scope of this doctrine to include 'deceptive' indications of source. The TRIPS Agreement implements the principle (i.e. false use of IGOs) in Article 22.2(a), and Article 22.4 provides for the case of 'deceptive' use of GIs. A higher level of protection for wines and spirits incorporating this doctrine exists in Article 23.1 where there is no need to establish the public is misled - instead, the indication cannot be used if the goods do not originate in the indicated geographical area.

Protection against the dilution of IGOs reflects a producer protection principle. Certain use of IGOs, which while not 'misleading the public', is considered as 'free riding' on the reputation of the products and constitutes acts of unfair competition. In the sense that the protected IGO is used in translated form, i.e. with additional information conveying the true origin of the product, e.g. 'Californian Chablis'. Under the Paris Convention such practices are protected against by the principle of unfair competition (Article 10bis). The Lisbon Agreement for the Protection of Appellations of Origin and their Registration (henceforth, Lisbon Agreement) makes stronger provisions by prohibiting the translated use of protected IGOs with terms such as 'kind', 'type', 'make' or 'imitation' even where the true origin of the product is indicated (Article 3). In the TRIPS Agreement, the above doctrine is provided for in two different articles. The provisions of the Paris Convention are to be found in Article 22.2(b). The provisions of the Lisbon Agreement are found in Article 23.1 - and thus apply only to wines and spirits. This may be a rare moment in the history of international protection of intellectual property where the scope of application of a succeeding multilateral agreement (TRIPS) is narrower than its predecessor (Lisbon).

## Defining Geographical Indications

The inclusion of GIs within the TRIPS Agreement is a reflection of the EC's negotiating success. This also draws attention to previous frustrated attempts at securing an international treaty on IGOs and the insufficiency of closely related IPRs, viz. 'indications of source' and 'appellations of origin'.

The term 'indications of source' is used in the Paris Convention (Articles 1[2] and 10) and the Madrid Agreement. Three key elements constitute the notion: (a) there is a clear link between the indication and geographical origin (e.g. 'made in ...') rather than any other criterion of origin (e.g. 'made by ...'); (b) unlike other IGOs, there is no requirement for distinguishing qualities or attributes of the good; (c) the protected indication can be constituted by words or phrases that directly indicate geographical origin or phrases, symbols or iconic emblems associated with the area of geographical origin.

The term 'appellations of origin' is found in the Paris Convention (article 1[2]) and defined in the Lisbon Agreement (Article 2). Three elements constitute the notion: (a) appellations must be direct geographical names; (b) the appellation must serve as a designation of geographical origin of the product; (c) quality and characteristics exhibited by the product must be essentially attributable to the designated area of geographical origin.

The definition for GIs is found in Article 22.1 TRIPS which also establishes the conditions for grant of protection. As noted earlier, three conditions must be met: (a) the indication must necessarily identify a good and can be non-geographical names, iconic symbols, words or phrases, (b) the good must necessarily possess 'given quality', or 'reputation' or 'other characteristics' that are 'essentially attributed' to the designated geographical area of origin; and (c) the designated geographical area must be identified by the indication.

Existing literature on GIs tend to agree that services are excluded from the scope of Section 3; yet Members may decide to go beyond the minimum TRIPS obligations and include services within their national GI laws - and some countries have done so (cf. Box 3). As the obligation is only for 'legal means' there exists wide diversity in the implementation of this Section. A WTO Secretariat survey focussing on GI-protection in 37 Member countries identified three broad options: laws focussing on business practices, trademark law and special means of protection (cf. IP/C/W/253). In jurisdictions where special means of protection exist, i.e. a *sui generis* law on GIs, the survey draws attention to wide diversity in the subject matter definition and in how the conditions for protection are actually set out. Thus, for example, as to the link between the good and its designated area of origin there are differences in the type of geographical units that constitute IGOs and how stipulations on the good (e.g. sourcing of raw materials from the area of origin, stages of production occurring in the area of origin) are implemented. Clearly, there are diverse legal means and different systems for implementing Section 3.

## The TRIPS Agreement and Geographical Indications

Section 3 of Part II of the TRIPS Agreement makes provisions for the protection of GIs. Like any other section of the TRIPS Agreement it begins with a subject matter definition which also set out the conditions for protection (Article 22.1). To qualify for protection, an indication must (i) identify the good and its area of geographical origin, (ii) possess a given quality, reputation or other characteristics, which (iii) is essentially attributable to its area of geographical origin.

Articles 22.2-22.4 establish the basic obligation for the protection of all GIs. Members must provide the "legal means for interested parties" to secure protection of their GIs. As the legal means are not specified, Members are free to determine the appropriate implementation mechanism (cf. Article 1.1). Under Article 22, protection is composed of three elements: (a) protection against the use of indications in a manner that might mislead or deceive the public, (b) protection against the use of indications in a manner that constitute acts of unfair competition, and (c) provisions for refusal or invalidation of trademarks that contain or consist of indications, where such may mislead the public.

Article 23 contains additional obligations for providing the 'legal means' for the protection of indications of wines and spirits. The additional protection offered to wines and spirits begins with Article 23.1 which borrows language from Article 3 of the Lisbon Agreement. Article 23.1 prohibits the use of GIs for wines and spirits "even where the true origin of the good is indicated or the geographical indication is used in translation or accompanied by expressions such as 'kind', 'type', 'style', 'imitation' or the like". Paralleling the provisions in Article 22, provisions exist for invalidation or refusal of trademarks that 'contain or consist' of GIs identifying wines or spirits (Article 23.2). Importantly, unlike Article 22.3, the use of the GI in a trademark does not have to be considered misleading for Article 23.2 to be invoked. The next provision in Article 23 relates specifically to homonymous indications where there is an obligation to "determine the practical conditions under which the homonymous indications in question will be differentiated from each other", while ensuring equitable treatment of producers and that consumers are not misled (Article 23.3). Finally, Article 23.4 obliges Members to enter into negotiations "concerning the establishment of a multilateral system of notification and registration" of GIs for wines to "facilitate" their protection.

A variety of commentators have noticed that the built-in agenda for further negotiations and review in this Section was the only possible outcome to overcome the deep conflicts that existed on GIs. The first provision for further negotiations relates to a multilateral register for GIs of wines (cf. Article 23.4, see above). Article 24.1 makes explicit provisions for further negotiations aimed at "increasing the protection of individual geographical indications under Article 23" and cautions Members from using the exceptions listed in Articles 24.4-24.8 as either an excuse to avoid negotiations or conclude bilateral or multilateral agreements. While

reference to Article 23 here has been understood to circumscribe the provisions to wines and spirits, some Members (i.e. *demandeurs*) consider this interpretation as ‘narrow’ and ‘legalistic’ and suggest the reference to Article 23 is not to the category of goods but to the means of protection. Article 24.2 instructs the TRIPS Council to maintain a ‘watchdog role’ over the operations of this Section, the first such review being within two years of the entry into force of the WTO Agreement. The Council has also been instructed to “take such action as may be agreed to facilitate the operation and further objectives of this Section”.

A series of exceptions are included in Article 24 that aim at balancing interests of GI-holders with those of the wider public and other users of indications. Article 24.3 is not an exception, but a standstill clause that seeks to preserve TRIPS-plus standards of protection that may have existed in some Member countries at the time the WTO Agreement came into force (1 January 1995). Article 24.4 is an exception related to GIs for wines and spirits that permits the “continued and similar use” of GIs for wines and spirits by those who have used that indication in a “*continuous* manner with regard to the *same or related* goods or services” in that territory for at least 10 years preceding 15 April 1994 or in good faith preceding that date. Article 24.5 is an exception relating to all GIs and aims to negotiate the relationship between trademarks and GIs, i.e. Articles 22.3 and 23.2. The exception states that a trademark acquired or registered in good faith either (a) before the date of application of the provisions of Section 3 or (b) before the GI in question has been protected in its country of origin should not prejudice the eligibility for or validity of registration of the trademark or the ‘right to use’ the trademark. Furthermore, Article 24.7 establishes a time limit (5 years) and a contingency (‘bad faith’) with respect to the exercising the right to invalidate or refuse registration of trademarks that consist of or contain an indication. Article 24.6 is an exception that concerns generic GIs across all goods and includes a specific application of this principle for ‘products of the vine’ (thus, including those spirits made from vine). The first part of Article 24.6 allows exceptions from obligations in Section 3 where a term is customary in common language as a common name for certain goods and services (e.g. ‘china’ for porcelain). The second part of Article 24.6 exempts Members from protecting indications that are identical with the ‘customary name’ of a grape variety in the territory at the date of entry into force of the WTO Agreement (e.g. Cabernet Sauvignon). Article 24.8 recognises the right of a person to use his/her name or the name of their predecessor in business in the course of trade. This right is circumscribed by requiring the name not to “mislead the public”. Article 24.9 is framed as a ‘dependency’ exception that exempts Members from protecting indications that are either not protected in their country of origin or those that cease to be protected in their country of origin or are in disuse.

## The Scope of Protection

A point repeatedly raised at the TRIPS Council by *demandeurs* for GI-extension is that Section 3, unlike any other part of the TRIPS Agreement, has a single subject matter definition

(Article 22.1) but makes provisions for a hierarchy in the scope of protection based on an arbitrary categorisation of goods. The hierarchy in Section 3 is more nuanced than often noted - in addition to the widely noted difference between Articles 22 and 23, there are additional provisions concerning wines exclusively (Articles 23.3 and 23.4).

Despite the differences in the level of protection, our research draws attention to some commonly shared features between Articles 22 and 23. These include the following: (a) particularly in jurisdictions that implement Section 3 through a *sui generis* mechanism (i.e. the EC), GIs are largely available as a public/collective right that is not vested in an individual firm, person or enterprise; (b) following from this, the scope of protection available does not include the right to license or assign a GI; (c) the domain of protection is also narrow in comparison to trademarks where 'confusingly similar marks' will be considered infringing; (d) the duration of protection tends to be without fixed limit as long as the GI remains in use and is not rendered generic; (e) as GIs cannot be licensed or assigned, it is imperative that the good originate in the designated area of geographical origin.

The scope of protection for GIs, whether under Article 22 or 23, consists of two elements, viz. protection against use of protected indications in a manner that misleads the public and protection against the use of indications in a manner that is unfair competition. In addition, there are provisions that influence the potential economic value of an indication, which we treat as part of the scope of protection. This includes provisions for invalidation or refusal of trademarks that contain or consist of indications, provisions concerning deceptive and homonymous indications and provisions for a multilateral register for the notification and registration of indications. The latter is restricted to wines and has been subsequently extended to include spirits. Differences in how these elements of the scope of protection are articulated in either Article 22 or Article 23 forms the central basis for demanding GI-extension.

The prohibition on the use of indications in a manner that misleads the public exists in Article 22.2(a). To invoke this Article, the holder of the infringed indication has to bear the burden of proof in establishing that consumers have been misled. Article 23.1 indirectly implements this principle by providing for stronger protection by directly prohibiting the use of indications for wines and spirits on wines and spirits that do not originate in the place indicated by the GI in question even where the true origin of the goods is indicated. Moreover, the translated use of indications for wines and spirits by phrases such as 'like', 'imitation', etc. is also strictly prohibited.

According to WIPO, for an action against the unauthorised use of a GI to be based on unfair competition to be successful, it must be that the indication has acquired distinctness within the relevant public and that damages or likelihood of damages will result from such use. As this principle will have to be applied in each jurisdiction where unauthorised use occurs, well-endowed association of commercially lucrative indications might be better placed in

actualising the economic potential of this element of the scope of protection. In contrast, under Article 23.1 an indication cannot be used in translated form thus constraining the scope of free-riding on an indication.

In general terms, Section 3 allows for refusal or invalidation of a trademark, which contains or consists of a GI when the said goods do not originate in the territory indicated. However, comparing Article 22.3 and 23.2 we note there are significant differences in the scope of these provisions: Article 22.3 has a requirement for the consumers to be misled, whereas Article 23.2 does not have this contingency. The relationship between trademarks and GIs is complex and unanswered questions remain. In particular, under what circumstance will a GI take precedence over a trademark and vice versa and it is also not clear whether the two can coexist (cf. Box 5).

A range of situations can be identified where indications are literally true but nonetheless their use is considered misleading. This may be the case with deceptive indications and/or homonymous indications. Article 22.4 makes provisions for protection against deceptive indications. The case for homonymous indications for (*only*) wines is quite similar. Article 23.3 envisages honest use of the indication by producers in each of the different countries and obliges each Member to “determine the practical conditions under which the homonymous indications in question will be differentiated from each other”, while ensuring equitable treatment of producers and that consumers are not misled.

Finally, Article 23.4 obliges Members to enter into negotiations on establishing a multilateral register for the notification and registration of GIs for wines to facilitate their protection. This provision was later extended to include spirits.

## GI-Extension: Analysing the TRIPS Council Debate

Using submissions to the TRIPS Council as datum (Box 6) the paper identifies three themes: (a) the ‘negotiating balance’ achieved at the time of the Uruguay Round, (b) insufficiency or adequacy of the scope of protection available under Article 22 (in contrast to Article 23), and (c) the potential impact of GI-extension on trade, consumers and TRIPS obligations. As such, the debate on GI-extension is not concerned with the definition of GIs (Article 22.1) but with the inherent hierarchy in the level of protection in Section 3. *Demandeurs* repeatedly draw attention to the unique feature of Section 3 where, unlike any other Section in the TRIPS Agreement, a single subject matter definition is complemented by a hierarchy in the scope of protection.

As for the first theme, *demandeurs* and those opposing GI-extension present a shared understanding that the different levels of protection within Section 3 is the result of a specific political and trade balance negotiated during the Uruguay Round. This leads to two questions: (a) is there any justification for maintaining the hierarchy in Section 3? and (b) is

there a juridical basis for negotiating GI-extension? Not surprisingly, *demandeurs* find no justification or rational basis for the different levels of protection in Section 3. Submissions by Members opposing GI-extension have tended to avoid this question. However in a recent submission they agree that “if the extension discussion were purely one of intellectual property policy, it would make sense to treat all products in the same manner legally” (IP/C/W/386, Paragraph 3). This is a crucial change which also brings the debate to bear on the interlinked nature of multilateral trade negotiations: any changes in the obligations under Section 3 will have to be balanced by concessions elsewhere.

Yet, while there is agreement that the hierarchy in the scope of protection has no rational justification, questions concerning the juridical basis for negotiating GI-extension remains. *Demandeurs* have presented a particular reading of Article 24.1 that invokes Article 24.2. They reason that “provisions of Article 24.1 are of general application to all products and the reference to Article 23 does not relate to products contained therein but to a means of additional protection to be provided” and a narrow, legalistic reading “would add to the imbalances already existing in Section 3 which is not consistent with the spirit and basic objectives of the TRIPS Agreement” (IP/C/W/204/Rev.1, paragraph 12). Those opposing GI-extension emphasise that there is no mandate for negotiations since Article 24.1 is explicitly focussed on “individual indications for wines and spirits”. This interpretation of Article 24.1 has wider currency and scholars note that this article reflects the EC’s aim of securing a multilateral register for indications of wines and spirits. In this respect, we note that the Doha Ministerial Declaration instructs the TRIPS Council to discuss ‘outstanding implementation issues’ as a matter of top priority and report back to the Trade Negotiation Council by the end of 2002. GI-extension exists as *Tiret 87* in the Compilation of Outstanding Implementation Issues.

The second theme concerns the hierarchy in the levels of protection in Section 3, which we analytically separate into two questions: (a) does Article 22 provide ‘effective’ protection? and (b) does Article 23 provide ‘absolute’ protection?

In terms of the first question, Members opposing GI-extension draw attention to available ‘legal means’ to register and enforce GIs as per the obligation in Article 22. Evidence of registered certification marks in the US adds weight to this point. These Members also note that there is a lack of evidence of the ineffectiveness of Article 22 or of concomitant economic loss. *Demandeurs* have a different take on the ‘effectiveness’ of Article 22 where they highlight the ever-present problem of free-riding and the resulting risk of a GI being rendered generic. These claims are closely related to the ‘undue burden faced in enforcing GI-protection’ in contrast to Article 23. In particular, establishing either that the public has been misled or that certain acts constitute unfair competition place a significantly higher threshold. Members opposing GI-extension suggest that the threat of GIs being rendered generic is “overstated” and that “free and fair imitation of the product often enhances the intrinsic value (and premium) of the genuine GI” (IP/C/W/289, pp5-6). This line of argument

has been considered “dangerous” when “applied to other fields of intellectual property rights. There is no valid argument why it should be different for geographical indications” (IP/C/W/308/Rev.1, para 18).

Importantly, all Members recognise the hierarchy in protection and that Article 23 allows for a higher level of protection. Here, Members opposing GI-extension enter the debate to caution *demandeurs* that protection under Article 23 is not ‘absolute’ as often characterised. As such, some goods may not satisfy the conditions for grant of protection and/or many may be exempt from protection in third countries on the basis of exceptions in Article 24. In contrast, *demandeurs* have focussed on the ‘burden of proof’ difference between Articles 22 and 23; noting that invoking Article 23 requires a proof of the geographical origin of the good. They conclude that Article 23 is more effective, easier to access and cheaper to actualise. Reviewing the different submissions, we feel that the debate at the TRIPS Council would benefit by moving beyond these issues and seeking substantive evidence of the comparative working of Articles 22 and 23.

The third theme relates to the potential costs of GI-extension and involves the administrative burden of GI-extension, costs associated with consumer confusion and costs on account of trade and production disruption. We consider the questions raised here as substantive. More so because, as Members opposing GI-extension state, “like any re-balancing of TRIPS rights and obligations - would involve certain costs and shifts in burdens among Members” (IP/C/W/189, p6).

Members opposing GI-extension suggest that GI-extension “could have a considerable burden” in light of the “hundreds of domestic geographical indications” that some Members (read EC and its Member States) seek to protect - a burden that may disproportionately impact developing countries (IP/C/W/289, p7). While the latter point (i.e. disproportionate burden on developing countries) is not directly addressed by *demandeurs*, they make three points: (a) Article 23 only requires providing the ‘legal means’, an obligation similar to Article 22, (b) the demand is for a change in the product coverage of Article 23 and (c) Article 23 protection would lower the legal costs of securing GI-protection. As far as implementation costs are concerned, the following points need to be noted: (a) expanding the product coverage of Article 23 will entail some static costs; (b) the level and frequency of use of GIs is relatively limited compared to any other IPRs; (c) the burden for enforcing GI-protection falls disproportionately on the right-holder. It is difficult to assess how these different costs and benefits weigh up, particularly since none of the submissions at the TRIPS Council provide quantitative evidence.

It is suggested that GI-extension will result in the “disappearance of terms customarily used to identify products” which “will increase search and transaction costs for consumers, at least in the short to medium term” (IP/C/W/289, page 7). *Demandeurs* note that only those labels will change that are considered infringing and not within the scope of exemptions under

Article 24. The consumer confusion on account of new labels will be a short-term disruption and effective marketing and promotion by 'right-full holders' of GIs could ease the adjustment process.

Even while Members opposing GI-extension recognise the commercial importance of distinctive marks (cf. IP/C/W/211), they emphasise the trade disruption that will follow GI-extension since there will be some market closure. We note that this problem cuts across the traditional North-South divide and concerns an Old World-New World relationship. *Demandeurs* do not dismiss these possibilities but state that they are limited by the exceptions under Article 24. Moreover, they reason that GIs, like any other IPRs, are predicated on the objective of preventing misuse, usurpation and 'free-riding'. No doubt changes in the coverage of Article 23 will lead to trade disruption and *narrowing* market access for those producers who have been free-riding on reputable indications. This result is similar to that achieved in other areas of IPRs, though with an important difference: producers in locations outside the designated geographical area can still produce and sell the good in question - naturally without the use of the protected indication.

## Conclusion

The debate on GI-extension at the TRIPS Council is unlike most other debates at the TRIPS Council in that *demandeurs* include developing countries and former Eastern European bloc countries. The debate also brings into the spotlight the strange feature of Section 3 where a single definition of subject matter is followed by a hierarchy in the level of protection. Importantly, as our review notes, all parties agree that the hierarchy in protection has no legal or rational basis. Despite this acceptance strong differences continue to exist on GI-extension. However, the differences are in part a reflection of the nature of trade negotiations: what concessions are to be gained by giving in on the issue of GI-extension. Keeping this in mind, it is important for each *demandeur* to review the benefits of GI-extension.

The TRIPS Council remains in a deadlock on GI-extension, having failed to report back to the Trade Negotiating Council by December 2002 as instructed by the Doha Ministerial. Moreover, more recent submissions on the issue have failed to tread new ground on the issue. Our research suggests three areas for further study that would help inform the deliberations at the TRIPS Council. First, systematic economic and statistical research on GI-protection is urgently required. Second, *demandeurs* need to review the economic value of GI-extension, both in terms of the range of potential goods, the appropriate legal system to fulfil the obligation and the strategies to promote the commercialisation of GIs. Third, any substantive economic and statistical analysis of GI-extension cannot be blind to the political reality of multilateral negotiations; thus the study should acknowledge and assess the concessions to be granted elsewhere in exchange for agreement on GI-extension and the burden associated with protecting indications of other Member countries.

## 1. INTRODUCTION

Indications of geographical origin (IGOs)<sup>2</sup> have been historically recognised and used as an instrument for securing the link between quality and other aspects of a good and its region of geographical origin. The connection between good and region, especially when the former is distinct with respect to similar goods, allows producers of such goods to adopt strategies of niche marketing and product differentiation. Marks indicating the geographical origin of goods are the earliest types of trademarks and were established to differentiate goods that possessed some unique quality either because of environmental factors, processing methods or manufacturing skills (Blakeney 2001). Early evidence in the 12<sup>th</sup> century of the use of IGOs and seals of quality exist in the form of indications of city-origin

by tapestry manufacturers from central Europe and clothiers in England. Equally, the colonial trade in spices and exotic commodities reflects an awareness of the link between a good and its region of geographical origin. Thus, a variety of goods were traded under marks that indicated their geographical origin either through the depiction of local animals (panda beer), landmarks (Mt. Fuji sake), buildings (Pisa silk), heraldic signs (fleur de lys butter) or well-known personalities (Mozart chocolate) (Blakeney, op cit).

Even while earlier multilateral treaties involving IGOs have existed, the TRIPS Agreement seeks to establish new standards and norms; it also introduces a new category of IPRs - geographical indications (GIs).

### *Box 1: Examples of protected Geographical Indications*

During the December 1998 TRIPS Council meeting the following were some geographical indications noted as protected in the respective territories of the countries listed below:

- **Bulgaria:** Bulgarian yoghurt, Traminer from Khan Kroum (wine), Merlou from Sakar (wine)
- **Canada:** Canadian Rye Whisky, Canadian Whisky, Fraser Valley, Okanagan Valley, Similkameen Valley, Vancouver Island
- **Czech Republic:** Pilsen and Budweis (beers), various vines, liqueurs, Saaz hops, Auscha hops, Jablonec jewellery, Bohemia crystal, Vamberk lace
- **European Communities:** Champagne, Sherry, Porto, Chianti, Samos, Rheinhessen, Moselle Luxembourgeoise, Mittleburgenland (all wines); Cognac, Brandy de Jerez, Grappa di Barolo, Berliner Kümmel, Genièvre Flandres Artois, Scotch Whisky, Irish Whiskey, Tsikoudia (from Crete) (all spirits); and a range of other products, such as Newcastle brown ale, Scottish beef, Orkney beef, Orkney lamb, Jersey Royal potatoes, Cornish Clotted Cream, Cabrales, Roquefort, Gorgonzola, Aziete de Moura, Olive de Kalamata, Opperdoezer Ronde, Wachauer Marille, Danablu, Lübecker Marzipan, Svecia, Queijo do Pico, Coquille Saint-Jacques des Côtes-d'Amour, Jamón de Huelva, Lammefjordsgulerod
- **Hungary:** Eger (wine), Szatrademarkar (plum)
- **Liechtenstein:** Malbuner (meat products), Balzer (Hi-tech products)
- **Slovak Republic:** Korytnická minerálna voda (mineral water), Karpatská perla (wine), Modranská majolika (hand-painted pottery), Piešťanské bahno (healing mud)
- **United States:** Idaho, (potatoes and onions), Real California Cheese, Napa Valley Reserve (still and sparkling wines), Pride of New York (agricultural products), Ohio River Valley (viticulture area)

Source: WTO News - 1998 News Items ([www.wto.org](http://www.wto.org))

The EC and its Member States have a large and diverse portfolio of protected GIs (Box 1), which might now total over 6000 indications. No doubt, as any historiography of the negotiations of the TRIPS Agreement demonstrates, the EC has been most active in seeking the inclusion of GIs within TRIPS. Yet, other countries have also used GIs (Box 1). Moreover, probably

unlike any other intellectual property right in TRIPS, *demandeurs* include developing countries and former Eastern European countries (Box 2)<sup>3</sup>. These *demandeurs* seek to expand the scope of application of Article 23 to products other than wines and spirits and thus remove the hierarchy in the level of protection that currently exists in Section 3 of the TRIPS Agreement<sup>4</sup>. No doubt,

there are conflicting views on the merits of GI-extension and on the legal basis for negotiating GI-extension. Symptomatic of these differences has been the divergent response of countries to the Doha Declaration (see Anon. 2001; Grazioli, 2002; Rangnekar, 2002; Williams, 2002 for a lively discussion).

*Box 2: GI-extension proposals for the Seattle Ministerial*

A variety of Member countries made specific recommendations on GI-extension during preparation for the 1999 Seattle Ministerial. Below is a sample of some of these recommendations from a selection of Member countries<sup>a</sup>.

- **Czech Republic (WT/GC/W/206):** work on expanding the scope of Article 23 should continue and be completed within a given time-period.
- **Cuba et al. (WT/GC/W/208):** general recommendation that additional protection be extended to products other than wines and spirits.
- **India (WT/GC/W/225):** additional protection under Article 23 be extended to products other than wines and spirits
- **Turkey (WT/GC/W/249):** recognising that GI-extension would play an important role for the development of local producers and industries concerned, recommends that the General Council submit a recommendation to the 3rd Ministerial to extend the coverage of Article 23 to products other than wines and spirits
- **Kenya (WT/GC/W/302):** noting that the Singapore Ministerial accepted the inclusion of spirits within the scope of negotiations under Article 23.4, it recommends that negotiations under Article 23.4 be extended to other product groups (viz. handicrafts and agri-food products)

Source: Member country submissions to the WTO (as indicated)

<sup>a</sup>The list of demandeurs has expanded considerably since the Seattle Ministerial. For a more recent overview of those Members proposing GI extension, see the Communication from Switzerland to the Doha Ministerial Conference, dated 14 November 2001 (WT/MIN(01)/W/11).

The debate on GI-extension cuts across a range of issues that include protection of indigenous knowledge, sustainable development, consumer protection, product labelling and promotion of agri-rural development to name a few. In addition, there exists the usual issue of tradeoffs between securing GI-extension in exchange for concessions in other areas and the balance between costs and benefits with respect to GI-extension. Some of these issues have figured in the debate at the TRIPS Council. For example, some delegates (e.g. Bulgaria and Hungary) have predicated movement on agriculture on achieving GI-extension (Rangnekar, 2002).

This paper critically analyses the submissions to the TRIPS Council on GI-extension. This study begins with an overview of the legal doctrines that frame and rationalise the protection of GI. Here, we draw attention to the two central pillars, viz. protection against the misleading use of indications and protection against dilution of an indication. This is followed by a discussion of Section 3 of the TRIPS Agreement. Here, we provide a brief overview of each article in Section 3. In addition, the discussion also analyses the definition of GIs (Article 22.1) and relates it to other IGOs like 'indication of source' and 'appellations or origin'. The analysis of Section 3 is completed by a comparative analysis of the protection offered under Article 22 with that provided by Article 23. It is this hierarchy in protection that forms the key basis for demanding GI-extension. The final section reviews the submissions to Council for TRIPS on GI-extension. Our analysis identifies three sets of issues: (a) the Uruguay Round balance, (b) the sufficiency or inadequacy of Article 22 and (c) the potential costs and implications of GI-extension. A conclusion sums up the paper and identifies a series of questions that remain unanswered by the current debate at the TRIPS Council.

## 2. DOCTRINES FOR PROTECTING INDICATIONS OF GEOGRAPHICAL ORIGINS

It is useful to consider some of the rationales and principles that provide the legal and public policy foundation for the protection of IGOs. Like other instruments of IPRs included within the TRIPS Agreement, such as patents, trademarks and copyright, the fundamental rationale for protection is a mix reflecting the public good properties of knowledge/information and the harm resulting from 'free riding' on reputation. IGOs share many features with trademarks; hence it is useful to consider the rationale for protecting trademarks.<sup>5</sup> In the case of trademarks it is argued that firms invest in establishing product standards and quality that through repeated purchases by (satisfied) consumers generates goodwill and reputation. The 'mark' on the good allow consumers to easily identify it, since in the mind of the consumer 'mark' and 'quality' of the good are strongly associated. It thus follows that the accumulated goodwill of the firm should be protected from misappropriation, as suggested in the following quote,

"Trademarks allow consumers to identify the products of companies that have satisfied them in the past. Thus, a trademark becomes an asset of the firm, embodying its accumulated goodwill. When governments grant firms exclusive property rights to their marks, they protect firms' investments. Without such protection, firms would find it difficult to appropriate the benefits from maintaining the quality of their products and would have less incentive to do so." (Grossman and Shapiro, 1988a, p60)

The misappropriation of trademarks through the production of counterfeit goods is said to harm the reputation of a firm and dilute their market power<sup>6</sup>. This is easily apparent in the context of 'status goods', viz. goods that are associated with prestige because of

their label. The presence of counterfeit goods in the market for 'status goods' is striking in that purchasers are not necessarily deceived into purchasing a counterfeit, as they may knowingly purchase the fake so as to deceive observers who are duly (though mistakenly) impressed. Moreover, the counterfeit product, which may or may not be of quality comparable to the original, allows some consumers to purchase the 'status' associated with the label without having to pay the premium price associated with the original. The wider consumption and display of the status good dilutes the 'snob value' of the label. Moreover, the original firm also has to confront price-competition from the counterfeit producer.

It is with the above background that the rationale for and the legal foundation of protecting IGOs can be addressed. A useful starting point is the following quote,

"Geographical indications are understood by consumers to denote the origin and the quality of products. Many of them have acquired valuable reputations which, if not adequately protected, may be misrepresented by dishonest commercial operators. False use of geographical indications by unauthorised parties is detrimental to consumers and legitimate producers. The former are deceived and led into believing to buy a genuine product with specific qualities and characteristics, while they in fact get a worthless imitation. The latter suffer damage because valuable business is taken away from them and the established reputation for their products is damaged." (WIPO - International Bureau, 2002)

Identifiable in the above quote are two doctrines that form the legal infrastructure for the protection of IGOs:

### *Protection Against Misleading Use of IGOs*

This principle expresses a consumer protection element. Protection is offered against the use of the IGOs on products not originating in the geographical area to which the indication refers, where such use of the indication misleads the public. For the use of an indication to be considered 'false' - and hence mislead the public - it must be the case that the public perceive the (original) IGO to refer to a certain geographical

area<sup>7</sup>. Naturally, denominations which have become generic do not meet this requirement. Under the Paris Convention<sup>8</sup> this principle, which equally applies to appellations of origin and indications of source (Escudero, 2001, p9), is applied in instances where the denomination may be either 'directly' (i.e. explicit words) indicated or 'indirectly' (i.e. symbols and emblems) imputed (cf. article 10). A variety of border

measures exist in the Paris Convention to implement this doctrine. The Madrid Agreement<sup>9</sup> broadens the scope of this doctrine to include 'deceptive' indications of source<sup>10</sup>. Deceptive indications are those that are literally true, but nevertheless misleading:

"... where two geographical areas, possibly in two different countries, have the same denomination but only one of them so far has been used for the purposes of an indication of source for certain products, and such indication is used for products originating from the other geographical area in a way that the public believes that the products originate from the first area ... then such use is considered as a deceptive use because the public believes that the products originate

#### *Protection Against Dilution of IGOs*

This principle expresses a producer-protection ethos and introduces elements of unfair competition.

There might be other uses of IGOs, which while not 'misleading the public', are considered as 'free riding' on the reputation of the products. In the sense that the protected denomination is used in translated form, i.e. with additional information to convey the true origin of the product, e.g. 'Californian Chablis' (Dutfield, 2000 for a discussion). This 'free riding' is considered to be against the ethics of honest commercial activity and is said to dilute the reputation of the product. Under the Paris Convention, such practices are protected against by the principle of unfair competition (Article 10*bis*). The Lisbon Agreement<sup>11</sup>, in comparison to either the Paris Convention or the Madrid Agreement, makes stronger provisions for the implementation of this doctrine in Article 3, viz.

from the geographical area for which the indication traditionally has been used." (Baeumer, 1999, p17)

Protection against the false and misleading use of GIs is provided in the TRIPS Agreement through Article 22.2(a), and Article 22.4 provides for the case of 'deceptive' use of GIs. A higher level of protection for wines and spirits incorporating this doctrine exists in Article 23.1 where there is no need to establish the public is misled - instead, the indication cannot be used if the goods do not originate in the indicated geographical area (cf. Section 3.3).

"Protection shall be ensured against the 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."

In the TRIPS Agreement, the above doctrine is provided for in two different articles. The provisions of the Paris Convention are to be found in Article 22.2(b). The provisions of the Lisbon Agreement are found in Article 23.1 (cf. Section 3.3). While Article 3 of the Lisbon Agreement is *not* circumscribed to any specific group of products, Article 23.1 of the TRIPS Agreement explicitly applies to only wines and spirits. This difference may be a rare moment in the history of international protection of intellectual property where the scope of application of a succeeding multilateral agreement is narrower than its predecessor.

## 3. THE TRIPS AGREEMENT AND GEOGRAPHICAL INDICATIONS

### 3.1 Defining Geographical Indications

GIs entered into international intellectual property law with its inclusion in the TRIPS Agreement - reflecting in great measure, if not entirely, the negotiating success of the European Communities (EC) and its member states. The interest of the EC and its member states in including GIs within TRIPS reflects their frustrated attempts in securing an international treaty on IGOs through the WIPO<sup>12</sup>. Notable are the following events:

- *Lisbon Conference for the Revision of the Paris Convention (1958)*

While the Paris Convention has border measures to protect indications and appellations, the provisions are weak and do not cover misleading or deceptive indications. An attempt to change the situation was advanced at the 1958 Conference, where the proposal was to include the word 'origin' in Article 10*bis* (cf. Box 4 for the definition). This would have made explicit the application of principles of unfair competition on IGOs. However, these attempts were defeated by one vote - the vote of the US (Conrad, 1996)<sup>13</sup>.

- *WIPO preparations for a new multilateral treaty on GIs (1974-75)*

In 1974, WIPO's Committee of Experts developed a draft treaty for the international protection of GIs<sup>14</sup>. This draft became part of the basic proposal for the revision of the Paris Convention and was provisionally numbered Article 10quarter. The objective of the treaty was to merge the pre-existing notions indications of source and appellations of origin within the new notion of GIs. As the Diplomatic Conference for the Revision of the Paris Convention did not conclude, the efforts to include GIs within the Paris Convention remain unfulfilled. In 1975, WIPO also produced a Model Law on GIs for adoption by developing countries (Blakeney, 2001).

- *WIPO's Committee of Experts on Geographical Indications (1990s)*

In 1990, WIPO's Committee of Experts on the International Protection of Geographical Indications revived its efforts for a treaty. Strong disagreement between different delegates stalled any substantive debate and eventually led to the suspension of any further deliberations.

These are but some of the events that preceded the inclusion of GIs in the TRIPS Agreement. Given the evident links between development at TRIPS and earlier treaties, it is imperative that we discuss notions of IGOs that pre-existed the TRIPS Agreement. Here, of particular importance are notions like 'indication of source' and 'appellation of origin'.

The term 'indications of source' is used in the Paris Convention (articles 1[2] and 10) and the Madrid Agreement, though there is no specific definition available in either of the two treaties. However, a clarification of the notion is available in 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."

Two elements of the notion have been identified in the literature (Baeumer, 1999; Hopperger, 2000; WIPO - International Bureau, 2001b) and we suggest a third element. First, there is a clear emphasis on the link between the 'indication' and the 'geographical origin' of the product. In the sense, the emphasis is on the area of geographical origin, i.e. through an indication like 'made in ...', rather than any other criterion of origin, such as say the manufacturing enterprise producing the product. Second, particularly in comparison to other IGOs, there is no suggestion that the qualities or characteristics of the products are derived from or essentially attributed to the place of geographical origin. In addition, according to this commentator, a third element to the notion is identifiable, which has been incorporated into the notion of GIs (see below). An indication of source may be either constituted by words or phrases that directly indicate the geographic origin of the product or be implied indirectly through symbols, emblems or words/phrases associated with the geographical area of origin.

'Appellations of origin' is a term used in the Paris Convention (article 1[2]) and is defined in Article 2 of the Lisbon Agreement,

"(1)... 'appellations 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."

Three elements are identifiable in the above definition: (a) the appellation must be a direct geographical name of either the country, the region or the locality; which consequently excludes non-geographical and indirectly imputed geographical appellations, (b) the appellation must serve as a designation of geographical origin for the product and (c) finally, the 'quality and characteristics' exhibited by the product must be essentially/exclusively attributable to the designated area of geographical origin. Relative to the Madrid Agreement, these conditions for qualifying appellations are higher, thus narrowing the range of feasible indications. Examples of protected appellations under the Lisbon Agreement include 'Bordeaux' for wine, 'Noix de Grenoble' for nuts, 'Tequila' for spirit drinks and 'Jaffa' for oranges (WIPO - International Bureau, 2001b).

It is with this background that an assessment of the GI definition proposed in TRIPS can be conducted. The relevant definition is provided in Article 22.1,

"... 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."

Three elements to the definition of GIs in Article 22.1 are identifiable, which constitute the conditions for the grant of protection<sup>15</sup>.

1. *The indication must necessarily identify a good.* The indication can take the form of a word/phrase or be an iconic symbol or emblem. Thus, iconic symbols like the Pyramids for Egyptian goods, the Taj Mahal for Indian goods, or the Statue of Liberty for American goods are permissible. Further, as there is no requirement for the indication to be a *direct* geographical name, non-geographical indications are permitted. This aspect of the TRIPS definition has not been missed by legislators in India where interest in protecting an indication like 'Basmati' exists<sup>16</sup>. Finally, the use of the term 'goods', rather than 'products', would suggest that services are excluded from the Section 3 (Box 3).
2. *The good must necessarily possess 'given quality', a 'reputation' or 'other characteristics' that are 'essentially attributable' to the designated geographical area of origin*<sup>17</sup>. What is important here is that, *ceterius paribus*, each one of these qualifiers is on its own an adequate condition for the grant of protection.
3. *It is necessary for the designated geographical area to be identified in some manner through the indication-good link.* This would require a level of homogeneity (across goods and manufacturing units) in the distinguishing features (quality etc.) of the good to be achieved across the designated geographical area. Moreover, according to one commentator the definition requires the goods to originate in the territory, region or locality, which would deny possibility of issuing licenses for use of GIs.

Comparing the three definitions<sup>18</sup> we note that indications of source would be the broadest category as it has the lowest threshold for grant of protection. Neither are there any requirements for the good to exhibit characteristics nor are there any qualifiers with respect to the permissible denominations. In contrast,

appellations of origin is considered to be the narrowest of the three notions since it requires the denomination to be direct geographical names and has a qualifier for product characteristics. To elaborate, the following three points are pertinent:

### *Box 3: Can Services be Included under a GI Law?*

The possibility of including services within the ambit of Section 3, Part II of TRIPS, raises a series of questions. For example, does the term 'good' include or imply services? Can the references to 'services' in Articles 24.4 and 24.6 allow an interpretation that the definition in Article 22.1 encompasses services? Finally, can services fit into the model of GIs that has traditionally been dedicated to goods?

A close look at proposals for the TRIPS Agreement during the Uruguay Round finds that the preferred term in this Section was 'product' (cf. EC proposal (MTN.GNG.NG11/W/68 of 29 March 1990), article 19; Argentina et al.'s proposal (MTN.NGN.NG11/W/71 of 14 May 1990), article 9). The Unified Proposal of 23 July 1990 (MTN.NGN.NG11/W/76) placed 'services' within brackets. It is in the Brussels draft (MTN.TNC/35/Rev.1 of 3 December 1990) that the term 'good' replaces 'product' with the simultaneous removal of the bracketed term services. Hence, we infer that if services were to be included within the ambit of Section 3, the drafters would have clearly stated the same - particularly given the intense debate. Moreover, it is rare to find legal commentary that understands Article 22.1 to include services. Here the conclusive dismissal by Gervais (1998, p125, emphasis in original) is telling: "Finally, Article 22 does not apply to *services*".

Too much should not be read into the references to services in Articles 24.4 and 24.6. The former is a safeguard to allow the use of an indication with respect to goods and services - pending the outcome of negotiations - that have been in continuous use either (a) for 10 years preceding the signing of the Marrakech Agreement or (b) in good faith preceding that date. The reference to services is understood to refer to practices of advertising a service/good by using a reputable indication, such as the 'Champagne of catering services'. Article 24.6 is an exception aimed at allowing the continued use of indications protected in a third country in situations where the indication is considered customary in the common language as common name for certain goods or services. These exceptions aim at 'grandfathering' the use of indications in a manner that would otherwise be considered infringing. It is difficult to interpret the use of the term 'services' in Articles 24.4 and 24.6 as allowing the inclusion of services within the scope of the definition in Article 22.1.

Finally, the inclusion of services within the ambit of Article 22.1 raises a number of wider questions. No doubt, there are a range of services which on *prima facie* evidence fulfil the fundamental definitional requirements of a GI, such as health services, spas and traditional healing methods. To be included as a GI, a service will necessarily have to meet the conditions for protection, which require a clear link between place of origin and the service. In each of these cases a technique and/or quality of service or workmanship can be considered as essentially attributable to its region of geographical origin. However, consider the possibility of the service being dispensed in another location or for that matter the telecommunication interface between service provider and purchaser. Moreover, if the distinctiveness of a service is on the basis of location-specific skills, would the possibility of training personnel and relocating them outside the region of geographical origin undermine the fundamental rationale of GIs?

To conclude, we find that the inclusion of services was decidedly not the intention of the drafters of the TRIPS Agreement. Moreover, the possibility of including services within the ambit of Article 22.1 remains problematic. Yet, nothing in the Agreement prohibits Members from going beyond the minimum obligations set out in Section 3 and thereby include services in their national legislation. Some countries already protect services as GIs, viz. Liechtenstein, Peru and Switzerland (IP/C/W/253).

Note: Uruguay Round negotiating documents concerning the TRIPS Agreement were accessed from Gervais (1998).

1. GIs under TRIPS refers explicitly to 'indications which identify a *good*', whereas earlier treaties (viz. Madrid and Lisbon Agreements) focus on *products*. This difference between 'goods' and 'products' have implications on the subject matter protected, i.e. whether services are included or excluded (cf. Box 3).
2. GIs are indications pointing to the 'geographical origin' of a product to a given country, region or locality, whereas appellations of origin must necessarily be geographical names of countries, regions or localities<sup>19</sup>. Thus, not only iconic symbols but also script or language that imputes geographical origin are permissible. Finally, as noted above, GIs can be denominations that are not 'direct geographical names' (such as Basmati).
3. 'Reputation' is an additional element along with 'given quality' and 'other characteristics' to constitute the notion of GI. This goes beyond the Lisbon Agreement's exclusive focus on 'quality and characteristics' of a product<sup>20</sup>. In other words, under the TRIPS Agreement, 'reputation', 'quality' and 'other characteristics' are each in their own right a sufficient condition, *ceteris paribus*, for the grant of a GI. Consequently, goods having a certain 'reputation' but no specific quality attributable to their place of origin would remain outside the remit of appellations of origin, but would fulfil the TRIPS definition.

Naturally, questions arise as to how the definition is translated into regulation and practice. It has been noted that, in comparison to other TRIPS-obligations, GI-implementation has occurred in the most diverse and uncoordinated manner (Watal, 2001, p264). This lack of harmony undermines the Agreement's general objective of establishing a predictable multilateral system of rules and disciplines protecting IPRs treaty and the desire to promote effective and adequate protection of IPRs (cf. Preamble to the TRIPS Agreement)<sup>21</sup>. The only comprehensive information on the implementation of the obligation concerning GIs exists in the WTO Secretariat's (2001) review under Article 24.2 (IP/C/W/253). This review covered 37 countries - most of which are developed countries and a few being economies in transition. (See Table 1). Due to the small number of countries covered, questions may be raised on the representativeness of the survey. Moreover, the absence of developing countries is notable. Finally, information collated by the Secretariat through responses by Member countries appears to be incomplete. For example, in Andean Pact countries

(Ecuador, Peru and Venezuela in Table 1) the legal means for protecting IGOs include collective marks and table 1 does not reflect this reality.

Section 3 only obliges Members to provide the 'legal means for interested parties' to secure their rights. As the legal means are not specified, Members are free to determine the most appropriate legal means. The Secretariat survey is a useful resource in identifying alternative legal means to fulfil this obligation, where the following three categories appear to be standard practice:

- *Laws focussing on business practices*

Under this category no specific provision for protection of IGOs is made available. Instead, indirect protection is offered through provisions that prohibit certain business practices that involve IGOs, such as consumer protection and unfair competition. In some instances reference is also made to provisions of common law, e.g. passing off. Briefly, the essence of provisions under this category is "not whether the IGO as such is eligible for protection but whether a specific act involving the use of an IGO has contravened the general standards contained in the law relating to unfair competition, consumer protection, trade description, food standards, etc." (IP/C/W/253, para 11).

- *Trademark law*

Provisions under this category fall into two broad groups, one concerns protection against registration and use of IGOs as trademarks and the other concerns protection of IGOs against unauthorised use. Through the former, protection is offered against the registration of trademarks that contain or consist of IGOs which may mislead or confuse consumers as to the geographical origin of the product. The latter group of provisions allow for the protection of IGOs as collective, certification or guarantee marks, which protect against unauthorised use by third parties. Interestingly, evidence exists of 'individual trademarks' as fulfilling the role of an IGO where only one enterprise producing the good in question exists (e.g. an enterprise controlling a natural resource like mineral springs).

- *Special means of protection*

Included within this category are legal means that are either dedicated to the protection of IGOs and those provisions for special protection of IGOs within other laws (e.g. trademarks, marketing and labelling laws). It has been observed that dedicated IGO laws tend to provide stronger protection.

Table 1: The Legal Means for the Protection of Indications of Geographical Origin

Member	Laws Focusing on Business Practices <sup>a</sup>			Trademark Law			Special Protection	
	Focus on Unfairness vis-à-vis Competitors	Focus on Misleading of Consumers	Protection against Passing Off	Protection against Registration Trademarks		Collective Certification Guarantee Marks	Prior Recognition Requirement <sup>c</sup>	
				Any IGO	Certain IGOs <sup>b</sup>		No	Yes
Australia	x	x	x	x	x		x	x
Bulgaria	x	x			x			x
Canada	x	x	x		x			x
Czech Rep.	x	x	x	x	x			x
Ecuador	x	x				x <sup>e, 22</sup>		x
EC/MS <sup>d</sup>	x	x		x	x			x
Austria	x			x	x			x
Belgium	x	x		x	x			x
Denmark	x	x		x	x	x		
Finland	x	x		x	x			
France	x	x		x	x			x
Germany	x	x		x		x	x	x
Greece				x	x			
Ireland				x	x			
Italy					x			x
Luxembourg	x	x		x	x			
Netherlands	x	x		x	i	x	?	
Portugal	x				x			x
Spain		x		x	x			x
Sweden		x			x	x	x	
UK		x	x	x	x	x		x
Hong Kong,		x	x	x		x		
Hungary	x			x	x			x
Iceland	x?	x		x	x			
Japan	x			x	x			x
Korea	x	x		x	x		x	x
Liechtenstein	x	x		x	x	x	x	x
Mexico	x	x		x				x
New Zealand		x	x	x	x			
Norway	x	x		x	x		x	
Peru	x			x	x	x <sup>e</sup>	y	x
Romania	x			x	x			x
Slovak Rep.	x	x	x	x	x			x
Switzerland	x	x		x	x	x	x	x
Turkey	x	x		x				x
USA	x	x	x?	x	x	x		x
Venezuela				x	x	x <sup>e</sup>		x

a. Three different legal mechanisms under 'business practices' have been noted: provisions addressing acts which concern the establishment of goods of a competitor, provisions addressing acts that constitute misleading the consumer, and finally passing off.

b. Certain IGOs only or IGOs in respect of specific categories of products only. In some jurisdictions specific categories of products are accorded higher levels of protection, wherein, for example, tests of misleading the public are not required.

c. Some of these legal means provide *sui generis* protection for IGOs taking account of specifically defined characteristics or methods of production; other legal means apply without such specific definitions.

d. Information concerning EC and Member States are provided accordingly.

e. All Andean countries have regional legislation regarding collective trademarks and certification trademarks. This was not notified expressly to the WTO but it is clearly regulated in articles 180 to 189 of the Andean Decision 486. See <http://www.comunidadandina.org/ingles/treaties/dec/D486e.htm>

Source: WTO Secretariat (2001), IP/C/W/ 253, 4 April, with some modifications.

In jurisdictions where a *sui generis* law exists the survey draws attention to the substantive differences in the terms of the definition of GIs. To begin with, some countries provide a TRIPS-like definition, at times limited to a circumscribed list of products<sup>23</sup> or qualified by additional phrases with respect to the characteristics of a good<sup>24</sup>. Others have adopted the more restricted definition of the Lisbon Agreement, thus necessarily requiring the denomination to be a direct geographical name and do not include 'reputation' as a possible feature of the qualifying good<sup>25</sup>. Notable in the review is the evidence that protected denominations are quite diverse and include indications that are not 'direct geographical names' (cf. Annex A, IP/C/W/253)<sup>26</sup>.

Second, features of the good that qualify it for protection exist in most legislation, but vary widely. A range of different qualifiers have been observed in conjunction with quality and include 'given', 'established', 'specific' and 'particular'. The survey found it difficult to establish any significance to the different terminology. However, in some instances there are examples of special requirements concerning production methods and specifications to ensure eligibility, such as the use of particular varieties, minimum alcoholic content, organoleptic

characteristics, natural sugar content, and cultivation method. Importantly, the survey notes that few definitions include 'reputation' as a criterion justifying protection. In some cases, protection is made available on the simple demonstration of the designation identifying the good as coming from a particular area<sup>27</sup>.

Finally, measures to ensure the link between the good and its designated area of origin are implemented in a number of different ways. From the survey we differentiate two elements: (a) types of geographical units that may constitute an IGO and (b) origin requirements. The geographical units that are considered applicable include political/administrative units (such as continents, regions within a territory, state, county, département, canton, commune, village, etc.) and *sui generis* geographical areas (such as specified wine growing area, restricted viticulture zone, small locality or combination of localities, etc.). Measures to link the good and its geographical area of origin are diverse, and include explicit requirements for all stages of production (raw material, processing and preparation) to occur in the designated area<sup>28</sup>, or for raw material to originate in the designated geographical area<sup>29</sup>, or that particular stages of production occur in the designated geographical area<sup>30</sup>.

## 3.2 Overview of GIs in the TRIPS Agreement

Section 3 of Part II of the TRIPS Agreement contains provisions for the protection of GIs and through its three articles sets out the definition of subject matter, the minimum scope of protection, additional protection for

wines and spirits, exceptions to the obligation and provisions for further negotiation and review (Table 2). Here we provide a brief discussion of each of the articles.

*Table 2: Section 3 (Part II) of the TRIPS Agreement*

Areas	Article 22	Article 23	Article 24
<b>Definition of Subject Matter</b>	22.1 - provides a definition for GIs		
<b>Basic Protection</b>	22.2-22.4 - outlines the basic scope of protection for GIs for all goods other than wines and spirits		
<b>Additional Protection for Wines and Spirits<sup>a</sup></b>		23.1 and 2 - outlines the additional protection available exclusively for wines and spirits	
<b>Exceptions to Obligations</b>			24.3-24.9 - outlines exceptions to obligations for protecting GIs
<b>Provisions for Further Negotiations</b>		23.4 - obligation to enter into negotiations for establishing a multilateral register for wine GIs	24.1-24.2 - sets up provisions for further negotiations

<sup>a</sup>There are differences between the protection available for wines and that available for spirits. Article 23.3 (homonymous indications) applies only to wines. Article 23.4 (multilateral register) was originally directed at wines and has since been extended to include spirits. Section 3.3 below discusses these differences in the level of protection.

### *Definition of Subject Matter (Article 22.1)*

This article provides a definition of the subject matter to be protected, i.e. GI, and simultaneously also sets out the conditions for grant of protection. As such, to qualify for protection, an indication must (i) identify the good and its area of geographical origin, (ii) possess

a given quality, reputation or other characteristics, which (iii) is essentially attributable to its area of geographical origin. The definition should be analysed in comparison to other IGOs, viz. indications of source and appellations or origin (section 3.2).

### *Basic Protection (Article 22.2–22.4)*

Article 22 provides the basic scope for the protection of *all* GIs, where the obligation is for Members to provide the 'legal means for interested parties'<sup>31</sup> to secure protection of their GIs. The required 'legal means' are unspecified, as is the similar obligation for 'legal means' under Article 23, which raises the *problem* of multiplicity of systems of protection, but also present an *opportunity* to Members to explore alternative mechanisms<sup>32</sup>. As such, much like other obligations in TRIPS, members are "free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice" while remaining in compliance with their obligation (Article 1.1).

Under Article 22, the scope of protection is composed of three components<sup>33</sup>:

- protection against the use of indications that mislead the public (paragraph 2(a)) or is deceptive (paragraph 4)
- protection against the use of indications in a manner that constitute acts of unfair competition (paragraph 2(b))
- refusal or invalidation of trademarks that contain or consist of indications, in a manner that misleads the public (paragraph 3)

In essence, the *false or deceptive* use of iconic symbols (Eiffel Tower, the Pyramids or the Taj Mahal) or the use of language, script or phrase to infer/evoke geographical origin and association would fall within the prohibition articulated in Article 22. In addition, Article

22.2 prohibits the use of a protected indication in a manner that constitutes an act of unfair competition. Finally, Article 22.3 sets out the scope of protection in relation to trademarks. Section 3.3 below discusses this in more detail.

#### *Additional Protection for Wines and Spirits (Article 23)<sup>B4</sup>*

Article 23.1 prohibits the use of GIs for wines and spirits “even where the true origin of the good is indicated or the geographical indication is used in translation or accompanied by expressions such as ‘kind’, ‘type’, ‘style’, ‘imitation’ or the like”. This scope of protection borrows language from Article 3 of the Lisbon Agreement. In comparison to Article 22, the protection offered to GIs of wines and spirits is considerably greater: the use of the indication is prohibited even when the true origin is indicated and translated or delocalised use of indication is prohibited. By way of illustration, it is possible under Article 22 to label a pack of bananas as ‘Antarctica bananas’ as the term Antarctica in the context of bananas would not be considered misleading the public, whereas ‘Antarctica Merlot’ is strictly prohibited under Article 23, even though it is not considered misleading. It is also important to note that Article 23.1 borrows language from Article 3 of the Lisbon Agreement, which is not circumscribed to any category of goods. This, as we note earlier, setting up an unlikely precedent of a succeeding multilateral treaty (TRIPS) being narrower in its application than its predecessor (Lisbon). A detailed comparison of the scope of protection between Articles 22 and 23 is presented in below.

Article 23.2 concerns the relationship between trademarks and GI that identify wines and spirits. Provisions exist for the invalidation or refusal of trademarks that “contain or consist of” GIs identifying wines or spirits. Again, in comparison to Article 22.3, the scope of protection is greater as it does not require proof of consumers being misled and only requires establishing the false origin of the goods bearing the (infringing) trademark (Box 5).

Article 23.3 deals with homonymous GIs, i.e. indications that are either spelt or pronounced alike and used to designate the geographical origin of goods stemming from different countries (Blakeney 2001) - and is restricted exclusively to wine. The problem is further complicated where the goods in question are identical. A well-known case is that of ‘Rioja’, which is the name

of a region in Spain and in Argentina and used as an indication for wine produced in both countries. Honest use of the indication by producers in each of the different countries is envisioned. Article 23.3 obliges each Member to “determine the practical conditions under which the homonymous indications in question will be differentiated from each other”, while ensuring equitable treatment of producers and that consumers are not misled. While some suggest that producer-federations might play a useful role in finding equitable solutions, there is no obligation for a systematic solution for *all* homonymous indications (Gervais, 1998, pp130-31).

Finally, Article 23.4 obliges Members to enter into negotiations “concerning the establishment of a multilateral system of notification and registration” of GIs for wines to “facilitate” their protection. Reflective of the strong and conflicting views on GIs, the obligation is for negotiations and *not* to establish a system of notification and registration (Watal, 2001, p265; Gervais, 1998, p124). In line with this reading, we also note that Article 23.4 is not time-bound, i.e. neither is there a deadline for commencement of negotiations nor an end date for the completion of the same. This contrast with Article 27.3b where Members have agreed to review the sub-paragraph four years after the date of entry into force of the WTO Agreement.

Commentators recognise that establishing a register, which would eventually supersede the register under the Lisbon Agreement, would have a wide geographical area of application since it would apply to all participating WTO members (Gervais, 1998, p131). Watal (2001, p274) suggests that a multilateral register establishing a list of commonly protected indications across all jurisdictions (with the usual exceptions) might be a useful strategy for developing countries. The provisions of this article have been extended to include spirits (see discussion below).

### *Provisions for Further Negotiations (Article 23.4, Articles 24.1–24.2)*

The deeply contested negotiations around GIs is well accepted; hence the built-in agenda for further negotiations and review (Watal, 2001, p265), since the “only possible outcome not blocking the negotiations was thus to agree to further talks” (Gervais, 1998, p135). The first provision for further negotiations in Section 3 is set out in Article 23.4, under which Members have agreed to engage in negotiations to establish an international register for notification and registration of GIs for wines (later extended to include spirits).

Article 24.1 is more explicit in terms of the intent as it is directed at “increasing the protection of individual geographical indications under Article 23”. Moreover, the Article also cautions Members from using the exceptions listed in Articles 24.4–24.8 as either an excuse to avoid negotiations or conclude bilateral or multilateral agreements. Yet, this Article also recognises the “continued applicability of these provisions” - the exceptions - to the indications that are the subject of future negotiations. There is no time limit to these mandated negotiations. Article 24.1 is

concerned with individual indications under Article 23, thus suggesting that it applies exclusively to indications for wines and spirits. However, a group of countries have contested this interpretation as ‘narrow’ and ‘legalistic’ and suggested that, particularly when read along with Article 24.2, the reference to Article 23 is not to the category of goods but to the means of protection (cf. Section 4.1 below).

Article 24.2 instructs the Council for TRIPS to maintain a ‘watchdog role’ over the operations of this Section, where the first review “shall take place within two years of the entry into force of the WTO Agreement”. While no explicit powers have been granted to the TRIPS Council, the Article does instruct the Council to “take such action as may be agreed to facilitate the operation and further objectives of this Section”. The mandated review of Section 3 was initiated in November 1996 with the idea of reviewing national legislations (IP/C/8), which through gradual deliberation at the Council culminated in the 2002 publication of the Secretariat’s survey to a checklist of questions concerning the application of Section 3 (IP/C/W/253).

### *Exceptions (Articles 24.3–24.9)*

Following from above, Article 24 includes a number of exceptions which are aimed at balancing the interests of GI-holders with those of the wider public and other users of indications. These exceptions are said to “considerably” reduce the benefits to owners of GIs (Watal, 2001, p269); thus making it pertinent for *demandeurs* of GI-extension to be aware of their implication.

To be clear, Article 24.3 is not an exception; instead it is a ‘standstill clause’. This article seeks to ensure that the (higher) level of protection for GIs that existed in national legislation of Member countries at the time of entry into force of the WTO Agreement, 1 January 1995, is not diminished. As such, it preserves TRIPS-plus standards of protection in those Member countries that had stronger provisions for GIs.

Article 24.4 is an exception that is explicitly limited to GIs for wines and spirits, which permits the “continued and similar use” of GIs for wines and spirits by “nationals or domiciliaries who have used that geographical indication in a *continuous* manner with regard to *the same or related* goods or services” in that

territory for at least 10 years preceding 15 April 1994 or in good faith preceding that date (Article 24.4, emphasis added). There are important qualifiers in this Article: (i) nationals and domiciliaries can only seek to use the indication in context and (ii) prior and continuous use must be established within the time frames stated in the Article. Yet, this exception is considered expansive as it does not require proof of ‘good faith’ if use has been made for at least 10 years and moreover neither does the indication have to be considered generic (Watal, 2001, p270). If GI-extension is achieved, one would expect this exception to apply to *all* GIs.

Article 24.5 is an exception aimed at negotiating the trademark-GI relationship and is not restricted in its application to GIs for wines and spirits, but applies to all GIs (Gervais, 1998, pp135-6 for a discussion of different interpretations). The exception states that a trademark acquired or registered in good faith either (a) before the date of application of the provisions of Section 3 or (b) before the GI in question has been protected in its country of origin should not prejudice

the eligibility for or validity of registration of the trademark or the 'right to use' the trademark. As such, the exception is directed to the scope of protection available, viz. Articles 22.3 and 23.2, where provisions for refusal or invalidation of a trademark that consists of or contains of a GI exist. The contingencies for this exception to be considered applicable include the 'good faith' of the trademark-holder in question and the time when the trademark was acquired, viz. either before the provisions of this Section came into force in the country or before the GI was protected in its country of origin. However, questions remain as to where the burden of proof lies and establishing 'bad faith' is juridically problematic.

"This test [i.e. establishing good faith] is sometimes difficult to apply, as evidence of bad faith is not always easy to produce. Showing bad faith based entirely on circumstances is sometime rendered more difficult in legal systems that presume good faith until the contrary is shown. In applying the test, the fact that an indication is particularly well-known and/or used (directly or indirectly) by undertakings located in or near the 'true' place of origin should be taken into account." (Gervais, 1998, p136)

Article 24.6 is an exception that concerns generic GIs across all goods and includes a specific application of this principle in the instance of 'products of the vine' (including those spirits made from vine). The first part of Article 24.6 allows exceptions from obligations in Section 3 where a term is customary in common language as a common name for certain goods and services (e.g. 'china' for porcelain)<sup>35</sup>. As such, there are two tests to be established for the exemption: the term is customary in common language and it is the common name for certain goods and services. Gervais (1998, p136) suggests that experts might be required to determine whether a term is used in the 'common language' as opposed to specialist or 'jargon' use. The second part of Article 24.6 is a specific application of the same principle for 'products of the vine'. Here, Members are exempt from protecting indications that are identical with the 'customary name' of a grape variety in the territory at the date of entry into force of the WTO Agreement<sup>36</sup>. Thus, beyond the contingency of the date, the use of this exception requires the demonstration that an indication is considered the 'customary name' of a grape variety. Evidence of widespread use would be considered sufficient, as in

the case of 'Cabernet Sauvignon' (Gervais, 1998, p136). Article 24.6 is widely considered as an exemption from protecting indications that are deemed generic.

Article 24.7 is another exception that is directed at negotiating the very complex trademark-GI relationship. The Article establishes a time limit (5 years) and a contingency ('bad faith') with respect to the exercising the right to invalidate or refuse registration of trademarks that consist of or contain an indication. To exercise their right with respect to an indication against a trademark, the GI-holder(s) must initiate their action within five years. The five-year period is calculated as follows (Gervais, 1998, p137),

"The request for the measure just described must be presented (made known officially) not more than five years after the 'adverse' (opposed to trademarks) use of the protected indication had become generally known (a factual criterion to be judged on a case by case basis), or five years after the date of registration (with previous or simultaneous publication) of the trademark if it predates the other test."

This is clearly a complex exception that aims at providing a degree of legal security to trademark-holders, but which will see difficult legal disputes.

Article 24.8 recognises the right of a person to use his/her name or the name of their predecessor in business in the course of trade. This right is circumscribed by requiring the name not to "mislead the public". Consequently, names that the competent authority consider misleading will be not allowed.

Article 24.9 is framed as a 'dependency' exception (Gervais, 1998, p137) that exempts Member countries from protecting indications that are either not protected in their country of origin or those that cease to be protected in their country of origin or are in disuse. It is suggested that this exception is aimed at those indications that are destined only for export markets (Gervais, 1998, p137). In other words, a GI *must* be protected nationally before an obligation for protection falls on other Member countries. Consequently, in the absence of prior protection in the home country, claims of misappropriation are legally incorrect and reflect a misunderstanding of the obligations under Section 3 and, in particular, of this exception<sup>37</sup>.

### 3.3 The Scope of Protection

A point repeatedly raised at the TRIPS Council by *demandeurs* for GI-extension is that Section 3, unlike any other part of the TRIPS Agreement, has a single subject matter definition (Article 22.1) but makes provisions for a hierarchy in the scope of protection based on an arbitrary categorisation of goods (IP/C/W247/Rev.1; Section 4.1 below). In contrast, Article 27.1 defines the conditions to be met by patentable subject matter and simultaneously denies any possible discrimination on the grounds of “place of invention, the field of technology and whether the products are imported or locally produced”. The hierarchy in Section 3 is more nuanced than often noted (Escudero, 2001). In addition to the widely noted difference between Articles 22 and 23, wines enjoy additional provisions in comparison to spirits through the provisions made in Articles 23.3 and 23.4 - the latter has since been extended to include spirits. Yet, as we note below, it does not directly follow that Article 23.3 (homonymous indications) provides higher protection to indications for wines in comparison to indications for spirits.

Despite the differences in the scope of protection, there are some commonly shared features between Articles 22 and 23, which include the following:

- *Public or ‘Collective’ Right*

Particularly where GIs are available through a *sui generis* legislation (e.g. the EC system), GIs are public/collective rights that are not vested in an individual firm, person or enterprise. According to the Secretariat’s survey, eligibility criteria seek to ensure that producer associations, public entities, local or regional governments, etc. are the appropriate bodies initiating the application process. Moreover, in some cases the producer group is not the owner of the right but only a user of the GI much like any other entity that fulfils the conditions specified by the GI, as such a ‘collective’ right. Yet, the survey also notes that in jurisdictions, where the legal means are not through a *sui generis* law but, say, through trademark law (e.g. the US system), then it is possible for collective/private rights like certification marks<sup>38</sup> to be available.

- *Right to License*

Following from above and in jurisdictions with a *sui generis* legislation, the scope of protection does not include the ‘right to assign’ an indication - a right that

exists for trademarks (Article 20) and patents (Article 28.2) within the TRIPS Agreement<sup>39</sup>. While some observers may consider this as circumscribing the scope of protection to GI-holders, it is also appreciated as a feature of GIs that corresponds with its public/collective right ethos. To be clear, all enterprises fulfilling the conditions specified in a GI have the ‘right to use’ the indication but do not have the ‘right to authorise use’ to others. It is useful to note that in jurisdictions where the ‘legal means’ are provided through laws other than a *sui generis* system the right to authorise use might be provided. Thus, for example, if an IGO is protected as a collective or certification mark then the owners of the mark possess the right to license the mark. For example, in the US, the owner of the certification mark usually does not apply the mark (as in the case of trademarks) but assigns or authorises others to use the mark on goods or services upon their meeting certain requirements ([http://www.bitlaw.com/source/tmep/1306\\_01.html](http://www.bitlaw.com/source/tmep/1306_01.html); accessed 13 May 2003).

- *Confusingly Similar ‘Marks’*

When comparing the protection granted to GIs to the protection granted to trademarks, it has been noted that the latter is relatively expansive since ‘confusingly similar marks’ will be automatically considered infringing (Harte-Bavendamm, 2000, p64). In comparison, GIs are not granted any such provision to widen the economic space of an indication to include ‘confusingly similar indications’.

- *Duration of Protection*

In general, where GIs are protected through a *sui generis* legislation, protection is offered without a fixed limit in time and without procedures for renewal. Where renewal is required this occurs at intervals of about 10 years. However, in these jurisdictions it is also the case that GIs may lapse and be revoked if it falls into disuse or standards are not maintained. In other juridical systems, GIs have to follow provisions for renewal that exist for collective marks, trademarks etc. as the case might be.

- *Geographical Origin*

Following on from the definition of GIs (Article 22.1), any good to be protected must originate in the territory, region, or locality indicated in the designation.

The scope of protection for GIs under TRIPS is largely based on the principles that ground the basis for protecting GIs, viz. protection against the use of indications in a manner that might either mislead the public or be construed as deceptive and protection against the use of indications in a manner that are acts of unfair competition.

In addition, provisions exist in TRIPS that aim at negotiating the relationship between trademarks and GIs, which have clear economic implications on the

### *1. Misleading the Public*

Following on from the Paris Convention and the Madrid Agreement, provisions exist to prohibit the use of indications (words, phrases, symbols and images) that will mislead the public about the good's geographical origin. Thus, the use of iconic symbols like the pyramids or the Taj Mahal to infer the good's association with Egypt and India respectively or the use of a language or script to impute erroneous geographical origin is prohibited. Consequently, under Article 22.2(a), the holder of the infringed indication has to bear the burden of proof in establishing that consumers have been misled. Article 23.1 indirectly implements this principle by providing for stronger protection by *directly* prohibiting the use of indications for wines and

### *2. Unfair Competition*

The second element of the scope of protection, protection against the use of indications in a manner that are deemed to be acts of unfair competition as defined in the Paris Convention (Box 4), is considered an important achievement given the opposition to earlier attempts at revising the Paris Convention to include IGOs (see Conrad, 1996, quoted in Watal, 2001). Article 22.2(b) incorporates this element for *all* GIs. According to WIPO's International Bureau, affecting this element of the scope of protection might require significant effort:

"In order to be successful in such an action, the plaintiff must show that the use of a given geographical indication by an unauthorised party is misleading and, as the case may be, that damages or a likelihood of damages results from such use. An action against the unauthorised use of a geographical indication based on unfair competition can only be successful if the

commercial value and possible appropriation of rents within an indication. Consequently, we will address these provisions as part of the scope of protection. In a similar sense, provisions exist for dealing with deceptive indications and indications that are homonymous - both of which have impact on the economic value of protected indications. Finally, provisions for creating a multilateral register for notification and registration of indications are relevant in discussing the scope of protection. Hence, in our framework there are six components to the scope of protection:

spirits on wines and spirits that do not originate in the place indicated by the GI in question even where the true origin of the goods is indicated. Moreover, the translated use of indications for wines and spirits by phrases such as 'like', 'imitation', etc. is also strictly prohibited<sup>40</sup>. To continue, the burden of proof is nominal in that it requires verifying the *true* geographical origin of the goods deemed to be infringing. By way of illustration, labelling a pack of bananas as 'Antarctica bananas' is permitted as it would not be considered as misleading the public. However, the label 'Antarctica Merlot' is strictly prohibited under Article 23.1, even though it is not considered misleading.

geographical indication in question has acquired distinctiveness or, in other words, if the relevant public associates goods sold under that geographical indication with a distinct geographical origin and/or certain qualities. Since law suits based on passing off or unfair competition are only effective between the parties of the proceedings, *the distinctiveness of a given geographical indication must be shown every time that geographical indication is enforced.*" (WIPO - International Bureau, 2000, paragraph 44)

The International Bureau's treatment of the subject does not make clear whether the problem identified is unique to the application of these legal principles to GIs or whether this is a generic problem concerning principles of unfair competition. In the absence of detailed research, we speculate that some trademark holders might find it easier to police their marks in the international economy because of their global presence

and resource endowment. This is the case with producer associations of financially lucrative GIs, e.g. Scotch Whisky and Champagne. It is said that the Scotch Whisky Association employs at least four full-time lawyers who are at any one time pursue over 50 legal actions world-wide (Freedman, 1994). Blakeney (2001) reviews key legal decisions where relevant principles of ‘passing off’ and ‘unfair competition’ have been applied. Prima facie, it is difficult to imagine that an association of indigenous communities would be similarly endowed in terms of legal experience or expandable resources. Moreover, the need to repeatedly establish the same principle in every jurisdiction that a potential violation is identified and the demand to demonstrate the public’s association with the indication are clearly demanding<sup>41</sup>. Consequently, one might be motivated to agree with the view expressed in the quote above. In addition, as we noted earlier, under Article 23.1 indications for wines and spirits cannot be used in translated form.

### 3. Trademarks and GIs

Stemming from initial proposals submitted by the EC, Switzerland and Australia are provisions aimed at negotiating the trademark-GI relationship (Gervais, 1998, p127). In general terms, TRIPS allows for refusal or invalidation of a trademark which contains or consists of a GI when the said goods do not originate in the territory indicated. However, comparing Article 22.3 and 23.2 we note there are significant differences in the scope of these provisions. Simply stated, Article 22.3 has a requirement for the consumers to be misled, whereas Article 23.2 does not have this contingency.

The interface between GIs and trademarks is complex. As a general rule, trademarks must be distinctive so as to fulfil the role of distinguishing goods/services of one manufacturer from those of another. Consequently, the general proposition that GIs are excluded from the domain of trademarks (Blakeney, 2001). Yet, there are many conceivable and real instances where a trademark consists of or contains a GI. For example, the use of Antarctica as a trademark for bananas is considered

#### *Box 4: Unfair Competition under the Paris Convention*

Pursuant to Article 10bis of the Paris Convention, unfair competition means “any act of competition contrary to honest practices in industrial or commercial matters”, which includes the following:(1) All acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial and commercial activities, of a competitor;(2) False allegations in the country of trade of such a nature as to discredit the establishment, the goods, or the industrial and commercial activities, of a competitor;(3) Indications or allegations the use of which in course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quality of the goods.

permissible as there is no deceptive element in terms of implying geographical origin (WIPO - International Bureau, 2001, paragraph 103). Moreover, trademarks can consist of GIs in other circumstances, such as when the use of a GI is entirely fanciful, though not denoting geographical indication per se, and the trademark is considered distinctive as in the case of ‘Mont blanc’ for high quality writing equipment and ‘Thames’ for stationery (Harte-Bavendamm, 2000; Blakeney, 2001). It could also be the case that the reputation of a trader endows the GI with secondary significance leading to an identification of the trader as such. In such instances, a trademark can consist of a GI and examples of this situation include ‘Oxford University Press’, Schwartauer for high quality jams, etc. manufactured in North German town of Bad Schwartau. The overlap between the two domains of IPRs is real and imminent. The disciplines in the TRIPS Agreement provide, at best a “delicately balanced solution” (WIPO - International Bureau, 2000), or at worst an unclear and yet to be negotiated relationship (cf. Box 5).

*Box 5: Unanswered questions on the relationship between trademarks and GIs*

The overlap between trademarks and GIs can be encapsulated in the following questions: In what circumstances will a GI take precedence over a trademark, and vice versa? Can there be instances where trademarks and GIs overlap and coexist?

Answering these questions requires a reading and interpretation of various articles in the TRIPS Agreement, viz., Article 22.3 where the basic relationship between GIs and trademarks is expressed and Article 23.2 where the trademark-GI interface with respect to wines and spirits is enunciated. Articles 24.5 and 24.7, where the exception to the previous articles is expressed. Articles 16 and 17 where the scope of protection available to a trademark-holder and relevant exceptions are respectively enunciated. Article 2.1 which brings specific provisions of the Paris Convention to bear on the TRIPS Agreement.

At the outset it is useful to remain aware that the exceptions to protection of GIs under Article 24.5 might be exclusively applicable to wines and spirits. For example, Gervais (1998, p135-6), provides an interpretation to this effect, while also speculating that a reference to 'Section' in the Article could lead to the conclusion that it applies to Articles 22 and 23. This ambiguity aside, existing legal opinion on the exception varies. Some suggest that trademarks should rein supreme over GIs, whereas others conclude that a case for invalidating trademarks by latter-occurring GIs is conceivable.

In principle, Article 24.5 allows for trademarks that are "identical with, or similar to" GIs to exist if they have been acquired in *good faith*, either (a) before the application of these provisions by that Member, or (b) before the GI is protected in the country of origin. One suggested interpretation of this exception is that prior trademarks can continue to exist and may also provide the grounds to invalidate GIs (Grevers, 1999; Harte-Bavendamm, 2000). These authors indicate reason that the 'right to use' a trademark - clearly stated in Article 24.5 - conjoined with the scope of protection of trademarks (Article 16.1), provides the trademark owner the 'right to exclude' the latter-granted GI. Moreover, they suggest that Articles 1-12 of the Paris Convention, which embody the principle of 'first in time, first in right' priority as the basis for resolving conflicts between IPRs, lays the foundation for the primacy of trademarks over later GIs. Within this view the only exception is when the trademark misleads the public.

No doubt, there are other opinions on this relationship and the lack of clarity within the Agreement itself is the wellspring of divergent views. Grevers (1999) identifies scenarios of the coexistence of trademarks and GIs "without limitation in time and without any other limitation" (p156) and suggests that exceptions to trademark protection (Article 17), where 'fair use of descriptive terms' is stated, might be the legal basis for coexistence.

The relationship between trademarks and GIs is complex and the balance attempted by negotiators is tenuous and open to varied interpretations. WIPO's Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications has visited this issue on a number of occasions (cf. WIPO - International Bureau, 2000).

#### *4. Deceptive Indications*

A range of situations can be identified where indications are *literally* true but nonetheless their use is considered misleading. This may be the case with deceptive indications and/or homonymous indications. Article 22.4 makes provisions for protection against deceptive indications. Gervais (1998, pp126-27) presents a hypothetical case of emigrants from a former imperial

country having settled in the colony in a region which they eventually name as the same name of the region of their origin. Naturally, these expatriates could use the *same* indication for the *same* goods. Through Article 22.4, producer groups in the 'original' region in the imperial country could prohibit use of the indication by the expatriates.

### 5. *Homonymous Indications*

Homonymous indications refer to that set of indications where the indications originate in different countries but are actually spelt or pronounced similarly. A well-known example is that of 'Rioja' - an indication for wine originating in regions with the same name in Spain and in Argentina. As noted in earlier, honest use of the indication by producers in each of the different countries is envisioned and Article 23.3 obliges each Member to "determine the practical conditions under

which the homonymous indications in question will be differentiated from each other", while ensuring equitable treatment of producers and that consumers are not misled. Escudero (2001, p29) in his study of this provision ends with the rhetorical question: "The question to be asked is whether this constitutes really an additional protection to geographical indications for wines [...] We think it does not".

### 6. *Multilateral Register*

The TRIPS Agreement obliges Members to enter into negotiations "concerning the establishment of a multilateral system of notification and registration" of GIs for wines to "facilitate" their protection (Article 23.4). In its 1996 Annual Report, the TRIPS Council envisaged, with respect to the negotiations under Article 23.4, to initiate preliminary work on relevant issues. It stated that "Issues relevant to a notification and registration of geographical indications for spirits will be part of this preliminary work" (IP/C/W/8, paragraph 34). The 1996 Singapore Ministerial Declaration then endorsed "the reports of the various WTO bodies"<sup>42</sup>. Members differed in their understanding and interpretation of this endorsement; in particular there was no consensus on the inclusion of spirits in the aforementioned multilateral register (Escudero, 2001,

p30). These doubts were removed, however, with the express reference to spirits in the Doha Ministerial Declaration<sup>43</sup>. The establishment of a register of protected indications could enhance the scope of protection for indications included within the register if these were to be protected across all jurisdictions<sup>44</sup>. By lowering the transaction costs associated with gaining protection, the register can be considered an important component that increases the level of protection for indications of wines and (now) spirits. One commentator suggests that developing countries might benefit by supporting the development of a register so as to establish a common list of protected indications (Watal, 2001, p274). This strategy would help diminish some of the discriminatory provisions in the protection of GIs.

## 4. GI-EXTENSION: ANALYSING THE TRIPS COUNCIL DEBATE

Despite strongly opposing views on GI-extension, there appears - at least on paper - common appreciation of the increased economic and political value of GIs. For example, an early submission by Bulgaria et al. (in support of the GI-extension) acknowledged the “considerable potential for commercial use ... [as having stimulated] awareness of the need for more efficient protection of geographical indications” (IP/C/W/204, paragraph 2). Not too different are the views expressed by New Zealand in its TRIPS Council submission (IP/C/W/205, paragraph 2). Australia, a country opposing GI-extension, provides an articulate statement recognising the commercial value of ‘distinctive signs’ (IP/C/W/211, page 2):

“... tea is more valuable than undifferentiated bulk tea in the market-place if it is sold as Darjeeling tea, more valuable still if it bears the distinctive certification mark ‘Darjeeling - The Tea Board’s Seal of Approval’, and potentially yet more valuable again if it bears a distinctive trademark and is packed in distinctive packaging.”

Despite this shared perception, views on either the merits of GI-extension or on the appropriate balance between the scope of protection and exceptions remain deeply divided.

Here we assess the TRIPS debate on GI-extension using the submissions of different Members and groups of Members as datum (Box 6). The various points and counter-points concerning the pros and cons of GI-extension can be analytically separated into three themes: (i) the ‘negotiating balance’ achieved at the time of the Uruguay Round, (ii) insufficiency or adequacy of the scope of protection available under Article 22 (in contrast to Article 23), and (iii) the potential impact of GI-extension on trade, consumers and TRIPS obligations. Each of these is separately addressed below. Consequently, this debate at the TRIPS Council does not have anything to do with the definition of GIs (Article 22.1), instead it is entirely predicated on the inherent hierarchy in the levels of protection within Section 3.

### *Box 6: Submissions on GI-extension at the TRIPS Council*

<u>Document Code</u>	<u>Member Countries</u>
IP/C/W/204	Bulgaria, the Czech Republic, Egypt, Iceland, India, Kenya, Liechtenstein, Pakistan, Slovenia, Sri Lanka, Switzerland and Turkey
IP/C/W/204/Rev.1	Bulgaria, the Czech Republic, Egypt, Iceland, India, Kenya, Liechtenstein, Pakistan, Slovenia, Sri Lanka, Switzerland, and Turkey
IP/C/W/205	New Zealand
IP/C/W/247	Bulgaria, Cuba, the Czech Republic, Egypt, Iceland, India, Liechtenstein, Mauritius, Nigeria, Sri Lanka, Switzerland, Turkey and Venezuela
IP/C/W/247/Rev.1	Bulgaria, Cuba, the Czech Republic, Egypt, Iceland, India, Jamaica, Kenya, Liechtenstein, Mauritius, Nigeria, Pakistan, Slovenia, Sri Lanka, Switzerland, Turkey and Venezuela
IP/C/W/289	Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay, United States of America
IP/C/W/308	Bulgaria, Cuba, the Czech Republic, Georgia, Hungary, Iceland, India, Kenya, the Kyrgyz Republic, Liechtenstein, Moldova, Nigeria, Pakistan, Slovenia, Sri Lanka, Switzerland and Turkey
IP/C/W/308/Rev.1	Bangladesh, Bulgaria, Cuba, the Czech Republic, Georgia, Hungary, India, Jamaica, Kenya, the Kyrgyz Republic, Liechtenstein, Moldova, Nigeria, Pakistan, Slovenia, Sri Lanka, Switzerland, Turkey
IP/C/W/353	Bulgaria, Cuba, Cyprus, the Czech Republic, the European Communities and their Member States, Georgia, Hungary, Iceland, India, Kenya, Liechtenstein, Malta, Mauritius, Pakistan, Romania, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand and Turkey
IP/C/W/386	Argentina, Australia, Canada, Chile, the Dominican Republic, El Salvador, Guatemala, New Zealand, Paraguay, the Philippines, Chinese Taipei and the United States

Note: References to these documents in the text are through their respective document codes.

## 4.1 The Uruguay Round Balance: Immutable or Re-negotiable?

Irrespective of a Member's views on the merits or otherwise of GI-extension, there is a shared view that the structure of Section 3 - in particular the provisions for additional protection for GIs of wines and spirits (Article 23) - is a result of the specific balance negotiated during the Uruguay Round (e.g. IP/C/W/204, paragraph 6; IP/C/W/205, paragraph 19). This balance appears to be a last-minute trade-off negotiated during the 1990 Brussels Ministerial (IP/C/W/204, paragraph 6). The view is articulated in the following quote,

"This compromise [i.e. Article 23], sought by several wine-producing countries, particularly the EC, represented a significant concession by a number of

Members, among them other wine-producing Members, that did not see the need to create an imbalance in GI protection by conferring increased protection on wine and spirit GIs." (IP/C/W/289, paragraph 9)

The above narrative finds support in scholarly commentaries (e.g. Gervais, 1998).

On this issue of 'negotiated balance', submissions to the TRIPS Council raise two interrelated questions: (a) is there any justification for maintaining the hierarchy in the levels of protection in Section 3? and (b) is there a juridical basis for negotiating GI-extension?

### *Is there any Justification for Maintaining the Hierarchy in the Levels of Protection in Section 3 of Part II of the TRIPS Agreement?*

It is no surprise that Members demanding GI-extension find no justification for the continued existence of the two levels of protection under Section 3 (IP/C/W/204, paragraph 7). Moreover, these Members note that unlike any other provisions for IPRs within TRIPS, Section 3 provides for a singular definition of the protected subject matter (Article 22.1), but has two different levels of protection based on product categories (IP/C/W/247/Rev.1, paragraphs 3, 15, 16). This discrimination between product categories is not based on any intrinsic characterisation of the goods or the locality of or skills associated with the product's method of production. It is with this understanding - and points to be discussed below - that these submissions make a case for GI-extension.

In contrast, Members opposing GI-extension have tended not to address this question; instead they suggest "that this imbalance should not be accentuated by extension of scope [sic] to all products" (IP/C/W/289, paragraph 9-13). In a recent submission, Members opposing GI-extension have been more candid (IP/C/W/386, para 3),

"If the extension discussion were purely one of intellectual property policy, it would make sense to treat all products in the same manner legally. However, we note that the WTO TRIPS Council discussions take place in the context of trade policy and the additional protection provided geographical indications for wines and spirits resulted from the Uruguay Round of multilateral trade negotiations."

It appears that these countries agree with the point that the existence of different levels of protection in Section 3 has no legal basis. No doubt, these discussions take place in the wider context of on-going trade negotiations, where, in the case of GI-extension, issues concerning agriculture. During TRIPS Council meetings where GI-extension have been discussed there have been repeated references to issues concerning liberalising agriculture, viz. the EC's Common Agricultural Policy (Rangnekar, 2002).

### *Is there a Juridical Basis for Negotiating GI-extension?*

In terms of the built-in agenda within the TRIPS Agreement, Section 3 extraordinarily has three important items: Articles 23.4, 24.1 and 24.2. This is indicative of the level of disagreement on GIs which resulted in a range of issues being left outstanding: "The only possible outcome not blocking the

negotiations was thus to agree to further talks" (Gervais, 1998, p137). For those Members seeking GI-extension, the question of expanding coverage of Article 23 was one such issue left outstanding for future negotiations (cf. IP/C/W/247/Rev.1, paragraph 7):

“Eventually, Section 3 of Part II of the TRIPS Agreement was agreed upon as a compromise in the Uruguay Round. However, a specific provision was included in Article 24 which envisioned further negotiations on increasing the protection of geographical indications.”

While there is no explicit provision to this effect, these Members propose a particular interpretation of Article 24.1, read along with Article 24.2. Here it is reasoned that “provisions of Article 24.1 are of general application to all products and the reference to Article 23 does not relate to products contained therein but to a means of additional protection to be provided” (IP/C/W/204, paragraph 12). Further, it is explained that a ‘narrow’ reading of Article 24.1 as focussed on wines and spirits would further aggravate the hierarchy in the levels of protection within Section 3. A final component of this reading of Article 24.1 draws in Article 24.2 (IP/C/W/204, paragraphs 13-16). Article 24.2 mandates the Council to review Section 3 on GIs with a view towards furthering its objectives. With respect to the mandated review, the TRIPS Council reported to the 1996 Ministerial that inputs from delegations on the issue of scope were permitted (cf. IP/C/8, paragraph 34). Those canvassing for GI-extension have taken this inclusion of ‘scope’ as a ‘green signal’.

In contrast, Members opposing GI-extension read Article 24.1 as explicitly focussed on ‘individual indications for

wines and spirits’ (e.g. IP/C/W/205, paragraph 22; IP/C/M/29). It is explained that Article 24.1 is aimed at those indications for wines and spirits that might be subject to exceptions available in Article 24 (op. cit.)<sup>45</sup>. Consequently, the view that any effort to seek expansion of the product coverage of Article 23.1 is an attempt to re-open the TRIPS Agreement for which “there is no mandate in any of the existing TRIPS provisions that could serve as a legal basis” (IP/C/W/289, paragraph 3). This interpretation of Article 24.1 has wider currency. Gervais (1998), reviewing the negotiating drafts of TRIPS, notes that many of the outstanding issues dealt primarily with the protection of GIs for wines and spirits. Further, he concludes that Article 24.1 is closely linked to the EC’s aim to establish a multilateral register for wines and spirits.

To sum up, Members agree that the hierarchy in the levels of protection in Section 3 has no logical or legal basis. The juridical basis for negotiating GI-extension based on Article 24.1, as presented by *demandeurs* is suspect. In this respect, the reading of Article 24.2 is promising but requires more analysis. However, the Doha Ministerial Declaration instructs the TRIPS Council to discuss “outstanding implementation issues” as a matter of priority and report back to the Trade Negotiation Committee by the end of 2002<sup>46</sup>. GI-extension exists as *Tiret 87* in the Compilation of Outstanding Implementation Issues<sup>47</sup>.

## 4.2 Article 22: Sufficient Protection or Legitimising ‘Past Sins’?

Underlying the debate on GI-extension are deeper issues concerning the transformation of the rural economy and the historical movement of people. Those opposing GI-extension have often highlighted the consequences of GI-extension on the practices of peoples in the New World in the debate. On the other hand, the *demandeurs* emphasise the discrimination of legitimising past-sins for posterity by denying the rights

of communities that have developed reputable goods. Interestingly, the submissions at the TRIPS Council do not directly raise these points with the weight that they deserve (by way of exception, see IP/C/W/386, paras 6-7). Instead, attention has been mainly focussed on comparing Articles 22 and 23: (a) does Article 22 provide ‘effective’ protection? and (b) does Article 23 provide ‘absolute’ protection?

### *Does Article 22 Provide ‘Effective’ Protection?*

As far as those opposing GI-extension, the existence of legal means to register and enforce GIs, such as through certification marks is good evidence of the use of Article 22 (IP/C/W/289). Registered certification marks

in the US include ‘Darjeeling’ for tea, ‘Stilton’ for Cheese, ‘Swiss’ for chocolate and ‘Roquefort’ for cheese; those in Canada include ‘Suisse/Swiss’ for chocolate, ‘Indian spices’ for spices, ‘Ceylon’ for tea,

'Florida' for oranges, and 'Freiburger' for cheese (IP/C/W/289). Further, it also (informally) stated that the lack of evidence of either problems with the level of protection under Article 22 or damages from the same undermines the case of the *demandeurs*. It is fair to say that the *demandeurs* have not provided evidence of the economic loss on account of weaker protection.

Members advocating GI-extension make a contrasting presentation of the 'effectiveness' of protection under Article 22. Three broad issues are highlighted: the problem of 'free-riding', the risk of rendering GIs as generic terms, and the uncertainty of and undue burden in enforcing GI-protection in comparison to Article 23 (cf. IP/C/W/247; IP/C/W/308).

The low standard of protection under Article 22 allows producers from other locales to use a GI and 'free-ride' on its reputation without infringement as long as the product's true origin is stated (IP/C/W/247, paragraphs 10-11). In particular, it is suggested that the requirements for establishing 'unfair competition' or that the 'public has been misled' erect a relatively higher threshold - in comparison to Article 23 - thus, making it relatively easier for other producers to use a reputable GI and 'free-ride'. This is aggravated by the limited protection - in contrast to Article 23 - that does not prevent the use of a GI in a translated form, i.e. the indication accompanied by expressions like 'such as', 'type', 'kind' or 'imitation'. Consequently, the ever-present risk of GIs becoming generic (IP/C/W/247, paragraph 12). This risk is considered by these Members as a 'key reason' for demanding GI-extension

### *Is Article 23 Protection 'Absolute'?*

All Members recognise the hierarchical levels of protection within Section 3. Equally, it can be said that all Members recognise that Article 23 engenders a higher level of protection. However, Members opposing GI-extension caution the debate by emphasising that Article 23 protection is not absolute as often characterised by the *demandeurs* (IP/C/W/289, p5; IP/C/W/386, paragraphs 10-12). In summary, many products might not qualify for protection<sup>48</sup> (i.e. Article 22.1) and/or, more likely, exceptions in Article 24 will dilute the expectations of economic gain. The following key points are made in the submissions:

- Existing use is preserved through Article 24.4 (in the case of wines and spirits) - a provision that

(IP/C/W/308, paragraph 18). The exchange of views on the risk of GIs becoming generic makes interesting reading. Members opposing GI-extension contend that the risk is over-stated (IP/C/W/289, pp5-6),

"[The risk of a GI becoming generic is] overstated: commercial experience clearly indicates that genuine, internationally recognised GIs will always command a premium on world markets. Indeed, far from detracting from the market value of a genuine GI, free and fair imitation of the product often enhances the intrinsic value (and premium) of the genuine GI."

In response, Members advocating GI-extension state the following (IP/C/W/308/Rev.1, paragraph 18):

"... such a line of argument seems to lead to dangerous waters when applied to other fields of intellectual property rights. There is no valid argument why it should be different for geographical indications."

The catalogue of 'once famous' GIs that are now considered generic - Arabica coffee, Indiarubber, chinaware, Cheddar cheese, and kiwifruit - makes interesting and worrisome reading. Questions remain as to whether the lack of proper (effective) protection in the first instance rendered these indications generic; or that insufficient 'policing' of the reputational quality of the indication allowed for wider use of the indication in translated form led to its generic status? At a prima facie level, both motive forces are considered relevant. Yet, economists draw attention to the adverse impact of 'diluted reputation' on account of misappropriation of marks (section 2).

would apply to GIs of other products if they were included within the coverage of Article 23.

- Terms that have already become generic (e.g. Cheddar cheese) would be exempt from protection (Article 24.6).
- Other exceptions to Article 23 could either diminish or prohibit the protection of some indications.

Under Article 24.6 a Member has the right to determine whether a term is to be considered 'generic' within its jurisdiction. Naturally, there will be situations where a particular indication is deemed generic in one or some market(s) while being protected in other markets. Thus,

to the extent to which Members deem an indication to be generic - and these decisions are held to be valid, if contested - the potential gain would be diminished. However, this potential loss of market can be resolved through bilateral agreements to seek absolute protection of indications - a strategy best exemplified by the EC<sup>49</sup>.

In response, *demandeurs* draw attention to the juridical tests required to demonstrate infringement and the fact that under Article 22 the 'burden of proof'<sup>50</sup> rests on the right holder (IP/C/W/247, paragraphs 13-14; IP/C/W/308/Rev.1, paragraphs 9-10). It is suggested that Article 22, in comparison to Article 23, allows wide juridical discretion (particularly in terms of the test to demonstrate the public is misled) leading to "inconsistent decisions and legal uncertainty [...] [which] undermines and damages the good functioning of international trade in goods having the added value of a geographical indication" (IP/C/W/247, paragraph 13). In contrast, protection under Article 23 requires the rather simple test of establishing whether the product originates from the place indicated by the GI. Consequently, the suggestion that protection under Article 23 is more effective, easier to access and cheaper to actualise (IP/C/W/308/Rev.1, paragraph 11).

Members opposing GI-extension have not made any formal response to this point. In this respect, we note that when *demandeurs* argue against 'wide juridical

discretion' they run the risk of usurping Article 1.1. The relative difference between Articles 22 and 23 in terms of the efforts required by a claimant to prove infringement have clear economic consequences in terms of the effectiveness of protection and the concomitant risk of rendering an indication generic. However, the essence of the argument advanced by *demandeurs* suggests establishing uniformity across jurisdictions, which is against the spirit of the TRIPS Agreement.

To sum up, the difference between the scope of protection under Articles 22 and 23 is well appreciated by both groups of countries. Disagreement mainly exists on whether Article 22 is insufficient. To an extent, it is also the case that *demandeurs* have over-hyped the potential gains to be secured from GI-extension. In this regard, the cautionary note of Members opposing GI-extension that exceptions under Article 24 will diminish potential gains must be taken on board. The debate at the TRIPS Council would benefit by moving beyond these issues and seeking substantive evidence of the comparative working of Articles 22 and 23<sup>51</sup>. In this respect, the outcome of the EC's concern about practice in the US and Canada on designated indications as generic and semi-generic would be useful (IP/C/W/37). Finally, *demandeurs* should be aware that Article 23-like protection is no guarantee that economic returns will occur or that free-riding on reputable indications will end - both of which depend on keen marketing efforts.

### 4.3 The Potential Costs of GI-Extension

Members opposing GI-extension have raised questions concerning the potential costs of GI-extension, which include the administrative burden of extension, the impact on consumers, and trade disruption. In addition, these Members see "extension - like any re-balancing of TRIPS rights and obligations - would involve certain costs and shifts in burdens among Members"

(IP/C/W/289, page 6). This clearly alludes to progress in other areas of multilateral trade negotiations, viz. agriculture. In our analysis we focus on GI-related cost/benefit issues; no doubt, each negotiating party will have to conduct their own analysis on how GI-extension fits in with wider issues under negotiation.

#### *The Administrative Burden of Implementing GI-extension*

Implementing and administering new laws entail costs and demand resources. This, it is argued, "could involve a considerable burden" in light of the "hundreds of domestic geographical indications" that some Members

(read, EC and its Member States) seek to protect and this "may impact proportionately more on developing countries" (IP/C/W/289, page 7). Further, it is suggested that administering Article 23 is more

complicated than Article 22 and has the added implications of wider EC designs like the register, bilateral treaties that seek to secure ‘absolute’ protection and potential dispute settlement cases (IP/C/W/386, paragraphs 14-16).

The point concerning disproportional burden on developing countries remains. However, on the issue of costs on account of administrative burden, the following three points are made (IP/C/W/308/Rev.1, paragraphs 4-11):

- The nature of the obligation under Article 23, primarily requiring the availability of ‘legal means’ for interested parties to enforce protection for GIs, can be implemented in a number of different ways (section 3.2). Moreover, Article 1.1 enshrines the freedom of Members to determine the appropriate method of implementation.
- GI-extension does *not* entail any new obligation *per se*, but is *only* a demand for change in the product coverage of Article 23.
- Widening the coverage of products under Article 23 would lower the legal costs associated with enforcing GIs; further the increased ease with

which GIs are enforced would result in a reduction of the workload of the relevant authorities.

A number of issues still remain unclear, which neither side of the debate have adequately considered. Priority should be accorded to the claim that the burden of GI-extension will fall disproportionately on developing countries. It is true that the EC and its member states have the largest number of GIs to protect and that, in comparison, developing countries have only a handful of potential indications. Moreover, many of the GIs that developing countries will be obliged to protect are already deemed generic or semi-generic by some developed countries, e.g. US and Canada (Watal, 2001, p273). As far as implementation costs are concerned, the following points need to be noted (Rangnekar, 2002): (a) expanding the product coverage of Article 23 will entail some static costs; (b) the level and frequency of use of GIs is relatively limited compared to any other IPRs; (c) the burden for enforcing GI-protection falls disproportionately on the right-holder. It is difficult to assess how these different costs and benefits weigh up, particularly since none of the submissions at the TRIPS Council provide quantitative evidence.

### *Costs Associated with Consumer Confusion*

Of relevance here are the doctrines that provide the legal structure for the protection of GIs (cf. section 2). The objective is to balance consumer protection against deceptive and/or confusing labelling with efforts to ensure reliable information (IP/C/W/211, page 3). The potential problem is that GI-extension will result in the “disappearance of terms customarily used to identify products” which “will increase search and transaction costs for consumers, at least in the short to medium term” (IP/C/W/289, page 7). The response of Members advocating GI-extension is premised on the principle that “consumers are entitled to a real choice based on correct, distinctive indications” (IP/C/W/308/Rev.1, paragraph 14). Prohibition of the use of translations on protected indications will enable consumers to clearly

and quickly determine the authentic geographical origin of the product. Moreover, it is reasoned that only those labels will disappear that do not fall within the scope of the exceptions available in Article 24 - thus limiting the potential costs incurred by consumers.

Clearly, there will be some confusion as some labels will vanish or be changed. This, all parties agree, is a short/medium term problem. No doubt, in the end, consumers benefit from the easier identification of the true geographical origin of the product. To an extent, effective marketing strategies by ‘right-full holders’ of GIs will ease the adjustment process. Again, this issue will benefit from economic analysis.

### *Costs on Account of Trade and Production Disruption*

Members opposing GI-extension emphasise the disruption of trade and production in some locations with the possibility of market closure as another adverse consequence of expanding product coverage of Article 23 (IP/C/W/289, pages 7-8; IP/C/W/211). It is

fair to note that elsewhere Australia, a country opposing GI-extension, recognises the importance of distinctive marks for producers (IP/C/W/211). Underlying this impact is the reality of immigration and colonisation and the concomitant diffusion of cultural

practices. This problem - particularly in terms of certain products - cuts across the usual North-South divide and highlights the New/Old World divide.

In response, *demandeurs* do not dismiss these possibilities, but contend that the consequences are limited by the exceptions under Article 24 (IP/C/W/308/Rev.1). Further they reason that GIs, like any other IPRs, are predicated on the objective of preventing misuse, usurpation and 'free-riding'. Thus, the question - "is it legitimate to restrict free-riding?"

Interestingly, Members advocating GI-extension have not fully engaged with the issue of potential trade disruption. It is important to recognise that changes in the scope of protection will have the impact of *narrowing* market access for those producers who have been free-riding on reputable indications. This result is similar to that achieved in other areas of IPRs, though with an important difference: producers in locations outside the designated geographical area can still produce and sell the good in question.

## 5. CONCLUSION

The TRIPS Council's debate on GI-extension is unlike most other debates at the Council. To start with, unlike any other IP-issue the *demandeurs* include developing countries. This is also reflected in the new configurations and alliances. Thus, the dividing line across Members does not follow the traditional North-South dividing line. The GI-extension debate also brings into the spotlight the strange feature of Section 3, Part II of the TRIPS Agreement where a single definition of subject matter is followed by a hierarchy in the levels of protection. Importantly, as our review notes, all parties agree that the hierarchy in protection has no legal or rational basis. Despite this acceptance strong differences continue to exist on GI-extension. However, the differences are in part a reflection of the nature of trade negotiations: what concessions are to be gained by giving in on the issue of GI-extension. Keeping this in mind, it is important for each *demandeur* to review the benefits of GI-extension.

The TRIPS Council remains in a deadlock on GI-extension (Anon., 2003). Our research also shows that recent submissions (IP/C/W/353, IP/C/W/386) have not advanced the debate forward<sup>52</sup>. Instead, we witness a perceptible hardening of positions, in particular between the EC, on the one hand, and the US and Australia, on the other hand. This hardening of positions on GIs has occurred with the US and Australia raising questions concerning market access and EC's agricultural policies<sup>53</sup>. Yet, we note that many more questions remain unanswered by the discussions at the TRIPS Council.

First, it would be useful to understand how systems providing protection for IGOs have worked. Existing literature on national systems includes the WTO Secretariat paper (IP/C/W/253) and papers presented at the relevant WIPO Symposiums (WIPO, 1999, 2000). These resources contain useful information on the legal and administrative aspects of protecting IGOs. However, there is little information on the economics of GI-protection. Pertinent questions like which product categories account for most of the protected indications and how this distribution across product categories has changed over time remain unclear<sup>54</sup>. An economic and statistical analysis of GI-protection should shed useful insights on the following:

- What are the common features across product categories that account for their successful use of GI-protection? Equally, what can be learned from instances and examples of failures?
- Which group(s) (e.g. growers, processors, distributors, manufacturers and consumers) have benefited from the availability of protection, and how has this distribution across groups changed over time?
- How have 'local' producers and communities benefited from GI-protection? Closely related are questions concerning the 'economic value' of a protected indication: what share of the market (global, national, and local) is accounted for by goods that have protected indications and what share of the local economy is dependent on indications being protected?
- What are the costs associated with maintaining a system for GI-protection and how has this cost changed over time? These costs should include the direct costs related to the administrative/legal system and the costs (and investments) incurred by holders of protected indications as well as the 'costs' to those producers who are considered to be 'free-riding'.

Second, the *demandeurs* need to study the economic value of GI-extension<sup>55</sup>. The debate at the TRIPS Council has noted the potential risk of indications being rendered generic on account of the limited protection available under Article 22. While this is intuitively clear, actual evidence would help establish the point. Further, while existing research agrees that distinctive marks are economically valuable, a range of other factors helps to realise the economic potential of such distinctive marks. Country-level studies would help assess the case for/against GI-extension. Important questions to be addressed include the following:

- What kind of GI system should the country implement? Which are the national products that should be protected? What strategies should be adopted to ensure their protection in global markets?
- A product-level study should be conducted that examines some of the following: What is the market size for the product - noting its local, national and global dimensions? What are the

distinguishing product characteristics? How should these characteristics be codified and at what stages along the distribution chain should they be regulated? What product promotion strategies should be adopted and in which markets?

- What are the hurdles in actualising the potential available in GI-protection? Here, the analysis should consider issues concerning the distribution chain and how relevant groups might respond to codification of product characteristics? In addition, there might be external hurdles, such as sanitary and phytosanitary requirements. These are pertinent in assessing the potential economic value of GIs.
- What are the burdens and costs associated with protecting indications of other Member countries? How will this impact on the national/local economy?

Third, any substantive economic and statistical analysis of GI-extension cannot be blind to the political reality of multilateral negotiations and the evident tradeoffs that will be struck. Thus, the study should acknowledge and assess the bargain that might be struck to achieve GI-extension. In addition, the specific burden associated with protecting indications of other Member countries requires closer assessment.

The above are substantive questions that urgently require attention. Studies that bring in economic and statistical evidence will shed useful insights on the subject and help Member countries in their on-going negotiations.

## END NOTES

<sup>1</sup> Note that under Article XI.1 of the WTO Agreement, the "European Communities", and not the European Union (EU), shall become a Member of the WTO. The European Communities are a sub-entity of the EU. As opposed to the EU, the European Communities have comprehensive legal personality. The "European Communities" are made up of two Communities: the European Community (EC) and the European Atomic Energy Community (EURATOM) as founded by the Treaties of Rome of 1957. Contrary to the language employed in Article XI.1 of the WTO Agreement, it is only the EC, and not EURATOM, which has become a Member of the WTO. Therefore, the acronym "EC" is used in the singular.

<sup>2</sup> The WTO Secretariat (IP/C/W/253) uses this term as a common denominator to refer to the various terms and instruments used by member countries to indicate the geographical origin of goods, in order to avoid confusion with specific terms that are otherwise legally defined, e.g. geographical indications, indications of source and appellations of origin. This paper adopts a similar convention.

<sup>3</sup> It is interesting to note that EC and its Member States have only recently made a submission on the issue (viz. IP/C/W/353).

<sup>4</sup> By way of short-hand, this issue of demanding extension of the scope of application of Article 23 to products other than wines and spirits will be referred to as 'GI-extension' throughout the paper. See our discussion below, section 3.3, on the hierarchy in the levels of protection in Section 3 of Part II of the TRIPs Agreement.

<sup>5</sup> Here we draw attention to and discuss the shared principles that provide the public policy rationale for protecting trademarks and IGOs. No doubt, there are differences between trademarks and IGOs and that unanswered questions remain on how to resolve the real and imminent overlap between the two (see Section 3 below and box 5).

<sup>6</sup> See Grossman and Shapiro (1988b) for an analytical treatment of this situation, the paragraph is based on their exposition.

<sup>7</sup> It is often suggested that in certain countries, such as southern European countries, there is a strong link between IGO and the product; thus, for example, "the denomination Beaufort signifies all the elements which are included in the cheese it designates: area of production, breeds of cows and their food, methods of production, etc. and also all the immaterial substance the denomination is endowed with: tradition, landscape, regional identity value, etc." (Thévenod-Mottet, 2001).

<sup>8</sup> The Paris Convention for the Protection of Intellectual Property was agreed in 1883 and has been revised at Brussels (1900), The Hague (1925), London (1934), Lisbon (1958) and Stockholm (1967). The Convention was amended in 1979.

<sup>9</sup> The Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods was adopted in 1891 and revised at Washington (1911), The Hague (1925), London (1934), Lisbon (1958) and Stockholm (1967).

<sup>10</sup> The Madrid Agreement also has special measures for 'regional appellations concerning the source of products of the vine' (article 4; cf. Baeumer, 1999 for a discussion). Escudero (2001, p10) suggests this is as a possible origin for the differential treatment of products under Section 3 of the TRIPS Agreement.

<sup>11</sup> The Lisbon Agreement for the Protection of Appellations of Origin and their Registration was agreed in 1958 and has been revised at Stockholm (1967) and amended in 1979.

<sup>12</sup> Mention should also be made of the fact that membership of and adherence to either the Madrid or the Lisbon Agreements has remained limited. For example, US, Germany and Italy are not members of the Madrid Agreement.

<sup>13</sup> Conrad, A., 1996: The protection of geographical indications in the TRIPS Agreement. *The Trademark Reporter*, 86, 11-46. Cited in Watal (2001).

<sup>14</sup> This appears to be the first acknowledged use of the term 'geographical indications' (WIPO - International Bureau, 2001a, paragraph 71).

<sup>15</sup> Here, note the analogy with patents (cf. Article 27[1]), where the definition sets out the conditions for grant of protection, viz. new, inventive step and industrial application.

<sup>16</sup> Here, take note of the explanatory note appended to India's *Geographical Indications of Goods (Registration and Protection) Act, 1999*:

For the purposes of this clause, any name which is not the name of a country, region or locality of that country shall also be considered as the geographical indication if it relates to a specific geographical area and is used upon or in relation to particular goods originating from that Country, region or locality, as the case may be.

<sup>17</sup> The TRIPs Agreement does not define any of these terms.

<sup>18</sup> There are other factors that differentiate these three approaches to protect indications, such as the scope of protection and exceptions to the obligations. Such a comparison is outside the scope of this document, but it is pertinent for understanding the subject.

<sup>19</sup> This deviation of GIs in TRIPS from appellations of origin is an incorporation of an aspect of the definition of indications of source, where the requirement is for a 'direct or indirect' indication of the geographical origin of the product.

<sup>20</sup> Interestingly, Article 1(2) of the Lisbon Agreement makes a reference to 'reputation'; however, we did not find any specific commentary on this observation. It might be the case that under the Lisbon Agreement, reputation is a consequence of quality and characteristics of the product rather than an independent attribute of the product as would be the case for GIs under TRIPS. Our investigations reveal that the specific inclusion of 'reputation' in Article 22.1 of TRIPS did not exist in the December 1990 draft presented to the Brussels Ministerial Conference. Instead, this wording is found in the consolidated text developed by Ambassador Anell (MTN.GG/NG11/W/76; reprinted in Gervais, 1998). It is no surprise that wording of the TRIPS Agreement is consistent with and closely resembles the definition of GIs in the EC Regulation on Geographical Indications (No. 2081/92 of 14 July 1992).

<sup>21</sup> Venezuela explicitly raised this point with reference to the impasse on the debate concerning a multilateral system of registration of GIs for wines and spirits (WT/GC/W/282).

<sup>22</sup> All Andean countries have regional legislation regarding collective trademarks and certification trademarks. This was not notified expressly to the WTO but it is clearly regulated in articles 180 to 189 of the Andean Decision 486. See <http://www.comunidadandina.org/ingles/treaties/dec/D486e.htm>

<sup>23</sup> For example, Hungary provides the TRIPS definition for products other than agricultural products and foodstuffs. Similarly, the EC and its Member states follow Article 22.1 in respect of agricultural products and foodstuffs with the additional requirement that either production and/or processing and/or preparation take place in the defined geographical area (2081/92).

<sup>24</sup> For example, in Ecuador an additional phrase "including natural and human factors" is introduced.

<sup>25</sup> These countries include Belgium, Bulgaria, Italy, Mexico and Portugal.

<sup>26</sup> The survey states that "in some cases, this [the use of non-direct geographical names] is because the definition does not exclude this possibility and in others because it is specifically included" (para 34).

<sup>27</sup> This is apparently the case for Australia in respect of wines and New Zealand.

<sup>28</sup> The EC Regulation No. 2081/92 is notable here.

<sup>29</sup> This requirement features in the following countries Australia (grapes), Canada (wines), EC (table wines), and Switzerland (wines).

<sup>30</sup> In the US for wines, to qualify for protection, 75% of wine must be derived from fruit grown in the designated area. In some US states the requirement is higher, such as in Oregon where it is 100%.

<sup>31</sup> Article 10(2) of the Paris Convention defines ‘interested party’ as “any producer, manufacturer, or merchant, whether a natural person or a legal entity engaged in the production or manufacture of or trade in such goods”. The absence of the government and the implied inclusion of associations and/or co-operatives are notable (cf. Conrad, 1996, quoted in Gervais, 1998).

<sup>32</sup> See the WTO Secretariat’s review of IGOs for an overview of different mechanisms for implementing this obligation (IP/C/W/253). WIPO’s symposiums on GIs also provide useful material on GI legislation in various countries.

<sup>33</sup> The scope of protection under Articles 22 and 23 is normally characterised as consisting of two components, viz. the first two bullet points. However, provisions for negotiating the relationship between trademarks and GIs (Articles 22.3 and 23.2) have important consequences in determining the economic value of a GI, hence its inclusion here within the discussion on ‘scope of protection’.

<sup>34</sup> Spirits were added to Article 23 (paragraphs 1 and 2) towards the end of negotiations (Gervais, 1998, p130). It thus follows that TRIPs provides a three-level hierarchy in the level of protection for GIs. To be clear, Article 23.3 (homonymous indications) deals exclusively with wines. While Article 23.4 (multilateral register) was initially restricted to wines it has since been extended to include spirits. See Escudero (2001, pp27-30) for a thorough discussion of this three-level hierarchy. Our brief discussion is below.

<sup>35</sup> The example is taken from Gervais (1998, p136).

<sup>36</sup> Note that the first part of Article 24.6 is not predicated on the date of entry into force of the WTO Agreement.

<sup>37</sup> We return to this point in our discussion of the debate on GI-extension later on in the paper (cf. Section 4 below).

<sup>38</sup> Within the US system there are three kinds of certification marks, one of which is considered as “any word, name, symbol, device, or any combination, used ... to certify regional or other geographic origin ...” (US Patent and Trade Mark Office, <http://www.uspto.gov/web/offices/tac/tmfaq.htm#DefineCertMark>, accessed 13 May 2003). Other types of certification marks indicate quality and product standards.

<sup>39</sup> Moran (1993) notes that *Bleu de Bresse* has been licensed for production outside the designated geographical region. However, the claim is mistaken as this is not a protected indication ([www.francefromage.com](http://www.francefromage.com); accessed 24 May 2002).

<sup>40</sup> We remind readers that Article 23.1 borrows its language from Article 3 of the Lisbon Agreement, which was not circumscribed to any specific category of goods. Hence, the rare situation where a succeeding multilateral intellectual property treaty restricts the scope of application of a pre-existing standard of protection.

<sup>41</sup> It is not suggested that the independence of national legal deliberations be jeopardised.

<sup>42</sup> See paragraph 19 of the 1996 Singapore Ministerial Declaration, WTO document WT/MIN(96)/DEC/.

<sup>43</sup> See para. 17 of the Doha Ministerial Declaration, WTO document WT/MIN(01)/DEC/W/1: “With a view to completing the work started in the Council for Trade-Related Aspects of Intellectual Property Rights (Council for TRIPS) on the implementation of Article 23.4, we agree to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines *and spirits* by the Fifth Session of the Ministerial Conference. [...]” (emphasis added).

<sup>44</sup> So far, Members have not been able to agree on some key elements of a possible register, in particular the legal effects of registration: according to a proposal made by the EC and supported by Hungary, GIs included in the register would have to be protected in all WTO Members participating in the system. On the other hand, Canada, Japan, Chile and the US have submitted a different proposal, according to which the system would be a mere means of information about the existence of GIs in the participating countries. Participation in the system would not entail the obligation to actually protect the registered GIs. For the most recent developments on this issue, see the Report of the Chair of the Council for TRIPS of 5 May 2003, WTO document TN/IP/6.

<sup>45</sup> An earlier reading of Article 24.1 by Knaak (1996) is consistent with this interpretation (cf. IP/C/W/205, paragraph 23).

<sup>46</sup> See paragraph 12 (b) of the Doha Ministerial Declaration of 20 November 2001, WTO document WT/MIN(01)/DEC/1.

<sup>47</sup> This compilation was set up on the basis of paragraph 13 of the Ministerial Decision on Implementation-related Issues and Concerns, adopted at Doha on 14 November 2001, WTO document WT/MIN(01)/17. It is contained in WTO document Job(01)/152/Rev.1, which may be consulted at [http://www.ictsd.org/ministerial/doha/docs/imp\\_iss.pdf](http://www.ictsd.org/ministerial/doha/docs/imp_iss.pdf). Note that this document and the underlying paragraph 13 of the above Decision, as well as paragraph 12 (b) of the Doha Ministerial Declaration do not commit Members to actually reach an agreement on the issue of the multilateral register and other outstanding implementation issues. These provisions merely oblige the relevant WTO bodies to address (as a matter of priority) these issues by the end of 2002 (see paragraph 12 (b) of the Doha Ministerial Declaration). This issue stands independently of the question of the legal status of the Doha Declarations (on the latter, see Charnovitz (2002), pp. 207 et seq.; Otero García-Castrillón, C. (2002), pp. 211 et seq.).

<sup>48</sup> To expand, the indication must meet all the conditions laid out in Article 22.1 to qualify for protection (cf. Section 3.1 and 3.2.1). In addition, the indication must be protected domestically.

<sup>49</sup> Note that the EC has recently concluded several bilateral agreements referring to the protection of GIs, in particular the agreements with South Africa, Mexico, Australia and Chile. A more detailed discussion of these agreements would, however, go beyond the scope of this study.

<sup>50</sup> It is useful to note that under Article 34.1 the defendant is expected to bear the burden of proof in civil proceedings concerning process patent infringements.

<sup>51</sup> As such, there has been little novelty on the issues raised in the TRIPS Council in the more recent papers presented in 2002 (IP/C/W/353, IP/C/W/386).

<sup>52</sup> The only new point made is the acceptance by those Members opposing GI-extension that the hierarchy in protection has no logical or rational basis (Section 4.1).

<sup>53</sup> While the US is reported to have challenged the EC's regulations on GIs, Australia is stepping up pressure on the GI regulation and EC's agricultural policies, which are seen as initial steps towards possible challenge within the WTO (see WTO Forum Newsbrief, April 26, 2003).

<sup>54</sup> Notable in terms of this lacuna in the literature is Escudero (2001), where statistical data on protected indications under the Lisbon and Madrid Agreements is available.

<sup>55</sup> Some of the questions listed here apply to those Members opposing GI-extension.

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