

WIPO/GEO/SFO/03/11

ORIGINAL:English

DATE:July4,2003



WORLDINTELLECTUAL
PROPERTYORGANIZATION

WORLDWIDESYMPOSIUM ONGEOGRAPHICALINDI CATIONS

organizedby
theWorldIntellectualPropertyOrganization(WIPO)
and
the UnitedStatesPatentandTrademarkOffice(USPTO)

SanFrancisco,California,July9to11,2003

GEOGRAPHICALINDICAT IONSANDTRADEMARKS :THEROADFROMDOHA

documentpreparedbyBurkhartGoebel,InternationalTrademarkAssociation(INTA)

Introduction

1. It is certainly appropriate to describe the TRIPS Agreement as a milestone in the international development of intellectual property protection at the end of the 20th Century. The continuing implementation of the TRIPS Agreement has already at this point in time resulted in a significant strengthening of the protection of copyright, trademarks, patents, plant breeders' rights,¹ and the like. In particular, enforcement measures have improved and anti-counterfeiting ranks high on the political agenda of most industrialised and developing countries.
2. One type of intellectual property has, however, profited exceptionally from the TRIPS Agreement: geographical indications.
3. Prior to the enactment of the TRIPS Agreement, it would clearly have been misleading to talk about a comprehensive global system for the protection of geographical indications. Both the Paris Convention and the 1891 Madrid Agreement on False Designations of Origin deal with the protection of geographical indications, but cover only a fairly small portion of it. The Lisbon Agreement is broader in its scope of protection, but suffers from limited membership.² The same analysis applies on a country-by-country basis. Geographical indications were protected through a patchwork of bilateral agreements, *suigeneris* registrations systems, certification or collective trademark protection, unfair competition laws, labelling laws and the like.
4. Against this background, the achievements of the 1994 TRIPS Agreement are more than remarkable. It established a world-wide minimum standard of protection for geographical indications which I will describe in some detail below. At the same time, the TRIPS Agreement addressed specifically one of the issues which had stood in the way of the further development of GI protection, namely the possible conflict with other intellectual property rights, specifically trademarks. Being the first multi-lateral agreement tackling both kinds of intellectual property rights at the same time, the TRIPS Agreement struck a careful and adequate balance between geographical indications and trademarks giving exclusivity to the prior of the two rights on a country-by-country basis.
5. Whilst most Member States of the WTO are still travelling down the road of TRIPS implementation, the Doha Round has opened a new chapter for the protection of geographical indications. The WTO Member States are currently negotiating or discussing sensitive issues such as the establishment of a multi-lateral system for the notification and registration of geographical indications, the extension of so-called additional protection for wines and spirits to products other than wines and spirits and the removal of what some Member States

¹ Even though plant breeders' rights are only mentioned as an alternative means of protection in Art. 27(3)(b) TRIPS, the mere mentioning of such rights has certainly contributed to the fact that membership of UPOV has increased dramatically. See in detail, *Burkhart Goebel, Pflanzenpatente und Sortenschutzrechte im Weltmarkt*, Berlin 2001.

² See in detail *Ludwig Bäumer, Protection of Geographical Indications under WIPO Treaties and Questions concerning the Relationship between those Treaties and the TRIPS Agreement*, WIPO, Symposium on the International Protection of Geographical Indications in the Worldwide Context, Eger 1997, 9-38.

perceive as unjustified barriers to trade in products designed with geographical indications. Those negotiations and discussions may eventually perpetuate and – where necessary – clarify the balance between trademarks and geographical indications achieved under the TRIPS Agreement. However, they might also call into question the achievements of the Uruguay Round at the expense of trademark owners. We therefore need to analyse the current trade negotiations and carefully consider the protection of geographical indications in order to make sure that also after Doha there is harmony rather than conflict in the protection of geographical indications and trademarks.³

The Status Quo: Geographical Indications and Trademarks under the TRIPS Agreement

6. The TRIPS Agreement entered into force on 1 January 1995. It is binding upon all Member States of the WTO and thereby comprises almost all relevant markets in the world. As mentioned above, it is the first multi-lateral treaty that comprehensively addresses geographical indications and trademarks at the same time.

1. The Protection of Geographical Indications under the TRIPS Agreement

7. The TRIPS Agreement defines geographical indications as follows in Art. 22(1):

"Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a member or region or locality in that territory where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin."
(Art. 22(1) TRIPS)

a) Scope of Protection

8. Pursuant to Art. 22(3) TRIPS, geographical indications for products other than wines and spirits are protected against misleading use of the respective designation. The provision reads as follows:

"A Member shall, *ex officio*, if its legislation so permits or at the request of an interested party, refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indications in the trademark for such goods in that Member is of such a nature as to mislead the public as to the true place of origin."

9. Protection against misleading use means that it needs to be assessed in each particular Member State whether consumers are misled by the use of a designation similar or identical to the geographical indication at issue. It may well be that the designation, which is (still) a

³ see *Henning Harte - Bavendamm*, *Geographical Indications and Trademarks: Harmony or Conflict?* WIPO, Symposium on the International Protection of Geographical Indications, Somerset West, 1999.

geographical indication in its country of origin, has become or has always been a generic term in another country. Accordingly, consumers would not be misled as they would perceive the designation as generic and not as an indication of the geographical origin of the product at issue. It may also be that the designation is protected and perceived by consumers as a trademark. In that case it would be perceived as a reference to the manufacturer and not to the geographical origin of the product. Again, the consumer would not be misled. Finally, it may also be that the designation which causes concern in the other country is sufficiently similar to the geographical indications so that the consumers will not be misled. All this is very familiar to trademark owners and basically boils down to the application of the well established principle of territoriality.

10. Examples of designations which may serve as a geographical indication, as a trademark and as a generic term at the same time can easily be found. SWISS may serve as a geographical indication for watches, be a trademark (an airline) as well as a generic term (for a type of cheese in most, if not all countries). Another example relating to one and the same product is PILSEN which is still protected as an appellation of origin under the Lisbon Agreement and therefore protected as such in a number of countries, which is at the same time a generic term in many other countries, including most of Northern Europe, and finally constitutes the leading beer brand in Uruguay and has been so for decades.

11. With regard to wines and spirits, Art. 23 provides for so-called additional protection. Geographical indications for wines and spirits are not only protected against misleading use, but also against any use for products not originating in the place indicated by the geographical indication in question. This protection applies even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", "indication", or the like (Art. 23(1) TRIPS).

12. The registration of a trademark for wines or spirits which contains or consists of a geographical indication identifying wines or spirits shall be refused or invalidated with respect to such wines or spirits not having this origin (Art. 23(2) TRIPS).

13. The practical effects of this level of protection are well described in a Communication from Bulgaria, Cuba, Cyprus, the Czech Republic, the European Communities, Switzerland and a number of other WTO Member States:⁴

"The practical effect of this provision is to permit interested parties to prevent, without having to prove that the public is misled or that there is an act of unfair competition,

- The use of the geographical indication by others, generally, for products not originating in the place indicated by the geographical indication in question (e.g. unqualified use of Napa Valley by French producers in France);

- The use of the geographical indication even in conjunction with an additional indication in which the true place of origin of the product is indicated (e.g. Napa Valley of France);

⁴ WTO/IP/C/W353 of 25 June 2002.

- The use of the geographical indication even if the geographical indication is used in translation (e.g. Valle de Los Cactus) and
- The geographical indication if accompanied by expressions such as "kind", "type", "style", "imitation" or the like (e.g. type of Napa Valley).

b) The Grandfathering of Trademarks under Art. 24(5) TRIPS

14. Additional protection as provided for under Art. 23 TRIPS is the main area where the grandfathering clause of Art. 24(5) TRIPS comes into play. According to that provision, a measure to implement the Section on geographical indications of the TRIPS Agreement shall not prejudice eligibility for or the validity of the registration of a trademark or the right to use a trademark, on the basis that such trademark is identical with or similar to a geographical indication, if the trademark has been acquired in good faith either:

- before the date of application of these provisions in that Member as defined in part VI; or
- before the geographical indication is protected in its country of origin.

2. Trademarks

15. Once it comes to the protection of trademarks, the TRIPS Agreement is much less revolutionary than with regard to the protection of geographical indications. This does not come as a surprise. Trademarks have been protected throughout the world on fairly similar standards for more than a century. Trademarks are well established and recognised as the key asset of brand owners in an industrialised society. Trademarks serve as the main communication tool between a manufacturer and the consumer. Trademarks inform the consumer not only about the origin of a particular product, but carry a variety of different functions in the communication process between brand owners and consumers. Trademarks inform consumers about the quality of a product, they carry emotions, they communicate a certain lifestyle and the like.

a) Trademark Protection under the TRIPS Agreement

16. The scope of protection of a trademark is defined in Art. 16 of the TRIPS Agreement, the first paragraph of which reads as follows:

"The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical with or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In the case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of members making rights available on the basis of use."

17. In a nutshell, the trademark grants its owner the exclusive right to its use. The owner of a trademark may prevent all third parties from using any confusingly similar sign in the course of trade for identical or similar goods or services. The core feature of a trademark is its exclusivity. As *Florent Gevers* has put it in 1995 at the Melbourne Symposium on geographical indications: the right to use includes the right to exclude.⁵

18. By establishing this scope of protection the TRIPS Agreement not only confirms what had been recognised both at member state level as well as in international agreements for a long time. What is often overlooked and therefore presumably worthwhile to raise also in the context of this paper is the fact that the exclusivity granted to a trademark is not only indispensable for the proper functioning of a trademark system, it is also an expression of the trademark as an emanation of the fundamental right to private property. The intellectual property right in a trademark is just as exclusive as any tangible property right would be. The very essence of a private property right is that it grants the legal possibility to exclude others from its use.

b) *A Trademark's Exclusivity as a Fundamental Right*

19. As I just mentioned, the fact that a trademark as a piece of private property fully participates in the protection of the fundamental guarantee to private property in most constitutions in the world is sometimes overlooked. Where as there had been some doubts as to the protection of a trademark as a fundamental right in the early days of trademark protection, in particular in the United States,⁶ the mere fact that the brand very often constitutes a much more important asset of a company than a specific production plant in 21st Century industrial societies should certainly have erased all such doubts and uncertainties which were still around a Century ago. As a case in point, the German Federal Constitutional Court has long ago recognised that the protection of the fundamental right to private property naturally expands to trademarks by holding:

"A trademark does not only indicate the origin of a product but is an expression of the producer's will to make an industrial effort. A person thus acquiring an asset must be protected by the constitutional guarantee of property. The aim of constitutional protection is to grant security concerning those acquired assets and the reliance on the continued existence of a person's rights. State measures depriving the trademark owner of his rights do not comply with this constitutional protection of property."⁷

⁵ *Florent Gevers*, Conflicts between Trademarks and Geographical Indications – The Point of View of the International Association for the Protection of Industrial Property (AIPPI), WIPO, Symposium on the International Protection of Geographical Indications, Melbourne 1995, 143(152).

⁶ see *Keith Aoki*, Authors, Inventors and Trademark Owners – private intellectual property in the public domain, 18 Columbia VLA Journal of Law & of the Arts 193(part I)(1993), p. 15, 24); *Kenneth L. Port*, The Congressional Expansion of American Trademark Law: A Civil Law System in the making, 35 Wake Forest Law Review 87-7, 2000.

⁷ German Federal Constitutional Court, decision of 20 May 1997, Constitutional Court Reports Vol. 51, p. 216, 218; see also decision of 8 March 1998, Constitutional Court Reports Vol. 78, page 71; in detail *Hans Schulte*, Die Erfindung als Eigentum, GRUR 1985, p. 772 et seq.

20. In the meantime, intellectual property rights have been recognised as participating in the constitutional guarantee of private property in numerous constitutions around the world⁸ and particularly so in Europe. Intellectual property rights are recognised as constitutional property rights in the case law on Art. 1 of Prot. 1 of the European Convention on Human Rights,⁹ and expressly in the 2000 European Charter of Fundamental Rights, Art. 17(2) of which reads:

"Intellectual Property shall be protected."

21. In its explanatory note, the Convention for the European Charter of Fundamental Rights explained this straightforward and unqualified protection as follows:

"Protection of intellectual property, as one aspect of the right of property, is explicitly mentioned in para 2 because of its growing importance and Community secondary legislation. Intellectual property covers not only literary and artistic property but also patent and trademark rights and associated rights. The guarantee laid down in para 1 shall apply as appropriate to intellectual property."¹⁰

22. At this point in time there should not be any doubt that the private property right to a trademark is protected by the constitutional guarantee to private property. This guarantee safeguards the exclusivity of the property owner's use of his property which may be affected only under certain conditions and subject to compensation. I would like to re-emphasise that the core of the private property right to a trademark is its exclusivity, as was persuasively set out by Advocate General Jacobs of the European Court of Justice in his famous opinion in the *Kaffee Hag* case delivered on March 13, 1990, where he stated in para 19:

"A trademark can only fulfil that role if it is exclusive. Once the proprietor is forced to share the mark with the competitor, he loses control over the goodwill associated with the mark. The reputation of his own goods will be harmed if the competitor sells inferior goods. From the consumers' point of view, equally undesirable consequences will ensue, because the clarity of the signal transmitted by the trademark will be impaired. The consumer will be confused and misled."¹¹

23. Against the background that the private property right to a trademark is protected in its exclusivity under the constitution of – in the meantime presumably the majority of – WTO member states, it cannot surprise that such exclusivity is also provided for and guaranteed under the TRIPS Agreement.

⁸ See for instance Art. 19(24) of the 1980 Constitution of Chile and with comments thereon: *Frederico Mekis*, Appellations of Origin – position of Chile's vineyards in the concert of the new world, and in relation to the negotiations with the European Union, WIPO/GEO/MVD/01/4

⁹ see Commission, *Smith Kline & Laboratories Ltd. vs The Netherlands* decision of 4 Oct. 1990, DR66P.70

¹⁰ Explanatory note, prepared at the investigation of the Präsidium, CONVENT 49, Charta 4473/00.

¹¹ European Court of Justice, Case C-10/89 SACNL – SUCALNV vs HAGGFAG ("Hag II")

c) *The Conflict between trademarks and Geographical Indications under the TRIPS Agreement*

24. As already mentioned, the TRIPS Agreement is the first multi-lateral Agreement on intellectual property rights dealing with trademarks and geographical indications at the same time. The TRIPS Agreement laid down an adequate resolution to the possible conflict between a trademark and a geographical indication by providing the exclusivity of a valid prior good faith trademark registration pursuant to Art. 16(1) TRIPS.

25. This interpretation of the TRIPS Agreement is presumably the prevailing one among the WTO Member States. Exclusivity of the prior right is the prevailing conflict resolution mechanism in all certification marks or collective marks systems for the protection of geographical indications (e.g. United States, Canada and China), but this conflict resolution mechanism is also provided for in statutory law of countries which provide for *suigeneris* registration of geographical indications such as Art. 106 of the Hungarian Trademark Act.¹²

26. However, the interpretation of the TRIPS Agreement providing exclusivity to the prior trademark is not a view uniformly held among all WTO Member States. In particular the European Communities traditionally pursue a concept of geographical indication protection which assumes a certain element of superiority of geographical indications over trademarks. Historically, this may be rooted in the early 20th Century disputes over the Champagne appellations of origin as well as the concept of public or common goods versus private property. Examples of this concept of superiority of geographical indications – which is not reflected in the TRIPS Agreement which sets both trademarks and geographical indications on equal footing as private property rights – can easily be found in secondary legislation of the EC.

27. EC Reg. 1493/1999 on the common organisation of the market in wine provides for example for the discontinuation of the use of a prior trademark, if a confusingly similar designation is later on protected as a geographical indication for wine.¹³ In other words, the trademark would have to be expunged from the register and its use would be enjoined despite the fact that a trademark had been validly registered in good faith with a better priority. The trademark would be expropriated. The Regulation does not provide for compensation.

28. Another example where the prior trademark would continue to exist, but lose its exclusivity is EC Reg. 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. This piece of EC legislation is based on the

¹² Art. 106(1) of the Hungarian Trademark Act reads as follows: "A geographical indication shall not be granted protection: (a) with respect to identical goods if the geographical indication with the later date of priority is identical with an earlier geographical indication or trademark; (b) with respect to identical or similar goods, if the geographical indication with the later date of priority is identical with, or similar to, the earlier geographical indication or trademark and exists a likelihood of confusion on the part of the consumers; (c) with respect to not similar goods if the geographical indication with the later date of priority is identical with, or similar to, an earlier trademark having a reputation in the country where the use of the later sign would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trademark.

¹³ Art. 47 subsection 1 and 2 lit. (e) in connection with Annex VII para f and Annex VIII para h of EC Reg. 1493/1999.

concept of co-existence between a prior trademark and a later geographical indication (but not vice versa).¹⁴

29. The European Community is of the opinion that its approach to the conflict between trademarks and geographical indications is compatible with the TRIPS Agreement as was spelled out in some detail in the European Commission's report to the Trade Barriers Regulation Committee concerning Canadian practices affecting Community exports of Prosciutto di Parma.¹⁵ This case concerns the fact that the word PARMA has been protected for more than 30 years as a trademark for cured ham in Canada. The Italian Consorzi del Prosciutto di Parma lodged a complaint pursuant to Art. 4 of the EC Trade Barrier Regulation on 3 May 1999, claiming that it may face difficulties in its use of the designation Parma in Canada due to the protection of the designation as a trademark. The Commission comes to the conclusion that in any case the sale of Italian cured ham under the designation "Parma" cannot be blocked in Canada, since Art. 24(5) of the TRIPS Agreement clearly envisages co-existence.¹⁶

30. According to the Commission this provision does create an exception to the general rule that the geographical indications shall prevail over a trademark. Again, the EC interprets its concept of superiority of geographical indications over trademarks into the TRIPS Agreement. The report accepts that "the language is not precise". However, it believes that the whole construction of Art. 24(5) TRIPS makes sense only, if interpreted as allowing for co-existence.

31. The general question on how the conflict between a prior trademark and a later geographical indication shall be resolved is currently subject to dispute settlement proceedings before the WTO.¹⁷ It therefore abstains from going into details at this point in time.

32. It is clear, however, that I do not consider the concept of superiority of geographical indications including an interpretation of the TRIPS Agreement as providing force persuasive. In the first place, it is incompatible with the simple and straightforward wording of Art. 16(1) TRIPS. Art. 16(1) TRIPS gives the trademark owner the right to prevent in the course of trade any use of identical or similar signs. This provision clearly gives the trademark owner the right to enforce his prior trademark against a later geographical indication, a fact that has in the meantime been recognised in several bilateral trade agreements which followed the TRIPS Agreement.¹⁸ If Art. 24(5) provides an exception to

¹⁴ Art. 14(2) and Art. 13(4) and (5) of ECR Reg. 2081/92.

¹⁵ European Commission, Directorate General Trade, report to the Trade Barriers Regulation Committee, TBA proceedings concerning Canadian practices affecting Community exports of Prosciutto di Parma, Brussels 1999.

¹⁶ TBA proceedings concerning Canadian practices affecting Community exports of Prosciutto di Parma, page 35.

¹⁷ See Request for Consultations by the United States of 7 June 1999, WT/DS174/1

¹⁸ See only Art. 17(2) 4 of the United States - Chile Free Trade Agreement which states: Each Party shall provide that the owner of a registered trademark shall have the exclusive right to prevent third parties not having the owner's consent from using in the course of trade identical or similar signs, including subsequent geographical indications, for goods or services that are related to those goods or services in respect of which the trademark is registered where such use would result in a likelihood of confusion.

therule,itprovidesanexceptiontotheSectionongeographicalindications,butcertainlynotanexceptiontoArt.16(1)TRIPSwhichremainsunaffectedbytheTRIPSprovisionsongeographicalindicationprotection.

33. Besides,mostWTOMemberStateswouldnotevenbeabletodeprivethetrademarkowneroftheexclusivityofitspriorrightwithoutfacingseriousconstitutionalconflictsundertheirdomesticconstitutions .ThetrademarksregisteredineachMemberStateoftheWTOregularlyconsistoftrademarksownedbynationalentitiesaswellas –mostoftenthemajority –trademarksownedbyforeignbrandowners.Itisawellestablishedprincipleofpublicinternationalallawthataconfiscationofprivatepropertyofnon -nationalsisillegalifthereisnoprompt,adequateandeffectivcompensation. ¹⁹TheTRIPSAgreementdoesnotprovideforcompensation,neitherdoesEClawnor dothenationallawsoftheWTOMember StatesofwhichIamaware.

34. Hence,itiscertainlymuchmorepersuasivetointerprettheTRIPSAgreementinlinewiththeconstitutionaltraditionsofmostoftheWTOMemberStatesandprotectthetrademarkaswhatitactuallyis:anexclusiveprivat epropertyright.IfwenowturntotheDohanegotiations,weneedtomakesurethatthecarefulbalancestruckbytheTRIPS Agreementismaintainedandtheprotectionofgeographicalindicationsisequitablyenhancedwhereindeednecessaryordesirable.

TheRoadfromDoha

35. TheprotectionofgeographicalindicationsisoneofthetwoTRIPSissuesformingthesubjectoftheDohaRound.ThescopeofdiscussionsandnegotiationsenvisionedundertheDohaRoundissummarisedinpara18oftheDohaDeclaration:

"WithaviewtocompletingtheworksstartedintheCouncilforTradeRelatedAspectsofIntellectualPropertyRights(CouncilforTRIPS)undertheimplementationofArt.23.4weagreedtonegotiatetheestablishmentofamulti-lateralsystemof notificationandregistrationofGIsforwinesandspiritsbythe5thSessionoftheMinisterialConference.WenotethatissuesrelatedtotheextensionoftheprotectionofgeographicalindicationsprovidedforinArt.23toproductsotherthanwinesandspiritswillbeaddressedintheCouncilforTRIPS pursuanttopara12ofthisdeclaration."²⁰

36. SincetheNovember2001DohaDeclarationssomeprogresshasbeenmadeinthegeographicalindicationdiscussionsandnegotiations.Threeissueshaveemergedsofar:

- Theestablishmentofamulti -lateralsystemforthenotificationandregistrationforgeographicalindicationsforwinesandspiritsby14September2003,i.e.theendofthe5thMinisterialConferencetobeheldinCancun(negotiations);

¹⁹seethe *NorwegianShipOwnersclaims* caseoftheHaguearbitrationtribunal,RIAA,p.338,seealsothecase *ChorzówFactory*, PCIJ,seriesAno.17,p .47.

²⁰WTO,WT/MIN(01)/DEC/1of20November2001.

- The extension of additional protection provided for wines and spirits pursuant to Art. 23 to products other than wines and spirits (discussions) and most recently,
- An initiative to "claw back" the exclusive use of certain GI names even if they are currently considered as "generics" or "trademarks" (discussions in the Committee of Agriculture)

I will address each of these issues in detail.

1. The Multi-lateral System for the Notification and Registration of Geographical Indications

37. The establishment of a system of notification and registration of geographical indications (hereinafter: the System) is the most pressing issue, since the WTO Member States undertook in Doha to reach an agreement on this issue by September 2003. This agenda item already forms part of the built-in agenda of Art. 23(4) TRIPS. Whereas the negotiations concern only the establishment of the System for wines and spirits, it is already fairly clear at this point in time that the Member States are not likely to set up a different notification and registration system for geographical indications for products other than wines and spirits in the future. It is fair to expect that the System will be expanded to products other than wines and spirits either through the expansion of Art. 23 protection to such products or by opening the System for such products without enhancing the scope of protection at the same time. This has been communicated by the EC and a couple of other WTO Member States in para. 32 of their Communication of 19 June 2002:

"The multi-lateral system of notification and registration of geographical indications will contribute to the implementation of a more effective protection generally for geographical indications. A coherent approach to the protection of the geographical indications would suggest that the System be open to all geographical indications alike."²¹

38. The System is therefore likely to have an impact far beyond the wine and spirits industries only. At a nearly point, the negotiations focussed on two fundamentally different proposals of the System, one favoured by the United States, Canada, Chile and Japan and the other one favoured by the EC, their Member States and a number of other WTO Member States. Since the beginning of this year, the negotiations have gathered significant pace. With the Cancun Ministerial Conference only a few months away, Hong Kong has submitted an additional proposal, the INTA has outlined its concept of a system and the Chairman of the Negotiating Committee has also outlined his opinion on the likely key elements of a System.

a) *The Proposal of a System by the United States, Canada, Chile, Japan and a number of like-minded states*

39. The United States, Canada, Chile and Japan suggested the establishment of a non-binding system pursuant to which the Member States may notify their geographical indications to the WTO which would collect all the data and maintain the database basically

²¹ Communication from the EC and other WTO Member States of 24 June 2002, IP/C/W/353.

as a source of information for the other Member States. Those other Member States should refer to the WTO database when taking a decision on the registrability or validity of a trademark or the enforcement of the geographical indication.²²

40. The non-binding multi-lateral system as initially proposed by the US, Canada, Chile and Japan is now also supported by Argentina, Australia, Columbia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Namibia, New Zealand, Philippines and Chinese Taipei. In their Communication of 20 September 2002, these countries explained and confirmed their proposal together with the initial proposing four countries.

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41. The key advantage of this proposal is that it would leave the enforcement completely to the Member States of the WTO with their well-established and by and large functioning courts systems. It would therefore be possible for a trademark owner to argue before a court of a Member State that a geographical indication contained in the WTO database does not meet the protection requirements, is generic in a specific country or conflicts with a prior trademark.

42. The downside of the proposal is that it is quite likely that the courts of the Member States will presume that designations contained in the WTO database indeed constitute GIs which will in many cases shift the burden of proof to the trademark owner without any legal remedies available to the trademark owner to prevent such an entry into the WTO database. Even if the trademark owner succeeds in a particular case in a Member State in arguing that the GI conflicts with his prior trademark and that it shall not affect the validity of the prior trademark nor its enforceability, such decision would not have an impact on the database entry. This means that the trademark owner may face the same objection again upon renewal of the prior trademark, registration of a similar trademark combining the same word element with a new device element and so on and so forth. Hence, whereas it is to be welcomed that the enforcement is left to the Member States at issue, it would be far better if decisions on prior trademarks or generic use could also be communicated under the database also

,if

b) The Proposal of a System by the EC and their Member States

43. The concept favoured by the EC and their Member States²⁴ and also supported by Hungary²⁵ provides for a full registration system combining elements from the Lisbon Agreement on the Protection of Appellations of Origin and EC Reg. 2081/92.²⁶ Member States shall notify their domestic geographical indications together with copies of any regional, bilateral or multi-lateral agreements protecting such GIs and proof of compliance with the definition of GIs under Art. 22(1) TRIPS to the WTO Secretariat. The WTO Secretariat will then notify all WTO Member States of the submission. The WTO Member

²² Communications from 11 March 1999 WTO, IP/C/W/133 and 26 July 1999 IP/C/W/133/Rev.1.

²³ WTO, TN/IP/W/5 of 23 Oct. 2002.

²⁴ WTO IP/C/W/107/REV.1 of 22 June 2000.

²⁵ WTO IP/C/W/255 of 3 May 2001.

²⁶ Confirmed in Communication of 19 June 2002 from Bulgaria, Cyprus, The Czech Republic, The EC and their Member States, Georgia, Hungary, Iceland, Malta, Mauritius, Moldova, Nigeria, Romania, The Slovak Republic, Slovenia, Sri Lanka, Switzerland and Turkey, WTO, TN/IP/W/3 of 24 June 2002.

States will have an 18 months period in which to examine the submissions. During the 18 months period each Member State may challenge the registration of the geographical indication on any of the following four grounds for opposition:

- Non-compliance with the definition of a geographical indication in Art. 22(1) TRIPS;
- Absence of protection in the country of origin, Art. 25(9) TRIPS;
- Genericness within the meaning of Art. 24(6) TRIPS;
- Use of the geographical indication would be misleading within the meaning of Art. 22(4) TRIPS.

44. Under the EC proposal, a GI cannot be opposed on grounds of prior trademark rights. Upon expiration of the 18 months period, the GI will become fully and indefinitely protected in all Member States which have not (successfully) opposed its registration.

45. The proposal from Hungary is very similar to the proposal of the EC, but provides in accordance with the Hungarian Trademark Act for prior trademark rights as a possible ground for an opposition.²⁷

46. Both proposals suffer from one major weakness: oppositions can only be brought by Member States. The well-established systems of the national courts do not come into play at all. This means that – also under the Hungarian proposal – a trademark owner will not be in the position to object to the registration of a geographical indication. Under the EC proposal, a prior trademark right could not even be made the basis of an opposition of a Member State. Also, it would not be possible to object to the use of a geographical indication on the basis of a prior trademark at a later stage in the Member State at issue under the EC proposal. Under the Hungarian proposal, the trademark owner would have to convince all governments of WTO Member States in which he owns prior trademark rights to oppose the registration of a geographical indication at WTO level within the 18 months period.

47. The experience gained under the Lisbon Agreement on appellations of origin shows that many governments are not willing to spend their resources on a case of a trademark owner which often comes from a third country. Also, governments fear that the state of origin of the opposed GI will retaliate by opposing geographical indications of the opposing state. Hence, they will obviously not be inclined to jeopardise the interests of their nation only in order to defend the rights of third country trademark owners. This will have the effect that the opposition rights will remain largely on paper. If the users of generic terms and/or prior trademarks will not be in the position to enforce their rights through the domestic courts and/or office proceedings in the respective Member States, they will effectively be prevented from seeking legal protection which is, however, mandatory not only under the constitutional provisions of the Member States at issue, but also under Part III of the TRIPS Agreement itself.

48. It is exactly these shortcomings of the EC-led proposal which are addressed in the Hong Kong, China proposal as well as the papers submitted by INTA.

²⁷ WTO/IP/C/W/255 of 3 May 2001

c) *The proposal of Hong Kong, China*

49. Hong Kong submitted a Communication on 17 April 2003, on an alternative model for the System.²⁸ The Hong Kong proposal does indeed contain an alternative model and brings the issue of protection of geographic indications back to the forum where it is dealt with best, namely the national courts of the WTO Member States.

50. Hong Kong proposes a registrations system at WTO level to which Member States may communicate their respective geographical indications. The notification of the geographical indication will be examined only on formal grounds at WTO level, i.e. whether or not the formal requirements for the notification are complied with. At WTO level no substantive examination of the geographical indication will be undertaken.

51. The entry into the WTO Register will create a prima facie evidence of

- Ownership
- That the indication is within the definition of "geographical indications" under Art. 22 of the TRIPS Agreement and
- That it is protected in the country of origin.

52. In effect, it creates a rebuttable presumption in favour of owners of geographical indications in relation to those three issues. It thereby facilitates the protection of geographical indications among those Member States who participate in the System. However, the presumption may be overcome in proceedings before the national courts. This is extremely important and an appropriate expression of the well established principle of territoriality of intellectual property rights. It can only be decided at Member State level whether or not a geographical indication is misleading, constitutes a generic term and the like as may be easily illustrated by the following example which is taken from the INTA submission which I will discuss further below.²⁹

53. Under the Lisbon Agreement for the Protection of Appellations of Origin and their international registration, Mexico had applied for the appellation of origin "Veracruz" for coffee recognising the high quality and outstanding reputation of coffee beans from the Veracruz region. Whilst most Member States of the Lisbon Agreement accepted this appellation of origin, Portugal refused the protection. The reason for such refusal was that Portuguese consumers would believe that "Veracruz" coffee comes from Brazil rather than the Mexican region of Veracruz. The reason for this perception is historic. "Veracruz" was also the Portuguese name for Brazil at the time when Brazil was still a Portuguese colony. Since Brazil is also known for its high quality coffee, Portuguese consumers would most likely associate "Veracruz" coffee with Brazil rather than Mexico. It is obvious that this consideration applies mainly, if not only to Portugal. It was therefore most appropriate to examine the protectability of the appellation of origin in the country of protection (Portugal) and not at the level of the notifying international body, here the WIPO.

²⁸ WTO, TN/IP/W/8 of 23 April 2003.

²⁹ International Trademark Association, Establishment of a multi-lateral system of notification and the registration of geographical indications for wines and spirits pursuant to TRIPS Art. 23(4), available at www.wto.org/english/forums_e/ngo_e/pospap_e.htm.

54. Under the Hong Kong proposal questions relating to the applicability of grounds or exceptions under Art. 22 to 24 (including the qualification of the designation as a generic term or the enforcement of a prior trademark) shall continue to be decided by domestic courts, tribunals or administrative bodies of participating Members, applying domestic laws, and having regard to the relevant local circumstances. Those decisions will have territorial effect only. However, they will have at least this effect which means that a trademark owner may obtain binding precedent for the country at issue by locking the use of the geographical indication on grounds of its prior trademark.

55. The main downside of the Hong Kong proposal is that it fails to point out which are the reasons for objecting to a geographical indication at national level under Art. 24 TRIPS. Thereby, it does not clarify the currently contentious issue whether or not a prior trademark enjoys exclusivity or may be forced upon co-existence with a later geographical indication at Member State level. Since this issue is certainly of a decisive nature for trademark owners and is disputed among the Member States of the WTO, at this point in time no decisions should be taken without having clarified that particular question first.

d) The Submission by the International Trademark Association

56. The International Trademark Association submitted its proposal for the System in April 2003. It is available at the WTO homepage as well as in the annex to this paper.³⁰ INTA recognises that geographical indications are an important intellectual property right and that geographical indications should enjoy adequate protection in the Member States of the WTO. Geographical indications need to be enforceable and should at the same time not create undue barriers to trade.

57. INTA is convinced that it is possible to achieve a harmonious co-existence of protection systems for geographical indications and other intellectual property rights, including trademarks. Conflicts between these rights should be resolved pursuant to the well-established intellectual property principles of territoriality, exclusivity and priority. INTA believes that no means of intellectual property protection is superior or inferior to another.

58. INTA is of the opinion that the facilitation of the protection of geographical indications through the System should be based on the experience gained under other multi-lateral instruments for the protection of intellectual property rights, in particular the Patent Cooperation Treaty and the Madrid System. From those two well-established systems INTA extracts a number of important features and conditions for the multi-national protection of intellectual property rights:

- The international notification/registrations should be based on the existence of a national application/registration.
- The notifications should be facilitated through an international body.
- The examination of whether the intellectual property right at issue meets the protection requirements should be carried out in the country where protection is sought.

³⁰ www.wto.org/english/forums_e/ngo_e/pospap_e.htm.

- Third parties shall be able to challenge the application and/or registration before the national offices and/or national courts in the country where protection is sought.

59. Dealing with the substantive examination of the geographical indication and with possible third party rights through the established and largely well-trained national courts and administrative bodies will provide a particular advantage for smaller and medium sized companies. For those companies the costs for persuading a government to take up its case to the WTO will be prohibitive. The owner of a medium sized company who owns a trademark registration conflicting with a geographical indication in 50 countries would have to persuade the governments of 50 countries to raise an objection with the WTO in order to defend the exclusivity of his prior mark. The costs involved in such an exercise will considerably exceed the cost of filing opposition proceedings or a cancellation action before the respective national courts. Furthermore, in many cases the trademark owner will not succeed in persuading a government to raise an objection on its behalf, since such an objection may conflict with the specific government's interests in the protection of its own geographical indications. Under the EC proposal the owner of a medium sized or smaller company would have only 18 months to lobby the governments of all relevant WTO Member States to take up his case and file an objection at WTO level. Since those companies do not have government relations departments and do not have a network of government relations agencies, this will create an impossible task. Hence, restricting the access to domestic courts will leave small and medium sized company trademark owners effectively defenceless despite the fact that it is often those companies which are the driving force behind economic growth, in particular in developing countries.

60. For that reason INTA recommends that the System should follow a Madrid-like or PCT-like approach and include the following key elements.

- Notification/registration through an international body to the participating states.
- *Ex officio* examination of protectability in the country of protection.
- Refusal/opposition on the basis of prior (trademark) rights.
- Ability to challenge the registration in the national courts.

61. A system built on these concepts will facilitate the protection of geographical indications, in the same way that the Madrid System facilitates the protection of trademarks and the PCT facilitates the protection of patents. At the same time it will recognise that geographical indications as what they are deemed to be under TRIPS, an intellectual property right, the importance and the value of which equals, but not surpasses, trademarks and patents.

e) Note by the Chairman on the System

62. On 16 April 2003, the Chairman of the Negotiating Committee submitted a note to the Negotiating Committee on a Draft Text of Multi-Lateral System of Notification and Registration of Geographical Indications for Wines and Spirits.³¹

³¹ Note by the Chairman JOB (03)/75 of 16 April 2003.

63. The Chairman's proposal basically contains two options. Option A follows by and large the proposals submitted by the US-led team. It envisages registration at the level of the administering body without any opposition proceedings. The legal effects are, however, limited. The participating members shall consult the register when making decisions regarding the recognition and protection of geographical indications for wines and spirits. Option B follows closely the proposal made by the EC and its like-minded states. It contains registration, the possibility of a challenge during a 18 months period as well as the obligation of the members who have not challenged the registration to grant full protection to such registration in their territory. ains

64. The chairman's proposal herefore replaces the two concepts pushed forward by the major trading blocks next to each other in one note. It is fairly clear that the two concepts are not reconcilable with each other and that the Member States would have to opt either for option A or option B. The chairman's note does not yet reflect the middle ground proposals submitted shortly after the chairman's note by Hong Kong and INTA. These proposals may be developed into an option C as they do reflect the concerns of all parties involved.

f) Conclusions

65. The idea of a system should be welcomed. It will certainly contribute to the facilitation of protection of geographical indications. At the same time it may positively affect the work of trademark offices and brand owners alike by providing searchable data of protected GIs. The trademark owner who wishes to use a certain designation in the future should be able to search possible conflicts with prior geographical indications. Such an exercise may be made easier through the System.

66. At the same time we have to note that the proposals currently under discussion for the System differ widely from each other. Whereas I accept the importance of meeting self-imposed deadlines in the context of multi-lateral trade negotiations, it is my firm opinion that the concept of the System is far too important and has too many legal effects and implications to be rushed through in the run-up to the Cancun Ministerial Conference in September 2003.

67. At this point in time there are three concepts under discussion which are hardly reconcilable. The Hong Kong proposal and – from the point of view of legal certainty preferable – the INTA proposal steer a middle ground between the submissions of the major trading blocks. Establishing an international notification mechanism will facilitate the protection of geographical indications. Having conflicts with prior trademarks and prior generic terms resolved at Member State level will comply not only with the principle of territoriality, it will also allocate the actual decision where the possible conflicts may arise, namely at Member State level. This appears to be the adequate job sharing between a multi-lateral organisations such as the WTO and its Member States. It is presumably this approach that has made the Madrid System for the protection of trademarks a real success story.

1. Expansion of the System: Additional Protection for Products other than Wines and Spirits

68. The second battleground over geographical indications at this point in time is the expansion of Art. 23 TRIPS type protection to geographical indications for products other

than wines and spirits. These discussions do not have adhered to the fairly strict Cancun Ministerial Summit deadline. However, the issue still ranks very high on the negotiating agenda of the European Communities and several like-minded states.

a) *The Call for Extension*

69. The call for extension of additional protection for geographical indications to products other than wines and spirits was recently confirmed in the 19 June 2002 Communication from Bulgaria, Cyprus, Cuba, Czech Republic, the European Community and their Member States, Georgia, Hungary, Iceland, India, Kenya, Liechtenstein, Malta, Mauritius, Pakistan, Romania, Slovakia, Slovenia, Sri Lanka, Switzerland, Thailand and Turkey.³²

70. Under para 41 of this Communication, the countries proposed that the TRIPS Council recommend to the Trade Negotiating Committee to adopt the following guidelines for the negotiations on "extension":

- The protection of Art. 23 of the TRIPS Agreement shall apply to GIs for all products;
- The exceptions contained in Art. 24 of the TRIPS Agreement shall apply *mutatis mutandis*;
- The multi-lateral register to be established shall be opened for GIs for all products.

71. Paras 18 and 19 of the same Communication address the issue of possible conflicts with trademarks:

- "To sum up, the protection currently granted by Art. 22.3 and 23.2 of the TRIPS Agreement makes that registration and validity of registered trademarks containing or consisting of geographical indications may be precluded when they are borne by wines and spirits and permitted when they are borne by other products if they do not mislead the public."
- Extension would make Art. 23.2 of the TRIPS Agreement apply to all products."

72. It should be noted that the discussions on extension have to also be seen against the background of the WTO negotiations on agriculture. For a while the negotiations seemed to have come to a standstill just as the negotiations on the opening of the world's important agricultural markets. However, most recently, the negotiations have gathered significant momentum after the WTO Director General, Dr. Supachai, held informal consultations with the respective Member States on the issue of additional protection for geographical indications for products other than wines and spirits on 14 May 2003. He identified the issue as one of the major hurdles to a successful conclusion of the Doha round. He is apparently of the opinion that a successful removal of such an obstacle would also pave the way for successful negotiations on agriculture.

³² WTO, IP/C/W/353 of 24 June 2002.

b) *Extension in Context*

73. It is therefore clear that additional protection is high on the negotiating agenda and that it might even be dealt with at the Cancun Ministerial Summit. Against this background it is necessary to consider whether additional protection is indeed appropriate, whether it is necessary and whether it should be provided at this point in time and under which circumstances. The most recent statement on the issue comes from the International Chamber of Commerce on 25 June 2003.³³ The ICC confirms its previous opinion that the implications of an extension of Art. 23 type protection to products other than wines and spirits still will have to be studied carefully. The ICC warns against a rush into an extension of Art. 23 protection for very good reasons. Neither the impact on prior trademark rights nor the impact on the users of prior generic terms has been fully understood yet. The warnings of the ICC should be carefully heeded. At this point in time the impact of the extension of additional protection to the users of generic designations mainly in the New World but also in European countries has not been analysed let alone fully understood, a fact which cannot be disguised by the sometimes fairly aggressive language used in the negotiations.

74. In my opinion it is inappropriate to describe the use of geographical designations referring to place names in Europe as "usurpation" of European culture. Historically, we are talking about the facts of colonisation and emigration that took place in the 17th, 18th and 19th Centuries. At that point in time millions of Europeans left their countries to start a new life in the then European colonies. The concept of intellectual property as we know it today did not exist. Concepts of geographical indication protection were hardly thought of. In many cases, emigrants were actively encouraged to implant their culture in the New World. French emigrants to Louisiana were, of course, encouraged by the French King to establish French culture in the new territories. It does not come as a surprise that culture was established by reference to names and product descriptions the emigrants were used to from their home country. Later on those colonies became independent. In the case of Louisiana the territory with the culture that had been established in the meantime was then sold to the United States of America for a considerable amount of money that was urgently needed to finance the European wars of Napoleon III. It may well be argued that by purchasing Louisiana from France the United States acquired Louisiana as it was sold, including the culture that had been established by the French emigrants and thereby including the use of the French terms which the emigrants had brought along. Hence, the very notion of "usurpation" is inappropriate.³⁴ The concept of theft or unfair usurpation is just as inappropriate in this context as it is in the context of genetic resources where the argument has been made repeatedly that transfer of germplasm during the colonisation should be reversed or lead to financial obligations of the users of such germplasm a century later.³⁵ Once it is agreed that in most cases which are of interest to the users of generic terms and prior trademarks the notion of "usurpation" is inadequate, we may move ahead and start to analyse the trade impact of expansion of Art. 23 type protection.

³³ International Chamber of Commerce, Further Views on Geographical Indications, Doc. no. 450/967 of 25 June 2003.

³⁴ See in detail: Address to the International Bar Association Conference by David Spencer, Australia's ambassador to WTO, Geneva, 20 March 2003.

³⁵ For that discussion see in detail *Burkhardt Goebel, Pflanzenpatente und Sortenschutzrechte im Weltmarkt*, Berlin 2001, p. 37 et seq.

c) *Should Art. 23 TRIPS be Extended?*

75. In the first place we will have to accept that absolute protection will in many cases restrict the abilities of trademark owners and users of generic terms to sell products which they have developed into well known brands or under well known brands (generic term in combination with a trademark) in third countries where Art. 23 type protection would be established under an amended TRIPS Agreement. Thereby, extension of Art. 23 TRIPS protection will limit consumers' choice and will create additional barriers to trade. Those effects may be considered acceptable, but it would be highly inappropriate not to acknowledge them and to argue that expansion of Art. 23 TRIPS protection does not inflict any costs. The possible costs involved are not solely the costs for establishing a trademark and running an administrative system, it is equally and presumably foremost the costs coming from trade restrictions and restriction of consumers' choice.

76. Secondly, we need to analyse whether the scope of protection provided for under Art. 23 TRIPS is indeed appropriate. In its most recent Communication of 23 June 2003, the European Communities argue that extending Art. 23 protection will also be beneficial for trademark holders and applicants since they will have a clear revision of whether a trademark containing a geographical indication can be used or not³⁶. I mentioned in the context of the System that a searchable geographical indication database or other registrations system may indeed be useful for alerting trademark owners of possible conflicts at an early stage. This is one of the reasons why INTA is not opposed to the System but seeks a constructive resolution which will accommodate the concerns of all parties involved.

77. Extension of Art. 23 type protection will, however, not necessarily contribute to such clarification. As described above Art. 23 type protection also allows the owner of a geographical indication to stop the use of the GI "in translated form". The example used by the EC, Switzerland and a number of like-minded WTO Members states was the use of the indication "Napa Valley" in translated forms such as Valley of Cactuses or "Valledelos Cactus".³⁷

78. It is obvious that it would be just impossible for a trademark owner to search such an alleged translation of a geographical indication. At the same time it is easily imaginable that a manufacturer would come up with a trademark "Cactus Valley" for instance for fruit juice. It could not reasonably occur to him nor to any consumer nor to his legal advisor that "Cactus Valley" may be a translation of "Napa Valley". The word "Napa" is reportedly a word from the language of the Wappo tribe of native American Indians (cf. www.napa.org). It is quite obvious that many of the place names may have a meaning in their original –often native –language. Does that mean that the meaning of this original language constitutes a "translation"? The EC's Communications suggest that this is the case. Applying this theory in practice would mean that legal certainty will be lost completely. The problem is only exacerbated by the fact that translations are often difficult to determine. "Napa", for instance, presumably means "plenty, full" and not "cactus", see www.wine-country-tours.com. The concept of enforcing the use in translated form is built on examples like "Oporto" which consumers will easily associate with "port" for wine. In such a case, however, the translation

³⁶ The extension of additional protection for geographical indications to products other than wines and spirits, Communication from the European Communities of 23 June 2003, JOB(03)/119.

³⁷ WTO, IP/C/W353 of 24 June 2002.

is so close to the original language word that it will be recognised as such. As long as Art. 23 protection is limited to wines and spirits, an area which had been highly regulated anyhow in the past, in particular in Europe, such a broad and from a trade point of view in adequate scope of protection might still be acceptable. Expanding it to all products would, however, create completely unreasonable results.

79. One way of dealing with this issue is trying to define the scope of protection provided for under Art. 23 more adequately. Instead of providing general protection for "use in translation" the scope of protection should properly be defined as "use in translation, if that translation, is associated by the relevant consumer groups with the geographical origin of the product".

80. This is only one, possibly the most important example where the scope of protection provided for under Art. 23 is inappropriate. Any extension of Art. 23 TRIPS protection should tackle this issue first. There may be a point in granting protection for geographical indications beyond misleading use. However, unrestricted protection against "use in translation" will be inadequate.

81. Furthermore, it should go without saying that the grandfathering clauses of Art. 24 should be amended accordingly. In order to avoid the confiscation of prior rights, the respective deadlines will have to be extended to the point in time when an amended Art. 23 TRIPS will enter into force. From a trademark owner's point of view it is furthermore indispensable that the issue of exclusivity of prior trademark rights is clarified confirming the exclusivity of a prior trademark provided for by Art. 16(1) TRIPS.

2. Trade Barriers and Trade in Agricultural Products

82. As if the complex issues of the System and extension of Art. 23 TRIPS protection were not enough, the EC has opened a third battleground in the context of agricultural negotiations which may prove to be even more worrisome for trademark owners and the users of prior generic terms. Whereas the negotiations on the System and the extension of Art. 23 to products other than wines and spirits leave the grandfathering clauses of Art. 24(6) (generics) and Art. 24(5) (trademarks) of the TRIPS Agreement unaffected, the EC is now also seeking to "claw-back" the exclusive use of certain geographical indication names for the relevant WTO Member, even where they are currently considered as "generics" or "trademarks" in other WTO Members.³⁸ In its most recent Communication the EC describes the situation it is targeting as follows:

"The limited GI list, in the context of the agricultural negotiations, deals with another type of situation. The use of these TRIPS exceptions in certain individual cases prevent EU producers to effectively use their GI in third markets: thus causing a market access problem. This may happen either *de jure* (e.g., when a company of country A registers, as a trademark, a GI of country B in country A and thus impedes producers of country B to use this name in country A, thus forcing country B's producer to fore-label the product in

³⁸ The extension of additional protection for geographical indications to products other than wines and spirits, Communication from the European Communities of 23 June 2003, JOB(03)/119.

order to market it) or *de facto* (e.g. country A considers a certain GI of country B as a "generic" term that is freely used for poor quality products; by the time country B starts marketing its genuine GI product, there is a reputation associated with that GI so eroded that any investment in recuperating its image is futile, as lower quality imitations may continue to be in the market)."

83. An example would be "champagne" which in many countries is perceived as a generic term for sparkling wine. From the EC's point of view such use must be phased out as it constitutes an unjustified trade barrier. The same would apply if the designation was registered as a trademark. The above mentioned PARMACAS case may serve as an example. PARMACAS has been a trademark in Canada for decades. The same is true for Mexico where PARMACAS is a leading brand for ham and sausages. What the EC is effectively seeking is a phase-out of these well established prior brands or the century old use of a generic term, completely disregarding the possible constitutional impacts such an agreement may have.

84. The EC's proposal was interestingly launched for the first time in the context of the agricultural negotiations. It has been strongly opposed in the meantime by the ICC.³⁹

85. The EC's proposal states as follows with regard to geographical indications:

"On geographical indications (GIs), an essential part of the value of many agricultural products is the geographical indication which, if not protected, seriously erodes this value. Proposals have already been made in the context of the TRIPS negotiations. The EC's approach to geographical indications in the context of agriculture negotiations is complementary to the TRIPS negotiations. The EC's objective is to negotiate in this context specific commitments in order to guarantee fair market access opportunities to those wines, spirits and other agricultural and foodstuff products whose quality, reputation or other characteristics are essentially attributable to their geographical origin and traditional know-how. To this end, a list of names currently used by producers or right holders in the country of origin should be established so as to prohibit such use."

86. This general description of the policy objective translates into the following draft provision on "market access":

"Members shall ensure protection of the geographical indications referred to in Annex W in accordance with the individual commitments undertaken and included therein.

87. The protected names are exclusively reserved to the agricultural products originating in the place indicated by the geographical indication in question and cannot longer be used after the phase-out period. Geographical indications not included in Annex W will continue to benefit from the protection provided for in Art. 22 and 23 of the TRIPS Agreement.

³⁹ International Chamber of Commerce, Further views on Geographical Indications, Doc. no. 450/967 of 25 June 2003.

88. Any use of indications protected by virtue of disagreement for products originating in a geographical area other than the true place of origin shall be prohibited, even when:

- a) The true origin of the product is indicated;
- b) The geographical indication is used in translation;
- c) The indications are accompanied by expressions such "kind", "type", "style", "imitation", "method" or the like...."

89. In its Communication dated 20 June 2003, the EC confirmed this initiative by pointing out that it does indeed wish to "claw -back" exclusive use of certain geographical indication names. The language used in the Communications suggests that something had been stolen which now needs to be "clawed-back". I have already explained that this is historically not the case.

90. In the case of prior trademark this initiative effectively seeks a confiscation of private property. The WTO Agricultural negotiations are a highly inappropriate forum for the discussion of the confiscation of established private property rights. If there is an intention to obtain access to a market for the use of a specific designation and to discontinue the use of a prior third party intellectual property right to this designation, negotiations have to be held with the trademark owner. The issues should not and cannot be equitably resolved in a forum where the private property rights of trademark owners are traded in against market access for agricultural products for completely unrelated third parties without the trademark owners even having the possibility of being involved in the negotiations.

91. Such a result cannot even be in the interests of the European Communities either. It is quite likely that the confiscation of the prior trademark is an issue as part of a multi-lateral trade agreement will be considered as a breach of fundamental rights in many Member States. In those WTO Member States where the constitution ranks higher than a public international law agreement, that confiscation cannot be enforced. The trademark would remain on the register and would remain enforceable. That being the case, the EC may open its markets for certain agricultural products without obtaining in return what it had been negotiating for.

92. Proposing the "claw -back" of geographical indications, fully accepting that this may lead to the confiscation of prior intellectual property rights, also runs counter to the entire negotiating initiative which led to one of the world's finest intellectual property agreements, the TRIPS Agreement. The Uruguay Round TRIPS negotiations were driven by an understanding that intellectual property was key to the world's economic development at the beginning of 21st Century. If these private property rights, the WTO wide protection of which had been achieved through difficult and complex negotiations, cannot be sacrificed for a specific agricultural interest, the question must be asked whether intellectual property rights such as trademarks, patents, copyright and the like may not also be sacrificed for the sake of public health policy, easy access to entertainment and literature, less expensive technology transfer and so on and so forth. It was one of the great, if not the greatest achievement of the TRIPS Agreement to convince the WTO Member States that intellectual property rights will benefit national economies only if they are adequately protected and enforced. This achievement must not be questioned by seeking additional protection for a limited list of geographical indications for a limited number of countries.

Conclusions: The Road from Doha

93. The Doha Declaration has placed the protection of geographical indications on the agenda of WTO trade negotiations. Being an important intellectual property right which is, however, protected by widely different legal systems only, initiatives for the facilitation of geographical indication protection should be welcomed.
94. INTA supports the protection of geographical indications. The WTO Member States should continue their trip on the road from Doha and seek a successful completion of the Doha Round for the benefit of the world economy.
95. In doing so they will need to build on the achievements of the Uruguay Round and develop the protection of geographical indications within the wording and the spirit of the TRIPS Agreement and not outside of the TRIPS Agreement. Therefore, WTO Member States should fully respect the guarantee of intellectual property as private property rights and the availability of legal remedies which was established under the TRIPS Agreement. The establishment of a multi-lateral system for the notification and registration of geographical indications as well as the possible extension of Art. 23 type protection to products other than wines and spirits will therefore have to guarantee the exclusivity of validly registered prior intellectual property rights, in particular trademarks. This objective may be achieved through a Madrid-type notification and registration system, a adequate wording of the scope of protection provided for under Art. 23 TRIPS and the indispensable clarification of the relationship between Art. 16(1) TRIPS and Art. 24(5) TRIPS. In such a case the protection of geographical indications would make another revolutionary step forward without undoing the achievements of the TRIPS Agreement.
96. Confiscation of prior intellectual property rights is, however, a serious deviation from the Doha Road. It is not likely to contribute to what is needed in the current world economic climate: strong and enforceable intellectual property rights as a driving force for sustainable growth.

[Annex follows]



International Trademark Association

1133 Avenue of the Americas, New York, NY 10036-6710 USA

Telephone: 212-768-9887 Fax: 212-768-7796

Establishment of a Multilateral System of Notification and the Registration of Geographical Indications for Wines and Spirits pursuant to TRIPS Article 23 (4)

The International Trademark Association¹ (INTA) has closely followed the ongoing negotiations within the World Trade Organization's (WTO) Council for Trade-Related Aspects of Intellectual Property Rights on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits. INTA acknowledges the report of the "discussions on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits: compilation of issues and points" (TN/IP/W/7) of 18 February 2003 and the Chairman's report on the 5th Special Session of the Council for TRIPS (TN/IP/5) of 28 February 2003.

INTA notes that the Chairman recalls that the Special Session has a mandate to negotiate the establishment of a multilateral system by the Fifth Session of the Ministerial Conference. INTA would like to raise a number of substantive issues in the framework of the ongoing discussions and negotiations and to propose for consideration a possible alternative to the proposals now before the Special Session.

INTA General Position

INTA is agreeable to negotiations on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits. INTA recognizes that geographical indications are important intellectual property rights (IPR) to be protected as any other intellectual property rights, e.g. trademarks, patents and copyrights. INTA contributed to the discussions on the protection of geographical indications for several years and is currently running a major educational campaign through publications and conferences in many WTO member states.

¹ INTA is a 125-year-old not-for-profit membership organization dedicated to the support and advancement of trademarks and related intellectual property concepts as essential elements of trade and commerce. INTA counts over 4200 members in 160 countries. INTA members are interested in the development of clear and consistent principles of trademark and unfair competition laws around the world. INTA has been an official non-governmental observer to the World Intellectual Property Organization (WIPO) since 1979, and actively participates in all WIPO trademark-related proposals. INTA has influenced WIPO trademark initiatives, such as the Trademark Law Treaty, and is active in other international arenas including the Asia Pacific Economic Cooperation Forum (APEC), the Association of Southeast Asian Nations (ASEAN), the European Union and the World Trade Organization (WTO).

While INTA clearly supports the protection of geographical indications, INTA also firmly advocates that such protection must not prejudice other existing intellectual property rights, including trademarks. INTA is convinced that it is possible to achieve a harmonious co-existence of protection systems for geographical indications and other intellectual property rights, including trademarks: conflicts between these rights should be resolved pursuant to the well-established intellectual property principles of territoriality, exclusivity and priority.

INTA has gained experience through educational sessions on geographical indications, and believes that the establishment of a multilateral system is premature. Many member states are in the middle of the implementation of the provisions of the TRIPS Agreement on geographical indications and are starting to become familiar with geographical indications and their protection. So problems and conflicts resulting from the introduction of a new system for IPR protection are appearing only now. Those problems should be carefully analysed before introducing a new system, even though such system is meant to facilitate the protection of geographical indications.

INTA is also aware of the strict negotiating schedule of the TRIPS Council. Therefore, INTA believes that it is timely to raise a number of substantive issues concerning the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits (the System) and to offer for the TRIPS Council's consideration elements on which the System could be based.

Current Models for a Multilateral System

INTA believes that the necessary point of departure for a discussion on the establishment of the System must be the fact that geographical indications are recognized as a type of intellectual property pursuant to TRIPS Article 1 (2).

As such, geographical indications stand on equal footing with all other categories of intellectual property that are subject of Section 1 through 7 of Part II of the TRIPS Agreement. Geographical indications are also recognized as private rights (para 4 of the Preamble) which does not exclude, however, that these private rights may be held by an association, a collective or a public entity and used by several users. Because of the recognition of geographical indications as intellectual property rights under the TRIPS Agreement, geographical indications are neither inferior nor superior to any other type of intellectual property, such as patents and trademarks.

As any other IPR, geographical indications could be administered by a system of protection similar to other systems of IPR protection. INTA recommends getting guidance from these existing systems: the Patent Co-operation Treaty and the Madrid System for the International Registration of Marks.

The Patent Cooperation Treaty (PCT): The PCT makes it possible to seek patent protection for an invention simultaneously in a number of countries by filing an international patent application with one designated patent office. Only one office will carry out the initial search on whether the patent application meets the patent requirements of novelty and of inventiveness. Such a filing system saves applicants significant costs and maintains the priority in the designated countries at the same time. The patent application will, however, be examined in each of the designated countries pursuant to their national law. At this stage, third parties may object to the patent application, which means that the protection of third party rights rests entirely with the individual contracting parties.

The Madrid System (MS): The Madrid System facilitates the protection of trademarks as it leads to trademark protection in several designated countries through a single registration. After having applied for a national trademark registration, the applicant may file a request for an international registration with the national trademark office where the basic application was filed. The national office will transmit the request to WIPO. If WIPO finds that the international application complies with the requirements under the MS, it registers the mark on the international register and publishes it in the WIPO Gazette. After the trademark is published, it extends to all countries designated by the applicant in the international application. Each designated country has the right to refuse protection of the international registration in its territory based on the grounds stated in Article 6 *quinquies* of the Paris Convention. Furthermore, any third party claiming a prior right in a designated country may challenge the trademark registration on grounds of this prior right in opposition proceedings (where available) and/or court proceedings (all countries).

Key Features for the GI Multilateral System: From the PCT and the MS models, INTA extracts a number of important features and conditions that would facilitate the registration and notification of any intellectual property right in the framework of a system of IPR protection:

- The international notification/registration should be based on the existence of a national application/registration.
- The notification should be facilitated through an international body.
- The examination of whether the intellectual property right at issue meets the protection requirements should be carried out in the country where protection is sought.
- Third parties may be able to challenge the application and/or registration before the national offices and/or national courts in the country where protection is sought.

Resolution of Conflicts: Territoriality, Priority, Exclusivity

INTA firmly believes that the System – if introduced in the near future – should be built on the experience gained under the PCT and the MS. The analysis above shows that these systems are founded upon and fully compatible with the principles of territoriality, as well as priority and exclusivity, when it comes to possible conflicts with third-party rights. They also provide for legal remedies for owners of prior rights, which is in line with the requirements of Part III of the TRIPS Agreement. INTA believes that these principles are highly appropriate for the establishment of the System as shown by the following two examples.

The “Veracruz” Appellation of Origin: Under the Lisbon Agreement for the Protection of Appellations of Origin and their international registration, Mexico had applied for the appellation of origin "Veracruz" for coffee recognizing the high quality and outstanding reputation of coffee beans from the Veracruz region. While most member states of the Lisbon Agreement accepted this appellation of origin, Portugal refused the protection. The reason for such refusal was that Portuguese consumers would believe that "Veracruz" comes from Brazil rather than the Mexican region of Veracruz. The reason for this perception is historic. "Veracruz" was also the Portuguese name for Brazil at the time when Brazil was still a Portuguese colony. Since Brazil is also known for its high quality coffee, Portuguese consumers would most likely associate a "Veracruz" coffee with Brazil rather than Mexico. It is obvious that this consideration applies mainly if not only to Portugal. It was therefore most appropriate to examine the protectability of the appellation of origin at issue in the country of protection (Portugal) and not at the level of the notifying international body, here WIPO.

The “Budweiser” Appellation of Origin: Another example is the refusal of appellation of origin no. 49 under the Lisbon Agreement containing the word "Budweiser". Among other states this appellation of origin was refused by Mexico. The reason for the refusal was that the alleged appellation of origin was identical to the famous trademark for beer, BUDWEISER. Under such circumstances, the appellation of origin conflicted with the validly registered prior trademark right of a third party and was misleading to consumers who would associate the use of the word "Budweiser" with the well-known beer.

These examples illustrate that national offices and courts are in the best position to undertake an IPR priority examination because the question of priority of an IPR registration will differ from one country to another and prior IPR will not be registered in all countries where protection of the conflicting geographical indication is sought.

Pitfalls of a Binding Multilateral System

While INTA supports a System where the geographical indications are examined at the member state level and can be challenged at the member state level, INTA opposes the establishment of a multilateral system that would lead to binding protection in all member states. Such a system, apparently favored by some delegations, would severely prejudice the continued use of generic terms grandfathered under TRIPS Article 24 (6) and prior trademark rights, the exclusivity of which is mandatory under TRIPS Article 16.

Such a System would be prejudicial because of the diverse usage and status of certain terms. For example, a particular term can be a geographical indication in one country, a trademark in another and a generic term in a third country. The word "Pils" or "Pilsen" for beer may serve as an example. The designation is still protected as an appellation of origin under the Lisbon Agreement. It is a generic term in many Member States of the European Union, such as Germany, Denmark and Sweden and PILSEN has for decades been the best selling beer brand and a registered trademark in Uruguay.

There is a clear interest of users of generic terms to prevent the registration of a geographical indication in a country where this term is generic and there is an equally crucial interest of the owner of a prior trademark to defend the exclusivity of the prior trademark granted under TRIPS Article 16 in countries where the trademark was validly registered in good faith prior to the geographical indication.

Under a PCT/MS-like system, users of a generic term and the owners of prior trademarks alike will be able to seek legal protection before the national offices and/or the national courts. Those courts are usually trained and familiar with conflicts of intellectual property rights and best placed to examine whether a designation constitutes a generic term or conflicts with a prior IPR.

Under a binding System, established at the level of an international organization such as the WTO, private parties will not have standing before such a body. Users of a generic terms and owners of prior IPR would have to bring an opposition proceeding (provided that such ground for objection exists under the System) in all countries where their rights are jeopardised by geographical indications registrations.

Experience under the Lisbon Agreement has clearly shown that governments are very reluctant to spend their scarce resources for the cause of third-country nationals wishing to defend either a prior right or their export market where they wish to be able to continue the use of a generic term.

In particular, for smaller or medium sized companies, the costs for persuading a government to take up its case to the WTO will be prohibitive. A trademark owner who owns a trademark registration conflicting with a geographical indication in 50 countries would

have to persuade the governments of 50 countries to raise an objection with the WTO in order to defend the exclusivity of the prior trademark. The costs involved in such exercise will considerably exceed the costs of filing opposition proceedings or a cancellation action before all national courts. Furthermore, in many cases, the trademark owner will not succeed in persuading a government to raise an objection on its behalf, since such an objection may conflict with the specific government's interests in the protection of its own geographical indications.

The situation will be worse for users of generic terms. Such users use these terms on export markets. The market share of one particular company is often limited. Hence, the costs for persuading several governments to take up the third-country exporter's case to the WTO will in most cases be prohibitive.

Conclusion

INTA believes that a new multilateral System for geographical indications should not deviate from the experience gained under the PCT and MS. In line with systems facilitating the international protection of other intellectual property rights, namely patents and trademarks, the ultimate decision on the protection of a geographical indication must rest with the competent authorities of the participating states. Legal remedies must be available for both the users of generic terms and the owners of prior intellectual property rights. INTA believes that anything else would be incompatible with Part III of the TRIPS Agreement.

INTA therefore recommends that the System should follow a Madrid-like or PCT-like approach and include the following key elements:

- Notification/registration through an international body to the participating states.
- *Ex officio* examination of protectability in the country of protection.
- Refusal/opposition on the basis of prior (trademark) rights.
- Ability to challenge the registration in the national courts.

A System built on these concepts will facilitate the protection of geographical indications such as the Madrid System facilitates the protection of trademarks and the PCT facilitates the protection of patents. At the same time it will recognize that geographical indications are what they are deemed to be under TRIPS, an intellectual property right, the importance and value of which equals trademarks and patents.