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THE TREATMENT OF GEOGRAPHICAL INDICATIONS IN RECENT WTO DISCUSSIONS AND IN REGIONAL AND BILATERAL AGREEMENTS

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Introduction

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) represents an important step toward the universal recognition of geographical indications (GIs) protection. While previous agreements concluded under the auspices of the World Intellectual Property Organization (WIPO) including the Madrid³ and the Lisbon⁴ Agreements have already regulated related legal figures such as indications of source and appellations of origin, the TRIPS Agreement is today the standard subscribed by all Members of the World Trade Organization (WTO) and therefore the one with widest international recognition. The TRIPS Agreement contains some minimum standards for the protection of geographical indications, including definition, scope, legal means, exceptions and international negotiations. It is also important to mention that the TRIPS Agreement is subject, as any other WTO Agreement, to the dispute settlement understanding of the WTO, making its standards “enforceable” among Members.

GIs have been under the spotlight of international trade discussions since the adoption of the TRIPS Agreement. These discussions have proved to be very controversial in the WTO as well as in other fora. Interestingly, unlike other cases such as discussion on public health there is not a North-South divide but different groups of countries – inclusive of developed and developing countries alike- holding different positions on several critical issues.⁵ This situation is the reflection of different cultural settings, legal traditions, economic value attached to GIs and trademarks, implications of GIs for the protection of the local economy and trade interests including imports and exports opportunities.

The objective of this document is to analyze which has been the treatment of GIs in the WTO and in the new generation of regional and bilateral free trade agreements (RTA/FTAs)⁶ as well as the content of the new standards being set. The paper has been structured as follows. First, it will briefly introduce the main aspects of the GI debate in the WTO. Second it will recall the main TRIPS obligations under the GI Section and recent WTO jurisprudence. Third, it will explore the approaches of the European Union and the United States in these regional and bilateral agreements. For that purpose, it will analyze at the regional level the NAFTA and at the bilateral level the agreements signed by the United States with Chile, Morocco and Australia, and by the European Union with Australia, Chile, Mexico and South Africa. Finally, from that exploratory work it draws the main lessons learned for the multilateral regional and bilateral processes in the field of GIs and presents some conclusions.

I. The main aspects of the GI debate in the WTO

³ Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (adopted in 1891).

⁴ Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (adopted in 1958).

⁵Rangnekar, Dwijen. The socio-economics of geographical Indications. Issue paper No 8. , UNCTAD/ICTSD, 2004 (hereinafter Rangnekar, 2004).

⁶ The acronym RTA/FTAs has been used due to fact that under WTO law regional trade agreements include both regional and bilateral free trade agreements.

Discussions on GIs at the multilateral level relate mainly to five clusters of issues. These are the following: a) implementation of TRIPS obligations and implementation-related issues; b) negotiations of a multilateral system of notification and registration of wines and spirits in the TRIPS Council of the WTO; c) Latest developments over GIs in other WTO bodies: the Claw back proposal; d) the main TRIPS obligations under the GI Section and recent WTO jurisprudence; and e) The TRIPS Agreement and regional and bilateral free trade agreements resulting in GI obligations.

1. Implementation of TRIPS obligations and implementation-related issues

GIs were historically developed in continental Europe and before the 1980's they were mostly unknown in many countries especially in those of common law tradition.⁷ The adoption and implementation of the TRIPS standards required some legal and administrative reforms for setting GI protection in various countries including leading economies such as the United States and Canada. However, in most cases countries without an independent GI regime simply reformed their trademarks regime as to accommodate the new TRIPS obligations. Even in countries where some GIs or appellation of origin protection existed such as Latin American countries, the standards provided by the TRIPS Agreement implied reforms, especially in relation to enforcement measures. Implementation of the TRIPS Agreement standards has been subject to examination by the TRIPS Council since 1996. Currently, all developed countries and many developing countries have already concluded this examination process, by notifying their legislation to the WTO Secretariat and responding to other Members' questions in the TRIPS Council.

Various countries including Switzerland, India, Sri Lanka, Thailand, Cuba, some Andean and some Eastern European countries expressed in the WTO General Council concerns over the problems they were facing in implementing WTO obligations including those under the TRIPS Agreement. In relation to GIs these countries called for the protection already granted by Article 23 of the TRIPS Agreement to wines and spirits to be extended to other products and affirmed that having two levels of protection did not reflect their commercial interest, leaving aside products such as tea, rice, coffee, corn, tropical, fruits, and handicrafts. Some specific examples developing country products that could benefit from GI protection are: Jasmine rice from Thailand, Cocoa from Chuao in Venezuela, Ceylon Tea from Sri Lanka, Habanos from Cuba, Persian carpets, and the giant corn from Cuzco in Peru.

As a consequence of this debate, the Doha Ministerial Declaration instructed Members to address implementation issues in the relevant body of the WTO following the procedure set in paragraph 12 of the same Declaration.⁸ This procedure is complemented by the Decision on Implementation Issues and Concerns⁹ and with the List of Outstanding Implementation Issues.¹⁰ The latter document indicates as one of the outstanding implementation issues: “*Negotiations to extend protection of geographical indications to other products than wines and spirits*”. Since then the issue of extension of GI protection to other products has been included in the agenda of

7 Sterns, Stephen. The conflict between geographical indications and trademarks. Intellectual Property Society of Australia, 2004. Hereinafter “Stern”.

8 See WT/MIN(01)/DEC/W/1 of 14 November 2001.

9 See WT/MIN(01)/W/10 of 14 November 2001.

10 JOB(01)/152/Rev.1 of 27 October 2001.

the TRIPS Council under implementation issues without any specify outcome being reached so far.¹¹

2. Negotiations of a multilateral system of notification and registration of wines and spirits in the TRIPS Council of the WTO

The TRIPS Agreements not only sets some minimum standards but according to Article 23.4, calls for negotiations for the “*establishment of a multilateral system of notification and registration of geographical indications for wines and spirits eligible for protection in those Members participating in the system*”. Negotiations for such a multilateral system were part of the built-in agenda (unfinished business of the Uruguay Round) and were taken as part of the Doha Development Round. According to the Doha Ministerial Declaration, paragraph 18, Members have agreed to “*negotiations for the establishment of a multilateral system of notification and registration of geographical indications by the Fifth Session of the Ministerial Conference*”. Negotiations on a multilateral system of notification and registration of GIs for wines and spirits are currently underway in the special (negotiating) session of the TRIPS Council.

There are three main set of proposals for the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits. While WTO Members have generally agreed in the discussions that the system should not increase the level of protection that currently exists for covered products, they remain divided over whether countries should be obliged to protect the GIs to be covered through the multilateral system – as advocated by the EU (European Union) and Eastern European countries – or whether it should be left to each country to decide at the national level – as favoured by Australia, Canada, Japan and the United States¹². Positions over various aspects of the system including: a) the type of system to be established, b) form of participation, c) examination procedures, d) availability of a opposition phase, and e) legal effects still far away. There is also a third position lead by Hong Kong, China where a third option of a notification and register system with some legal effects is provided. These three set of proposals are the following:

Table I			
Main positions over a multilateral system of notification and registration of GIs in the TRIPS Council			
	EU ¹³	New world countries ¹⁴	Hong Kong ¹⁵
Type of system	Notification and registration	Notification and database	Notification and registration
Form of participation	Optional but effects over non participants	Voluntary	voluntary
Examination procedures	Substantive examination in light of article 22 of the TRIPS Agreement	No examination	Examination of formalities
Opposition procedure	Opposition is possible based on	Not available	Non available

11 Doha Round Briefs – Intellectual Property. ICTSD, 2002, 2003 and 2004. See <www.ictsd.org>

12 Idem.

13 European Union. Submissions. See documents WT/GC/W/547, TN/C/W/26, TN/IP/W/11, 14 June 2005.

14 Argentina, Australia, Canada, Chile, Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, New Zealand, Chinese Taipei and the United States. See document, TN/IP/W/10 of the 1 April 2005.

15 See document TN/IP/W/8 of 23 of April of 2004.

	the following grounds: <ul style="list-style-type: none"> ▪ Lack of fulfilment of article 22 of the TRIPS Agreement ▪ Confusion ▪ Generics and grapes names ▪ Opposition for other exceptions are not available 		
Legal effects	Binding for participants and Members that did not oppose the register	Transparency and consultations for the purposes of national registration	Binding for participants. It generates some legal effects such as legal presumption of existence of rights, fulfilment of article 22 and national protection.

3. Latest developments over GIs in other WTO bodies: the Claw back proposal

GIs have become a political issue and a key priority for the EU in the run-up to the end of the Doha Round. Regardless of the positions in the TRIPS Council about the multilateral system of notification and register, it is important to note that for the EU to obtain some gains in this area in the current round. The main reason is to be able to address some of the concerns of its constituency about potential commitments in the field of agriculture whether in the area of market access or subsidies reduction.

This situation has led to the presentation of a parallel and more ambitious proposal¹⁶ in the Committee on Agriculture of the WTO. This proposal basically indicates that if commercial liberalization continues in the agricultural field, EU Members need to protect themselves against unfair competition by producers that are free riding certain European GIs. This proposal makes de facto GIs an integral part of market access in agriculture.

The EU main aspects of the EU's claw back proposal are following:

- To extent the higher level of protection of GIs given to wines and spirits to other agricultural and food products;
- To grant automatic and absolute protection to 41 EU products, including wines, sprits and other agricultural products. This protection does not preclude that other products listed by WTO Members are also protected;
- To adopt an multilateral register for GIs with legal effect to participants and non participants;
- To prevent the use, invalidate or refuse trademarks containing or consisting of a GI.
- To explore options to revise exceptions and limitations in the case of GIS in order to recognize the rights of existing producers;
- To protect well known GIs.

The claw back proposal was not warmly received by the so call new world countries. Nevertheless, the message that GIs will be a *deal-facilitator* in the current round was clearly passed.

¹⁶ See http://ec.europa.eu/comm/trade/issues/newround/doha_da/offerdda_en.pdf

4. The TRIPS Agreement and regional and bilateral free trade agreements resulting in GI obligations

Intellectual property rights (IPRs) have increasingly become the subject matter of regional and bilateral trade agreements RTA/FTAs. Since 1994 more than 175 new regional or bilateral trade agreements have been signed¹⁷ and many of them contain detailed chapters on intellectual property rights. There are currently concerns over how these RTA/FTAs will impact existing rights and obligations under the TRIPS Agreements, due to the fact that in many cases the new regional or bilateral obligations can go further than what is already established in the TRIPS Agreement¹⁸ or inconsistencies could arise in their implementation. This situation becomes even more worrisome in light of obligations under Article 4 of the TRIPS Agreement (Most-favoured-nation clause), which implies that any benefit, advantage or privilege granted to a Member will have to be granted immediately to others.

As it was mentioned the TRIPS Agreement does not include substantive obligations but also contains in-built negotiating mandates. Article 24 of TRIPS indicates that “*Members agree to enter into negotiations aimed at increasing protection of individual geographical indications under Article 23. The provisions of paragraph 4 through 8 below (exceptions) shall not be used by Members to refuse to conduct negotiations or to conclude bilateral or multilateral agreements*”. While this Article creates a mandate to keep negotiating increased protection of GIs, it seems that the drafters encouraged not only negotiations at the multilateral level but also potential bilateral agreements. In that sense existing exceptions under Article 24 cannot be considered an excuse to refuse further negotiations toward higher levels of protection. This type of encouragement of having recourse to FTAs is unusual in the WTO context, as most WTO Agreements seek to achieve results at the multilateral level and most regional and bilateral agreements can only be exempted from the MFN clause under certain conditions. In the particular case of the TRIPS Agreement, treaties subscribed after 1995 are not exempted from MFN treatment.

Most last generation regional or bilateral free trade agreements or partnership agreements to which the EU or the United States are one of the signatory parties include fully fledged intellectual property chapters. Also in almost all of them there are subsections on GIs and rules on market access-related issues. In only a few GIs have been included as part of the trademark chapter. Among the regional agreements that include GI rules we can identify the North American Free Trade Agreement and Andean Decision 486. Examples of bilateral agreements with GIs and trademark-related rules are the bilateral/partnership agreements of the EU on the one side and Australia, Chile, Lebanon, and Mexico on the other; or between the United States and Australia, CAFTA, Chile, Jordan, Morocco and Singapore. The type of protection that can be found in many of these agreements includes among other obligations expanded definitions of GIs, wider scope, incorporation of exclusive rights, simplification of formalities, transparency regulations, GI and trademark registration, relationship with trademarks and mutual recognition of protection among other features.

17 WTO Secretariat and regionalism. World Trade Organization, 2000. The total of regional and bilateral agreements notified to the WTO since 1950 are more than 250 in 2004.

18 For a TRIPS-plus definition see Vivas-Eugui, David, Regional and Bilateral Agreements and a TRIPS plus world: the free trade area of the Americas. QUNO/QUIAP/ICTSD, 2003 (hereinafter Vivas-Eugui, 2003).

II. TRIPS obligations under the GI Section and recent WTO jurisprudence

1. Definition

"Geographical indications" (GIs) are dealt with under Articles 22-24 of the TRIPS Agreement ("Section 3: Geographical Indications"). GIs are defined in Article 22.1 TRIPS as

"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."

A GI under this definition is broader than a mere *geographical name* (e.g. "Champagne", "Tequila" and "Parma"). It is sufficient if the indication helps the consumer *identify* the good as originating in a certain place (e.g. the symbol of the Eiffel Tower to designate famous French products, or the Chilean flag to identify wines of certain quality or reputation).¹⁹ Thus, a word may qualify for GI protection by *evoking* a certain territory, without itself being the name of the territory.²⁰

In order for an indication to qualify for protection under TRIPS, there has to be a link between the designated product's characteristics and its place of origin. The "given quality, reputation or other characteristic of the good" must be "essentially attributable to its geographical origin". While the notion of "quality" appears to refer to some objectively measurable, physical characteristics, the separate reference to "reputation" makes clear that indications may qualify for protection even where the link between the designated good and its geographical origin does not result in any objectively measurable characteristic but merely creates certain goodwill or reputational associations with consumers.²¹

The reference in Article 22.1 TRIPS is to quality, reputation, "or other characteristics" of the good. It has been observed that while quality and reputation carry a positive implication, the term "characteristics" may comprise attributes such as color, texture or fragrance that might be considered more neutral or even unfavorable by consumers, yet still providing the producing territory to protect the name.²²

Finally, GIs may be distinguished from other intellectual property rights by their *shared character*. GIs are not necessarily held by one single right holder but may be used by all

19 Examples taken from Escudero, Sergio, International Protection of Geographical Indications and Developing Countries, Working Paper No. 10, South Centre, Geneva, 2001, page 5 (hereinafter Escudero, 2001).

20 See UNCTAD-ICTSD, Resource Book on TRIPS and Development, Chapter 15 (Geographical Indications), Sections 1 and 3 (forthcoming, Cambridge University Press, February 2005; a previous version is available at <<http://www.iprsonline.org>>; hereinafter UNCTAD-ICTSD Resource Book). Note that in this respect, the notion of GIs under TRIPS is wider than the notion of "appellations of origin" as laid down in Article 2 of the 1958 Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (hereinafter Lisbon Agreement). Under the latter, the name of the product and the geographical name have to be identical (Escudero, 2001 page. 4).

21 Note that this is another aspect where the definition of GIs under TRIPS is broader than the notion of "appellations of origin" under the Lisbon Agreement. Appellations of origin are limited to the "quality and characteristics" of the designated product (Article 2, Lisbon Agreement). Mere reputation alone is not sufficient to confer protection.

22 UNCTAD-ICTSD Resource Book, Chapter 15, Section 3.

producers in the indicated area. The absence of a particular owner distinguishes GIs from trademarks.²³

A consequence of their shared character is that GIs cannot be assigned to parties producing outside the indicated area.²⁴

2. Scope of protection

Article 22.1 TRIPS as quoted above refers to goods, thus excluding services from the scope of protection. On the other hand, protection is not limited to a particular category of goods; the *lex specialis* of Article 23 TRIPS specifically addresses wines and spirits (see below), but the general provision of Article 22 covers any good, such as all agricultural products.

3. Level of protection

3.1 Basic level of protection

The TRIPS provisions on GIs provide for two different levels of protection: the basic level of protection accorded to any GI under Article 22, and an advanced level of protection under Article 23 accorded specifically to GIs for wines and spirits. For those, Article 23 constitutes a *lex specialis*, excluding wines and spirits from the more basic provision of Article 22.

Article 22, which is applicable to all GIs except those for wines and spirits, obligates WTO Members to provide the legal means for interested parties to prevent:

- Presentation or designation of a good that misleads the public as to the geographical origin of the designated good (Article 22.2 (a));²⁵ and
- Use of the GI that constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention for the Protection of Industrial Property (Article 22.2(b)).

The "legal means" to be made available refer to a variety of statutory, administrative or common law methods of protection, encompassing protection under the doctrines of unfair competition, passing off, registration of GIs and appellations of origin, and registration of collective and certification marks.²⁶

As to Article 22.2 (a) of the TRIPS Agreement, the owner of the protected GI has to prove that a third party by designating or presenting a good misleads the public into believing that the third party's goods originate in the same place as his protected GI. The TRIPS Agreement contains no

²³ UNCTAD-ICTSD Resource Book, Chapter 15, Section 1, noting the particularity of collective trademarks: these also involve shared ownership, but other than GIs, which are available to all producers in a region, a collective trademark is typically limited to a pre-defined group of owners.

²⁴ This is another aspect in which GIs differ from trademarks. The latter may be assigned or licensed to any third party, see Article 21 of the TRIPS Agreement.

²⁵ See Article 22.2 (a) TRIPS: "2. In respect of geographical indications, Members shall provide the legal means for interested parties to prevent:

(a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good;"

²⁶ For more details on the different ways of protecting GIs under national laws see UNCTAD-ICTSD Resource Book, Chapter 15, Section 2.1.

definition of the "public"²⁷ or of the degree of confusion required to trigger the obligation to protect the GI in question. This provides WTO Members with considerable flexibility for the implementation of their Article 22 obligation to protect GIs.

As to Article 22.2 (b) of the TRIPS Agreement, the owner of a protected GI has to prove that the use of an indication by a third party constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention.²⁸ Arguably, Article 22.2(b) TRIPS in conjunction with Article 10*bis* (3), third indent of the Paris Convention, extends the protection available under Article 22.2(a) TRIPS: while the latter covers cases of consumer confusion about the *origin* of the indicated good, the former addresses cases where the public is aware of the true origin, but is misled with respect to the good's *nature, manufacturing process or characteristics*.²⁹

Even where the requirements under Article 22 TRIPS as explained above are met, there are a number of important limitations, under which the GI at issue is not eligible for protection. These limitations will be addressed in the following paragraphs.

3.1.1 Generic terms

Certain indications protected as a GI in one country might be a common or generic name for the designated product in another country. For example, "Cheddar" cheese, originally made in the English village of Cheddar, Somerset, UK, is now also produced in the Republic of Ireland, Canada, the United States, South Africa, New Zealand, Australia (where it is sometimes called Tasty cheese) and Sweden. In these countries, the name "Cheddar" is no longer understood as referring to its original area of production, but to a type of cheese that is of pale yellow or (if artificially colored) deep yellow color and sharp-tasting. Under Article 24.6,³⁰ these countries

27 For instance, the "public" might be understood as comprising the general consumer with limited knowledge, or rather a more specialized group of consumers with advanced knowledge on the relevant product (UNCTAD-ICTSD Resource Book, Chapter 15, Section 3).

28 Article 10*bis* Paris Convention reads as follows: "Unfair Competition

(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.

(2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.

(3) The following in particular shall be prohibited:

1. all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;

2. false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;

3. indications or allegations the use of which in the 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 quantity, of the goods."

29 For instance, in the case of "Californian Chablis", consumers are aware of the non-French origin of the drink, but might nevertheless associate with that product certain characteristics typical for the famous French "Chablis". See Rangnekar Dwijen, Geographical Indications – A Review of Proposals at the TRIPS Council: Extending Article 23 to Products other than Wines and Spirits, UNCTAD-ICTSD, Issue Paper No. 4, Geneva 2003, page 14 (hereinafter Rangnekar, 2003).

30 Article 24.6 reads as follows: "6. Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to goods or services for which the relevant indication is identical with the term customary in common language as the common name for such goods or services in the territory of that Member. Nothing in this Section shall require a Member to apply its provisions in respect of a

are exempted from the obligation to grant GI protection to the term "Cheddar", as this would limit the use of words that have become part of the countries' everyday language.³¹ The second sentence of the provision establishes a similar rule with respect to customary names of grape varieties.³² For instance, grape names such as Merlot, Cabernet Sauvignon, Malbec and Shiraz have become generic terminology in countries such as Argentina, Chile, South Africa, Australia, and the USA.

3.1.2 Personal names

Where a personal name is also used as a business name or a product name, but is at the same time a GI, that person shall retain the right to use his name in business, except where the name is used in such a manner as to mislead the public (Article 24.8). This latter proviso is directed at cases where a personal name used in the course of business makes the public believe that the products marketed under the personal and business name originate in a particular geographical area, thus free riding on the reputation of a protected GI.

3.1.3 Domestic protection of GIs in the country of origin

Even where all the requirements for protection as described above are met, a Member will not be obligated to provide protection to a GI which is not or no longer protected in its country of origin, or which has fallen into disuse in that country (Article 24.9). For this reason, countries seeking to protect their GIs worldwide have to ensure domestic protection as a prerequisite to international protection under the TRIPS Agreement. Domestic laws that implement the TRIPS provisions on GIs shall not diminish the GIs protection available immediately prior to 1 January 1995, the date of entry into force of the WTO Agreement (Article 24.4). This provision has been criticized as presuming a measurement of the strength of protection not found otherwise in the TRIPS Agreement, with the benchmarks for such measurement being unclear.³³

3.2 Increased level of protection for wines and spirits GIs

Additional protection for GIs for wines and spirits is provided under Article 23 TRIPS. Under this provision, third parties may not use a protected GI for the designation of their own products, even where the consumer is not misled as to the true origin of the third party product.³⁴ This considerably facilitates the GI owner's task of proving GI infringement: it is sufficient to show that the third party product using the protected GI does not originate in the indicated area, without the requirement to prove consumer confusion or an act of unfair competition.

geographical indication of any other Member with respect to products of the vine for which the relevant indication is identical with the customary name of a grape variety existing in the territory of that Member as of the date of entry into force of the WTO Agreement."

31 Rangnekar, 2003, page 33, in this context refers to former GIs such as "Arabica coffee", "Indiarubber", "chinaware", "Cheddar cheese", and "kiwifruit".

32 For a detailed analysis of the ambiguous language of the second sentence, see UNCTAD-ICTSD Resource Book, Chapter 15, Section 3.

33 See UNCTAD-ICTSD Resource Book, Chapter 15, p. 303.

34 Article 23.1 TRIPS reads: "Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, 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", "imitation" or the like. [footnote omitted, emphasis added]"

However, even the additional protection for wines and spirits is not absolute: Article 24 TRIPS provides for a number of important exceptions that grandfather certain uses of GIs or trademarks normally prohibited by Article 23. It is important to note at the outset that the elimination of these exceptions has been one of the objectives of the European Union's bilateral free trade agreements, as illustrated below.

3.2.1 Limitations of protection for wines and spirits GIs

As with respect to the basic protection for GIs (see above), wines and spirits GIs also are subject to the same limitations, i.e. in the cases of generic and personal names and where there is a lack of GIs protection in the respective country of origin.

In addition, continued and similar use in one country of wines and spirits GIs of another country does not have to be prevented, Article Article 24.4.³⁵ In more concrete terms, where in country A producers use a GI similar to a GI already protected in another country B, country A is not required to prevent continued and similar use of the GI, provided the GI has been used continuously, and with regard to the same or related goods or services, at least since 15 April 1984,³⁶ or that the GI has been used in good faith prior to 15 April 1994.³⁷ This exception makes clear that the Article 23 protection for wines and spirits GIs applies to future rather than to past practices. This is one of the reasons for the EU's "claw back" proposal at the WTO (see above).

4. Relationship with trademark protection

4.1 The basic rule

In principle, trademarks and GIs exclude each other: while trademarks in order to be eligible for registration need to be capable of distinguishing the products of different enterprises, GIs do not distinguish producers but geographical areas. Indications are usually ineligible for trademark protection if they merely refer to the geographical origin of a product, as this is insufficient for producer identification. Instead, indications are capable of producer distinction and thus eligible for trademark protection where they are fanciful (e.g. "Coca-Cola"), thereby evoking producer - product associations. GIs, by contrast, must not be fanciful but describe the true origin of a product.

This being said, there may be overlaps where a trademark consists of or contains a GI. For example, the indication "Schwartzau", while indicating the German city of Bad Schwartzau as the area of production of high quality jams, at the same time identifies, in the perception of the

³⁵ Article 24.4 TRIPS reads: "4. Nothing in this Section shall require a Member to prevent continued and similar use of a particular geographical indication of another Member identifying wines or spirits in connection with goods or services by any of its nationals or domiciliaries who have used that geographical indication in a continuous manner with regard to the same or related goods or services in the territory of that Member either (a) for at least 10 years preceding 15 April 1994 or (b) in good faith preceding that date."

³⁶ I.e. 10 years preceding 15 April 1994, date of adoption of the Uruguay Round Agreements at Marrakesh.

³⁷ For a discussion of the good faith criterion see UNCTAD-ICTSD Resource Book, Chapter 15, Section 3.

(German) public, a particular producer (i.e. the Schwartauer Werke GmbH & Co KGaA), due to the reputation of the products.³⁸ In cases where the products bearing the trademark do not originate in the indicated territory, the TRIPS Agreement obligates Members to refuse or invalidate the registration of the trademark, either at the request of an interested party, or *ex officio*, if domestic legislation so permits. This obligation applies both to the basic level of GIs protection and the increased protection for wines and spirits GIs (Articles 22.3 and 23.2). At the basic level of protection, this obligation only exists if the use of the GI in the trademark is of such a nature as to mislead the public as to the true place of origin of the good. In the case of wine and spirits GIs, there is no such qualification; the wrong indication alone is sufficient.

4.2 The exception

However, the TRIPS Agreement does provide important exceptions where a trademark which is similar to or identical with a GI may nevertheless be registered. This is the case if the trademark has been applied for or registered in "good faith", or where rights to a trademark have been acquired through use in "good faith" either:

- (a) before the date of the entry into force of the TRIPS provisions on GIs in the Member where trademark protection is sought; or
- (b) before the geographical indication is protected in its country of origin (Article 25.5).³⁹

The above makes clear that the "good faith" requirement refers to the trademark owner's belief not to infringe any existing domestic rights in GIs through his trademark, because his country at the time was under no WTO obligation to protect GIs (either for lack of TRIPS applicability, or for lack of protection of the GI in its country of origin, see Article 24.9).

It may be observed that the TRIPS Agreement, through Articles 22.3 and 23.2 on the one hand, and the above exception on the other hand, seeks to balance competing GIs and trademarks. In their respective bilateral trade agreements, the EU and the USA both shift this balance, either in favor of GIs or trademarks, according to their domestic legal tradition (see below).

4.3 Time limits for GI enforcement

In addition to the good faith exception, Members may make GI enforcement against conflicting trademarks dependent on certain timing requirements (Article 24.7). Members may reject a GIs holder's request to refuse or invalidate registration of a conflicting trademark, if this request is not presented within 5 years after the *adverse use of the GI* has become generally known in the Member where the request is made.

Alternatively, in cases where the date of trademark registration is prior to the date on which the adverse use of the GI became generally known, Members may obligate GIs holders to submit

³⁸ See Rangnekar, 2003, p. 27.

³⁹ The temporal limitations imposed under paras (a) and (b) apply to both registered trademarks and trademarks acquired through use. See UNCTAD-ICTSD Resource Book, Chapter 15, p. 305.

their request for trademark invalidation within 5 years after the date of *registration of the conflicting trademark*, provided the trademark has been published by the date of registration⁴⁰ (otherwise, the 5-year delay starts running on the date the adverse GI use became known).

Both alternatives are subject to the condition that the GI was not used or registered in bad faith.

5. GIs in identically named regions

A collision of interests between producer groups may arise if two different geographical areas in two different countries bear the same name and thus use identical GIs for the marketing of their products. Where producers in one area A adopt a GI for the purpose of taking advantage of the reputation built by the identical GI in another region B ("deceptive indications"⁴¹), Article 22.4 obligates Members to make available the legal means for interested parties in area B to prevent use of their GI, provided such use misleads the public as to the geographical origin of the product or constitutes an act of unfair competition. Therefore, producers in region A may use the indication, if they specify on the label the exact origin of the product.

Where, by contrast, the use by two different regions of identical GIs is *bona fide*, both indications may be maintained, Article 23.3 ("homonymous indications"). However, this rule is limited to wine GIs. An example is the use of the indication "Rioja" in both Spain and Argentina. The TRIPS Agreement leaves Members large discretion in the implementation of this provision, only requiring Members "to determine the practical conditions under which the homonymous indications in question will be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled." This could be done, for instance, through precise labeling, indicating not only the name of the region of origin, but also the country.⁴² Such practice would then assimilate protection of wine GIs to the lower level of protection under Article 22, where consumer confusion may be avoided by precise labeling.

6. International Negotiations and Review

Finally, the TRIPS Agreement contains several provisions related to international negotiations on GIs. These will be addressed in turn.

6.1 The establishment of a multilateral register for wines and spirits GIs

The mandate for negotiations is provided under Article 23.4, TRIPS Agreement, as well as paragraph 18 of the Doha Ministerial Declaration. For details, see above, Section I.

6.2 The extension of the higher level of protection available for wines and spirits GIs to GIs for other products

⁴⁰ According to Article 15.5, TRIPS Agreement, trademarks are in general to be published before they are registered, in order to provide third parties the opportunity to object to the registration.

⁴¹ See Rangnekar, 2003, p. 28.

⁴² See UNCTAD-ICTSD Resource Book, Chapter 15, p. 298.

This is one of the Doha Round outstanding implementation-related issues (for details, see above, Section I.). It is referred to under paragraph 18 of the Doha Ministerial Declaration and on the List of Outstanding Implementation Issues.⁴³ There is controversy among Members as to whether the TRIPS Agreement in Article 24.1, first sentence, contains an express mandate for such negotiations.⁴⁴ Members opposing such interpretation argue that the terms "individual geographical indications under Article 23" relate exclusively to the goods covered by Article 23, i.e. wines and spirits. According to this view, the reference to increased protection of those indications relates to the possible abolition of the current exemption under Article 24.4 TRIPS.⁴⁵ Consequently, the authorization for negotiations under Article 24.1 TRIPS would be limited to 'individual indications for wines and spirits'.⁴⁶ Therefore, there would be no mandate for negotiations on the extension of the Article 23 protection to products other than wines and spirits. Such negotiations would re-open the TRIPS Agreement without any legal basis.⁴⁷

Members favouring the extension contend 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."⁴⁸ To support their view, those Members refer to Article 24.2 TRIPS, which authorizes the TRIPS Council to keep under review the application of the provisions on geographical indications. With respect to this mandated review, the TRIPS Council reported to the 1996 Singapore Ministerial that inputs from delegations on the issue of scope were permitted.⁴⁹ The supporters of extension consider this reference by the TRIPS Council to the "scope" of the review to support⁵⁰ negotiations on extension in the above sense.⁵¹ In addition, the List of Outstanding Implementation Issues (see above, Section I.) indicates as one of the outstanding implementation issues: "*Negotiations to extend protection of geographical indications to other products than wines and spirits*".

So far, this interpretative issue has not been settled.

6.3 GI provisions in bilateral and regional free trade agreements

The TRIPS Agreement authorizes Members not only to conduct GI-related negotiations, but also to enter into GI-related bilateral or multilateral agreements, Article 24.1, second sentence. For details, see above, Section I.

6.4 The review of the TRIPS provisions on GIs

43 JOB(01)/152/Rev.1 of 27 October 2001.

44 This provision reads as follows: "Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23."

45 See the Communication from New Zealand (IP/C/W/205, paragraph 23).

46 Ibid., paragraph 22; see also the TRIPS Council Minutes of Meeting of 6 March 2001 (IP/C/M/29, point G).

47 See the Communication from Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay and the USA (IP/C/W/289, paragraph 3).

48 See the Communication from Bulgaria, the Czech Republic, Egypt, Iceland, India, Kenya, Liechtenstein, Pakistan, Slovenia, Sri Lanka, Switzerland and Turkey (IP/C/W/204, paragraph 12).

49 See document IP/C/8, paragraph 34.

50 Rangnekar, 2003, p. 45, with further arguments and discussion.

51 See the Communication (Revision) from Bulgaria, the Czech Republic, Egypt, Iceland, India, Kenya, Liechtenstein, Pakistan, Slovenia, Sri Lanka, Switzerland and Turkey (IP/C/W/204/Rev.1, paragraph 14).

It is one of the functions of the TRIPS Council to keep under review the "application" of the GI-related provisions of the TRIPS Agreement, Article 24.2. Reference to the term "application" has been interpreted as suggesting that the subject of these reviews are Members' implementation activities, rather than the TRIPS provisions themselves.⁵² For the purpose of such review, the TRIPS Council is authorized to conduct consultations with Members in respect of any matter affecting the compliance of Members' implementation activities with the GI-related obligations of the TRIPS Agreement. In addition, the Council shall take agreed-upon action to promote the objectives of the TRIPS provisions on GIs and to facilitate their operation.⁵³

7. WTO Jurisprudence related to the TRIPS provisions on GIs

Following separate requests by Australia⁵⁴ and the USA,⁵⁵ a WTO Panel in March 2005 issued two separate reports on *European Communities - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*.⁵⁶ The dispute concerned Australian and US claims about alleged inconsistencies of the EU's domestic system for the protection of geographical indications (GIs) for agricultural products and foodstuffs⁵⁷ with the TRIPS Agreement. The claims raised concerned mainly the TRIPS rules on national treatment and on the relationship between trademarks and GIs.⁵⁸ The panel confirmed an infringement by the EU regulation of the national treatment obligation, but rejected an infringement of the TRIPS trademark provisions.

As to national treatment, the TRIPS Agreement in its Article 3 requires each WTO Member to accord to the nationals of other Members treatment no less favorable than it accords to its own nationals with regard to the protection of intellectual property. According to the Panel, Members thus have to ensure "effective equality of opportunities" between own and foreign nationals as regards the protection of IPRs.⁵⁹

Under the relevant EU regulation, geographical names of agricultural products or foodstuffs from non-EU countries may be registered as European GIs only if the European Commission approves the respective third country as providing GI protection to EU products equivalent to that available in the EU.⁶⁰ This condition in the view of the Panel sets up an "extra hurdle" for

52 UNCTAD-ICTSD Resource Book, Chapter 15, p. 302.

53 For more details on this provision, see UNCTAD-ICTSD Resource Book, Chapter 15, p. 302/303.

54 WT/DS290/18 of 19 August 2003.

55 WT/DS174/20 of 19 August 2003.

56 WT/DS174/R of 15 March 2005 (US complaint) and WT/DS290/R of 15 March 2005 (Australian complaint). Both complaints were essentially based on the same claims. Both panel reports are therefore essentially identical.

57 EC Council Regulation (EEC) No. 2081/92 of 14 July 1992 as amended, Official Journal of the European Communities L 208 of 24 July 1992, p. 1 et seq. This regulation protects geographical names of over 700 agricultural products and foodstuffs, such as cheeses, fruits, meat and fish.

58 Note that the complaints were also based on a number of other claims, in particular with respect to the TRIPS disciplines on most-favored-nation treatment and minimum standards of GI protection. However, the Panel either rejected these claims or refused to examine them, exercising judicial economy.

59 See US Panel Report, para 7.134.

60 See Article 12.3 of Regulation (EEC) No. 2081/92.

the registration of third-country GIs. Other than the producers of European GIs, producers of third country GIs in order to be eligible for registration depend on an official endorsement by the EC Commission of the third country's system of GI protection. Such endorsement will not be granted where the third country does not provide protection equivalent to that available in the EU, even if the third country's domestic system of GI protection meets the minimum standards for GI protection of the TRIPS Agreement.⁶¹ The EU thereby denies "effective equality of opportunities" to third country-based holders of GIs. Even though the EU legislation at issue does not formally distinguish between EU and non-EU nationals, the Panel confirmed the US view that third-country producers will typically be non-EU nationals, whereas EU-based producers will usually be EU nationals.⁶² Thus, the EU legislation in practice causes less favorable treatment of non-EU nationals *vis-à-vis* EU nationals (i.e. *de facto* discrimination).⁶³

The Panel also found such "extra hurdles" for third-country producers with respect to the EU's procedures for application for GI registration, the procedures for objection to such registration and the establishment of inspection structures for monitoring the quality of GI-protected goods. In the view of the Panel, the requirement for the producer's home country government to participate in these procedures puts third-country producers at a disadvantage against their EU counterparts, as non-EU governments have no obligation to actually establish comparable procedures, while EU-based producers under domestic law have the right to claim such action from their governments.⁶⁴

With respect to trademarks, the complainants considered the 1992 EU regulation to infringe the exclusive rights of trademark holders as provided under Article 16.1 of the TRIPS Agreement. According to this provision, the trademark owner essentially has the right to prevent others from using signs similar to or identical with his own sign, where such use would result in a likelihood of confusion. In the case of trademarks applied for or registered in good faith prior to the registration (or application for registration) of a similar GI, domestic EU law provides for the coexistence of the trademark and GI,⁶⁵ except for cases where the trademark has a particular reputation or has been protected for some time.⁶⁶ The issue at stake was whether providing for *coexistence* of both rights instead of according *priority* to the trademark would infringe the exclusive rights of the trademark holder under Article 16 of the TRIPS Agreement. As GIs are not particularly exempted under Article 16.1, the Panel found that the exclusive right of trademark holders may also be exercised against third party use of similar GIs.⁶⁷ The EU system of coexistence of prior trademarks and similar GIs therefore infringes Article 16.1 of the TRIPS

61 Such reciprocity requirements are not compliant with the TRIPS Agreement, as they make the availability of IP protection for nationals of one country dependent on a particular behavior of this country's government. According to TRIPS rules, Members are required to give effect to the TRIPS provisions (Article 1.1) and extend the IP protection available to their own nationals to nationals of other WTO Members, irrespective of the level of IP protection their nationals receive abroad (Article 3.1). The purpose behind this is to commit Members to the multilateral dispute settlement system, rather than unilateral action.

62 See para 7.194 of the US Panel Report.

63 See US Panel Report, paras 7.139 and 7.140.

64 See US Panel Report, paras. 7.272 (application procedures), 7.341 (objection procedures), and 7.428 (inspection structures).

65 See Article 14.2 of Regulation 2081/92.

66 In that case, the GI shall not be registered, see Article 14.3 of Regulation 2081/92.

67 The Panel's view was that the exception provided for prior trademarks under Article 24.5 TRIPS merely safeguarded an already existing right, but could not be interpreted as implying trademark priority on the one hand, or the possibility of trademark and GI coexistence, on the other hand. See US Panel Report, para 7.619.

Agreement. However, the Panel considered the EU system justified under the trademark exception clause of Article 17 of the TRIPS Agreement. In this context, the Panel observed that under the 1992 regulation, the regime of coexistence does not apply to *all* signs similar to the protected trademark. For instance, use of any non-registered linguistic versions of the protected GI may be prevented, provided there is likelihood of consumer confusion.⁶⁸ The Panel, while stressing the need to construe Article 17 narrowly, considered this provision less restrictive than other exceptions under TRIPS in the areas of copyright, industrial designs and patent law.⁶⁹

As a result of this judgment, the EU had to facilitate the possibilities for third-country producers to register their products as European GIs. This concerns in particular the equivalence requirement as discussed above. On the other hand, the Panel endorsed the current EU system of coexistence of prior trademarks and similar GIs. As neither Australia nor the USA have ever submitted an application for GI protection under the EU's 1992 regulation, the commercial impact of the ruling has been described as insignificant.⁷⁰ On the other hand, the past inaction on the part of third-country producers may well be explained by the "extra hurdles" they have had to face under the relevant legislation.

8. Recent EU legislation on GIs

In reaction to the panel decision, the EU on 20 March 2006 adopted Regulation 510/2006 on the Protection of Geographical Indications (PGIs) and Designations of Origin (PDOs) for Agricultural Products and Foodstuffs,⁷¹ replacing EC Regulation 2081/92. As far as GI protection in the EU for third country producers is concerned, the new regulation differs from the 1992 regulation in various aspects, in particular:

Availability of GI protection: the new regulation no longer differentiates between EU-based producers and producers based in third countries (see Article 5.9 of Regulation 510/2006). Applications by third country producers have to contain the same information as those by EU-based producers, plus a proof that the respective name already enjoys protection in its country of origin (Article 5.9). There no longer is any requirement of a European Commission approval of third country GI protection being equivalent to that in the EU.

Application and objection procedures: the new regulation does not require third country authorities to participate in these procedures. Instead, third country producers may send their application directly to the EC Commission (Article 5.9) and may also lodge directly with the Commission their objection to GI registrations.

68 The Panel in para 7.658 of the US Panel Report also referred to the express provision in Article 14.3 of Regulation 2081/92, according to which GI registration shall be refused in case of prior similar trademarks of a certain reputation, renown, or length of use.

69 See US Panel Report, para 7.671. This view of the Panel is based on the fact that Article 17 TRIPS only obligates Members to "take account" of the legitimate interests of the right holder, instead of referring to "unreasonable prejudice" to these interests as under Articles 13, 26.2 and 30 TRIPS.

70 EU Spokesman for Agriculture, Michael Mann, as quoted by ICTSD, Bridges Weekly of 16 March 2005 (see at <<http://www.ictsd.org/weekly/05-03-16/WTOinbrief.htm>>).

71 Official Journal of the European Union L 93/12 of 31 March 2006 (available at <http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2006/l_093/l_09320060331en00120025.pdf>).

Inspection structures: as opposed to Regulation 2081/92, Regulation 510/2006 does not make the *availability* of GI protection dependent on the existence, in the respective third country, of inspection bodies.⁷² Instead, the new legislation requires the existence of such inspection structures for the *marketing* in the EU of a GI-protected product, both for EU products and third country products. The Panel in *European Communities - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs* (see above) had ruled that it was a national treatment violation to make the availability of GI protection dependent on the existence of inspection bodies in the country of origin of the respective products. As EU Members States are obligated under EU law to establish such inspection bodies, but third countries are not, third country producers might not be able to meet this requirement for GI registration (i.e. if their country refuses the establishment of inspection bodies). Under the new legislation, third country producers still face the problem that their domestic authorities might not be willing to establish the inspection structures required. This will, however, not affect the availability, acquisition, scope, maintenance and enforcement of GIs, as required for a national treatment violation under Article 3, TRIPS Agreement.⁷³ Third country producers will be able to have their GIs registered and enforced in the EU. What they might not be able to do is actually put the protected products on the EU market. The question arises whether this would affect the "use" of intellectual property as required for a national treatment violation under the footnote to Article 3, TRIPS Agreement. The use of the *intellectual property* (in this case, third country GIs) needs to be distinguished from the use of the protected *products* as such. As other IPRs, GIs are negative rights, excluding others from using the protected indications on their products. This right comes into existence upon registration of the GI, irrespective of whether any inspection structures are in place in the third country. On the other hand, the Commission, if it takes the view that compliance of a protected product with a specification is no longer ensured, must initiate the cancellation of the GI (Article 12.1 of Regulation 510/2006).

III. The approach under European Union bilateral free trade agreements

GIs protection has a long tradition in continental Europe, and most GIs worldwide are European.⁷⁴ The EU has legislated extensively on GIs on the domestic level.⁷⁵ This legislation in several respects goes beyond the TRIPS minimum standards of protection. In particular, GI protection provided by the EU for agricultural products is stronger than the protection provided

72 Such bodies monitor the compliance of a given product with a particular product specification. The product specification usually includes the name and a description of the product for which protection is sought, the definition of the relevant geographical area, evidence of the product's origin in that area, as well as details concerning, inter alia, the link between the geographical area and certain characteristics of the product. See Article 4 of EU Regulation 510/2006.

73 See footnote 3 to Article 3, TRIPS Agreement.

74 Rangnekar, 2003, page 11, refers to a total of over 6000 protected European indications. Most of those concern wines and spirits; according to F. Vital, Protection of Geographical Indications: The Approach of the European Union (in: Symposium on the International Protection of Geographical Indications, Somerset West, Cape Province, South Africa, September 1 and 2, 1999, World Intellectual Property Organization, Geneva 2000) (hereinafter Vital), page 53, there were 518 European denominations registered in the area of agricultural products and foodstuffs as of 1 August 1999.

75 See Council Regulation (EEC) No. 2081/92 of 14 July 1992 on the protection of geographical indications of origin for agricultural products and foodstuffs and Council Regulation (EC) No. 1493/1999 of 17 May 1999 on the common organization of the market in wine. See UNCTAD-ICTSD Resource Book, Chapter 15, Sections 2.1 and 3.

by Article 22 of the TRIPS Agreement.⁷⁶ The following box presents the main features of the EU domestic system for the protection of GIs.

Box I
The EU domestic system for the protection of GIs
<p>In the EU, GIs are protected through three separate regulations:</p> <ul style="list-style-type: none">- Council Regulation (EC) No 510/2006 on the protection of geographical indications and designations of origin for <i>agricultural products and foodstuffs</i> (OJ L 93/12, 31 March 2006, p.12).- Council Regulation (EC) No 1493/1999 on the common organization of the <i>market in wine</i> (OJ L 179, 14 July 1999, p. 1).- Council Regulation (EEC) No 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of <i>spirit drinks</i> (OJ L 160, 12 June 1989, p. 1). <p>Regulation 510/2006 comprises two categories of registered denominations:</p> <ul style="list-style-type: none">- "protected designations of origin" (PDO)- "protected geographical indications" (PGI). <p>The first category (PDO) is narrower than the GIs definition under Article 22 of the TRIPS Agreement. It corresponds to the definition of "appellation of origin" under the Lisbon Agreement (see above). The link between the product and the geographical area has to be very close: quality or characteristics must be primarily or exclusively due to the geographical area, including natural and human factors. This means that the designated product not only has to be produced in the respective area, but also that the ingredients of the protected product have to originate in that area.⁷⁷</p> <p>The second category (PGI) corresponds to the definition in Article 22 TRIPS. The link between the product and the geographical area may be less close than in the case of a PDO, and may simply consist of the reputation of the area for the production of certain foods. The production/manufacture of the product must take place in the designated area, but the ingredients do not necessarily have to originate in that area.⁷⁸</p> <p>Regulation 1493/1999 deals broadly with the wine industry and includes in Chapter II (Description, Designation, Presentation and Protection of Certain Products) rules on the protection of GIs and labeling. The level of protection accorded corresponds to Article 23.1 of the TRIPS Agreement.</p>

⁷⁶ The protection offered under Article 13 of Regulation 2081/92 is comparable to the advanced protection for wines and spirits GIs under Article 23 TRIPS, see above.

⁷⁷ Vital, page 52, refers as example to the French cheese "Comté", which is produced exclusively from a particular cow breed, which in turn feeds only on a delimited area in the French Jura mountains. In addition, the specific climate conditions and the particular producers' skills are said to confer on this cheese its unique characteristics among other cheeses.

⁷⁸ Vital, page 53, refers as example to the Spanish meat product "Sobrasada de Mallorca", which is manufactured on the island of Mallorca. However, the pigs used in the production do not necessarily originate in Mallorca.

In its relations with third countries, the EU is seeking to come to a level of protection comparable to its domestic system. In the context of WTO commitments to reduce export subsidies for EU farmers, advanced protection of European GIs represents an alternative strategy to maintain European market shares throughout the world.⁷⁹ The EU has three major negotiating objectives:⁸⁰

- The establishment of a multilateral register for geographical indications (see above, in the introduction);
- The extension of the additional GI protection for wines and spirits to other agricultural products (see above, in the introduction);
- Multilateral acceptance and enforcement of a list of selected European GIs. The latter would imply a state's obligation to remove prior conflicting trademarks and to grant protection to EU GIs that have become generic. Such obligations would effectively erase the exceptions available under Article 24 TRIPS (paragraphs 4, 5, and 6). Since the EU has thus far not been able to make such obligation acceptable on the multilateral level, the Article 24 exceptions have increasingly become the target of its regional and bilateral agreements.

While the first two objectives are pursued on the multilateral level, the recognition of selected European GIs has been a major focus of a number of bilateral agreements between the EU and third countries, such as Australia, Chile, Mexico, and South Africa. All of these agreements concern particularly GIs for wines and/or spirits.

1. Definition, scope and structure

The EU-Chile Agreement on Trade in Wines⁸¹ for defining "geographical indications" refers to Article 22.1 of the TRIPS Agreement (see Article 3(b)). The 1994 pre-TRIPS EU-Australia Agreement on Trade in Wine⁸² like Article 22 TRIPS refers to "a given quality, reputation or other characteristic" of the wine that is "essentially attributable to its geographical origin".⁸³

Both agreements are limited to GIs for wines. With Chile, the EU has concluded another agreement covering GIs for spirit drinks and aromatized drinks.⁸⁴ Likewise, the EU and South Africa concluded two separate agreements covering GIs for wines and spirit drinks,

79 While the EU considers this strategy a shift from protectionism to competition ("compete internationally on quality rather than quantity", see Why do Geographical Indications matter to us?, available at the EU website at <http://europa.eu.int/comm/trade/issues/sectoral/intell_property/argu_en.htm>), others regard this as just another form of protectionism (see S. Laing, EU on GIs: Free Trade or Protectionism?, Trade Law Centre for Southern Africa (tralac) Trade Briefs 2003, available at :<<http://www.tralac.org/scripts/content.php?id=1999>>).

80 See Why do Geographical Indications matter to us?, available at the EU website at <http://europa.eu.int/comm/trade/issues/sectoral/intell_property/argu_en.htm>.

81 Agreement on Trade in Wines, available at <http://europa.eu.int/comm/trade/issues/bilateral/countries/chile/docs/euchlagr_x.pdf>.

82 Agreement between Australia and the European Community on Trade in Wine, available at <http://europa.eu.int/comm/trade/issues/bilateral/countries/australia/docs/wine_agr.pdf>.

83 Note that this formula was also part of an EC proposal with respect to the protection of geographical indications during the Uruguay Round of Multilateral Trade Negotiations. See UNCTAD-ICTSD Resource Book, Chapter 15, Section 2.1.

84 Agreement on Trade in Spirit Drinks and Aromatised Drinks, available at <http://europa.eu.int/comm/trade/issues/bilateral/countries/chile/docs/euchlagr_xii.pdf>.

respectively.⁸⁵ On the other hand, the EU and Mexico agreed on the mutual recognition and protection of GIs for spirit drinks, but not for wines.⁸⁶

All of the above agreements on wine GIs basically follow the same structure: after some general provisions (particularly on objectives, scope and coverage and definitions), each agreement contains two separate titles on the substantive protection of wine names and oenological practices, respectively. Other titles of these agreements deal with import certification requirements, mutual assistance between control authorities, management of the respective agreement, and finally some general provisions (such as on dispute settlement and the marketing of pre-existing stocks). The EU-Chile Agreement in addition contains a separate title on sanitary and phytosanitary measures, basically referring to the WTO Agreement on Sanitary and Phytosanitary Measures.

2. Level and means of protection

All of the examined agreements follow the approach taken under Article 23 TRIPS, as described above (i.e. protection against false use of GIs, irrespective of actual consumer confusion or the existence of an act of unfair competition). While the agreements in general refer to the Parties' obligation to provide the "appropriate legal means" to ensure effective GIs protection,⁸⁷ all of them subject use of protected GIs to the conditions laid down in the laws and regulations of the Party in which the respective GIs originate.⁸⁸ This requirement goes beyond the general obligation under TRIPS to provide for the legal means to protect against certain uses of GIs, because it obligates each Party to follow the domestic system for GI protection as existing in the other Party. For instance, EU domestic legislation provides that trademarks identical with wine GIs may in general not be used, or may only be used until 31 December 2002.⁸⁹ Through the above provision in the bilateral agreements, this condition for the use of GIs is imported into the obligations for the EU's bilateral partners. For the latter, this could lead to conflicts with domestic or third country trademarks incorporating the protected European GI. As will be shown below, the USA in its bilateral free trade agreements has recently promoted the protection of GIs under trademark law, giving trademarks priority over GIs in case of preexistence of the trademark. A country party to bilateral agreements with both the USA and the EU might find itself caught between opposing obligations in the case of a conflicting European GI and a US trademark that is similar to or incorporates that European GI. This situation is becoming more common as the number of bilateral agreements with IPR provisions increases, while a multilateral solution is still frozen in the TRIPS Council of the WTO.

3. The accordance of automatic protection

85 Agreement between the European Community and the Republic of South Africa on trade in wine, see <http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_028/l_02820020130en00040105.pdf>. Agreement between the European Community and the Republic of South Africa on trade in spirits, see <http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_028/l_02820020130en01130125.pdf>.

86 Agreement between the European Community and the United Mexican States on the mutual recognition and protection of designations for spirit drinks, available at <[http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=en&numdoc=21997A0611\(01\)&model=guichet](http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=en&numdoc=21997A0611(01)&model=guichet)>.

87 See for instance Article 5.1 of the EU-Chile Agreement on Trade in Wines.

88 See for instance Article 4.1 of the EU-Mexico Agreement on spirit drinks, according to which in Mexico, "the protected Community [i.e. EC] names: - may not be used otherwise than under the conditions laid down in the laws and regulations of the Community, ...".

89 See Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organization of the market for wine, OJ L 179/1, Annex VII, lit. F, paras. 1 and 2.

All of the agreements referred to above obligate the Parties to ensure "reciprocal"⁹⁰ or "mutual"⁹¹ protection of particular GIs that are enumerated in a number of lists attached to the agreements. This approach goes beyond the TRIPS minimum standard of providing "legal means" for the protection of GIs. Under the latter, a country is not obligated to accord *automatic* protection to a foreign GI. Rather, its authorities maintain the discretion to examine whether the GI at issue actually meets the basic eligibility requirements under Article 22.1 of the TRIPS Agreement (i.e. whether the given GI identifies a particular geographical area, whether there is a particular link between the quality, reputation or other characteristic of the product and its geographical origin, and whether any of the Article 24 exceptions apply). The obligation under the above bilateral agreements to "take all necessary steps in accordance with this Agreement to ensure mutual protection"⁹² of the names referred to in the attached lists takes away such discretion. The concrete obligation to ensure protection of particular, listed foreign names means that a country's authorities have to recognize the examination by a foreign authority as sufficient for domestic purposes. They will have no possibility to argue that the respective foreign GI does not meet the basic Article 22 TRIPS requirements, or that an Article 24 exception applies.⁹³ The protection accorded through the bilateral agreements under examination is therefore "automatic". This interpretation is supported by the fact that each of the examined agreements except EU – Mexico expressly states the obligation to reserve the listed names exclusively for the products originating in the Party to which they apply.⁹⁴

4. Exceptions

As mentioned above, the TRIPS Agreement in Article 24 provides a number of exceptions that considerably limit the obligation to provide protection to wine and spirits GIs under Article 23. All of the bilateral agreements under examination eliminate the exceptions with respect to continued and similar use in good faith of a similar GI and use of designations that have become generic.⁹⁵ This is not done in a uniform manner. While the EU – Mexico Agreement on spirit drinks expressly refers to the TRIPS Agreement exceptions,⁹⁶ the other examined agreements

90 See, for instance, Article 5.1 of the EU – South Africa Agreement on trade in spirits and Article 4.3 of the EU – Mexico Agreement.

91 See Article 5.1 of the EU – Chile Agreement on trade in wines. The terms "mutual" and "reciprocal" may be used interchangeably, as is made clear by the EU – Mexico Agreement, which in its title refers to "mutual recognition and protection" and then uses the term "reciprocal protection" in its substantive part (Article 4.3).

92 Article 5.1 of the EU - Chile Agreement on trade in wines.

93 On the exclusion of the Article 24 TRIPS exceptions through the bilateral agreements, see also in the next, separate section.

94 The EU – Mexico Agreement uses different language in this respect. It provides in Article 3: "The following designations are protected:

(a) as regards spirit drinks originating in the Community, the designations listed in Annex I;

(b) as regards spirit drinks originating in the United Mexican States, the designations listed in AnnexII."

The terms "are protected" imply that domestic authorities have no discretion to refuse protection. Thus, the accorded protection is equally automatic, like under the other agreements.

95 For the trademark exception, see the separate section, below. As noted in the introduction, the TRIPS Agreement in Article 24.1 authorizes such TRIPS-plus approach in bilateral or multilateral agreements: "[...] The provisions of paragraphs 4 through 8 below [i.e. the provisions on exceptions] shall not be used by a Member to refuse to conduct negotiations or to conclude bilateral or multilateral agreements. In the context of such negotiations, Members shall be willing to consider the continued applicability of these provisions to individual geographical indications whose use was the subject of such negotiations."

96 See Article 4.4 of the EU – Mexico Agreement on the mutual recognition and protection of designations for spirit drinks: "The Contracting Parties will not deny the protection provided for by this Article in the circumstances specified in paragraphs 4, 5, 6 and 7 of Article 24 of the Agreement on Trade-Related Aspects of Intellectual Property Rights."

obligate the Parties to accord exclusive protection to a list of designations annexed to the respective agreement, without reference to any exceptions. This means that a given designation may only be used by producers located in the respective Party for which it has been listed.

All except the EU – Australia Agreement are post-TRIPS treaties, and may therefore alter the obligations taken by the Parties under the TRIPS Agreement.⁹⁷ For instance, the EU – South Africa Agreement on trade in wine in its Annex II contains a list of wine names, among which there is reference to "Porto/Port(2)/Oporto/Portwein/Portvin/Portwijn". Even though this designation has been used in a generic manner for a long time in South Africa,⁹⁸ the latter is obligated to phase out its use locally within 12 years from 1 January 2002, within eight years in the Southern African Development Community (SADC), and within five years internationally. The same obligation applies to the name "Sherry", which also was a generic name in South Africa. Responding to the new legal situation, South African producers have started renaming their products: "Tawny" instead of Sherry, and "Ruby" instead of Porto.⁹⁹

In addition, South Africa is obligated to phase out within five years from the entry into force of the Agreement the use of the specific European denominations "Grappa", "Ouzo", "Korn", "Kornbrand", "Jägertee", "Jagertee", "Jagatee", and "Pacharan".¹⁰⁰ These particular names are not "geographical" in the sense that they do not match with the name of a particular region or locality, nevertheless it is important to recall that a GI identifies a product as originating in a particular region or territory. There are names that while not being "geographical" in a strict sense are used to identify the products of a particular region or a territory. A typical example is the case of "Feta" cheese, which literally means, "slice", but it is used in Europe to identify a particular goat or sheep cheese from Greece.

Transitional periods for the phasing out of the use of European names are also provided in the other EU agreements. All of the examined agreements contain a provision on the marketing of pre-existing stocks of wines or spirits. This concerns wines or spirits that, at the date or prior to the entry into force of the respective bilateral agreement, were produced, described and presented in accordance with internal legislation of a Party, but in a manner prohibited by the bilateral agreement. All of the examined agreements provide the right for retailers to market such products until stocks are exhausted.¹⁰¹ Wholesalers are accorded a 3-year transition period (counted from the entry into force of the respective agreement), except under the EU – Mexico Agreement, which provides for only 1 year.

The EU – Australia Agreement on trade in wine constitutes a particular case, as it entered into force on 1 March 1994, i.e. before the entry into force of the TRIPS Agreement (1 January 1995). Since the EU – Australia Agreement obligates the parties to protect a specific list of

97 See Article 30.3 of the Vienna Convention on the Law of Treaties: "When all the parties to the earlier treaty are parties also to the later treaty but the earlier treaty is not terminated or suspended in operation under article 59, the earlier treaty applies only to the extent that its provisions are compatible with those of the latter treaty." The lack of reference in the bilateral agreements to any exceptions means that those exceptions have not become part of the Parties' treaty rights.

98 See Laing, Susan, More port anyone?, available at <<http://www.derebus.org.za/archives/2003Jul/articles/port.htm>> (hereinafter Laing, More port anyone?).

99 See Laing, More port anyone, page 4.

100 See Articles 6 (iii) and 7 of the EU – South Africa Agreement on trade in spirits.

101 See, for example, Article 25 of the EU – Australia Agreement.

names, without referring to any exception, there might be a conflict with the TRIPS Agreement provisions on GI exceptions. Should this be the case, the later-in-time-rule of the Vienna Convention could be relevant in dealing with those provisions in the bilateral agreement that conflict or are incompatible with the TRIPS Agreement.¹⁰²

Unlike the other exceptions, the examined bilateral agreements do maintain the TRIPS flexibility with respect to the protection of homonymous GIs.¹⁰³

5. Relationship with trademark protection

Article 24.5 TRIPS as discussed above authorizes the good faith registration and use of trademarks similar or identical to a GI, subject to certain temporal conditions. Not all of the examined agreements address this issue in the same way. The most straightforward approach is taken in the EU – Mexico Agreement on spirit drinks. Article 4.4 of that Agreement expressly excludes the applicability of Article 24.5 TRIPS in the bilateral context. On the other hand, the EU Agreements with Chile on trade in wine and in spirits, without referring to Article 24.5 TRIPS, flatly state that registration of a trademark that is identical with, or similar to a protected GI shall be refused. Existing Chilean trademarks that are listed in appendixes to the respective Agreements shall be cancelled within 12 years from the entry into force of the agreements (i.e. 1 February 2003) for domestic use, within five years for use for export, and immediately upon entry into force for small quantity exports.¹⁰⁴ There is no reference to the good faith exception under Article 24.5 TRIPS. Therefore, all trademarks included on the lists will have to be cancelled, even if they meet the requirements under Article 24.5 TRIPS.

Finally, the EU's wine agreements with Chile and with Australia both extend the protection accorded to GIs against identical or similar trademarks to traditional wine expressions (for a definition, see below). A number of listed Chilean trademarks had to be cancelled with the entry into force of the agreement.¹⁰⁵

6. Traditional expressions

The EU Agreements with Chile and Australia on the protection of wine GIs contain an obligation to protect "traditional expressions". According to Article 3 (c) of the EU – Chile Agreement, the term traditional expressions "means a name traditionally used to refer, in particular, to the production or ageing method or the quality, colour, type of place, or a particular event linked to the history of the product concerned of wine that is recognised by the laws and regulations of a Party for describing and presenting a product originating in that Party". Examples include expressions such as, for example, "Vino dulce natural", "Eiswein",

¹⁰² Negotiations on outstanding issues of the EU – Australia Agreement have resumed in April 2004. See

<http://www.dfat.gov.au/geo/european_union/review_04.html>.

¹⁰³ See for instance Article 5, paras 4 and 5 of the EU – Chile Agreement on Trade in Spirit Drinks and Aromatised Drinks. The relevant TRIPS provisions are Articles 23.3 and 22.4.

¹⁰⁴ See Article 7 of both Agreements.

¹⁰⁵ See Article 10.4 of the EU – Chile Agreement on trade in wine.

"Grand Cru", "Ruby" and "Tawny" on the side of the EU,¹⁰⁶ and "Chateau", Reserva o Reservas" and "Noble" on the Chilean side.¹⁰⁷

The EU – South Africa Agreement on trade in wines does not contain any reference to traditional expressions. On the other hand, South African wine exports to EU countries will be subject to the EU's wine labeling regulation, conditioning the use of traditional expressions on the respect of certain requirements.¹⁰⁸

The obligation to accord protection to traditional expressions goes beyond the TRIPS minimum standards of GIs protection. Traditional expressions do not constitute GIs within the meaning of the TRIPS Agreement, because they do not indicate a geographical area. In this sense, they are of less exclusive character than GIs: any producer respecting certain production or ageing methods and other conditions may use the corresponding traditional expression. For example, the expression "Eiswein" or "Icewine" is not limited to any region, but may be used by any producer following the specific harvesting requirements. The obligation to accord protection to the traditional expression "Eiswein" means that in the Parties to the respective agreement, only those wines meeting certain production standards may be marketed as "Eiswein". Box II describes the production requirements for the protection of the traditional expression "Eiswein"/"Icewine".

Box II
The requirements for the traditional expression "Eiswein"/"Icewine"
Eiswein in Germany, or Icewine in Canada, is a <i>late-harvest wine</i> made from grapes pressed while frozen. Only three varieties of <i>vinifera grape</i> and Vidal may be used but usually it is made from <i>Vidal and Riesling</i> grapes. To make Icewine, the grapes are left on the vine until after the first frost hits. These grapes are harvested after being frozen in the vineyard and then, while still frozen, they are pressed. They must be picked early - before 10 a.m. During both of these processes the temperature cannot exceed -8 degrees C. At this temperature (-8 degrees C) the berries will freeze as hard as marbles. While the grape is still in its frozen state, it is pressed and the water is driven out as shards of ice. This leaves a highly concentrated juice, very high in acids, sugars and aromatics. In Ontario and in Germany, Eiswein/icewine is defined as naturally frozen. This means that in both countries, no other method of making Eiswein/icewine is allowed other than the natural method. No artificial freezing method constitutes Eiswein/icewine by definition or label. Source: http://www.ontariograpes.com/icewine.html (The Southwestern Ontario Vinters Association).

However, the EU wine labeling regulation used to differentiate between traditional expressions that could be used by third country producers and those that were exclusively reserved to EU wines. The latter category included expressions such as "tawny", "ruby", "vin jaune", and "amarone". This entailed difficulties for those third country producers that, in an effort to avoid European GIs, had started producing wines under generic indications such as "tawny" and "ruby" (see above, for South Africa). In 2004, however, the EU adopted a set of amendments to its wine labeling regulation, merging the two categories into one and making it possible for all

106 See lists A and B in Appendix III to the Agreement.

107 See lists A and B in Appendix IV to the Agreement.

108 See Commission Regulation (EC) No 753/2002 of 29 April 2002 laying down certain rules for applying Council Regulation (EC) No 1493/1999 as regards the description, designation, presentation and protection of certain wine sector products, OJ L 118, pages 1 – 54 (hereinafter wine labeling regulation). For more information on this regulation, see below.

traditional expressions to be used by third country producers, provided certain requirements are met.¹⁰⁹

The EU – Chile Agreement on trade in wines mirrors the former EU legislation, as it contains two categories of expressions to be protected. Expressions like "Eiswein" (List A) may be used by Chilean producers, provided the production requirements are met. By contrast, the expression "Tawny" is exclusively reserved to particular European producers (List B). On the other hand, Chilean producers have the exclusive right to use the expression "Noble", as example. It remains to be seen whether the Parties adapt the agreement to the more flexible new EU domestic legislation.

7. Recapitulative table

A recapitulative table has been prepared as to facilitate the understanding of the main differences in the EU's FTAs regarding GI protection. The table follows the features of GI protection subject to analysis in this section.

Table II Comparative analysis of GI protection of selected EU bilateral agreements				
	EU - Chile	EU – Mexico	EU – South Africa	EU - Australia
Separate agreement	No. Both agreements (trade in wine and trade in spirits) are Annexes to EU – Chile Association Agreement.	Yes. Agreement on the mutual recognition and protection of designations for spirit drinks.	Yes. Agreement on trade in wine and Agreement on trade in spirits supplement the Trade, Development and Cooperation Agreement (TDCA).	Yes. Agreement on trade in wines.
Type of protection	No particular reference to any specific system of protection → through both GIs or trademarks	No particular reference to any specific system of protection → through both GIs or trademarks	No particular reference to any specific system of protection → through both GIs or trademarks	No particular reference to any specific system of protection → through both GIs or trademarks
Definition of GIs	1. Wine Agreement: yes, reference to Article 22 TRIPS 2. Spirits Agreement: no	No	Yes: reference to Article 22 TRIPS, including appellations of origin.	Yes: language similar to Article 22 TRIPS, including appellations of origin.
Legal means of protection	"Appropriate legal means referred to in Article 23" of TRIPS	As Article 23 TRIPS	As Article 23 TRIPS	As Article 23 TRIPS
Conditions of use of protected names	Only under conditions laid down in laws and regulations of the Party where the name originates.	Only under conditions laid down in laws and regulations of the Party where the name originates.	Only under conditions laid down in laws and regulations of the Party where the name originates.	Only under conditions laid down in laws and regulations of the Party where the name originates.
Exceptions (Article	No: names on lists are	No: express exclusion	No: names on lists	No: names on lists are

¹⁰⁹ See EU amends wine labelling rules: "traditional expressions" can be used by third countries, available at: <<http://www.delais.cec.eu.int/pressandinformation/winelabeling.pdf>>.

David VIVAS-EUGUI (ICTSD) and Christophe SPENNEMANN (UNCTAD)
The Treatment of Geographical Indications in Recent WTO Discussions and in Regional and
Bilateral Agreements.
ICTSD, TRALAC and CIEL
Recent Multilateral and Bilateral Trends in IP Policy Making: Lessons and Challenges for
Africa
6 of October 2006

24 TRIPS)	<i>exclusively reserved</i> to one Party; no reference to exceptions; later in time than TRIPS.	of Article 24 TRIPS.	are <i>exclusively reserved</i> to one Party; no reference to exceptions; later in time than TRIPS.	<i>exclusively reserved</i> to one Party; no reference to exceptions; earlier in time than TRIPS.
Transitional period for phasing out of certain names	Marketing of pre-existing stocks: - 3 years (as of entry into force) for wholesalers; - until stocks are exhausted for retailers.	Marketing of pre-existing stocks: - 1 year (as of entry into force) for wholesalers; - until stocks are exhausted for retailers.	1. Marketing of pre-existing stocks: - 3 years (as of entry into force) for wholesalers; - until stocks are exhausted for retailers; 2. Porto and Sherry: - within 5 years for exports; - within 8 years for exports to SADC countries; - within 12 years for domestic market. 3. Grappa, Ouzo, Korn, Jägertee, etc.: within 5 years.	1. Marketing of pre-existing stocks: - 3 years (as of entry into force) for wholesalers; - until stocks are exhausted for retailers 2. Three agreed dates for the phasing out of listed particular European names used by Australian producers (31 December 1993; 31 December 1997; last date to be determined by Parties).
Protection of wines beyond GIs	Yes: obligation to protect not only GIs, but also: - traditional expressions - oenological practices and processes and product specifications.	No wine agreement	Yes: obligation to protect not only GIs, but also: - oenological practices and processes and product specifications. No separate obligation to protect traditional expressions on domestic level. But exports subject to EU labeling regulation.	Yes: obligation to protect not only GIs, but also: - traditional expressions - oenological practices and processes and compositional requirements for wine.
Relationship GIs and trademarks	1. Wine Agreement: - No registration of TMs identical with or similar to other Party's GI or traditional expression; - list of existing Chilean TMs to be cancelled within: - 12 years for domestic use; - 5 years for exports; - as of entry into force of Agreement for small quantity exports and those TMs conflicting with EU traditional expressions.	No reference to TMs. But exclusion of Article 24.5 TRIPS (good faith registration/use of TMs).	Cases of conflict between GIs and TMs to be settled by a Joint Committee.	No registration of TMs containing or consisting of protected GIs or traditional expressions.

	<p>2. Spirits Agreement: - Like wines In addition: - TMs identical with or similar to protected EU GI may not be invoked against use of such GI; - existing Chilean TMs not included in attached list may be used or requested for registration even if similar to protected EU GI (within 2 years from entry into force of Agreement).</p>			
Mutual recognition of certain GIs	Obligation to accord mutual protection to particular names as contained in lists attached to the agreements. No discretion for national authorities to refuse protection.	Reference to a list of protected names as contained in lists attached to the agreement. No discretion for national authorities to refuse protection.	Obligation to accord reciprocal protection to particular names as contained in lists attached to the agreements. No discretion for national authorities to refuse protection.	Obligation to accord reciprocal protection to particular names as contained in lists attached to the agreement. No discretion for national authorities to refuse protection.

IV. The approach under United States regional and bilateral free trade agreements.

The United States (USA) has included chapters on IPRs in all of its latest FTAs. This situation is not surprising, the United States being a knowledge-based economy and its corporations having deep strategic interests in consolidating TRIPS protection as well as improving current standards at the global level. The strategic interests of the United States in the IPR field are close to those of the pharmaceutical, agrochemical, entertainment, and software industries. While use of regional and bilateral agreements has always been preferred by United States commercial diplomacy, the regional and bilateral track has been emphasized even further since the failure of the WTO Cancun Ministerial. This trend is illustrated by the lack of high-level officials attending the TRIPS Council and the heavy bilateral trade agenda, which includes an increased number of developing countries. Some of the last bilateral initiatives include negotiations, among others, with some Andean countries, Thailand and Sri Lanka. IPRs chapters in the United States so far negotiated in FTAs tend to be very detailed and contain many TRIPS-plus features and new forms of intellectual property.¹¹⁰

In the case of GIs the interests of the United States do not necessarily match those in other IPRs areas. While the United States could gain protection for certain agricultural and agro-industrial products, US negotiators see little or no interest in their own industry as a whole for enhanced protection of GIs whether at the multilateral, regional or bilateral level. Nevertheless, some of the agricultural producers in the United States have become more active in expressing potential

¹¹⁰ Vivas-Eugui, 2003.

interest in GIs/trademark protection for the local products (e.g. Napa valley producers are starting to join European and third country producers in pro GIs lobbying activities).

During the Uruguay Round the United States was very reluctant to create a new IPR category to protect GIs at the multilateral level that could fall outside the trademarks field. In 1990, it put forward a proposal to the Trade Negotiation Group indicating that, “*Contracting Parties shall protect Geographical indications that certify regional origin by providing for their registration as certification or collective trade marks*”. This proposal illustrated the United States' preference for protecting GIs through the trademarks system. The preference of the United States regarding trademarks has a lot to do with its own internal legal tradition and its consideration of GIs as private rights and not rights of “public nature” that could not be licensed or sold.

The GI sections of the FTAs subscribed by the United States tend to vary in size and content. The evolution of the GI chapters has changed over time and evolved from an independent GI protection system to a convergence toward trademark protection covering GIs. Initially, in cases such as the NAFTA, most of the rules were very close to the existing TRIPS standards with independent GIs and trademarks sections. In the latest FTAs, GI sections have, depending on the counterpart, included a dual system of protection GIs/trademarks, as in the case of the bilaterals with Chile and Morocco, or a unique protection system based in the incorporation of GIs as a form of trademarks as in the recent bilateral with Australia. A reaffirmation of this tendency can be clearly seen by comparing the title of the sections of the NAFTA, the USA-Chile and USA-Morocco Agreements on one hand where there are separate sections on trademarks and on GIs; and the USA-Australia Agreement on the other, where there is only one single section on “*trademarks, including geographical indications*”.

While it is acceptable for the United States that other countries choose a different system to protect GIs (e.g. systems closer to appellations of origin or *sui generis* systems), the USA provides protection in a variety of ways including unfair competition law, common law recognition of marks, certification trademarks (CTMs), collective trademarks, and some especial regulatory norms regarding advertisements and labeling.

GIs can be protected by three main categories of protection. These categories are enumerated in the following Box:

Box III
Categories of protection for geographical indications
<p><u>Regulations focusing on business practices</u> The basic issue under these regulations (such as unfair competition, consumer protection, trade descriptions, labeling and food standards) is not whether the geographical indication as such is eligible for protection but, rather, whether a specific act involving the use of a geographical indication has contravened standards contained in laws covering such acts.</p>
<p><u>Trademark law</u> Trademark law may provide two types of protection for geographical indications: against the registration and use of geographical indications as trademarks, or through collective, guarantee or certification marks.</p>
<p><u>Sui generis protection</u> A third category of regulations comprises laws and regulations specifically dedicated to the protection of</p>

geographical indications.

Source: *Protection of Geographical indication in Caricom Countries*, Correa, 2002.

Some examples of CTMs linked to a geographical area registered in the United States are “Napa Valley Reserve” and “Ohio river valley” for wines, “Idaho” for potatoes and onions, “Real California Cheese” for cheese, “Washington” for apples and “Pride of New York” for various agricultural products”.¹¹¹ Also the so called “common law trademarks” have been used to protect GIs in particular cases such as “Cognac”¹¹² and “Black Hills” Manufacture for gold jewelry.¹¹³ It is important to note that protecting GIs through trademarks is not incompatible with the TRIPS Agreement provided that its minimum standards are met. The TRIPS Agreement specifically indicates in its Article 1 that “*Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.*”¹¹⁴ Even USTR high officials have indicated in the not yet publicly disclosed panel report in *European Communities - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*¹¹⁵ that the panel clearly upheld the coexistence between GIs and trademarks and that trademark protection for GIs was in conformity with WTO rules.¹¹⁶

There are various TRIPS-plus standards in the RTA/FTAs recently subscribed by the USA. Most of the new standards relate to the incorporation of trademark law principles into the GI sections or by incorporating GIs in a trademark section. These new standards have broadened the scope as well as the means of protection of GIs provided they are protected by trademarks. For the purpose of facilitating the analysis we have organized the structure of the obligations covered by the GIs section of the IPR chapters of pre-selected FTAs according to the following features:

1. Definition and scope

The GI definition of Article 22 of the TRIPS Agreement has been directly incorporated in the case of the bilateral agreements between the USA and Chile and in the USA-Morocco Agreement. Nevertheless a new sentence has been added to this definition making it a broader one.¹¹⁷ Articles 17.4.1 of the USA-Chile Agreement and 15.3.3 of the USA-Morocco Agreement indicate that “(..). *Any sign or combination of signs (such as words, including Geographical and personal names, as well as letter numerals, figurative elements and colors*

111 Beresford Lynne, The protection of Geographical indications in the United States of America, Symposium on the International Protection of Geographical Indications. WIPO, 1999. Hereinafter “Beresford”.

112 Institut National des Appellations vs Brown-Forman Corp., 47 USPQ2d 1875 (TTAB 1998). See <http://www.uspto.gov/web/offices/dcom/olia/globalip/geographicalindication.htm>

113 Beresford, 1999.

114 For a detailed analysis of this provision, see UNCTAD-ICTSD Resource Book, Chapter 2 (Nature and Scope of Obligations).

115 See WT/DS174/21 and WT/DS290/19 of 24 February 2004, Constitution of the Panel Established at the Requests of the United States and Australia [hereinafter “EC – Protection of Trademarks and GIs”].

116 US Mission to the United Nations in Geneva. Press release: “United States wins WTO case against EU over food names”, 12 December 2004. Hereinafter “US mission press release”.

117 In the case of the USA-Chile a dual approach was taken. In this case the United States will protect GIs through trademarks and Chile through its own GI system, which is closer to the “appellation of origin” model. For a precise analysis see Roffe, Pedro. Regional and bilateral Agreements and a TRIPS plus world: The Chile-USA Free Trade Agreement, QUNO/QUIAP. 2004. Hereinafter Roffe, 2004.

including single colors¹¹⁸) in any form whatsoever shall be eligible for protection". This sentence basically adds to the GI definition part of the definition of trademarks, making it possible for GIs to be also protected through trademarks.¹¹⁹ This situation reduces the differences between GIs and trademarks as set by the TRIPS Agreement. While some WTO Members could consider this situation positive, it could also be considered as undermining the intention of the drafters of the TRIPS Agreements, which specifically established two different categories of IPRs.

In the bilateral between the USA and Australia, the tendency toward merging GIs and trademark protection is almost consolidated. As it was mentioned above this bilateral does not have a section on GIs or even a GI definition. There is just an obligation in Article 17.2.1, indicating that, *"Each Party shall provide that marks shall include marks in respect to goods and services, collective marks and certification marks. Each Party shall also provide that GIs are eligible for protection as marks"*. This Article basically considers "GIs" as a type of mark without any differentiation. Another interesting feature of the protection provided in this bilateral is that the scope of trademarks (including GIs) covers goods as well as services. While this is a common feature in trademark law, the GI protection provided by the TRIPS Agreement only applies to goods (see above, under section II on the TRIPS standards).

2. Legal means of protection

The legal means of protection contained in Articles 22.1, 22.3 and 23.1 of the TRIPS Agreement are not explicitly mentioned in any of the FTAs under study, except in the case of NAFTA where the basic rules of the GI section of the TRIPS Agreement are directly incorporated. However this seems not to be a problem for the USA-Chile FTA due to the incorporation of a non-derogation clause in Article 17.1.5 of that Agreement. This non-derogation clause indicates that, *"nothing in this chapter concerning intellectual property rights shall derogate from the obligations and rights of one Party with respect to the other by virtue of the TRIPS Agreement..."*. In the case of the USA- Australia FTA, there is a reaffirmation of the rights and obligations under the TRIPS Agreement in Article 17.1.3. Regarding the USA-Morocco FTA, there is neither a non-derogation clause nor a specific reaffirmation of rights and obligations under the TRIPS Agreement. This could raise concerns over potential conflicts of obligations or rights derived from the TRIPS Agreement in case of inconsistencies with particular provision of this bilateral.

A new legal means of protection has been added in the three bilateral agreements¹²⁰ under study by recognizing exclusive rights over "GIs" that are protected through a trademark. In the Trademark sections of these bilateral agreements the following text has been included in a similar manner: *"Each Party shall provide that the owner of a registered trademark shall have the exclusive rights to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs, including geographical indications, for goods and services that are related to those goods or services in respect of which the owner's trademark is registered, where such use would result in a likelihood of confusion"*. For this exclusive right to operate there must be likelihood of confusion. The law of the Parties is the one that determines

118 The phrase "Single colours" is not mentioned in the FTA between the USA and Chile.

119 Roffe, 2004.

120 In this case we refer to the USA-Chile, USA-Morocco and USA- Australia Agreements.

when “likelihood of confusion” occurs. In the case of the USA-Australia and USA-Morocco Agreements, a sentence has been added to clarify that in case of the use of identical signs confusion shall be presumed. The expansion of exclusive rights of trademarks to cover also “GIs” protected through trademark is another element that shows convergence towards trademark law in United States bilateral agreements.

The three bilateral agreements also contain rules to protect well-known trademarks that are also applicable to “GIs” protected through trademarks. The protection granted is similar to the one provided in Article 16.3 of the TRIPS Agreement and the one provided by Article 6bis¹²¹ of the Paris Convention. In the particular case of the USA-Chile Agreement, there is a provision on well-known marks protection that goes beyond the TRIPS Agreement or the Paris Convention¹²² requirements. Article 17.2.7 of the USA-Chile FTA indicates that “*Each Party shall, according to their domestic law, provide for appropriate measures to prohibit or cancel the registration of a trade mark (that may include “GIs” in light of Article 17.2.1), identical or similar to well known trademarks, if the use of the trademarks by the registration applicant is likely to cause confusion, or to cause mistake, or to deceive or risk associating the trademark with the owner of the well known trademark, or constitute unfair exploitation of the reputation of the trademark*”. Similar provisions were not found in the other two bilateral agreements.

3. Relationship with trademarks

One provision that calls the attention in two of the bilaterals under study (USA-Chile and USA - Morocco)¹²³ is incorporation of a provision with especial grounds for refusing protection of GIs by favoring pre existing trademarks. The following text was found with similar drafting in Article 17.4.10 of the USA- Chile and 15 .3.2 of the USA-Morocco Agreement:

“ Parties shall provide that each of the following shall be a ground for refusing protection or recognition of a geographical indication:

- (a) the geographical indication is likely to be confusingly similar to a trademark that is subject to a goods-faith pending application or registration ;*
- (b) the geographical indication is confusingly similar to a pre- existing trademark, the rights to which have been acquired in the territory of the Party through use in good faith.”*

¹²¹ Article 6bis of the Paris Convention provides:

“(1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.”

¹²² Idem Roffe, 2004.

¹²³ In the case of the USA- Australia Agreement there was no need due to the fact that this obligation is already part of its trademark principles.

The provision basically transfers the “*first in time, first in right*” maxim applicable in most trademark laws. It provides that the countries parties to this bilateral may not register geographical indications in the face of prior trademarks.¹²⁴ The principle of “*first in time, first in right*” does not mean the first in time “*anywhere*”. It is subject to the overarching principle of territoriality, typical of industrial property and trademark law, meaning that *first in time* has to have happened in the same country where the application for a trademark is pending or was previously registered. Also the *first in time, first in right* does not only apply to the first to register. It can apply to the first using of a particular name as in the case of common law trademarks of case of passing off protection.

By adopting this provision, GIs are positioned at the same level as any other trademark for the purposes of asserting rights in an application procedure. Nevertheless, we need to recall that this is not the only situation where a trademark application might be refused. Article 22.3 of the TRIPS Agreement indicates that “*Members shall, ex officio if legislation permits or by the request of the 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*”. The refusal or invalidation in this case only operates if the use of the indication misleads the public as to the “true place of origin”. Here the “true place of origin” could be in another country and the refusal or invalidation is not subject to the principle of territoriality.

4. Exceptions

NAFTA has basically reproduced the exceptions contained in Article 24 of the TRIPS Agreement. The reason why NAFTA reproduces most of the provisions of the TRIPS GI Section is that it was signed only some months after the final adoption of the Uruguay package and little experience was developed in implementing these provisions. The USA - Chile Agreement and the USA – Morocco Agreement do not include the TRIPS exceptions or new exceptions on GIs. In the case of the USA-Australia FTA, the Trademark section, including GIs, contain a reference to exceptions regarding the rights conferred by a mark including fair use of descriptive terms, provided those exceptions take into account the legitimate interest of the owner of the trademark of third parties. This exception is normal in trademark law and applies to marks that also cover descriptive terms of the goods or the services identified in the mark.

By the date this article was written the WTO panel report on *European Communities - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*¹²⁵ between the EU on the one side and Australia and the United States on the other side regarding geographical foods names had not yet been made available to the public. However, an interim panel report was issued to the parties to the dispute on 16 November 2004, which reportedly supports Australian and US claims of TRIPS inconsistencies of the EU Regulation 2081/92 on the protection of geographical indications of origin for agricultural products and foodstuffs.¹²⁶ In particular, the panel observed that the EU's approach in the regulation of protecting GIs that are confusingly similar to existing trademarks is not covered by

124 See Stern, 2004.

125 See WT/DS174/21 and WT/DS290/19 of 24 February 2004, Constitution of the Panel Established at the Requests of the United States and Australia [hereinafter “EC – Protection of Trademarks and GIs”].

126 See Interim Report Out on GIs, Bridges November 2004, page 7, ICTSD, 2004 (available at <http://www.ictsd.org/monthly/bridges/BRIDGES8-10.pdf>).

the fair use exception under the TRIPS trademark provisions (Article 17). Also, the panel reportedly considered the regulation to be inconsistent with the obligation in Article 4 of the TRIPS Agreement to provide unconditional MFN treatment to foreign IP holders, as it subjects the protection of third country GIs in the EU to a requirement of reciprocal protection of EU GIs in the country of origin.¹²⁷

In the same context, press releases of the United States Mission mentioned that the panel report emphasized that the exceptions under the GI chapter of the TRIPS Agreements were narrow and limited to the actual GI name “as registered”. These last words implied that while linguistic variations (translations) of GIs might give concerns to certain producers, only the words in original language were covered by the TRIPS Agreement¹²⁸.

5. Some procedural features

The USA-Chile and the USA-Morocco bilateral agreements have included various provisions designed to facilitate filing procedures and protection of GIs that go beyond the TRIPS Agreement. These provisions include the following features:

- Simplification of formalities for the protection of registration of GIs;
- Incorporation of various transparency rules such as making available regulations governing filing procedures or publication of GIs for the purposes of opposition procedures;
- Provision of procedures for opposition and cancellation of registration.

As the USA - Australia FTA does not have a section on GIs, all the procedural and transparency rules of the trademark chapter apply to all GIs protected through trademarks. These include all the features mentioned above plus obligations for providing for electronic filing procedures. The USA-Chile FTA also has this obligation in the trademark chapter and this obligation is also applicable to GIs protected through trademarks.¹²⁹

6. Links with market access rules

In certain RTA/FTAs we find mutual protection clauses for particular geographical names. They have covered so far only certain geographical names for spirits and wines. We have only found mutual protection clauses in the NAFTA and in the USA-Chile FTA. This calls attention to the question why in the bilateral agreements between the USA and Australia or the USA and Morocco, such clauses were not included. One speculative argument could be that in the case of the USA-Australia Agreement there is no need due to the fact that trademark law is the main form of protection for “GIs” and that there are no important limitations for trademark registration in both countries. In the case of the USA-Morocco FTA, there were possibly no protectable geographical names for wines and spirits in Morocco or there was little interest in exporting this type of products to the Moroccan market by the United States.

¹²⁷ For more details on this EU legislation, see UNCTAD-ICTSD Resource Book, Chapter 15, Section 2.

¹²⁸ Hereinafter US Mission press release.

¹²⁹ Roffe, 2004.

The mutual protection clauses are part of the market access chapters and not of the GIs or trademark sections of the IPR chapters. The main obligations derived from these clauses are the following:

- a) Recognition of certain geographical names as “distinctive products”. A definition of “distinctive product” was not found in the US RTA/FTAs. As this clause was found in the market access chapter this definition may have an impact in the break down of the tariff lines where these especial products are listed as to facilitate trade.
- b) Protection against sale of any products with those names within the territory of the Parties, unless they are manufactured within the territory of the other Party in accordance with domestic laws and regulations governing the manufacture of those products. The obligation establishes a ban to sell products using the protected names unless they fulfil territorial and manufacturing regulatory requirements applicable to the protected geographical names. These territorial and manufacturing regulatory requirements fit in a general manner in the definition of GIs of the TRIPS Agreement and the definition of CTMs in United States law.

The protected geographical names affected by the mutual recognition clause are limited. They include so far: Bourbon and Tennessee Whiskeys (United States); Canadian Whiskey (Canada); Tequila and Mezcal (Mexico); Chilean Pisco, Pajarete and Vino Asoleando (Chile).

7. Recapitulative table

A recapitulative table has been prepared as to facilitate the understanding of the main differences in the US RTA/FTAs regarding GI/trademark protection. The table follows the same features of GI protection subject to analysis in this section.

Table III				
Comparative analysis GI protection of selected US regional and bilateral agreements				
	NAFTA	USA-Chile	USA-Morocco	USA-Australia
Independent GI section	Yes	Yes	Yes	No, GIs are covered trademark chapter. There is not an independent GI chapter
Type of protection	As GIs or trademarks (including collective or certification)	As GIs in the case of Chile or as trademarks (including collective or certification TMs) in the case of the United States	As GIs or trademarks (including collective or certification TMs)	As trademarks (including collective or certification)
Definition of GI	Not included	Yes	Yes	Not included. They are covered by the definition of trademarks. GIs are eligible for TM protection.
Indication that “signs” are eligible for GI protection	Not mentioned	Yes	Yes	Yes
Scope	Goods. Goods and services if	Goods. Goods and services if	Goods. Goods and services if	Goods and services. They are protected through TMs.

	protected through TMs.	protected through TMs.	protected through TMs.	
Legal means of protection	Same as Articles 22 and 23 TRIPS.	Same as Articles 22 and 23 TRIPS. It recognizes exclusive rights when GIs are protected by a trade mark	Same as Articles 22 and 23 TRIPS. It recognizes exclusive rights when GIs are protected by a trade mark	Same as Articles 22 and 23 TRIPS. It recognizes exclusive rights when GIs are protected by a trade mark Applies well-known mark protection
Exceptions	Same as Article 24 of TRIPS	Not covered	Not covered	Include exceptions related to TM law such as fair use and descriptive terms.
Incorporation of grounds for refusing protection of GIs by favouring pre existing TM	Not covered	X	X	X
Establishment of opposition procedures	Not covered	X	X	X
Electronic filing	Not covered	X	Not covered	X
Rules dealing with simplification of procedures	Not covered	X	X	X
Rules on transparency	Not covered	X	X	X
Creation of a TM/GI database	Not covered	Not covered	Not covered	X
Links with market access rules and mutual recognition of certain GIs/TM	The GIS protected are on the side of the United States, Bourbon and Tennessee Whiskeys; on the side of Canada, Canadian whiskey and on the side of Mexico, Tequila and Mezcal.	The GIS protected are on the side of the United states Bourbon and Tennessee Whiskeys; and on the side of Chile Chilean Pisco, Pajarete and Vino Asoleando.	Not covered	Not covered

V. Concluding remarks

Some lessons from the multilateral debate on GIs

The main lessons of the GI debate in the WTO in the last 10 years are the following:

Different economic interests among leading economies: The different positions over GIs clearly are a reflection of two different economic interests. The EU seeks to use GIs as a tool to consolidate the reputation and market niche of certain agricultural products as well as maintaining its level of agricultural exports in both quantities and value. GI protection tends to be seen as potential political and economic “counterweight” to the threat that subsidies reduction and increased market access commitments could represent to its agricultural production. In the case of the United States, interest focuses on increased market access for agricultural products and GI protection is seen as a potential “protectionist” barrier to such

products. The different economic interests have been the main drivers of political positions in both at the multilateral level but also in RTA/FTAs.

The issue of the legal tradition: Legal tradition in the EU and the USA has generated different forms of implementing TRIPS obligations in respect of GIs. Some WTO Members have chosen to protect GIs by using the “appellation of origin” model (based on the model of the continental system, i.e. a public law conception) while others have given preference to the trademark system (based on the model of the common law system, i.e. a private law conception).¹³⁰ This situation is not a problem in itself but leads to tension over which model should be the base for further legal developments.

Wines and spirits seem not to be enough. It is important to understand that over time, it is increasingly difficult to justify a system of protection that only applies to two types of product. Most of the most recognized names in developing countries are related to products different than wines and spirits. For many developing countries the current system does not reflect their interest. Some countries even do not produce wines and spirits at all as in the case of certain Muslim countries. As negotiations advance the issue of extension will become more relevant for the credibility of the system.

Results in the GIs debate will be linked to results in market access and subsidies negotiations. It might be unavoidable that links between these two negotiating areas be established in the WTO. It has been mentioned by EU officials in various fora that usually GIs apply to products with no or low level of subsidy support. In interviews conducted by the authors, several trade observers considered that in the Doha Round some agreement on GIs will have to be reached in order to come to a result in the agricultural negotiations. This basically means that GIs are still a bargaining chip for the final Doha Round negotiations.

WTO Jurisprudence remains inconclusive on relationship GIs - trademarks. The Panel in *European Communities - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs* provided only limited guidance on the relationship between GIs and prior trademarks. The legal analysis in the panel report focuses on a general piece of legislation (i.e. a EU regulation), rather than on a specific case of one particular GI and one particular trademark. The reason why the EU regulation was saved under Article 17 was that it did not impose coexistence of GIs and prior trademarks *in general*, but conceded trademark priority in at least some cases. It has been observed that the analysis might come to a different result when considering one particular GI affecting the exclusive rights under a particular, prior trademark: would this still be considered a "limited" exception in terms of Article 17, TRIPS Agreement?¹³¹

Apart from that, the decision does provide some guidance on a number of TRIPS issues, such as:

130 For a comparison between GIs and certification trademarks models, see Vivas, 2000 and Rangnekar 2004. Vivas-Eugui, David, Negotiations on geographical indications in the TRIPs Council and their effect on the WTO agricultural negotiations: Implications for developing countries and the case of Venezuela, UNCTAD, 2000. Rangnekar, 2004.

131 See WorldTradeLaw.net Dispute Settlement Commentary (DSC) of 20 April 2005 on *European Communities - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*, p. 42 (available at <<http://www.worldtradelaw.net/>>).

In general, trademark holders have the right under Article 16, TRIPS Agreement, to prevent the use of similar, subsequent GIs (subject to the further requirements in Article 16);

This panel decision on trademark exceptions complements WTO jurisprudence on patent exceptions¹³² and copyright exceptions.¹³³ The Panel expressly considered the TRIPS trademark exception as less restrictive than its counterparts on patents and copyright (see above).

The panel decision makes clear that the granting of GI protection to foreign nationals based on reciprocity requirements amounts to a violation of the TRIPS national treatment obligation.

Some lessons from GIs protection in regional and bilateral agreements

The new generation of RTA/FTAs is rapidly changing the type, scope and content of international obligations on intellectual property under the TRIPS Agreement. These obligations are being multilateralized through the expansive effect of the MFN clause of the TRIPS Agreement, generating a strong upward protection effect that could be consolidated later at the multilateral level. In the case of the subchapters or agreements on GIs, while levels of protection are increasing, standards are divergent in orientation and common features are rare. The most important lessons that could be learnt from a comparative analysis of standards in the RTA/FTAs of the EU and the USA are the following:

Depending on the type of agreement there are differences in scope: While the US agreements apply to any product eligible for protection under the definition of Article 22 of the TRIPS Agreement, the examined EU agreements concern exclusively the protection for wines and/or spirits GIs. As to wine GIs, some of the EU bilaterals do not only cover GIs but have added protection of “traditional names”. In the case of the US RTA/FTAs, the scope of protection is expanded when the GIs are protected through trademarks, certification or collective trademarks. In cases where the GIs are protected through trademarks, both goods and services are covered. In the case of the section dealing with mutual recognition agreements, emphasis is placed on spirits but in some cases also wines.

Multilateral tensions are reflected in RTAs/FTAs: In the negotiations of recent RTAs/FTAs, both the EU and the USA intend to promote their own legal system and incur the minimum legislative adjustment costs in the implementation of their obligations. In the specific case of the United States, it is very unlikely that this country would include any legal structures in its FTAs that do not enjoy internal recognition or that recognize property rights of a public or mixed nature that are strongly influenced by the state¹³⁴.

Dual protection could be an answer to differences in legal tradition: The availability of both appellations of origin and certification/collective trademarks could be an answer. In the bilateral agreement between the USA and Chile, the duality of conception can be seen very clearly in some provisions. Articles 17.4.2 and 17.4.3 of this agreement indicate in the GI section that

132 See Canada - Patent Protection of Pharmaceutical Products, WT/DS114/R of 17 March 2000.

133 See United States - Section 110(5) of the US Copyright Act, WT/DS160/R of 15 June 2000.

134 Vivas-Eugui, 2000.

Chile has to provide legal means to protect US “persons” and that Chile and the United States have to provide legal means to “Chilean GIs” that meet the criteria under the common definition of GIs. The difference resides in the use of the concept of “person”, which in the case of the United States can be a natural person or a corporation. In the case of Chile the titleholder is technically the Chilean state.¹³⁵ In some FTAs such as the Andean Community of Nations, Decision 486,¹³⁶ there is legal protection for both GIs and CTMs. This type of dual system permits the protection of foreign GIs as GIs/appellations of origin and foreign CTMs as CTMs.¹³⁷ In this case, cross protection is not allowed, because this is considered to be based on two different legal categories of intellectual property.

Divergence in legal means of protection is reflected in RTAs/FTAs: It is clear that the EU privileges GIs as a distinctive category of intellectual property. The EU’s FTAs reaffirm this distinction and even go toward deeper protection. As mentioned above, the protection in the EU FTAs implies that GIs are subject to the conditions laid down in the laws and regulations of the Party in which the respective GIs originate. This obligation generates in practice the application of the standards of the Party granting the higher level protection. It could be argued that this level is only applicable to the GIs originating in the respective counterpart in a particular FTA. Nevertheless the MFN clause in the TRIPS Agreement would expand the protection accorded to the party in such a FTAs to other parties. In some cases the EU FTAs grant exclusive protection to GIs listed in the particular agreement.

In the case of the US FTAs, levels of protection for “GIs” are higher, provided they are protected through trademarks, certification or collective trademarks. It could also be said that in those FTAs, there is just an expansion of the applicability of the trademarks rules, which have higher levels of protection in certain cases than a *sui generis* system of GI protection. In cases of FTAs where dual protection exists, meaning coexistence of GIs and trademarks, such as the case of Chile and Morocco some additional protection is provided in relation to procedural, filing and transparency features.

Exceptions do not remain untouched in recent RTAs/FTAs: In general terms, the USA in its RTAs/FTAs tends to treat GIs as another form of trademark and emphasizes the exception clause under Article 24.5 of the TRIPS Agreement. The EU on the other hand seeks to establish, through bilateral agreements, a higher level of *sui generis* form of GIs protection that clearly prevails over conflicting trademarks. Thereby, the EU eliminates the Article 24.5 exceptions available under the TRIPS Agreement.

This difference in approach may equally be observed with respect to the other exceptions under Article 24 TRIPS in general. In the case of the US RTAs/FTAs, the situation may vary; either TRIPS exceptions are explicitly included, or are covered by the non-derogation clause and in one case the trademark exceptions are also applied. The EU agreements, on the other hand, explicitly or implicitly eliminate TRIPS exceptions such as the one referring to continued and similar prior or good faith use of GIs or to the free use of generic terms.

¹³⁵ See Roffe, 2004.

¹³⁶ Andean Decision 486 on Industrial Property. 14 September 2000.

The EU thus follows a GI TRIPS-plus agenda, whereas the USA is rather seeking to introduce "TRIPS-minus" provisions in this respect, eliminating to the greatest possible extent domestic *sui generis* GI systems of protection and replacing them with regular trademark systems of protection.

Mutual recognition agreements are occurring in relation to wines and spirits: As observed above, the mutual recognition in RTAs/FTAs of certain designations as belonging exclusively to producers in one of the parties to the agreement provides a form of automatic protection of these designations in the other party, taking away any discretion of national authorities to subject a protected foreign GI to an examination of the qualification requirements in Article 22 of the TRIPS Agreement. The EU in its bilateral agreements has made extensive use of such clauses of mutual/reciprocal recognition. The USA, on the other hand, has expressly taken such approach only in NAFTA and in the USA-Chile FTA. In addition, the lists of protected names are rather short in case of the US agreements, but of considerable length in case of the EU agreements. In the US agreements, both the USA and Mexico currently protect two designations through mutual recognition, Chile three, and Canada one. On the other hand, the list covering names for Community wines in the EU - Chile Agreement on trade in wines comprises 78 pages, covering hundreds of protected European designations (as compared to two-and-a-half pages of Chilean protected wine names). Again, this difference in approach may be explained by the divergent economic interests of the EU and the USA, respectively, and the important difference in number and value of their traditionally protected designations.

There is a clear shift from multilateral to bilateral IP policy making. The EU and US RTAs/FTAs may serve as good illustrations of the recent shift in international IP policy making away from the multilateral (WTO/WIPO) forum to the regional and bilateral levels. The examined agreements on GI protection considerably alter existing TRIPS obligations and flexibilities. The case of GIs in these RTAs/FTAs shows a lack of coherent approaches by leading economies and even increasing divergence in views. This lack of coherence in the case of GIs protection is one example of how RTA/FTAs can negatively impact the multilateral trading system and create a race for locking up the regulatory IP framework with close trading partners.

New bilateral or regional commitments in the GIs field are reducing options for common understanding at the multilateral level. Developing countries, before committing themselves, should carefully assess whether the ensuing obligations correspond to their economic and societal priorities. While cultural aspects and legal tradition might be important, long-term policy goals and coherence with multilateral obligations need to be taken into account when dealing with regional and bilateral negotiations.