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THE PROTECTION OF GEOGRAPHICAL INDICATIONS AFTER DOHA: QUO VADIS?

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ABSTRACT

During the last twenty years the international protection of geographical indications (GIs) has experienced a worldwide resurgence spurred by both the greater need and the additional opportunities offered by the global marketplace for the diversification of agricultural products and foodstuffs. The Doha Ministerial Declaration lends support to developing countries that are seeking forms of knowledge less than high technology that they have the capacity to exploit. June 2005 saw the European Communities submit a radical proposal, designed to also meet the needs of developing countries that would amend the Trade-Related Aspects of Intellectual Property (TRIPS) Agreement in favour of a mandatory multilateral system of registration for all products. Yet, World Trade Organization (WTO) Members are as divided over their capacity to take advantage of GI protection no less than they are as to the means of regulation. To date, no ready solution to the further global harmonization of GIs has been found. This paper examines the two major regulatory models advanced by the European Union and the United States of America for the protection of GIs. In the light of the Doha Development Agenda, the authors argue in favour of an incremental approach that would allow developing countries the flexibility to adjust additional protection in accordance with their level of economic development.

INTRODUCTION

The future protection of geographical indications (GIs) in the World Trade Organization (WTO) seems as intractable a problem as the agricultural negotiations to which it is inevitably linked.[1] During the last twenty years the international protection of GIs has experienced a notable worldwide resurgence. Given the ancient provenance of the modern GI, it is a matter of historical irony that the reasons for this increase may be found in local reaction to the

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[1] The term 'geographical indication' will be used in its widest sense, covering indications of source, geographical indications (as defined by Article 22.1 of the TRIPS Agreement below Note 3) and appellations of origin.

industrialization and globalization of agricultural production. The industrialized model of agriculture based on the Green Revolution of the twentieth century[2] proved capable of producing prodigious food surpluses that might feed the world, but the resulting economies of scale simply made it uneconomical for small farmers to continue to cultivate the land. In the twenty-first century the revolution in agricultural biotechnology means that innovation, knowledge and technology has only accentuated the trend to mass production of agricultural and food products. The current development of the law of GIs has been spurred by both the greater need and the additional opportunities offered by the global marketplace for the diversification of agricultural products and foodstuffs. Coffee prices provide a dramatic example of low commodity returns to farmers. Significant oversupply and sluggish demand growth in the world market resulted in coffee prices falling by 58% between 1998 and 2001 to an all time low of US 45.67 cents per pound.[3]

The response to such a highly concentrated, privatized and technocratic means of agricultural production might be anticipated. Local farming communities and developing country governments have responded by seeking a complementary means of legal control—the GI. The definition accorded GIs in Trade-Related Aspects of Intellectual Property (TRIPS)[4] potentially favours associations of small producers being a category of intellectual property chiefly applicable to agricultural products and foodstuffs that originate in a specific place and possess qualities, a reputation, or other characteristics that are essentially attributable to that place of origin.[5] India, for example, possesses well-known geographical names for such staple commodities as 'Darjeeling' tea and 'Basmati' rice. Many developing country governments and non-governmental organizations (NGOs), cognizant of the potential commercial advantage inhering in local geographical names and the marketing of agricultural products, are now desirous of ensuring the 'repatriation' of rights that historically may inadvertently have gone to distributors in the earlier industrialized countries of Europe or North America. The Doha Ministerial Declaration of 2001 lends support to developing countries that are seeking forms of knowledge, less than high technology that they have the capacity to exploit. It recognizes 'the need for all our peoples to benefit from

[2] A term coined by the Director of the US Agency for International Development William Gaud (March 1968) with reference to the movement to increase yields by using new crop cultivars irrigation fertilizers pesticides and mechanization.

[3] FAO, Food Outlook, April 2005, http://www.fao.org/documents/show_cdr.asp?url_file=/docrep/007/j5051e/j5051e04.htm (visited 13 June 2006).

[4] Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, Marrakesh Agreement Establishing the World Trade Organization, signed at Marrakesh (Morocco), 15 April 1994 [hereinafter WTO Agreement], Annex IC, Agreement on Trade-Related Aspects of Intellectual Property Rights [hereinafter TRIPS Agreement or TRIPS], reprinted in *The Results of the Uruguay Round of Multilateral Trade Negotiations—The Legal Texts*, 1–19, 365–403 (GATT Secretariat, Geneva 1994).

[5] See definition of geographical indication in TRIPS Article 22.

the increased opportunities and welfare gains that the multilateral trading system generates'.[6] GIs, pertaining to both agriculture and handicrafts, may contain traditional knowledge, which is capable of exploitation in sophisticated consumer markets as natural medicinal, culinary, cosmetic, or lifestyle products.

As to the means of protection, the European Commission's deployment of GIs as a means of sustaining the viability of small farming and rural communities[7] provides developing countries with a possible regulatory model. Within Europe, a Community-wide system for their registration is considered an indispensable part of agricultural policy, serving both to preserve the incomes of small to medium-size producers and to guarantee the sustainability of the rural economy. In a successful attempt to export this model, the EC negotiated its inclusion in the TRIPS Agreement albeit limited to wines and spirits.[8]

Questions associated with different means of regulating GIs have long divided civil and common law jurisdictions. As a measure of the strength of that regulatory divide, the TRIPS Agreement itself contains a provision requiring continuing negotiations concerning the establishment of a multilateral register for GIs for wines and spirits.[9] Beyond this latter goal, the European Community and its developing country supporters continue to work towards increased protection for GIs in respect of agricultural products, foodstuffs, and handicrafts. To this end, June 2005 saw the European Communities (EC) submit a radical proposal to amend the TRIPS Agreement to provide a multilateral system of registration and enforcement for GIs.[10] By the same token, the majority of 'New World' Members, led by the United States, including Australia, Canada, and Argentina, remain adamantly opposed to

[6] Clause 2, Doha Ministerial Declaration, 14 November 2001, WT/MIN(01)/DEC/1.

[7] Regulation (EEC) No. 2081/92 established a special Community-wide system for the protection of GIs of Member States.

[8] Blakeney M., 'Stimulating Agricultural Innovation', in K. E. Maskus and J. H. Reichman (eds), *International Public Goods and Transfer of Technology under a Globalized Intellectual Property Regime* (Cambridge, UK: Cambridge University Press, 2005), 367–90.

[9] WTO Member States agreed to negotiate a multilateral system of notification and registration of geographical indications for wines and spirits: TRIPS Article 23(4); Doha Declaration, paragraph 18. The latter also note that 'issues related to the extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits are to addressed in the Council for TRIPS pursuant to paragraph 12 of this declaration'.

[10] In June 2005, the EC submitted a proposal for amending Section 3 of the TRIPS Agreement with a view to extending the regime of protection today available for geographical indications on wines and spirits to geographical indications on all products ('extension') and in addition a proposal for the inclusion of an annex to the TRIPS Agreement establishing a multilateral system of notification and registration of geographical indications (GIs). World Trade Organization, General Council, Trade Negotiations Committee, Council for Trade-Related Aspects of Intellectual Property Rights, Special Session on Geographical Indications, Communication from the European Communities 14 June 2005, WT/GC/W/547, TN/C/W/26, TN/IP/W/11. See earlier submissions of the EC, 22 June 2000, IP/C/W/107/Rev.1 with respect to the register and submission of 2002 in respect of the extension, IP/C/W/353, 24 June 2002.

the EC proposal, being of the view that the international protection of GIs is adequate as it stands and that such a drastic development would only serve to undermine future gains in market access for non-European food and agricultural products.[11]

Moreover, ongoing negotiations were derailed by United States and Australian requests for the establishment of a dispute settlement panel to hear their claims against the EC concerning its discriminatory treatment of foreign rightholders. In the aftermath, the ruling of the WTO Panel of March 2005 in the case of *EC–Geographical Indications* has done little to quell the strength of this regulatory disagreement. The Hong Kong Ministerial Declaration of December 2005 did not record any notable progress concerning the extension of the protection of GIs to products other than wines and spirits; or the multilateral register for GIs for wines and spirits.[12] The depth of the transatlantic division between the major powers of the EU and the United States concerning the means of protection risks further progress on harmonization for the foreseeable future.

The global regulation of GIs is now at a crossroads. Quo vadis? The Agreement on Trade-Related Aspects of Intellectual Property Law (TRIPS) is widely recognized as having set new standards for the international protection of GIs, having succeeded at one stroke in recognizing GIs as a major category of intellectual property alongside patents and copyright and trademarks.[13] While we may have agreement as to the fundamental principles of protection, there is a lack of precision as to legal terms and, a number of novel legal issues arising from the proposal for extended protection, notably the extent to which legal effects at the national level should impact upon multilateral registration;

[11] See US Submissions on GIs at the WTO TRIPS Council: 'Joint Proposal for a Multilateral System of Notification and Registration of Geographical Indications for Wines and Spirits', Communication from Argentina, Australia, Canada, Chile, Ecuador, El Salvador, New Zealand and the United States, TN/IP/W/9, 13 April 2004; 'Multilateral System of Notification and Registration of Geographical Indications for Wines (and Spirits)', Communication from Argentina, Australia, Canada, Chile, New Zealand and the United States, TN/IP/W/6, 29 October 2002; 'Proposal for a Multilateral System for Notification and Registration of Geographical Indications for Wines and Spirits based on Article 23.4 of the TRIPS Agreement, 'Communication from Argentina, Australia, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Japan, Namibia, New Zealand, Philippines, Chinese Taipei, and the United States, TN/IP/W/5, 23 October 2002.

[12] Clauses 29 and 39, Sixth Session, Hong Kong, 13–18 December 2005, Ministerial Declaration, adopted on 18 December 2005, WT/MIN(05)/DEC. Further see Special Session of the Council for TRIPS Report by the Chairman, Ambassador Manzoor Ahmad, to the Trade Negotiations Committee, 23 November 2005, TN/IP/14, in which Ambassador Manzoor Ahmad lament the lack of progress at para. 5.

[13] Evans, G., 'Intellectual Property as a Trade Issue: The Making of the Agreement on Trade Related Aspects of Intellectual Property' 18(2) World Competition, Law and Economics Review (1994) 137–80; Evans G. E., *Lawmaking under the Trade Constitution: A Study in Legislating by the World Trade Organization*, Studies in Transnational Economic Law, Kluwer Law International, Boston, 2000, Chapter 4.

and the legal consequences attendant upon whether Members' participation in the system is prescriptive or voluntary.

In fact, WTO Members are as divided over their capacity to take advantage of GI protection no less than they are as to the means of regulation. Yet, it would be wrong to characterize differences concerning the model of regulation as another North–South debate between the old industrialized and the developing worlds. On the one hand, in view of the fact that Europe possesses over 700 registered GIs,[14] sophisticated institutional infrastructure and technical prowess, it is exceptionally well placed to leverage the benefits of an expanded multilateral system of GI protection. Newly industrializing countries such as China, India, and Kenya are similarly well placed to take advantage of intellectual property protection afforded agricultural GIs. The supporters of additional protection advance ambitious claims concerning the protection of GIs and the sustainable development of rural communities, including increased food security for those without cash incomes, and the promotion of environmental biodiversity.[15] On the other hand, given the cost of establishing and maintaining the institutions necessary to intellectual property protection, serious doubts remain over the ability of those countries less advanced or less advantageously situated to benefit from additional GI protection. In as much as these differing needs and capacities have been recognized in ongoing negotiations in the WTO over the last decade, no ready solution to the further global harmonization of GIs has been found to date.[16]

To what extent, then, has the rationale for, and implications of, protecting GIs been lost in the heated debate concerning the extension of subject matter and the character of the multinational register that has ensued in the decade

[14] Since 1993, more than 700 names, designating *inter alia* over 150 cheeses, 160 meat and meat-based products, 150 fresh or processed fruits or vegetables and 80 types of olive oil, have been registered in this context. The Commission has also received over 300 further applications for the registration of names and/or amendments to specifications from Member States and third countries: Proposal for a Council Regulation on the Protection of Geographical Indications and designations of origin for agricultural products and foodstuffs, Commission of the European Communities, Brussels, 5 January 2006, para 3.

[15] Joachim von Braun, Ashok Gulati and David Orden, 'Making Agricultural Trade Liberalization Work for the Poor': Address delivered by Joachim von Braun, Director General of IFPRI, at the WTO Public Symposium 'Multilateralism at a Crossroad', Geneva, 25 May 2004. International Food Policy Research Institute, Washington, DC, www.wto.org/English/tratop_e/dda_e/symp04_paper_von_braun_e.doc; Food And Agriculture Organization Of The United Nations, 'Smallholder Farmers In India: Food Security And Agricultural Policy', Regional Office for Asia and the Pacific, Bangkok, Thailand, ftp://ftp.fao.org/docrep/fao/005/ac484e/ac484e00.pdf; United Nations Development Programme (UNDP), Environmental Mainstreaming Strategy, A strategy for enhanced environmental soundness and sustainability in UNDP policies, programmes, and operational processes, June 2004, at 8, http://www.undp.org/fssd/docs/envmainstrat.doc.

[16] Report by the Chairman, Ambassador Manzoor Ahmad, to the Trade Negotiations Committee, Council for Trade-Related Aspects of Intellectual Property Rights Special Session, a Report on the Negotiations on the Establishment of a Multilateral System of Notification and Registration of Geographical Indications for Wines and Spirits, 23 November 2005, TN/IP/14; similarly see Report of 20 July 2005, TN/IP/W/13.

since the conclusion of the TRIPS Agreement? While GIs have been promoted as a 'development-friendly' form of intellectual property, there are also costs to consider, not least, to the public in higher prices and reduced competition.[17]

All intellectual property rights by their nature are restrictive of competition. The rationale is based on the notion that a temporary restriction is justified in providing an incentive and a return to the inventor or entrepreneur.[18] The question is whether these demands or requirements for extended protection and a mandatory multilateral register can be justified? The article argues in favour of an incremental approach in order to allow developing countries the flexibility to adjust the protection of GIs according to their level of economic development.[19] In so doing, it keeps the light of the Doha mandate to the foreground, so that at the end, we may better discern the road ahead.

In reviewing the regulatory options, the article starts out with an overview of the dual model of regulation promulgated worldwide under the TRIPS Agreement. Parts II and III examine the European model of 'sui generis' regulation of GIs for agricultural products and foodstuffs, including the nature and extent of litigation concerning its application. Part IV considers the opposing model of transnational regulation advanced by the United States that would protect GIs as a subset of the established trademark system. It does so by analysing the way in which the WTO Panel dealt with the conflicting regulatory models in *EC–Protection of Trademarks and Geographical Indications*. Finally, in the light of the Doha Declaration, Parts V and VI discuss possible future developments in the protection of GIs, including the extension of eligible subject matter and the introduction of a mandatory multilateral register.

I. DUAL MODEL OF REGULATION UNDER TRIPS

As the law currently stands, TRIPS mandates a two-tiered model of regulation, giving enhanced protection to wines and spirits but leaving the legal means of protection to national governments for other agricultural products and foods. The history of the Lisbon and Madrid Agreements records a two-hundred-year

[17] Consorzio del Prosciutto di Parma & Salumificio S. Rita SpA v. Asda Stores Ltd & Hygrade Foods Ltd, ECJ, Case C-108/01, 20 May 2003, http://curia.eu.int.

[18] See K. Maskus, Encouraging International Technology Transfer, Intellectual Property Rights and Sustainable Development May 2004, UNCTAD, Issue Paper No. 7 at 31; Drahos P., An Alternative Framework for the Global Regulation of Intellectual Property Rights, forthcoming publication in *Austrian Journal of Development Studies*, Centre For Governance Of Knowledge And Development Working Paper, October 2005, at 14, http://cgkd.anu.edu.au/menus/workingpapers.php. See generally, J Braithwaite & P Drahos, Global Business Regulation (2000).

[19] Bernard M. Hoekman, Keith E. Maskus, Kamal Saggi, Transfer of Technology to Developing Countries: Unilateral and Multilateral Policy Options, World Bank Policy Research Working Paper 3332, June 2004, develops a typology of country types and appropriate policy rules as a guide to both national policymakers and rule making in the World Trade Organization (WTO). See summary table at 32.

campaign by the French wine and spirit industry for comprehensive international protection against imitation and counterfeiting that was ultimately realized in Article 23 of the TRIPS Agreement.

A. Specialist protection accorded wines and spirits

Additional protection is provided for GIs for wines and spirits by virtue of Article 23. It provides the industry with a discrete sub-system of transnational protection. First, it establishes a voluntary, multilateral system of notification and registration of GIs for wines eligible for protection. Second, it offers the highest standards of protection against unauthorized use. In this regard Article 23.1 allows Members to 'provide the legal means to interested parties to prevent the use of a geographical indication' identifying wines or spirits which do not originate in the place indicated by the GI in question. Registration of trademarks containing such GIs must be refused or cancelled, either *ex officio* or at the request of an interested party. Moreover, this prohibition, borrowing from Article 3 of the Lisbon Agreement, includes indications which refer to the true origin of such goods, or where the GI is used in translation, or where the GI "is accompanied by expressions such as 'kind', 'type', 'style', 'imitation' or the 'like'". The scope of exclusivity granted GIs for wines and spirits approximates dilution-style protection for trademarks. It is therefore *prima facie* an infringement of a GI to use it for any similar product, or other product or service, if the use is likely to result in an appropriation of the reputation of the GI or in the weakening of its reputation.[20]

B. General protection against unfair competition accorded all products

In contrast to wines and spirits, agricultural products, foodstuffs, and handicrafts lack any provision for a multilateral register and are not accorded a similarly high standard of protection against infringement. Unauthorized use is based on norms relating to misrepresentation and deceptive conduct. Codifying existing international protection against unfair trade practices, Article 22.2 sets out to prohibit any use which 'constitutes an act of unfair competition under Article 10*bis* of the Paris Convention'. Nonetheless, TRIPS extends the ambit of Article 10*bis* to a GI 'which, although literally true as to a territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory'. In addition, Article 22.4 stipulates that the protection under Article 22.1 to 3 must also be made available in respect of the use of deceptive GIs, i.e. GIs that are literally true, although they falsely represent to the public that the goods on which they are used originate in a different territory.

[20] E.g. applying Belgian law on geographical indications and fair trade practices, the Nivelles Commercial Court ordered SA de Landtsheer Emmanuel to cease using the word 'champagne' in relation to its new product, as well as the slogan 'the beer world's answer to Veuve Cliquot' (RG A/02/01496, 2003).

However, it lacks the higher level of dilution-style infringement accorded the wine and spirit GIs based exclusively on reputational injury. Similarly, the registration and maintenance of a trademark containing or consisting of a GI is dependent on misleading use. Article 22.2 accordingly provides that trademarks for goods not originating in the territory indicated must be refused or cancelled, where such use of those trademarks for such goods would be misleading as to the true place of origin of the goods.

II. THE EUROPEAN MODEL OF 'SUI GENERIS' REGULATION

Undoubtedly, given the experience of the TRIPS negotiations, the Europe Union has the influence to shape the future direction of international protection for GIs. More than a decade of experience in the transnational regulation of GIs allows the European Union to speak with singular authority in advancing the international extension its own model of protection. In so far as European negotiators are concerned, the two-tiered protection of the TRIPS Agreement represents but a partial victory. Europe's objective during the Uruguay Round negotiations had been to protect all foodstuffs, including wine, to the same high level, prohibiting use of such GIs in question even when accompanied by words such as 'type' or 'style' and in the absence of 'misleading use'.[21] While the EC succeeded in having GIs recognized as a distinct category of intellectual property rights within Section 3 of the TRIPS Agreement and in securing additional protection for wines and spirits, Member States generally have the freedom to determine the legal means of protection for GIs.[22] Nonetheless, Europe's negotiating position during the Doha Round of trade negotiations remains constant to its desire to see correspondingly higher standards of international protection. In order to appreciate the extent to which the European negotiating position is compatible with that of the Doha Declaration, we first review the character of the European regulatory model, before proceeding to examine some of the problems it has encountered.

The autonomous protection of GIs across the European Economic Area became an early feature of the Commission's agricultural policy.[23] In February 1979, in *Cassis de Dijon*, the European Court of Justice (ECJ) held that products legally produced and marketed in one Member States could be marketed

[21] Stewart TP (ed.), *The GATT Uruguay Round, A Negotiating History (1986–1992)* Vol II (Kluwer Law and Taxation Publishers, Deventer, 1993) 2284–2287 and 2313.

[22] TRIPS, Article 22(2) and Article 1.

[23] In addition to Regulation 2081/92, there are a series of regulations dealing with designations for wines and spirits: e.g. 1493/1999 of 17 May 1999 on the common organization of the market in wine, *OJL* 179, 14 July 1999, p 16; 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks, *OJL* 275, 25 April 1989, p 1. *OJL* 208, 24 July 1992, p 1, as amended by 535/97 of 17 March 1997, *OJL* 83, 25 March 1997, p 3 and Council Regulation (EEC) No 2082/92 of 14 July 1992 on Certificates Of Specific Character (TSG) For Agricultural Products And Foodstuffs, Official Journal L 208, 24/07/1992, p 0009–0014. Note that for the purposes of discussing models of international protection, this paper discusses only Reg. 2081.

in another.[24] The Court's affirmation of the principle of free movement of goods within the Community thereby removed any protection agricultural and food producers might have enjoyed in respect of measures equivalent to quantitative restrictions between Member States.

Cognizant of the need to replace production-based subsidies to farmers with an instrument that would facilitate their ability to compete in international commodity market, the European Commission saw GIs as having the capacity to provide small to medium agricultural producers with a means to achieve both product differentiation and financial stability. GIs were perceived as a means of changing from quantity-based to quality-based exports by creating a system that would allow consumers to recognize and pay a premium for high-quality products produced only by traditional raw materials or methods and only within the regions with which the products originally were associated. In this respect, one of the most important differences between trademarks and GIs is that the latter cannot be sold or delocalized and are accessible to any producer within the specified region of origin, although individual companies are allowed to add their own 'sub-brands'.

In view of the strength of the GI's relationship with the land, in 1992, the Commission took the decision to protect high-quality agricultural products based on geographical origin using designations of GI. In its second recital, Regulation 2081/92 made express mention of the common agricultural policy, in fulfilling its objective of contributing to 'the diversification of agricultural production ... so as to achieve a better balance between supply and demand on the markets; ... [and benefiting] the rural economy, in particular ... less-favoured or remote areas, by improving the incomes of farmers'.[25] Regulation No. 2081 of 1992 created a *sui generis* or specialist system of indications of origin throughout the common market. Council Regulation 2081/92 on the Protection of Geographical Indications and Designations for Agricultural Products and Foodstuffs[26] notes in its seventh recital that in view of the, 'diversity in the national practices for implementing registered ... GIs; ... a Community approach should be envisaged; ... since, by providing a more uniform approach, such a framework will ensure fair competition between the producers of products bearing

[24] Case 120/78, Judgment of the Court of 20 February 1979 Rewe-Zentral AG v Bundesmonopolverwaltung für Branntwein (preliminary ruling requested by the Hessisches Finanzgericht) concerning the prohibition of quantitative restrictions on imports and of measures having equivalent effect on the free movement of goods (Article 30 of the EEC Treaty, now Article 28 of the EC Treaty).

[25] Recital 2, EEC Regulation No. 510/2006 and repealed Regulation 2081/92.

[26] Entered into force on 25 July 1993; its fifth recital states in relevant part: 'the labelling of agricultural products and foodstuffs is subject to the general rules laid down in Council Directive 79/112 of 18 December 1978 ... in view of their specific nature, additional special provisions should be adopted for agricultural products and foodstuffs from a specified geographical area.'

such indications and enhance the credibility of the products in the consumers' eyes'.[27]

A. Subject matter, definition, and specification of the European PGI and PDO

In view of its developmental objectives, the subject matter of the Regulation is commensurately broad.[28] Like trademarks, however, GIs are subject to the principles of 'specialty', in so far as they are only protected in regard to the kind of products on which they are actually used. Article 1 contains lists of those agricultural products and foodstuffs intended for human consumption, which may comprise the subject matter of protected designations of origin and GIs. These are broadly detailed to include: essential oils, meat, fish, dairy produce, and preparations thereof; fruit and vegetables and preparations thereof; cereals and medical plants; and beers, bread, confectionery, and pasta.[29] The Regulation potentially applies therefore to a wide variety of agricultural products, including 'Tuscany' for olive oil produced in a specific area of Italy, 'Roquefort' for cheese produced in France.

Since 'the indications PDO, PGI or equivalent traditional national indications may appear only on agricultural products and foodstuffs that comply with the Regulation',[30] the scope of their definition and the accompanying product specification is critical. Amended Regulation 510/2006 on the Protection of Geographical Indications and Designations of Origin establishes two types of GI designations. The first, the 'protected designation of origin' (PDO), also encompasses traditional and non-geographic names. To qualify for a PDO, the product must be produced, processed, and prepared within the specified geographical area, and the product's quality or characteristics must be 'essentially due to that area'. The second, the protected geographical

[27] The purpose of protection is to promote agriculture's role in protecting the rural environment, in producing safe and high quality food and in contributing to maintaining the attractiveness of rural areas for the young and new residents. To encourage applications for GIs, a special fast-track system was initially provided in Article 17. In 2003 however this was abandoned in favour of financial incentives. In addition, financial incentives are offered to EC producers to apply for geographical indications protection: Rural Development in the EU, 2003, http://www.eu.int/comm/agriculture/publi/fact/rurdev2003/en.pdf. See also EC investment programme 17/01/2006. Approval of a €25.5 million programme to support the promotion of agricultural products reflects growing concern over global competition, http://www.foodanddrinkeurope.com/news/printNewsBis.asp?id=65149.

[28] In March, 2006 Council Regulation (EEC) No 2081/92: *OJL* 208, 24.7.1992, was repealed and replaced by Council Regulation (CE) n 510/2006 (adopted on 20 March) on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, http://europa.eu/bulletin/en/200603/p117004.htm (visited 13 June, 2006). Henceforth all references in the text are to the amended Regulation, unless otherwise indicated.

[29] To see a list of the foodstuffs and agricultural products referred to in Article 1(1) of Regulation 510/2006 see Annex I, Annex II of the Regulation and Annex 1 of the Treaty Establishing the European Communities, Official Journal C 325, 24 December 2002, consolidated version, http://europa.eu.int/eur-lex/lex/en/treaties/dat/12002E/htm/12002E.html

[30] Article8. Note, references are to EEC Regulation No. 510/2006 unless otherwise indicated.

indication (PGI), is broader in scope in so far as it requires the product to be produced, processed, or prepared in the geographical area, and the quality, reputation, or other characteristics to be attributable to that area.[31] The requirements for a PGI are therefore less stringent than those pertaining to a PDO, since the product need not originate entirely from the designated region and need only have one particular quality, rather than the majority of the food's characteristics, that is attributable to, rather than exclusively due to, the geographical area.

1. Product specifications for a PDO or PGI

To be eligible for a protected designation of origin (PDO) or a PGI, an agricultural product or foodstuff must comply with a product specification.

In accordance with Article 4 (2), the product specification shall include at least:

(1) the name of the agricultural product or foodstuff;
(2) a description of the agricultural product or foodstuff, including the raw materials, if appropriate, and principal physical, chemical, microbiological or organoleptic characteristics of the product or the foodstuff;
(3) the definition of the geographical area;
(4) evidence that the agricultural product or the foodstuff originates in the defined geographical area;[32]
(5) a description of the method of obtaining the agricultural product or foodstuff and, if appropriate, the authentic and unvarying local methods as well as information concerning packaging, if the applicant group within the meaning of Article 5(1) so determines and gives reasons why the packaging must take place in the defined geographical area to safeguard quality or ensure the origin or ensure control;[33]

Of fundamental importance to the character of the GI, paragraph (f) requires the specification to contain details bearing out either:

(6) (i) the link between the quality or characteristics of the agricultural product or foodstuff and the geographical environment or,
(7) (ii) the link between a specific quality, the reputation, or other characteristic of the agricultural product or foodstuff and the geographical origin referred to in Article 2(1)(b);

Likewise, paragraph (g) affirms the importance of maintaining the required standards and control over their maintenance by requiring particulars of 'the authorities or bodies verifying compliance with the provisions of the specification and their specific tasks'.

[31] Article 2.

[32] Article 2(3) allows certain raw materials to come from outside the designated area, details of which must be included in the specification.

[33] See Consorzio del Prosciutto di Parma & Salumificio S. Rita SpA v. Asda Stores Ltd & Hygrade Foods Ltd, ECJ, Case C-108/01 (20 May 2003) infra.

B. Rights conferred

A registered PDO or PGI enjoys the broad description of exclusive rights that are provided in Article 13.1. It provides that registered names shall be protected against:

(a) any direct or indirect commercial use of a name registered in respect of products not covered by the registration in so far as those products are comparable to the products registered under that name or insofar as using the name exploits the reputation of the protected name;
(b) any misuse, imitation, or evocation, even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as style, type, method, as produced in, imitation, or similar;
(c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;
(d) any other practice liable to mislead the public as to the true origin of the product.

This not only prohibits food products from outside the region from using the geographical name but also denies the use of the name to products within the region that do not meet the standards set forth in the application. The latter prohibition on exploitation may extend to include even dissimilar products which attempt to trade on the cachet of the registered products, as where a French court found that a comparable regulation governing wine appellations prohibited the use of 'Champagne' for a perfume as a misappropriation of the registered designation.[34] In this respect, the protection goes beyond that accorded to trademarks, which is limited, except in the case of the most famous, to the goods in which the mark is registered or those sufficiently similar to cause confusion.

Furthermore, the prohibition as to 'any misuse, imitation or evocation, even if the true origin of the product' prevents the use of PDOs and PGIs in conjunction with qualifiers such as 'style' or 'method'. EU Member States may allow continued use of these qualifiers for a transitional period of five years, if the products had previously been marketed in such a manner for at least five years and the true origin of the product is clearly labelled.[35] However, this exception may not lead to the marketing of products freely on the territory of a Member State where such expressions are prohibited.

[34] Cour d'appel Paris 1st ch.A., 15 December 1993.

[35] Article 13(4): such transitional national protection shall cease on the date on which a decision on registration under this Regulation is taken. When that decision is taken, a period of up to five years may be allowed for adjustment, on condition that the undertakings concerned have legally marketed the products in question, using the names concerned continuously, for at least five years prior to the date of the publication provided for in Article 6 (2).

III. PROBLEMS CONCERNING THE EUROPEAN HARMONIZATION OF GIs

Since the introduction of the EC Regulation in 1992, European small to medium agricultural producers have adopted GIs with increasing readiness. Over 700 foods and beverages have been approved by the Commission for GI registration, with another 320 applications under consideration[36] are competitively well placed to leverage the benefits of GI protection. In the case of Italy for example, while large companies account for over 50% of Italy's agricultural revenue, the total agricultural sector is mostly comprised of small and medium-sized enterprises specializing in local and traditional products.[37] Certified origin products enable those under the tutelage of the *Consorzio di Parma* to supply niche markets that are not affected by competition from multinational agricultural and food corporations because production potential will always be limited by the geographical area.

Despite its success within the European Economic Area, prior to the further internationalization of protection for GIs, due consideration should be given to the increased potential for disputation within both the private and public spheres. In the decade since the European Regulation was implemented, recurrent litigation bears witness to a number of technically thorny issues that might well be replicated should similarly comprehensive protection be adopted on an international scale.

A. Conflicts over the definition and specification of GIs

The history of the Regulation shows that definitional questions attached to the specifications for PGIs and PDOs are likely to be the subject of recurrent challenge. Article 2 defines both PGIs and PDOs as 'the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or foodstuff'.[38] In both cases the Regulation provides that the production, processing, or preparation should take place within the 'defined geographical area'.

The case of *Northern Foods Plc v The Department For Environment, Food And Rural Affairs* has emerged as a ground-breaking case over the problems the EC system for the protection of GIs can pose for competing producers outside the defined geographical area. Complainant Northern Foods seeks to challenge the decision of the UK Department of the Environment, Food and Rural Affairs (DEFRA) to forward to the European Commission, the application of the Melton Mowbray Pork Pie Association for the registration of 'Melton Mowbray Pork Pie' as a PGI.

[36] See above n 13.

[37] European Commission, 'Fischler Hails Signature of Wine and Spirits Accord as "Great Achievement for EC-Canada Trade Relations." ' E.U. institutions press release, European Commission, 17 September 2003, http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=IP/03/1256|0|RAPID&lg=EN&display= (visited 12 June 2006).

[38] Article 2(2).

Northern Foods' objection is based on the claim that the description of the geographical area given in the specification constitutes an artificially large zone that would disproportionately benefit one producer alone.[39] At issue is an area covering approximately 1,800 square miles, a region comprising parts of Leicestershire, Nottinghamshire, and Northamptonshire. The proposed designated area includes Leicester, where trade rival Samworth Brothers make 62% of Britain's Melton Mowbray pies, compared with the 28% share held by Northern Foods. Northern Foods production, however, situated in Shropshire and Wiltshire, finds itself situated outside the designated area.

On 21 December 2005, the UK High Court dismissed Northern Foods' objection concerning the proposed 'region' of 1,800 square miles going far beyond Melton Mowbray, as misconceived.[40] As a matter of precedent, European case law indicates that when considering the grant of a defined geographical area, the size of the area is immaterial.[41] The dispute concerning the *Commission of the European Communities v the Federal Republic of Germany*[42] concerned an application by the Federal Republic of Germany reserving the appellations 'Sekt' and 'Weinbrand' to the domestic product. The ECJ ruled that 'an area of origin which is defined on the basis either of the extent of national territory or a linguistic criterion cannot constitute a geographical area capable of justifying an indication of origin', particularly as the products in question could be produced from grapes of indeterminate origin.[43] Notwithstanding, on 14 March 2006, the Court of Appeal accepted the submission of Northern Foods that the link between the PGI and the defined geographical area should be clarified by the ECJ, considering the 'real possibilities' that Member States might be applying different criteria.[44] Accordingly, the reference asks the court of Luxembourg to identify the criteria that must be applied in delimiting that defined geographical area referred to in Articles 2(2)(b) and 4(2)(c) of the Regulation.

[39] Pursuant to Article 4(2)(c), the specification in an application for a PGI must define the relevant geographical area.

[40] Northern Foods Plc v The Department For Environment, Food And Rural Affairs (2005) EWHC 2971.

[41] Concerning the definitional breadth of the specified geographic area see Case T-109/97 concerned the PDO 'Altenburger Ziegenkäse' (goat cheese made in the Altenburg region, which must contain a minimum percentage of goats' milk), which was registered by Germany.

[42] Case 12–74, Judgment, 20 February 1975.

[43] Moreover under the new Regulation, it is clear that in the case of PDO, the materials may come from outside the designated region the raw materials for the products concerned come from a geographical area larger than, or different from, the processing area, Article 2 (1)(a) provided that: certain conditions are satisfied as per para. 3.

[44] Pursuant to Article 234 of the Treaty Establishing the European Communities, Official Journal C 325, 24 December 2002, consolidated version, http://europa.eu.int/eur-lex/lex/en/treaties/dat/12002E/htm/12002E.html.

B. Conflicts over the scope of specifications

The fact that only associations of producers are entitled to apply for registration of a PGI or PDO,[45] coupled with the potential breadth of the specification means that GIs constitute a species of collective monopoly right. Former Regulation No 2081/92 was intended to meet consumers' expectations as regards products of quality and an identifiable geographical origin and to enable producers, in conditions of fair competition, to secure higher incomes in return for a genuine effort to improve quality.[46] However, where the terms of the specification give the association of producers full control over the chain of supply and distribution, the tension between the intellectual property rights of the collective and the free movement of goods becomes all the more acute.

1. The Parma Ham Case

The case of *Consorzio del Prosciutto di Parma and Salumificio v. Asda Stores Ltd & Hygrade Foods Ltd*[47] provides an apposite illustration. 'Prosciutto di Parma' is registered as a PDO in respect of 'meat-based products'. The *Consorzio* is registered as an inspection body for the PDO under Article 10(2) of former Regulation No 2081/92. In addition, Italian Law No 26 on protection of the designation of origin 'Prosciutto di Parma'[48] of 13 February 1990 reserves the designation 'Prosciutto di Parma' exclusively to ham marked with a distinguishing mark allowing it to be identified at any time, obtained from fresh legs of pigs raised and slaughtered in mainland Italy, produced in accordance with provisions laid down in the law. Article 25 of the Italian implementing regulations [49] prescribed that the slicing and packaging of Parma ham must take place at plants in the designated area, which are approved by the *Consorzio* responsible for monitoring Parma ham production.

Defendant Asda Stores Ltd operates a chain of supermarkets in the United Kingdom. The dispute concerned the sale of 'Prosciutto di Parma' by Asda Stores Ltd bearing the description 'Parma Ham' that had been purchased pre-sliced from Hygrade Foods Ltd, in packets that bore the words 'ASDA A taste of Italy PARMA HAM Genuine Italian Parma Ham'. The second defendant Hygrade, having purchased the ham boned from an Italian producer who was a member of the *Consorzio*, undertook the packaging, labelling, and slicing for Asda supermarkets.

[45] Pursuant to Article 5(1) 'only a group shall be entitled to apply for registration'. For the purposes of this Regulation, 'group' means any association, irrespective of its legal form or composition, of producers or processors working with the same agricultural product or foodstuff. Other interested parties may participate in the group. A natural or legal person may be treated as a group in accordance with the detailed rules referred to in Article 16(c).

[46] Recital 7.

[47] *Consorzio del Prosciutto di Parma & Salumificio S. Rita SpA v. Asda Stores Ltd & Hygrade Foods Ltd*, ECJ, Case C-108/01, (20 May 2003). Similarly see the extent of protection conferred on Grana Padano cheese in Ravil SARL v Bellon import SARL and Biraghi SpA, Case C-469/00, http://curia.eu.int.

[48] Legge No 26, tutela della denominazione di origine 'Prosciutto di Parma'.

[49] Decreto No 253, regolamento di esecuzione della legge 13 febbraio 1990, No 26.

The *Consorzio* brought proceedings in the United Kingdom against the defendant companies, seeking injunctions to prohibit their activity on the ground that it was contrary to the specification for the PDO 'Prosciutto di Parma'. In the first and second instances, Asda and Hygrade successfully opposed the motion. Thereafter, on appeal to the House of Lords, proceedings were stayed in favour of a preliminary reference to the ECJ concerning the appellants' ability under the EC Regulation, to restrain the retail sale of Parma ham which had not been sliced, packaged, and labelled in accordance with the specification.

With regard to the nature of the enforceable right conferred by the registration of the PDO, the ECJ noted that Article 8 provides that the PDO may appear only on products which comply with the Regulation and Article 4.1 provides that to be eligible to use a PDO, a product must comply with the specification. Thus, the specification not only lays down for authorized producers within the designated area, the standards that they must observe in producing the product, but also for those outside the designated area, defines the product in respect of which the producers have the exclusive right to use the PDO. In accordance with Article 4(e), the specification for 'Prosciutto di Parma' set out the terms of slicing and packaging of the product within the region of production for ham marketed in slices. The ECJ therefore concluded that the former Regulation No 2081/92 must be interpreted as not precluding the use of a PDO from being subject to the condition that operations such as the slicing and packaging of the product take place in the region of production, where such a condition was laid down in the specification.

Secondly, as a matter of restrictive trade practices, the defendants argued that the effect of the slicing, packaging and labelling provisions was to confine those activities to the Parma area and to prevent firms elsewhere, in Italy or other member states, from carrying on what should be legitimate slicing and packaging activities. This, they claimed, amounted to a quantitative restriction on exports from Italy or imports of unsliced hams into other member states within the meaning of Article 29 of the EC Treaty.[50] However, the ECJ concluded that if control of slicing and packaging is in furtherance of a legitimate Community objective of guaranteeing the authenticity of sliced Parma ham bought under the PDO, the measure could not be impugned as having a disproportionately adverse effect upon trade between member states.[51]

In sum, the decision teaches that PDOs and PGIs are a form of intellectual property protection, conferring upon producers in a certain area the exclusive

[50] Articles 28 and 29 (ex 30 and 34).

[51] Article 29 EC Treaty states: 'Quantitative restrictions on exports, and all measures having equivalent effect, shall be prohibited between Member States.' Under Article 30 of the Treaty, Article 29 does not preclude prohibitions or restrictions on exports justified *inter alia* on grounds of the protection of industrial and commercial property: Treaty Establishing The European Community, http://europa.eu/eur-lex/en/treaties/selected/livre207.html.

right to use their regional name as descriptive of the product. Provided such conditions are laid down in the specification, protection in respect of the agricultural products in question may extend to operations such as slicing and packaging, despite its ostensibly trade restrictive nature.[52]

C. Conflicts over the repatriation of semi-generic names

EC Regulation, Article 3(1), defines a 'name that has become generic' as the name of an agricultural product or a foodstuff which, although it relates to the place or the region where this product or foodstuff was originally produced or marketed, has become the common name of an agricultural product or a foodstuff.[53]

Throughout the development of international protection, geographic names which have become generic have proven a repeated stumbling block. European migration in the eighteenth and nineteenth centuries to the colonies of the New World invariably resulted in new entrepreneurs hoping to capitalize on the success of their traditional European food products and processes. Two popular American foods, hamburger and frankfurters, reveal much about the culinary and cultural history of the United States.

The problem is no less an issue in the European Union. Among some 700 GIs registered under the European Regulation, a considerable number comprises formerly generic terms. Moreover, the issue becomes doubly urgent for competitors outside the designated area, since, in contrast to trademark law, registration inures the GI from further attack on grounds of generic use. The Regulation itself prevents any protected name from becoming generic by statutory enactment. To this end Article 13(2) states that '[p]rotected names may not become generic'. In short, although a designation may be altered, or even lost, as a result of changes in technology or processing techniques, it cannot be lost as a result of changes in understanding or usage of the protected name.[54] In fact, a high proportion of the litigation concerning the grant of GIs concerns the contested genericism of the applicant PGI of PDO.

1. The case of 'Feta' cheese

As recently as October 2005, the full court of the ECJ ruled that the term 'Feta' had not become generic, thereby restricting the use of the 'Feta' name to producers in the designated region of Greece.[55] The decision put an end to a

[52] In the event, the condition in question could not be relied on against the defendants as it was not brought to their attention by adequate publicity in Community legislation.

[53] For instance, the names 'Mozzarella' and 'Camembert' for cheese are not currently protected as geographical indications in the EC or elsewhere and are therefore not entitled to protection in third countries under TRIPS provisions.

[54] Article 13(3).

[55] Federal Republic of Germany, Kingdom of Denmark supported by French Republic United Kingdom of Great Britain and Northern Ireland v. Commission of the European Communities, 25 October 2005, Cases C-465/02 and C-466/02, http://www.curia.eu.int.

dispute that began almost ten years ago when 'Feta' was originally registered as a PDO under Regulation 1107/96 of 12 June 1996. In 1999, Germany and Denmark, supported by France and the UK, successfully applied to the Court for cancellation of the registration on the ground that it had become a generic term for soft, white cheese made from sheep's or cow's milk.[56] Subsequently, having requested a survey of Member States in relation to the use of the name 'feta' and its marketing in their territories, the Commission concluded that the name 'feta' had not become generic. In October 2002, the Commission declared the legality of the registration of 'Feta' as a designation of origin for Greek cheese.[57]

Denmark and Germany appealed, emphasizing that they had produced 'Feta' cheese for more than fifty years and that the name had become generic. However, in its recent ruling, the Court upheld the legality of the registration, holding that white cheese soaked in brine and called 'Feta' must originate from specified areas in Greece. The court found that 'the interplay between the natural factors and the specific human factors, in particular the traditional production method, has given 'Feta' cheese its remarkable international reputation'.

While the Court acknowledged that the production of Feta in some European countries had been relatively large and of substantial duration, it noted that more than 85% of consumption of Feta per person and per year in the European Union took place in Greece. The Court further noted that the labels used by non-Greek producers on their Feta cheese often referred the cultural traditions and civilization of Greece, either in words or by the colour scheme they used. Equally, the court observed that while white cheeses soaked in brine have been produced for a long time, not only in Greece but in various countries in the Balkans and the southeast of the Mediterranean basin, those cheeses are known in those countries under names other than 'Feta'. Taking account of these and similar factors, the Court thereby concluded that the name 'Feta' had not become the generic name of the product, and that it continued to evoke a Greek origin.

The decision therefore gives exclusive rights to producers in mainland Greece and the department of Lesbos to market the cheese in the EU using the 'Feta' designation. As a result, 'Feta' cheese makers outside of designated area are prohibited from referring to their product as 'Feta' or 'Feta-style' cheese. PDO status having been granted, other food makers must either stop calling the products by the protected name or move production to the

[56] The name 'Feta' was deleted from Regulation 1107/96 by Regulation 1070/1999.

[57] The recitals to Regulation 1829/2002 identify the reasons for the reinstatement. The Regulation was adopted by Commission Regulation (EC) No 1829/2002 of 14 October 2002, amending the Annex to Regulation (EC) No 1107/96 with regard to the name 'Feta', europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=OJ:L:2002:277:0010:0014:EN:PDF (visited 13 June 2006)

designated area using the same sourced ingredients and processes at the end of 2006.[58]

The ruling dramatically illustrates the breadth of the EU Regulation and its capacity to offer protection to terms previously considered generic. The Regulation prevents any protected name from becoming generic. Although a designation may be altered as a result of changes in production or processing techniques, it cannot be lost a result of changes in understanding or usage of the protected name.[59] Moreover, such an authoritative decision cannot help but add weight to the Commission's objective to achieve international protection for names such as 'Feta'. Henceforth food producers in both developed and developing countries therefore incur additional risk when they brand products based on geographical names and local traditions.

D. Conflicts over trademarks and GIs

Potential conflicts concerning trademarks and GIs in respect of agricultural products and foodstuffs have proven problematic in cases where there exists a high level of conflict between trademarks and GIs. The market for mineral waters is a notable example. Formerly protectable as a PGI under EC Regulation 2081/92, there ensued complications involving the interaction of trademarks and GIs to the extent that the Commission removed 'mineral and spring waters' from the list of registerable items in 2003.[60] The European market for mineral water is an intensely competitive market.[61] It is marked by a high level of supply-side substitutability that tends to militate in favour of a single product market. Thus, practically the whole body of Italian bottlers can bottle both still and sparkling water, and a large number of them tend to use the same brand for both. The market is further characterized by relatively low production switching costs in changing from sparkling to flat water or vice versa. Nor do costs amount to a significant barrier with respect to time and financial expenditure. Because of high consumption rates, prices and

[58] Greece produces about 85% of the 'Feta' consumed in the EU, or about 115,000 tonnes a year. Danish dairies produce about 27,000 tonnes of 'Feta' a year, Germany from 20,000 to 40,000 tonnes; France producers between 8,000 to 20,000 tonnes a year. All the non-Greek producers will lose the right to the 'Feta' name at the end of next year. Arla Foods, which last year said it had achieved a 14% share of the market in Denmark for its branded 'Feta' product. The company said it was expanding production to meet the demand. The company said it was experiencing double digit growth in several European markets, from 20 to 48%.

[59] Article 13(3).

[60] Mineral waters are no longer registrable and old registrations are only valid until 2013: Regulation (EC) No 692/2003. However, there is a provision for a ten year transitional period to avoid any injury to waters already registered.

[61] In terms of pro-capita consumption, Italy is by far the largest consumer of mineral water, with 127 litres in 1996, against 34 litres for Portugal, 82 litres for France, 62 litres for Spain, 90 litres for Germany and 8 litres for the United Kingdom.

competition on prices are the driving factors of the market.[62] The European market for mineral waters clearly proved to be one that was not best suited to coexisting systems protection for GIs and trademarks.

Until recently, Annex I of Regulation (EEC) No 2081/92, listing the types of foodstuff that may be registered, included natural mineral waters and spring waters. However, over time, the Commission's examination of applications for registration of these products revealed several difficulties. In particular, the use of identical names for different mineral waters and of invented names that were not covered by the provisions of the Regulation, proved problematic. There was considerable potential for litigation concerning the conflict between the respective rights of use of the trademark owners and those of the owners of GIs. The decision to withdraw mineral waters was undoubtedly made in view of the likelihood of consumer confusion as a result of the application of the principle of co-existence between the two sets of rights, as provided in Articles 13(5) and 14(2) of the original Regulation.[63]

1. 'Gerri' versus 'Kerry Spring' mineral water

These difficulties led to conflicts of interests in the course of the implementation of Regulation 2081. *Gerolsteiner Brunnen GmbH & Co. v Putsch GmbH*[64] is a case in point. It concerned the use of the words 'Kerry Spring' on mineral water bottles, which might be in conflict with the mark 'Gerri' for products of the same description. The defendant argued that the prominent display of 'Kerry Spring' on the product was justified under Article 6(b) of the Harmonization Directive,[65] since the water came from a source in county Kerry, Ireland. The German Federal Supreme Court referred the question as to whether Article 6(b) is only applicable if the sign is not used 'as a mark', that is, in a manner which could be mistaken as indicating a commercial source, and; should Article 6(b) be applicable, whether the fact that the sign had been used 'as a mark' should be taken into account for the purpose of assessing whether the use complies with honest practices.

The ECJ concluded that Article 6(1)(b) does not distinguish between the possible uses of the indications to which it refers. The only test in the Article is whether the indication of geographical origin is used in accordance with honest practices in industrial or commercial matters, equating to a duty to act fairly in relation to the legitimate interests of the trademark owner. Thus, 'the

[62] See Case No IV\M.1065 – *Nestle/San Pellegrino Merger Procedure, Article 6(1)(b) Decision*, Commission of The European Communities, Brussels, 16 February 1998, Case No IV\M.1065.

[63] Mineral and spring waters are already the subject of Council Directive 80/777/EEC of 15 July 1980 on approximation of the laws of the Member States relating to the exploitation and marketing of natural mineral waters. Council Regulation (EC) No 692/2003 of 8 April 2003 amending Regulation (EEC) No 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

[64] Case C-100/0, 27 January 2004.

[65] Article 6(1)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trademarks.

mere fact that there exists a likelihood of confusion between a word mark registered in one Member State and an indication of geographical origin from another Member State is ... insufficient to conclude that the use of that indication in the course of trade is not in accordance with honest practices'. As a result, the trademark and GIs must co-exist to the effect that where an alleged infringing mark is used to indicate the geographical origin of the goods in question, the ability to escape liability for infringement depends on whether the use is in accordance with honest practices in industrial or commercial matters and not whether the indication is being used as a trademark.[66] In the following discussion of *EC–Geographical Indications*, the persuasive nature of the ECJ's reasoning is evident in the WTO Panel's interpretation of the interrelationship of trademarks and GIs under the TRIPS Agreement.

IV. WTO DISPUTE SETTLEMENT BODY RULES ON THE REGULATION OF GIs

A. EC: Protection of trademarks and GIs

In view of the global markets at stake in the agricultural and food processing sectors, the USA and Australia became so concerned at the systematic discrimination its trademark owners faced in enforcing their rights against European-registered GIs that they invoked the WTO dispute settlement procedure.[67] On 18 August 2003, the USA and Australia requested the establishment of a WTO dispute settlement panel to review the consistency of the EU Regulation 2081/92 with the rules of the TRIPS and GATT Agreements.[68]

The United States and Australia submitted that the EU scheme for the protection of GIs fails to comply with TRIPS in three chief respects:

1. Violations of national treatment and most-favoured-nation obligations

The complainants argued that the EC Regulation was discriminatory and in violation of the national treatment obligations and the most-favoured-nation obligations in Articles 3 and 4 of the TRIPS Agreement and Articles I and III of the General Agreement on Tariffs and Trade 1994. The TRIPS Agreement requires that Members accord most-favoured-nation treatment to the GIs of fellow Member States and national treatment to the GIs of their citizens.

[66] It is for the national court to carry out an overall assessment of all the relevant circumstances to determine whether the producer of the product bearing an indication of geographical origin is unfairly competing with the proprietor of the trademark.

[67] The statement of the United States (US) to the WTO in a WTO trade policy review of the European Union expressed the concern that 'foreign persons wishing to obtain protection for their GIs in the EU itself face a non-transparent process that appears to come into some conflict with the EU's TRIPS obligations' and that 'EU rulemaking processes are often perceived by third countries as exclusionary, allowing no meaningful opportunity for non-EU parties to influence the outcome of regulatory decisions' WTO Trade Policy Review of the European Union, Statement by the United States to the WTO, 24 July 2002, http://www.state.gov/e/eb/rls/rm/2002/12242.htm.

[68] See documents WT/DS174/20 and WT/DS290/18.

The USA and Australia claimed that: the Regulation 2081/92 does not provide the same treatment to other nationals and products originating outside the EC that it provides to the EC's own nationals and products;the Regulation does not accord immediately and unconditionally to the nationals and products of each WTO Member any advantage, favour, privilege, or immunity granted to the nationals and products of other WTO Members; it diminishes the legal protection for trademarks; it does not provide adequate legal means for interested parties to prevent the misleading use of a GI; it does not define a GI in a manner that is consistent with the definition provided in the TRIPS Agreement; it is not sufficiently transparent; and it does not provide adequate enforcement procedures.

As a result of the alleged violation, in the event US holders of GIs such as 'Florida Oranges' and 'Idaho Potatoes' were to seek registration under the EC Regulation, they would be subject to a requirement of reciprocity and equivalence. Although expressed to be 'without prejudice to international agreements', Article 12 states that the Regulation 'may apply to an agricultural product or foodstuff from a third country provided that:

(a) the third country is able to give guarantees identical or equivalent to those referred to in Article 4,
(b) the third country concerned has inspection arrangements and a right to objection equivalent to those laid down in this Regulation,
(c) the third country concerned is prepared to provide protection equivalent to that available in the Community to corresponding agricultural products for foodstuffs coming from the Community'.

2. Violation of the exclusive rights of the registered trademark owner

The complainants argued that the grant of exclusive rights in the use of the mark provided by virtue of TRIPS Article 16.1 requires Member States to make available to earlier trademark owners rights against GIs. The United States argued that the Regulation was inconsistent with the exclusivity of the trademark owners' rights under Article 16.1 of the TRIPS Agreement because it does not ensure that a trademark owner may prevent uses of GIs which would result in a likelihood of confusion with a valid prior trademark.[69]

3. Violation of the principle of priority in respect of senior marks

The complainants submitted that EC Regulation 2081/92 was inconsistent with the EC's obligations under Article 24.5 of the TRIPS Agreement, since the Regulation failed to provide sufficient protection to pre-existing trademarks that were similar or identical to a GI. In short, food exporters in the United States were concerned that GIs should not be given precedence over trademark rights. The issue was one of priority between a coexisting GI and a

[69] See United States' first written submission, paras 137–140, 170 and United States' first oral statement, paras 42–43.

trademark and whether the principle of first-in-time, first-in-right should be enforced as it is in the trademark law of the United States. In contrast, in the European Union, trademarks are required to coexist with GIs. As we noted in the case of 'Kerry Spring' mineral water, under European law a trademark owner's rights cannot prevail over a third party using a duly registered GI in accordance with honest business practices.[70] As a result private trademark suits brought by US litigants against European-owned GIs might well result in the US trademark owner having to forfeit valuable rights to priority and exclusivity. Thus, trademark wars over the competitive European market for beer had seen US trademarks 'Budweiser' and 'Bud', subject to termination in various Member States of the ECs because the European law holds 'Budweiser' and 'Bud' to be GIs for beer from the Czech Republic.[71]

B. Findings of the WTO Panel

The Panel Report in the dispute concerning *European Communities: Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs* was adopted at a meeting of the Dispute Settlement Body on 20 April 2005.[72]

Concerning the discriminatory conditions, regarding the registration of foreign GIs and requirement for reciprocity of protection, the Panel found in favour of the USA and Australia.

The WTO Panel found the Regulation inconsistent with national treatment in TRIPS Article 3.1 with respect to:

(a) the equivalence and reciprocity conditions, as applicable to the availability of protection for GIs;
(b) the application procedures, insofar as they require examination and transmission of applications by governments;
(c) the objection procedures, insofar as they require verification and transmission of objections by governments; and
(d) the requirements of government participation in the inspection structures under Article 10, and the provision of the declaration by governments under Article 12a(2)(b).

Pursuant to Article 19.1 of the DSU, the Panel recommended that the ECs bring the Regulation into conformity with the TRIPS Agreement and

[70] Gerolsteiner Brunnen GmbH & Co. v Putsch GmbH (Case C-100/02) supra.

[71] The battle over the right to the name 'Budweiser' has pitted the world's largest brewer, Anheuser-Busch of the United States, against the 'boutique' Czech brewer Budejovicky Budvar. The latter, based in the Czech town of Ceske Budejovice (also known as Budweis), claims it has been brewing a beer under the name since the 13th century, although the American beer has gained broader international reputation in recent years. See further Preparations for the 1999 ministerial conference – Agreement on TRIPS: extension of the additional protection for geographical indications to other products. Communication from the Czech Republic, WT/GC/W/206.

[72] WT/DS290/R.

GATT 1994 by amending the Regulation so as for those conditions not to apply to the procedures for registration of GIs located in other WTO Members.

However, as far as the future protection of GIs as a discrete form of intellectual property is concerned, a substantive victory went to the EC. In an affirmation of the GI as intellectual property, the Panel endorsed the European principle of their coexistence with all but the most famous of prior trademarks. The Panel concluded that while the Regulation is inconsistent with Article 16.1 of the TRIPS Agreement, this derogation is justified by Article 17 of the TRIPS Agreement.

1. The interrelationship of GIs and trademarks

The United States claimed that the grant of exclusive rights in the use of the mark provided by virtue of TRIPS Article 16.1 requires Member States to make available to earlier trademark owners rights against GIs. The United States argued that the Regulation was inconsistent with the exclusivity of the trademark owners' rights under Article 16.1 of the TRIPS Agreement because it does not ensure that a trademark owner may prevent uses of GIs which would result in a likelihood of confusion with a valid prior trademark.[73]

The US further claimed that Regulation 2081/92 was inconsistent with the EC's obligations under Article 24(5) of the TRIPS Agreement, since the Regulation failed to provide sufficient protection to pre-existing trademarks that were similar or identical to a GI.

In the event there is a conflict between a trademark and a GI, the TRIPS Article 24(5) appears to offer certain protections for trademark owners who use or register marks in good faith. A trademark that has been used or registered in good faith in one jurisdiction cannot be pre-empted by a later established GI that conflicts with the trademark. As for whether this meant that the later in time GI could not even be used in the event it conflicted with an earlier-established, good faith trademark, this was by no means certain. Examination of matter required the Panel examine the relationship between protection of GIs and prior trademarks under the TRIPS Agreement.

2. The coexistence of trademarks and GIs

In response, the ECs successfully argued that GIs and trademarks constitute independent but equal forms of intellectual property in accordance with the structure of the TRIPS Agreement and that the boundary between GIs and trademarks is further defined by Article 24.5, which may be interpreted as providing for the coexistence of GIs with earlier trademarks.

Under Community law the system for the registration of GIs established by Regulation 2081/92 is required to coexist alongside the Community Trade

[73] United States' first written submission, paras 137–140 and 170; United States' first oral statement, paras 42–43.

Mark system.[74] The term 'coexistence' refers to a legal regime under which a GI and a trademark can both be used concurrently to some extent even though the use of one or both of them would otherwise infringe the rights conferred by the other. Article 14.2 of the EC Regulation is intended to implement Article 24.5 of the TRIPS Agreement.[75] It provides as follows:

> With due regard for Community law, use of a trademark corresponding to one of the situations referred to in Article 13 which was registered in good faith before the date on which application for registration of a designation of origin or geographical indication was lodged may continue notwithstanding the registration of a designation of origin or geographical indication, where there are no grounds for invalidity or revocation of the trademark....

Article 14(2) begins with the introductory phrase '[w]ith due regard to Community law'. This is a reference to the Community Trademark Regulation and the First Trademark Directive,[76] both of which provide that trademark registration confers the right to prevent 'all third parties' from certain uses of 'any sign', including uses where there exists a likelihood of confusion.[77] *Prima facie*, the trademark owner's exclusive rights under TRIPS Article 16.1, cannot be exercised against a person who uses a registered GI in accordance with its registration where the trademark is subject to Article 14(2) of the Regulation.

With the exception of well-known marks, Article 14 privileges the GI to the extent that the rights conferred by a trademark registration against 'all third parties' and uses of 'any sign' do not prevail over a third party using a GI in accordance with its European registration.[78] It will be recalled, for example,

[74] See Article 159 of the Community Trademark Regulation (CTM) as amended provides as follows: 'This Regulation shall not affect Council Regulation (EEC) No. 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs of 14 July 1992, and in particular thereof'. The CTM and the Harmonization Directive contain stipulations ensuring that the GI prevails over a registered trademark. Article 142 of the original Council Regulation (EC) No. 40/94 was renumbered Article 159 by Article 156(5) of Council Regulation (EC) No. 1992/2003.

[75] Paragraph 11 of the recitals to the April 2003 amending Regulation explained that the dates referred to in Article 14(2) should be amended in line with Article 24.5 of the TRIPS Agreement. Article 14(2) has been interpreted once by the European Court of Justice, in Case C-87/97, *Consorzio per la tutela del Formaggio Gorgonzola v Käserai Champignon Hofmeister GmbH & Co Kg* (1999) ECR I-1301, concerning the trademark CAMBOZOLA for cheese and the GI 'Gorgonzola'.

[76] European Communities' response to Panel question No. 138: Council Regulation (EC) No. 40/94 on the Community trademark, as amended by Council Regulation (EC) No. 1992/2003 and Council Regulation (EC) No. 422/2004 and; First Council Directive 89/104/EEC, of 21 December 1988 (Trademark Harmonization Directive).

[77] Article 9 of the Community Trademark Regulation and; Article 5 of the First Trademark Directive.

[78] The scope of Article 14(2) is confined in time to those trademarks applied for, registered or established by use either before the GI is protected in its country of origin or before the date of submission to the Commission of an application for GI registration. Article 14(3) stipulates that a designation of origin or geographical indication shall not be registered where, in the light of a trademark's reputation and renown and the length of time it has been used, registration is liable to mislead the consumer as to the true identity of the product.

that in *Gerolsteiner Brunnen GmbH & Co v Putsch GmbH*,[79] the ECJ, in accordance with the principle of coexistence of the trademark and GI systems, ruled that trademark owners cannot stop others from using similar sounding GIs where they are used honestly in industrial or commercial matters.[80]

3. Earlier trademark owners' rights of priority

In respect of the earlier trademarks owners' rights of priority, the ECs argued that Article 14.3 of the Regulation together with the criteria for registerability of trademarks applied under EC law prevent the registration of a GI, use of which would result in a likelihood of confusion with a prior trademark. Article 14.3 provides as follows:

> A designation of origin or geographical indication shall not be registered where, in the light of a trademark's reputation and renown and the length of time it has been used, registration is liable to mislead the consumer as to the true identity of the product.

It can be invoked before the courts after registration of a GI, including trademark infringement proceedings brought against a user of the GI.[81] It amounts to a condition for the registration of a GI, as it provides for the refusal of registration of a GI that is liable to mislead the consumer as to the true identity of the product in the light of certain factors relevant to a prior trademark. This, in effect, provides that a prior trademark may prevail over a later application for GI registration under certain conditions. For example, Bayerisches Bier was registered as a protected GI in 2001 subject to the proviso that the use of certain prior trademarks, for example, 'Bavaria' and 'Høker Bajer', was permitted to continue under Article 14(2). The GI refers to a beer and the trademarks are registered in respect of beer. The GI and the trademarks are, respectively, the words 'Bavaria' or 'Bavarian Beer' rendered in the German, English, and Danish languages. Upon its registration, the EC Council concluded that the GI would not mislead the public as to the identity of the product, which is the standard embodied in Article 14(3) of the Regulation.

[79] Case C-100/02.

[80] Trademark Directive, 1989, Article 6(1) defence.

[81] A trademark owner may raise the invalidity of the measure before the courts under the preliminary ruling procedure in Article 234 of the EC Treaty. Depending on the factual circumstances of each case, a trademark owner may also have standing to bring an action in annulment under Article 230 of the EC Treaty, if a GI registration were considered to affect adversely specific substantive trademark rights. Under both procedures, judicial review is available on points of fact and law. The cancellation procedure is set out in Article 11a of the Regulation and the grounds mentioned in Articles 11 and 11a are exhaustive. Further see European Communities' responses to Australia's question Nos. 2 and 3 after the second substantive meeting and; European Communities' responses to Panel question Nos. 67 and 142; rebuttal submission, paras 294–297; second oral statement, paras 174–179.

In respect of the operation of Article 14.3, the Panel found that the United States had a *prima facie* case that Article 14.3 limits exclusive rights of trademark owner in so far as it cannot prevent all situations from occurring in which Article 14(2) would operate to limit the rights provided in TRIPS Article 16. The EC Regulation therefore was found to limit the availability of that right for the owners of trademarks that are subject to Article 14(2). The Panel therefore concluded that, under Article 16.1 of the TRIPS Agreement, Members are required to make available to trademark owners a right against certain uses, including uses as a GI. Although Article 16 does not specifically exclude use of signs protected as GIs, the Panel found no implied limitation vis-à-vis GIs in the text of Article 16.1 on the exclusive right which Members must make available to the owner of a registered trademark. That right may be exercised against a third party not having the owner's consent on the same terms, whether or not the third party uses the sign in accordance with GI protection, subject to any applicable exception.

4. GIs as an exception to trademark rights

The EC successfully argued that the general exception as to trademark rights in TRIPS Article 17 constitutes a valid and affirmative defence against derogation of the trademark owners' exclusive rights in the EC Regulation.[82] Article 17 permits Members to provide limited exceptions to the rights conferred by a trademark, which include the right provided for in Article 16.1 of the TRIPS Agreement. The Panel found that Article 14.2 of the EC Regulation constituted a limited exception within the purview of TRIPS Article 17. The Panel held Article 14(2) of the Regulation to be a 'limited exception' because it only allows use by those producers who are established in the geographical area on products that comply with the specification. The trademark owner retains the exclusive right to prevent use by any other persons. Coexistence falls within the example of 'fair use of descriptive terms' because GIs are descriptive terms and their use to indicate the true origin of goods and the characteristic associated with that origin is 'fair'.[83]

With respect to the construction of the term 'limited exceptions', the Panel had regarded to previous TRIPS jurisprudence concerning the exceptions provided for copyright and patents, but was of the view that as the text differs in certain respects, it was important to interpret Article 17 according to its

[82] Generally, on the interpretation of TRIPS exceptions see Panel reports on *US – Section 110(5) Copyright Act*, para 6.239; and *Canada – Pharmaceutical Patents*, para 7.16.

[83] European Communities' first written submission, paras 315–318; rebuttal submission, paras 333–338 and 348–350; responses to Panel question No. 75(b): concerning the chief justifications for GI protection as distinct from trademark. Under classic trade mark law, geographical marks such as 'Parma Ham' are routinely denied registration on the grounds of non-distinctiveness: e.g. Dry-cured ham produced in Parma has to be marketed as 'super ham' or 'No 1 ham' in Canada because a Canadian company holds the local trademark rights to the Parma name: see dismissal of application to expunge in *Consorzio del Prosciutto di Parma v. Maple Leaf Meats Inc.* November, (2001) 2 F.C. 536, http://reports.fja.gc.ca/fc/src/shtml/2001/pub/v2/2001fc28097.shtml.

own terms. The Panel proceeded in its decision-making on the literal basis of the text of Article 17 in so far as it requires (a) a 'limited exception' permitting only a small diminution of rights;[84] and (b) one that is subject to the proviso that 'such exceptions take account of the legitimate interests of the owner of the trademark and of third parties'.

C. Impact of WTO decision on the European Regulation

Regulation 2081 was repealed and amended Regulation 510/2006 adopted on 20 March. It came into force on 31 March 2006. It is designed to ensure that the Community regulation on registering GIs and designations of origin implements the recommendations of the WTO Dispute Settlement Body. Accordingly, the EC was required to amend the Regulation with respect to the equivalence and reciprocity conditions so as for those conditions apply to the procedures for registration of GIs located in other WTO Members.[85] The key amendments introduced by the new Regulation are as follows:

1. Amended registration procedure for PDOs and PGIs from producers in third countries

The provisions concerning equivalence and reciprocity for products from third countries have been deleted in order to allow names corresponding to geographical areas in those countries to have access to the European system for the protection of GIs. In accordance with Art. 5, registration is open to associations of producers from third countries on proof that the name is protected in its country of origin. Under the amended procedure, foreign applicants will no longer have to seek examination and transmission of applications from their national governments. From 3 April 2006, applications for registration of PDOs and PGIs from producers in third countries may be made directly with the European Commission on a single form, reducing the time needed for the application and approval process.[86]

[84] With respect to the construction of the term 'limited exceptions' the Panel had regard to previous TRIPS jurisprudence concerning the exceptions provided for copyright and patents. The Panel cited the opinion of the Panel in *Canada – Pharmaceutical Patents*, which interpreted the identical term in Article 30, that '[t]he word "exception" by itself connotes a limited derogation, one that does not undercut the body of rules from which it is made' Panel report on *Canada – Pharmaceutical Patents*, para 7.30.

[85] The Commission's Proposal required approval by the Council of Ministers and the European Parliament by the WTO deadline of April 2006. See Commission of The European Communities, Proposal for a Council Regulation on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs, Brussels, COM (2005) 2005/0275 (CNS) 5 January 2006, Corrigendum and 'New rules ease foreign access to protected name status', 5 January 2006.

[86] The application form and product classifications (Annex V, Classification of Products for the Purposes of Council Regulation (EC) No 510/2006) are available at http://ec.europa.eu/comm/agriculture/foodqual/protec/thirdcountries/index_en.htm

2. Amended objection procedures applicable for groups and individuals in third countries

With respect to the objection procedures, in so far as they formerly required verification and transmission of objections by third party governments,[87] the amended Regulation provides the opportunity for any natural or legal person having a legitimate interest in a Member State or a third country to notify their objection to the proposed registration.[88] From 3 April 2006, therefore, objections to applications by groups, organizations or individuals in third countries, can be made directly to the European Commission on a single form statement of objection.[89]

3. Amended inspection requirements in respect of third country registrantions

The requirements of government participation in the inspection structures and the provision of the declaration by governments under the former Regulation[90] have been amended by Article 11.2, according to which verification of compliance with the specifications, before placing the product on the market, shall be ensured by one or more public authorities designated by the third country and/or one or more product certification bodies.

Notwithstanding the above amendments, the impact of the WTO decision in *EC–Geographical Indications* and consequent amendments remains to be seen. To what extent can developing countries benefit from the European model of GI protection? Will the outcome make easier for third countries, in particular developing country countries to protect their GIs in Europe? More broadly, in view of the Commission's aim to obtain, by means of the TRIPS Agreement, the international promulgation of the European regulatory model, can it offer developing countries the advantages indicated?

V. FUTURE DEVELOPMENTS IN THE PROTECTION OF GIs

A. Extension of eligible subject matter

Undoubtedly encouraged by the affirmation of GI rights in the WTO decision, the EC proposal of June 2005 would amend Section 3 of the TRIPS Agreement with a view to extending the regime of protection currently available for GIs on wines and spirits to GIs on all products. The proposed amendments to Article 23 of the TRIPS Agreement seek to extend their

[87] Producer groups within the EU, by contrast, are obliged to first submit their applications to their national governments for approval, Article 5(4).

[88] OJL 93, 31 March 2006.

[89] See Article 7 concerning objections and decisions on registration and Article 12 concerning cancellations. Statement of objection form available at http://ec.europa.eu/comm/agriculture/foodqual/protec/thirdcountries/index_en.htm

[90] Article 12a(2)(b).

scope to GIs for all products.[91] In sum, the obligation to provide the legal means to interested parties to prevent certain types of imitations,[92] as well as to refuse or invalidate trademarks including GIs, is extended to any situation in which the trademark or the imitation concerns a product of the same kind as the one protected by the GI.[93]

In support of the extension, a number of developing countries have identified GIs as a category of intellectual property from which they might profit. Prior to the Seattle Ministerial, a submission by Turkey of 9 July 1999 proposed the extension of GIs in TRIPS beyond wines and spirits.[94] Endorsing this proposal an African group of countries, including Kenya, Nigeria and South Africa, requested that the protection of GIs be extende**d 'to** other products recognizable by their geographical origins', notably agricultural, food, and handicraft products.[95] This proposal was also adopted by Cuba, Czech Republic, Dominican Republic, Honduras, India, Indonesia, Nicaragua, Pakistan, Sri Lanka, and Venezuela. These developing countries support an extended GI regime for food in order to facilitate market differentiation for a variety of common commodities such as tea, coffee, and rice. Significantly, the protection of GIs has been identified as a useful legal instrument for the protection of traditional knowledge[96] in so far as such products have a strong association with the land and reflect historical links between a particular region and the products of that region.

Opponents of the proposal, led by the United States, warn that the extension of Article 23(1) would oblige Members of the WTO to protect the GIs of all other Members at an enhanced level of protection and that 'this could involve a considerable burden, particularly in view of the fact that some Members, such as the ECs, have over 700 hundred domestic GIs'.[97] The opponents, including Australia, Chile and Guatemala, further point out that the extension of Article 23(1) to cover other products 'will undoubtedly be accompanied by claims from certain producer groups that they have the

[91] Article[91] The extension may in fact be more limited than envisaged. In an examination of product categories protected under the Lisbon Agreement, Sergio Escudero notes that 84% of geographical indications are attributable to four product categories: wines (61.4%), spirits (9.5%), agricultural products (6.7%) and cheese (6.5%): *International Protection of Geographical Indications and Developing Countries*, South Centre, TRADE Working Papers no 10, 2001.

[92] Article 23.1.

[93] Article 23.2. Note also that the provision on homonymous GIs would apply to geographical indications on all products, Article 23.3.

[94] WTO Doc No WT/GC/W/249, 13 July 1999.

[95] Preparations for the 1999 Ministerial Conference the TRIPS Agreement Communication from Kenya on Behalf of the African Group, WTO Doc WT/GC/W/302, 6 August 1999.

[96] D. Downes and S. Laird, Innovative Mechanisms for Sharing Benefits of Biodiversity and *Related Knowledge: Case studies on Geographical Indications And Trademarks*, UNCTAD, Geneva, 1999; M. Blakeney, 'Proposals for the International Regulation of Geographical Indications', 4 Journal of World Intellectual Property (2001) 629–52.

[97] WTO Doc. IP/C/W/289.

exclusive rights to particular terms. Any grant of exclusive rights to one group of producers necessarily involves depriving others of the right to use those terms'. The example of 'Feta' cheese, which is produced by a range of companies including Australia, Canada, Denmark, Greece, New Zealand, and the United States, is given in the Communication as an example of the way in which the extension of Article 23(1) might cause conflicts between WTO Members.

The debate in the TRIPS Council regarding the question of extension is further beset by procedural difficulty. It is said to lack the requisite negotiating mandate, since it is part of the 'built-in agenda' concerning implementation issues. Controversy therefore surrounds the interpretation of Article 24, which somewhat ambiguously obliges Members to enter into negotiations 'aimed at increasing the protection of individual geographical indications under Article 23', while simultaneously ensuring that there is no reduction in 'the protection of geographical indications that existed in that Member immediately prior to the date of entry into force of the WTO Agreement'.[98] Nevertheless, the two issues are incontrovertibly linked in the current political economy. As evidence of this effect, Clause 39 of the Hong Kong Ministerial Declaration exhorts WTO Members to redouble their efforts to find appropriate solutions to 'outstanding implementation-related issues' including 'the extension of the protection of geographical indications provided for in Article 23 of the TRIPS Agreement to products other than wines and spirits'.

B. The multilateral register for GIs

The EC submission of 14 June 2005 also sets out provisions for a centralized register that would be compulsory and have legal effect.[99] It envisages multilateral registration as a three-step process as follows:

(a) First, WTO Members would notify their GIs and the WTO Secretariat would publish all notifications.
(b) In the second phase, Members would have 18 months to examine the notifications and would have the right to object to the registration of a notified GI. In such a case, the Members concerned would start bilateral negotiations aimed at resolving the disagreement.
(c) In the third phase, the notified GI would be registered in the multilateral register with reference to any challenge.[100]

[98] Article 24.3.

[99] Communication from the European Communities (TN/IP/W/11) 14 June 2005. This proposal maintains the level of ambition of the EC as regards both 'extension' and the multilateral register of GIs, as contained in its earlier proposals in documents IP/C/W/107/Rev.1 (on the GI register) and IP/C/W/353 (on 'extension').

[100] EC June 2005. Finally, it should be noted that paragraph 3.4 is slightly modified to clarify that the negotiation is a possibility given to the notifying Member, but not an automatic consequence, in line with Article 24.1 of the TRIPS Agreement.

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

(a) not to be in conformity with the definition of GIs in the TRIPS Agreement or
(b) to be false homonymous (literally true but misleading) or
(c) to be a generic name.

Finally, registration would create a rebuttable presumption of eligibility for protection.

Opponents of the EC proposal, including the USA, Chile, and Argentina, disagree with the creation of a mandatory multinational system of notification and registration of GIs for wines and spirits, or any other products. They advocate a system of voluntary notification and registration with no obligation to protect registered GIs. The reasons for their opposition are not only legal but also related to the cost of implementing a mandatory system of registration and extended protection.[101]

Legally and administratively, those countries where GIs are protected as certification or collective marks would find it more difficult to comply with the EC proposal for a mandatory multilateral register. The USA and it supporters argue that the protection of GIs should be granted according to the criteria established by the national laws of Members. In fact, trademark law requires the substantive examination of applications by WTO Member States.[102] However, there is no agreement to date concerning the extent to which national governments should have the authority to determine the validity of third party specifications.

Given the renewed solidarity and commitment of developing countries to the letter and spirit of the Doha Declaration, if no consensus is possible on the extension of subject matter eligible for higher protection, there is unlikely

[101] The WTO Secretariat, Council for Trade-Related Aspects of Intellectual Property Rights, Special Session: sets out, side-by-side, the three proposals that have been submitted in written form to the Special Session of the Council for TRIPS for a multilateral system of notification and registration of geographical indications for wines and spirits: Hong Kong, China's proposal for an 'Alternative Model for a Multilateral System of Notification and Registration of Geographical Indications Established under Article 23.4 of the TRIPS Agreement', contained in Annex A of TN/IP/W/8; the 'Proposed Draft TRIPS Council Decision on the Establishment of the Multilateral System of Notification and Registration of Geographical Indications for Wines and Spirits', proposed by Argentina, Australia, Canada, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Japan, Mexico, New Zealand, Chinese Taipei and the United States, contained in TN/IP/W/10; and the European Communities' proposal for a 'Multilateral System of Notification and Registration of Geographical Indications', contained in the Annex set out in TN/IP/W/11, 14 September 2005, TN/IP/W/12.

[102] The entitlement of WTO Member States to determine the effect of an application under national law was affirmed by the Appellate Body in 'U.S. – Havana Club'. See United States – Section 211 Omnibus Appropriations Act of 1998, WT/DS176/AB/R, 2 January 2002 ('U.S. – Havana Club') at para 360 regarding the interpretation of Article 6*quinquies*, Paris Convention, the so-called *telle quelle* or 'as is' rule. Further see G. Evans, 'TRIPS and Trade Mark Use', in Jeremy Phillips and Ilanah Simon (eds), *TRIPS and Trade Mark Use* (Oxford University Press, Oxford, 2005).

to be any progress on negotiations for a multilateral register for wines and spirits, despite the authority of the latter's negotiating mandate. By the same token, in the unlikely event the EC Proposal should be accepted, it would effectively incorporate within TRIPS the registration scheme established under the Lisbon Agreement.

VI. EVALUATING INCREASED PROTECTION FOR GIs IN THE LIGHT OF THE DOHA MANDATE

It is difficult to reconcile the additional protection TRIPS grants to wines and spirits with the objectives of the Doha Declaration. Clause 2 of that instrument recognizes 'the need for all our peoples to benefit from the increased opportunities and welfare gains that the multilateral trading system generates'. The developing country proponents of extension are justified in their criticism that industry specific TRIPS protection is untenable. When France accorded protection to appellations of origin for wines it was justified on the basis that the industry had long been subject to deceptive and dishonest practice. Given the significance of the industry to France, additional protection could be justified. However, when similar protection is advocated on a global basis for an industry that is limited in reach and application, the policy appears to be self serving.

A. 'Development-friendly' aspects of GIs

Without doubt, large, commodity-dependent developing countries, such India, Egypt, or Kenya, are well placed to take advantage of an extension of additional protection for agricultural products, foodstuffs, and traditional handicrafts.[103] In addition, given the breadth of the definition given by GIs, developing countries among the lower middle income range, though less well placed, may find that GIs offer the opportunity to differentiate otherwise homogenous agricultural commodities and their prices across foreign and domestic suppliers. To this end TRIPS Article 22 is capable of protecting goods which merely derive a reputation from their place of origin without possessing a given quality or other characteristics which is due to that place. In fact, proponents of the extension and multilateral register claim that its main purpose is to ensure that GIs such as Basmati, Neem, and Turmeric[104] will only be used for products actually originating from the place of origin,

[103] E.g. in Kenya, the products that could benefit from GI extension include agricultural products such as Kericho tea, kikuyu grass, Mombasa mango, and Muranga bananas. Livestock products that could benefit from GI extension include Molo lamb and Omena fish.

[104] Turmeric (*Curcuma longa*) is a plant of the ginger family yielding saffron-coloured rhizomes used as a spice for flavouring Indian cooking. It is also an ingredient in medicines, cosmetics and dyes. Neem (*Azadirachta indica*) is a tree from India and other parts of South and Southeast Asia that may be used in the making of toothpastes, soaps and medicines. Basmati is a long grain variety of rice from the Punjab provinces of India and Pakistan.

that is, to prevent their usurpation in third countries.[105] In contrast to patents and trademarks, which give value to knowledge that is innovative and capable of industrial or commercial application, GIs have the potential to transform traditional knowledge into intellectual capital. Significantly, in view of the Doha Work Programme, GIs offer an established means of protecting traditional knowledge. In this regard, the type of foods consumed by indigenous communities, including the methods of handling, processing, marketing, distributing, and utilizing it, is founded in traditions that have given rise to the development of 'indigenous food technologies'. For a sizeable number of developing countries, the linkage of a food's quality and reputation with its territorial origins might offer a means of promoting small business, exports, and rural development.

Thus, developing countries that possess the financial and technical expertise to do so will be able to take advantage of the new procedures for third countries to register their GIs in Europe. In fact the first non-EC application, dated 13 June 2005, was filed by the National Federation of Coffee Growers of Colombia. The Coffee Growers of Colombia are seeking to register Café de Colombia as a Protected Designation of Origin (PDO).[106] The Federation has obtained protection for 'Café de Colombia' in the form of the green beans, in Colombia as a denomination of origin. If it proceeds to registration, only products complying with the PDO's specification may be sold in the EU under the designation 'Café de Colombia'. The application for 'Café de Colombia' is part of a larger initiative by the Federation to rely on protection of GIs to increase market shares in the global market, in addition to the already existing trademark protection.[107] This marketing strategy reflects an increasing trend within the coffee-producing countries to make use of GI protection to counter the effects of falling prices on the commodity markets, on the one hand, and to address a rising consumer demand for diversification, specialty coffees, and quality products, on the other.

B. Development-averse aspects of GIs

By no means, however, do all developing countries have the means to take advantage of the opportunities provided by the protection of GIs. To this end less-developed countries must possess or be provided with the financial resources, the technical expertise and the institutional capacity necessary to the task. If Korhogo fabrics from Cote D'Ivoire or Gabon sweet potato are to

[105] See WTO Doc. TN/C.W/14 'Geographical Indications – The Significance of Extension in the TRIPS Agreement and its Benefits for WTO Members'. See also IP/C/W/204/Rve.1, IPC/C/W/247/Rev.1 and IP/C/W/353.

[106] DG Agriculture, Agriculture News Digest, No. 124, 17 June 2005.

[107] Trademark protection nonetheless remains an important element of the Federation's protection strategy: shortly prior to filing the application as a PDO, a Community trademark application for a device mark containing the words 'Café de Colombia' was filed with the Office for Harmonization in the Internal Market in Alicante (Application no. 4353553).

become well known in global market, there must be a corresponding investment in the technology and know-how necessary to the modern manufacture and marketing of the products. GIs, in keeping with other forms of intellectual property protection are a market-based mechanism that operates on the basis of the given economic and technological structure. If that economic and technological structure is lacking, then the country is obviously going to be less efficient in commercializing its traditional, agricultural, and culinary knowledge.

Moreover, in the event the extension and multilateral register is approved, legal problems are likely to appear involving the ability of developing countries to register their GIs whether by way of objection to the multilateral registration, or alternatively in the registers of third countries. Litigation is likely to ensue when groups seeking protection for a specific name in the territory of a third party discover that protection is denied, because the terms do not meet the definition of 'geographical indication' or because it is considered generic, as the European experience indicates.[108] The question is whether the WTO dispute settlement system has the authority and resources to deal with conflicts of that character and probable extent.

Second, there is a sizeable number of developing countries, including Argentina, Chile, the Philippines, and Taiwan, who, in common with developed countries such as Australia, have prior trademarks whose distinctiveness and market leadership may well be set risk by the principle of coexistence with the GIs. The WTO Panel in *EC–Geographical Indications* affirmed the principle of co-existence of trademarks and GIs that characterizes the European system of protection. Thereby, under the EC regulation, the prior existence of a conflicting trademark does not prevent registration of a GI.[109] While the Panel decision has no precedential bearing on the future direction of the law, its affirmation of the protection of GIs, lends weight to their continuing resurgence.

In this event, the interrelationship between trademarks and GIs is particularly contentious for developing countries that rely on the trademark system. Under former Article 14(2) of the EC Regulation, provided that the trademark was applied for, registered, or acquired by use in good faith before the date of protection in the country of origin or the date of submission to the Commission of the application for registration of the protected GI; and there were no grounds for invalidity or revocation of the trademark under applicable Community legislation, its use would continue, together with that of the later PGI. In the case of well-known marks, however, an exception to the principle of co-existence might be made. Thus, former Article 14(3) provide

[108] The Secretariat has provided a summary in JOB(00)/5619 of 19 September 2000 of the responses to the Article 24.2 questionnaire on the differences in national law standards for determining what is entitled to protection as a geographical indication.

[109] See *infra* coexistence under Article 14(2) of the EC Regulation.

for circumstances where in the light of the trademark's reputation and renown and the length of time it has been used, registration of a geographical name would be liable to mislead the consumer as to the true identity of the product, in which case the application to register the PGI might be refused.[110]

Arguably, however, the text of the amended Article 14 of the EC Regulation removes the provision from the scope of the limited exceptions concerning trademarks contained in TRIPS Article 17. Amended Article 14(2) provides prior trademarks with a reference date of 1 January 1996 for coexistence with GIs, *prima facie* jeopardizing those trademarks that were not at risk under the former Regulation. In short, in the case of trademark that were registered or acquired by use after 1 January 1996, it removes not only the trademark owner's right to take legal action against confusing uses of the GI, but also his legitimate interest in simply using the mark in connection with the relevant goods and services.[111]

Cognizant of the disquiet the concept of coexistence causes among WTO Members who rely exclusively on the trademark system, the EC proposal of June 2005 advances a number of proposals regarding the exceptions of Article 24 of the TRIPS Agreement. It suggests adding a second paragraph to the grandfathering clause of TRIPS Article 24(4) that would cover any extension of subject matter. This provision would be designed to prevent the protection of a GI to prejudice the use of such indication in the territory of a third country, in certain prescribed circumstances. Secondly, the EC has proposed adding a sentence to Article 24(5) to ensure that the effects of 'extension' do not prejudice the registration, validity, and use of trademarks that were to remain unprejudiced under Article 22(3), because they would not mislead the consumer as to the origin of the product.

Third, the economic development of such 'trademark dependent' developing countries may be similarly set at risk by the worldwide repatriation of semi-generic names such as 'Feta' or 'Roquefort' for cheese. In fact, during the negotiations on agriculture within the Doha Development Agenda, the European Commission put forward a short list of 41 regional products whose names it seeks to 'recuperate'.[112] The European Proposal to extend enhanced protection of GIs beyond that currently accorded wines and spirits to agricultural products and foods would grant groups of European producers exclusive rights over the use of certain names whilst putting non-EC producers and consumers at a disadvantage. Under the EC's clawback proposal, only the Greek 'Feta' could be labelled as 'Feta' and all the other types would have to be renamed. This would mean, for example, that producers in a small developing

[110] See also its amended correlation, Article 3(4).

[111] Panel Report at Panel Report, para 7.664.

[112] Brussels, 28 August 2003: WTO talks: EU steps up bid for better protection of regional quality products at http://europe.eu.int/rapid/pressReleasesAction.do?reference=IP/03/1178#file.tmp_Foot_2.

country such as Costa Rica could no longer use the term 'feta' as a generic or customary term for cheese made from sheep's or goat's milk.

The history of international negotiations reveals that the 'deal breaker' has been the difficulty of exempting GIs that had arguably become generic within their borders. In an attempt to preserve GIs from usurpation the Lisbon Agreement attempted to prevent the degeneration of registered appellations of origin into genericism, provided they continued to receive protection in their country of origin. However, this ambitious attempt to extend the scope of protection was a failure. As of 1996, only 17 countries were party to the Lisbon Agreement, and significantly, the United States was not among them.

Likewise, the proposed extension may well set at risk the fragile compromise within the TRIPS Agreement regarding the use of generic and customary terms. The dual protection of TRIPS Agreement reflects the division between Old and New World countries over the scope of protection given geographic indications. Under TRIPS a term that is considered to be generic and not an indication of a specific origin, need not be protected, that is, a WTO Member need not extend protection to a GI if it is 'customary in common language as the common name for such goods', without regard to the situation in the territory of export. In the case of GIs which have become generic in their country of origin, TRIPS Article24(9)(d) provides that there is no obligation under the TRIPS Agreement to protect GIs **'w**hich are not or cease to be protected in their country of origin, or which have fallen into disuse in that country'. Moreover, whereas under the proposed GI extension, the exceptions in TRIPS Article 24 would continue to apply, the 'clawback' would remove them, as well as the ability of WTO Members to use established trademarks and generic terms.[113]

In any event, in the case of TRIPS-Plus agreements,[114] the current exceptions in TRIPS may be circumvented. WTO Members wherein 'Feta' is a generic term would be precluded from exporting to any WTO Member with whom the EC has concluded such a bilateral or regional trade agreement.[115] Further, should the EC conclude a sufficient number of such agreements, the prohibition would apply by virtue of the MFN principle in Article 4 of the TRIPS Agreement.

VII. CONCLUSION

Consistent with the spirit of the Doha Declaration, the Director-General of the WTO, Pascal Lamy, recently affirmed that current negotiations must

[113] At present, the exceptions under Article 24.6 apply on a per-Member basis. Thus, if a term is generic in one WTO Member, it may be a protected geographical indication in other WTO Members.

[114] The term given to the higher standard of protection often required by the EC and the US in bilateral and regional trade agreements.

[115] See EU-Chile Association Agreement, 2002, Wines and Spirits, Section 6, http://europa.eu.int/comm/external_relations/chile/assoc_agr/ip02_1696.htm

integrate the issues and concerns of developing countries 'into every stage'.[116] Yet, finding the means by which each Member is able to leverage some benefit from the protection of GIs, as the lack of progress in negotiations since 2001 evinces, will be a tall order in view of the legal and institutional problems involved.

The cost of implementing the TRIPS Agreement and any subsequent amendments remains a vital concern to the majority of developing countries, for whom the balance of concessions was not adequately met during the Uruguay Round.[117] Consequently, the EC submission of June 2005 contains some additional provisions that are intended to meet this concern.[118] Even assuming costs of implementation are accommodated, the foregoing analysis indicates that there are not only historical and cultural constraints to increased harmonization but also persistent legal problems. Both regulatory and developmental differentials among WTO Members dictate caution and suggest the wisdom of an incremental approach. Legally speaking, even if the *status quo* were maintained, developing countries might take further advantage of the flexibilities offered by TRIPS Article 22 protection.[119]

In any event, in the decade since the conclusion of TRIPS, further harmonization has been occurring from the 'bottom up'. In a bid to comply with both TRIPS and TRIPS-Plus obligations, WTO Members are moving towards the statutory protection of GIs by three distinct but related means: countries such as the USA protect GIs as an integral part of the trademarks regime; the EU and countries such as India have chose to enact specialized GIs systems of protection[120] and; countries such as Japan have moved to implement a system of collective regional marks as a sub-set of their trademarks regime. Regional trade agreements (RTAs) such as the United States' FTAs and EU Economic Partnership Agreements (EPAs) further serve to reinforce this effect by export their preferred means of protection in TRIPS-Plus provisions. By this means the EU and the United States are building a

116 See 'Lamy Highlights Doha Round's Development Benefits', in a speech in Lima, Peru on 31 January 2006, http://www.wto.org/english/news_e/sppl_e/sppl17_e.htm

117 In 1999 the World Bank indicated a deficit for developing countries for which figures are available of $7.5 billion on royalties and licence fees World Bank, *World Development Indicators 2001* (Washington DC: World Bank, 2001b), Table 5.11. Further, concerning the domestic benefits of implementing TRIPS see K. Maskus, *Intellectual Property Rights in the Global Economy* (Washington DC: Institute for International Economics, 2000), 73–79.

118 It includes a recommendation for a system of financing the multilateral register. The draft treaty text provides for a system of fees which allows a WTO Member to recoup the costs incurred in complying with the obligations regarding trademarks, through a system of fees to be paid by the notifying WTO Members, para 9.4 et seq.

119 In fact, relatively few WTO Members have made full use of the protections provided under Article 22(2) that prohibits any use which constitutes an act of unfair competition under Article 10*bis* of the Paris Convention.

120 Vietnam, Decree 54/2000/ND-CP concerning Geographical Indications, provides for a higher level of protection to all product categories. Vietnam protects traditional knowledge by this means: e.g. 'Phu Quoc', fish soya sauce, and 'Shan Tuyet Moc Chau', a variety of tea, in Vietnam.

critical mass of support for their preferred means of GI protection, utilizing RTAs with Member States throughout Africa, South America, Asia, and the Middle East.[121]

It is not only a question of deciding which group, the EC or the United States and supporters, has the most convincing case for harmonization, but equally of determining what constitutes a principled case for increased protection. In the case of GIs the question of justification is all the more relevant due to their intersection with a number of policy areas critical to the growth of economic development, notably agricultural policy, rural regeneration, cultural heritage, and environmental conservation.[122]

Critical also because all forms of intellectual property are to some extent trade restrictive. They are, as the Preamble to the TRIPS Agreement reminds us, 'private rights' residing not in the public but in a natural or legal person. GIs are a discrete form of intellectual property right, conferring upon producers in a certain area broad rights to use of their regional name as descriptive of the product. It is widely recognized that the rights granted by intellectual property laws, when combined with market power, can be used for anti-competitive ends.[123] In the case of GIs the risk is all the more evident since their exercise is linked to stringent requirements designed to ensure that the product conforms to the necessary standards of quality and authenticity. The foregoing discussion concerning the case of the *Consorzio di Parma and Asda* is a salutary reminder that without the benefit of EC protection, specifications that include the slicing, packaging, and labelling operations may well fall foul of competition law prohibiting quantitative restrictions on exports. The potential for anti-competitive conduct is the reason why opponents of extended protection warn of the possible closing-off of future market access opportunities for new enterprise, and potential uncertainty concerning continued use in existing markets. Cognizant of the recent decision concerning the use of 'Feta' cheese in Europe, agricultural and food producers worldwide are concerned that in the event a comprehensive model of protection is adopted, they might have to re-label products and forego names or words that are well known to their consumers.[124]

Fierce competition among nations for the most lucrative markets, a deep division between Europe and the United States as to the manner in which GIs

[121] E.g. Central America-Dominican Republic-FTA, Final Text, Chapter 15, Intellectual Property, http://www.ustr.gov/Trade_Agreements/Bilateral/CAFTA/Section_Index.html and EU Chile Association Agreement.

[122] Carsten Fink and Keith E. Maskus (eds), *Intellectual Property and Development* (World Bank and OUP, New York, 2005), Chapter 2 at 19ff.

[123] Microsoft – Article 82 of the EC Treaty – Antitrust – COMP/C-3/37.792 (2004) ECComm 12, 24 March 2004, http://www.worldlii.org/eu/cases/ECComm/2004/12.html (visited 13 June 2006).

[124] See Testimony of Senior Director, International Trade, Grocery Manufacturers Association, GMA Testimony on Free Trade Agreements, 18 June 2003, http://www.gmabrands.com/news/docs/Testimony.cfm?docid=1160 (visited 13 June 2006).

should be regulated, and a concomitant difference among WTO members that transcends the customary developed–developing divide are likely to ensure that the protection of GIs remains a contentious issue for some time to come. If the opportunities and risks, the benefits and burdens of continued harmonization of GIs are to be legitimately assessed in the light of the Doha Declaration, lawmakers should begin by having a better understanding of the project upon which they are about to embark.