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Geographical Indications in the 21st century – what, when and how?

A Critical Review of the Legal Framework for GI Protection and GI-Related Trade in the International Community

Summary
Internationally, Geographical Indications (GIs) are becoming increasingly recognized, and they play an important role for the economy in the EU and elsewhere. Nevertheless, the U.S. and a number of other countries strongly oppose GI protection, seeking to maintain the rules as limited as possible. This thesis analyses the current international legal framework for GIs, contrasts it against the legal framework in the EU and the U.S., and gives suggestions as to how the controversies in this field of international business law might be solved.

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Summary

Intellectual property is a very important type of asset in today's business world. Since business in the Western World grows increasingly based and dependent on know-how and technological development, intangible assets such as trademarks, copyrights and patents plausibly represent greater economic value to economic actors here than other, physical, assets do.

Although it is comparatively unknown, another category of intellectual property – *Geographical Indications* – shall be added to this enumeration. GIs are various indications (most likely, but not limited to, a place name) that communicate the geographic origin of the goods. Plausibly, the best well-recognised GI in the world is *Champagne*. GIs constitute yet another intellectual property tool by which economic actors can distinguish themselves and their goods from those of competitors. The possibility to do so becomes increasingly important as competition in the international business climate consistently grows fiercer. In addition, goods that are labelled with GIs sell at premium prices, enabling producers to obtain greater profits. GIs have also been identified as a means to encourage economic growth in developing countries.

Based on the notion of *terroir*, *i.e.* the idea that products with a certain geographical origin embody certain unique, desirable qualitative features, GIs are a type of collective monopoly. According to a strict adherence of the *terroir* principle, only products that have the specific geographic origin embody these special features, why only these products should be allowed to carry the GI in question. The EU is the world's primary proponent of GI protection, because countless European products benefit from GI labelling. The U.S. and others, on the other hand, strongly oppose GI protection, and GIs are provided a significantly weaker protection there than in the EU.

In essence, there is no international consensus regarding the protection that GIs are to be afforded. The principal international legal framework for GIs is TRIPs, but it seems as though neither side to the debate are satisfied with the present situation. The EU pushes for stronger international GI protection and recognition, while the U.S. et al. advocate limited protection (or no protection at all). These discrepancies in perspective result in the provisions concerning GI protection in TRIPs being inconsistently adhered to, which causes significant disharmony in the market. Producers of GI labelled goods in the EU see their GIs being used by producers in the U.S. every day, even though these producers do not have the prescribed geographical association with the GI region. It is asserted that this wrongful use of GIs cause producers in the EU to lose significant amounts of money. Consequently, it is important that the protection of GIs is becomes uniformly regulated, in order for producers to benefit fully from GIs' potential.

This thesis analyzes the current international legal landscape, and finds that the current rules are designed in a manner that allows GI-opposing countries to ignore all requests from the EU to provide better protection for GIs. The legislation in the EU and the U.S. concerning GI protection is also analysed and compared, finding that the different frameworks do not reciprocate; the EU affords GIs far-reaching protection, while the U.S. offers protection for a small number of GIs, based on regulations from primarily trademark law. Some of these differences are tended to by way of bilateral agreements that regulate trade in goods carrying a GI and stipulate rules that complement those found in *e.g.* TRIPs.

Thus, there are bi- and multilateral agreements as well as regional/domestic legislation for the protection of GIs. However, the inconsistent treatment of GIs undermines all possibilities for producers to benefit from such labelling. This is detrimental for developed as well as developing countries. Clearly, therefore, the frameworks by which GIs are protected need to be redesigned. Evidently, the EU will not desert its claims for GI protection easily, and the U.S. will not grant protection for GIs (which come primarily from Europe) without somehow benefitting itself. It is a delicate situation, and to establish uniform GI protection in the future will require much international negotiation. It is nevertheless imperative that the rules become harmonized and that they are adhered to, for producers of GI labelled goods and the countries in which these reside to be able to benefit fully from the economic aspects of GIs.

Sammanfattning

I dagens högteknologiska handelsklimat får immateriella rättigheter en alltmer framträdande roll, vilket har medfört att traditionella – fysiska – anläggningstillgångar kommit att förlora i relativt värde. Snarare än att basera lönsamhet på gripbara produkter, börjar företag att i ökad omfattning inse värdet av, och att fokusera på framtagandet av ytterligare, icke-fysiska tillgångar såsom *patent, varumärken, upphovsrätter* samt *mönster*- och *designrätter*.

Utöver dessa, relativt välkända och synnerligen etablerade immateriella instrument finns det andra rättigheter vars värde företag och producenter inte heller kan bortse från. Ett av dessa, på svenska kallat *Geografiska Ursprungsbeteckningar,* har på senare år vuxit avsevärt i betydelse, både i ekonomiskt avseende och i igenkänningsgrad. Det rör sig om beteckningar som i sig själva indikerar att de produkter på vilka de är fästa har ett visst geografiskt ursprung, vilket förmedlar en viss kvalitet och/eller andra egenskaper till den slutliga produkten. Den förmodligen mest kända geografiska ursprungsbeteckningen idag är *Champagne*.

Själva den rättsliga institutionen geografiska ursprungsbeteckningar är baserad på resonemang vilka gör gällande att enbart produkter med ett visst särskilt geografiskt ursprung kan besitta vissa kvaliteter eller egenskaper. Det är, vidare, just dessa (åtråvärda) egenskaper som gör att produkten i fråga – eller snarare, dess beteckning – förtjänar att skyddas mot felaktigt användande. Tanken är således att, liksom andra immateriella rättigheter, en geografisk ursprungsbeteckning skall vara ett sätt genom vilket producenter som rättmätigt producerar varor som bär en viss beteckning kan särskilja sig från konkurrenter och dessas varor. Att tillhandahålla producenter och andra aktörer på marknaden adekvata möjligheter att distansera sig från varandra är essentiellt för att skapa en fungerande marknadsekonomi, i vilken naturliga marknadskrafter ensamma avgör vilka som vinner eller försvinner.

På det internationella planet råder delade meningar om geografiska ursprungsbeteckningar, och huruvida de skall vara skyddade mot intrång i paritet med andra immateriella rättigheter. EU, tillsammans med Schweiz och ett antal utomeuropeiska stater, är de flitigaste förespråkarna för ett långtgående skydd. EU är i realiteten berett att låta geografiska ursprungsbeteckningar åtnjuta skydd t.o.m. mot andra immateriella rättigheter för de fall att dessa skulle vara på kollisionskurs (d.v.s. i situationer då en geografisk ursprungsbeteckning stod emot t.ex. ett varumärke inom ramen för en rättsprocess). Helt klart är alltså att EU och de andra staterna har insett det värde som geografiska ursprungsbeteckningar besitter, och att såväl producenter och företag som konsumenter kan dra nytta av ett strikt regelverk vars efterlevnad iakttas.

På andra sidan debatten finns USA, Canada, Australien och en del sydamerikanska länder. Dessa anser inte att geografiska ursprungsbeteckningar alls är ett lämpligt sätt att säkerställa producenters och konsumenters intresse av ekonomisk vinning och högkvalitativa produkter med ett säkerställt geografiskt ursprung. Således skyddas geografiska ursprungsbeteckningar avsevärt sämre – om alls – i dessa länder.

Det föreligger därmed avsevärda internationella meningsskiljaktigheter rörande geografiska ursprungsbeteckningar och det rättsskydd dessa skall åtnjuta. På en generellt plan finns WTO:s handelsavtal, TRIPs, vilket reglerar grundläggande frågor beträffande geografiska ursprungsbeteckningar. Vid en granskning av hur situationen är idag råder det dock inga tvivel om att bägge sidor av debatten finner TRIPs otillfredsställande och vill ändra reglerna, om än åt motsatt riktning. EU vill se ett ännu starkare skydd för geografiska ursprungsbeteckningar (och tillhandahåller ett sådant starkare skydd på den inre marknaden), medan USA starkt motarbetar just ett sådant förhöjt skydd. Denna diskrepans och bristande samstämmighet leder till att TRIPs regler tolkas och efterlevs olika i olika delar av världen, vilket skapar otillräcklig förutsebarhet och rättsosäkerhet på den globala marknaden. Dessa effekter är till nackdel för producenter såväl som konsumenter.

Det finns klara ekonomiska incitament att komma till rätta med dessa problem. Från rättssäkerhets- och konsumentskyddssynpunkt vore det också fördelaktigt om meningsskiljaktigheterna reddes ut. Denna uppsats utreder det existerande internationella juridiska regelverket, analyserar dess svaga delar och förklarar varför det tillåter bägge sidors argument att finnas sida vid sida utan att något kan sägas vara “mer rätt” än det andra. I tillägg kommer både EU:s och USA:s interna regelverk att analyseras, vartefter sidornas skillnader i perspektiv och resonemang angående geografiska ursprungsbeteckningar blir tydliga. Därefter behandlas bilaterala avtal, och deras kapacitet att överbrygga olika regelverks oförenlighet framhålls som en stark orsak att ta dylika avtal i beaktande när stater skall reglera inbördes handel med produkter som geografiska ursprungsbeteckningar. Slutligen presenteras ett antal förslag till förändringar i existerande regelverk, genom vilka en mer hållbar situation hade skapats. Inte förrän reglerna utformas på ett sätt som EU såväl som USA kan acceptera kommer geografiska ursprungsbeteckningar kunna bli den värdefulla immateriella tillgången den är. Vägen hit är lång och komplicerad, och USA är obenäget att delta i de målmedvetna satsningar som krävs, eftersom man menar att EU har mest att vinna. Detta verkar emellertid vara en sanning med modifikation, varför det är viktigt att EU tar initiativet till förhandlingar. Först genom långtgående samarbete kan det samförstånd som krävs för att geografiska ursprungsbeteckningar skall kunna leva ut sin fulla potential uppnås.

Preface

I owe Henrik Norinder, my supervisor and teacher, the deepest of thanks and appreciation. His never-ending support and encouragement greatly aided me in the process of writing this thesis. Henrik has also been both inspiring and mind teasing as a teacher; the role in which I first made his acquaintance. His ability to break things down and explain them pedagogically is truly outstanding and impressive. Thank you.

Aleksander Ivarsson also deserves recognition. He is a tremendously dear friend, with whom I have spent long hours wrestling legal problems. Indeed, with Aleksander as a teammate, the intellectual challenges of the Law School proved easier to overcome.

Finally, I would like to thank my family – Boel, Pelle, Tove et al., and Erik & Anna – for support, and for creating an incomparable sense of belonging. You mean the world to me.

Johan Flodgren
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Abbreviations

AOC	Appellation d'origine controlee (French traditional expression)
ATTTB	Alcohol and Tobacco Tax and Trade Bureau
CFR	Code of Federal Regulations
DSB	Dispute Settlement Body of the World Trade Organisation
EC	European Communities
Economic Actor	An umbrella term, used to identify all types of entities that partake in economic dealings in the market. Everything from individual, small-scale producers to multinationals are encompassed by it.
ECJ	Court of Justice of the European Union
EU	European Union
GI/GIs	Geographical Indication(s)
IGO/IGOs	Indication(s) of Geographical Origin
IP	Intellectual Property
IPRs	Intellectual Property Rights
NAFTA	North American Free Trade Agreement
PDO	Protected Designation of Origin
PGI	Protected Geographical Indication
TRIPs	The Agreement on Trade-related Aspects of Intellectual Property Rights 1994
TSG	Traditional Speciality Guaranteed
U.K.	The United Kingdom
U.S.	The United States of America
USC	United States Code
USPTO	United States Patent and Trademark Office
WIPO	World Intellectual Property Organization
WTO	The World Trade Organisation

"I ate his liver with some
fava beans and a nice Chianti"[1]

[1] Quote: Hannibal Lecter in *The Silence of the Lambs.* The question is whether he implies *Chianti*, as produced in the Chianti region in Tuscany, Italy, or just any red wine. In the contemporary world of *indications of geographical origin*, there is a lack of international consensus, regarding what the rules regarding the use of IGOs actually imply. A single indication is sometimes deemed to have different meanings, depending on in what part of the world it is used. Thus, the EU and the U.S. have diametrically different opinions regarding the origin a wine must have, in order to be labeled *Chianti*. In essence, from an American perspective, Dr. Lecter's choice of beverage implies merely a red wine of unparticular background and make, whereas from the European perspective, a wine carrying the indication *Chianti* equals an exclusive Italian wine from Tuscany.

1 Introduction

In the contemporary international and border-crossing trade environment, producers of almost all types of goods and services face stiff competition, from both local and foreign producers. The competitive landscape is dynamic and its consistent changes allow new players to arise. Thus, competitors that previously posed no threat, suddenly have to be taken into consideration. While producers find new outputs for their goods and services, competition grows consistently fiercer. This development forces all actors to increase efficiency, lower costs and reach economies of scale, as well as constantly keeping an eye on the emerging of new competitors in the market. Therefore, producers battle each other over the same global consumer markets, trying to obtain greater market share. Presently, in the era of ever-escalating globalization, goods, services, capital and know-how are continuously being sold, transported and distributed to new parts of the world. Geographic distance grows increasingly unimportant. Most of the markets in which producers today are present were previously unreachable as they were situated too far away and therefore unattractive from an economic point of view. These circumstances put pressure on international economic actors to adapt, and those who do not adequately adjust to the changing demands in today's business setting are quickly driven out of business.

From a legal perspective, the elimination of competitors is uncontroversial, as long as the competition adheres to the "rules of the game". Legal frameworks stipulate what can, and cannot, be done, when economic actors battle over market shares. This is true about competition on a national level, as well as in an international, border-crossing, business setting.

Therefore, business life – and all the various aspects of it – needs to be stringently regulated. This need for equitable business rules is the rationale behind the protection of IPRs, and the exclusiveness granted to right holders thereof. Adequate legal ways to label and protect goods, services and assets are indispensible for a functioning business climate. Without such regulations, business as we know it would be impossible, and the legal disharmony would undermine all possibilities for a well-tuned market economy. In such a malfunctioning business environment, all incentives to invest in research, product development and market expansion are effectively removed. Instead, economic actors risk having their goods and services usurped, counterfeited and free-ridden upon.[2]

[2] For a succinct and informative analysis of the underlying rationales for protection of patents and trademarks, *see* Ragnekar, 2002, p 11 – 13 (it does not seem as too far a stretch to maintain that many of the rationales brought forth by Ragnekar also underlie protection for copyrights, designs and trade names etc). For further reasoning along the same lines concerning protection of trademarks, *see* Economides, 1997, section 2, p 3 - 5. The author lists as a basic rationale for trademark protection their ability to "create incentives for firms to produce goods of desirable qualities", thus making consumers return to that specific trademark for future purchases.

Legislators, policymakers and economic actors are well aware of these issues, and have been so for centuries. Over the years, legal frameworks and trade custom have protected producers from unfair competition, and protected their goods, services and assets from free-riding etc. Producers have thus been able to defend their economic interests from illegitimate business conduct exercised by competitors. Legal regulations have ensured individual right holders the ability to profit from the value of their intellectual property and ownership rights.

However, "the global economy increases and international trade expands [...]", and this development creates a tangible need for countries to "negotiate various trade agreements with one another."[3] This is true in the field of intellectual property law, as well as other fields of business-related law. Today, IPRs are protected by national as well as international legal frameworks. Generally, inventions are protected as *patents*; and creative works might be protectable under *copyright* regulations. Exclusive rights to *trademark(s)* and *design(s)* can traditionally be obtained through a "registration", a "use" or the "making available [to the public]" of the trademark or design in question. These *intellectual property rights* are all legal constructions, and the protection for them is designed to ensure the existence of a functioning market, by safeguarding the (economic) interests of individual producers, inventors, designers and consumers. The rationale for protection remains the same, irrespective of if the market itself is local, regional, national or global.

Producers and their products can also be protected by labels of *Indications of Geographical Origin* (IGOs).[4] IGOs are certain types of labels that communicate to consumers that the product in question has a specific geographical origin. Similar to other IPRs, rules concerning the use of IGOs are found in both national and international legal frameworks.

This thesis concerns the international regulations concerning IGOs, as a specific niche of IP law. It analyzes the present difficulties of reaching international consensus on how, if at all, to provide protection for products carrying a certain IGO. Countries such as the U.S., Canada, Australia and Japan stand on one side of the debate, maintaining diametrically different views on the matter than the EU, and many countries in Asia, Africa and other parts of the developing world do.

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[3] Lindquist, 1999, at 309.

[4] For pedagogical as well as simplistic reasons, the term "IGO" is used as an umbrella term in this thesis, encompassing *indications of source* and *appellations of origin,* as well as *geographical indications*. This reciprocates the manner in which IGO is used by the WTO Secretariat. *See*, WTO, 2001, p 5, paragraph 6.

1.1 Purpose

This thesis examines internationally relevant legal frameworks for IGO protection, as well as regulations governing their trade, for the purpose of analysing the adequacy of these rules. Since IGOs represent remarkable business value, it is imperative that the regulations that govern these various aspects of IGOs are satisfyingly designed, agreed upon and adhered to. Presently however, international disagreement concerning IGOs has led to an unsustainable situation, where neither the countries in favor of stringent IGO regulations, nor those in opposition thereof, are pleased. This thesis gives account of the current situation, and identifies possible ways to regulate IGO protection and trade in the future.

1.2 Method and Material

In order to determine whether the legal frameworks that protect IGOs and that stipulate rules regarding trade in goods that carry them are adequate, a detailed account of a number of international as well as regional legal instruments on the area is provided. Furthermore, certain bilateral agreements entered into by the EU are reviewed. Case-law regarding this field of international Intellectual Property has not been focused on, as it does not bring more clarity to the situation. Rather, particular weight has been placed on law review articles, since this is the primary source of information when examining this field of law. However, it shall be noted that most scholars either are European, or for other reasons take on an IGO-supporting approach. It has therefore been difficult to find as many arguments in support of the U.S. approach in this matter, as arguments in support of the EU's cause. Consequently, the situation might seem unbalanced, and as though the EU approach has more and better arguments to support it. However, such conclusions shall be drawn with caution, since it is plausible that the EU feels that more is at stake in this matter than the U.S. does. Unsurprisingly therefore, scholars in the EU and scholars in other countries that share their perspective on IGOs, are more actively advocating stronger and more far-reaching protection, and more actively try to pierce the arguments of the other side.

1.3 Delimitations

In order to present a comprehensive and sufficiently encompassing picture of the international legal framework for IGO protection, and rules regarding trade in IGO labelled products, this thesis contains analysis of global frameworks (which today primarily constitutes of TRIPs), as well as frameworks from the EU and the U.S. These documents together create a suitable foundation, upon which to conduct further analysis of the controversies surrounding IGOs. Although they might also be of interest, other countries' domestic rules have been excluded, such as rules governing

GIs in European countries and in India. It would add little value the thesis to include also analysis of such legislation, since the EU at large and the U.S. are the toughest advocates for increased or decreased IGO regulations, respectively. Hence, it is essential, but also sufficient, to understand the regulations from the EU and the U.S., as well as the international legal framework.

The same reasoning applies to the section dealing with bilateral agreements. There are innumerable other bilateral agreements that regulate IGO protection and trade, but it would unnecessarily burden the thesis to include additional other agreements than those three that are commented. The idea is to provide the reader with an understanding of how bilateral agreements can be beneficial for regulating IGOs, rather than giving an account of what the agreements themselves stipulate. To recognize the fact that bilateral agreements are incomparably more flexible than multilateral agreements does not require additional examples than those provided. In addition, plurilateral agreements with rules regarding IGO protection and trade have been excluded, because the focus of the thesis is placed on *trade union/country-to-country* dealings. Therefore, agreements such as NAFTA have been excluded, even though plurilateral agreements can also contain rules relating to IGOs.[5]

Most case law on the area of GIs has also been left out. There are various reasons for this. First, this area of international business law is still quite new and unexplored. The case-law is therefore limited. Furthermore, the controversies regarding IGOs are usually caused by *political* disagreement, rather than uncertainties following ambiguous legal frameworks (even though there are, indeed, aspects of IGO regulations that are somewhat unclear). Thus, case-law in this field of law does not have the fundamental importance as tool for clarifying the meaning of the Law. Therefore, adding available case law to the thesis would not significantly benefit the reader in the process of gaining an understanding of the subject.

Finally, the thesis does not examine whether EU Member States' domestic regulations concerning GIs are compatible with existing EU legislation on the area.[6]

1.4 Disposition

The thesis is divided into a few separate, but related, parts. Initially, in chapter 2, IGOs as such are identified, and a detailed review of the most important international legislative documents for their protection is provided. Chapter 3 contains analysis of the regulations for IGOs in the EU

[5] *See, e.g.* NAFTA, Article 1712, as well as Annex 313, which stipulates that the parties to NAFTA shall recognize certain "Distinctive Products" originating in the another party. *Tequila* and *Mezcal* from Mexico are such products.
[6] For a thorough analysis of this issue, *see* Bently & Sherman, 2006.

and in the U.S. Thereafter, in chapter 4, the concept IGO is more thoroughly dissected, and focus is placed on the rationale for their protection.

Chapter 5 places focus on the actual schism between the EU and the U.S., by an analysis of arguments presented by each bloc as to why IGOs should – or should not – be protected. The following chapter, chapter 6, concerns bilateral agreements. These are contrasted to ordinary international treaties, in this case TRIPs, and a number advantages and disadvantages associated with each type of framework are presented. Finally, chapter 7 highlights where the problems lie today, and presents a number of ideas as to what shape international regulations for IGOs can take on, in order for them be universally acceptable.

2 What is a GI?

2.1 Background on GIs and the rationale for their protection

Patents, copyrights, trademarks and designs have traditionally been the most commonly used instruments for maintaining exclusivity to particular business assets. Countless domestic and international legal frameworks have afforded producers exclusive rights to these various IPRs over the years, and every developed country has regulations concerning the protection of them.

IPRs have certain intrinsic abilities, one of which is to communicate to consumers the commercial origin of a good or service. This ability to identify source also enables an IPR to convey information regarding quality, exclusiveness and probable pricing of the goods or services, in addition to conferring potential social and political proclamations from the producer.[7] Furthermore, the different IPRs shelter the rights of individual producers, by preventing competitors from infringing the exclusive rights connected to the goods and services in question.

In order to communicate commercial origin effectively, producers have to distinguish themselves and their goods from those of others. Historically, this was usually accomplished by the employment of trademarks. Through trademarks, producers identified the origin of their goods or services. If these goods or services were of high quality, the trademark under which they were provided attained "commercial attractiveness" and inferred a sense of desire in the minds of consumers.[8] Consequently, demand for the goods of high quality rose, which enabled the producers thereof to reap greater economic benefits than producers of goods of lesser quality. The same is true for the development of IGOs. Producers of various types of goods in ancient Egypt and Greece profited from the fact that their products carried a label indicating its geographical origin.[9]

However, the difference between a product's *commercial origin* (conveyed via trademarks), and its *geographical origin*, has not always been rigidly maintained. Examples of products where the commercial and geographical origins were indistinguishable – at least initially – are swords from Bizen, Japan, and violins from Cremona, Italy. Here, the commercial and geographical origin intimately interacted, and the superior quality of the

[7] Some examples of this include: high-end designer trademarks like *Gucci, Versace* etc., believed to be of exceptional quality, thus selling at prices well above those of most other clothing manufacturers. Trademarks and labels that communicate information of more social or political nature are companies and organizations such as *Greenpeace, Amnesty, WWF* etc. In Sweden, information regarding products' (health promoting) contents can be communicated to consumers using a "key hole" marking on the products' packaging.
[8] Blakeney, 2001, p 629 - 630. *Also* Ragnekar, 2004, p 29.
[9] EU, 2003, p 3.

final product was ascribed both of them.[10] "The town of Cremona became famous for violins, as did Stradivarius, […] designating a single Cremona violinmaker […]".[11]

IGOs have mostly been used on *agricultural* products, but also products belonging to the "artisanal and handicraft sectors" have at times carried protected IGOs.[12] It is the product's geographical origin, not the nature of the product as such, that determines whether it will be able to carry an IGO. Stated differently, the crucial point is that the product originates from a country, area or region that possesses *terroir*, which is later duplicated in the good itself.

The notion of *terroir* is the most important and most fundamental rationale for all regulations and protection for IGOs. It has been described as a type of land-quality nexus, by which the final product receives unparalleled quality.[13] *Terroir* has been described as the "*non-geographic characteristics of the product linked to the product's geographic provenance*".[14] Proponents of protection for IGOs maintain that goods that originate from certain geographic areas, which possess *terroir*, obtain a quality that cannot be replicated elsewhere. "[N]o one outside the locale can *truly* make the same product",[15] which is a logical consequence of the circumstance that only a specific, delimited geographical region has the particular *terroir*.[16] Accordingly, products that do not originate from the delimited geographic area simply do not embody the quality implied by the IGO, since they do not come from the delimited area with the certain *terroir.* This reasoning implies that no other line of products can rightfully carry the IGO referring to the geographical area with the *terroir* in question. This fact remains the same even though the other products may be identical or very similar to the products that carry the IGO.

Clearly, IPRs are protected for a multitude of reasons, which all have economic bearing. Furthermore, protection can be based on a notion of consumer protection. It is proposed that if the exclusiveness and stringent

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[10] *See,* Hughes, 2006, p 300. It is proposed that the goodwill related to Stradivarius' violins related equivalently to Stradivarius as trademark, and to Cremona as geographical origin, where several first-class violins were manufactured. The building up of such goodwill happened more or less simultaneously, for the trademark as well as the IGO.

[11] Op. Cit, p 300.

[12] Ragnekar, 2004, p 29. For examples of non-agricultural products carrying and IGO, *see* Addor & Grazioli, 2002, p 865.

[13] The French word *terroir* is not easily translated into English. The online version of the Merriam-Webster Dictionary defines the expression [*gout de*] *terroir* as "taste of the earth". Professor emeritus, Josling, explains the concept of terroir as the "essential link between the location in which a food or beverage is produced and its quality […]". *See,* Josling, 2006, p 2.

[14] Hughes, 2006, p 352. Emphasis included in original.

[15] Op. Cit, p 301.

[16] Op. Cit, p 358 – 359. EU scholars consider *terroir* something entirely unique, impossible to duplicate, create artificially or find elsewhere. It is worth recognizing the "economic benefits" producers may experience if their products are incorrectly considered to embody *terroir*. *See* Hughes, 2006, p 301.

use of IPRs is adequately enforced, any *misleading of consumers* will be effectively prevented. And by keeping IPRs exclusive, producers will be protected from measures of *unfair competition*.[17] The EU consistently strives to ensure (and further expand) the protection for IGOs. This strive becomes self-explanatory when the economic significance of IGOs in the EU is identified.[18]

2.2 The Paris Convention

The first international legal framework that protected IGOs was the Paris Convention.[19] Until then, IGOs had only been protected by way of national legislation, with France setting the standards. Already in 1824, France enacted an appellation law that gave "producers their first proprietary interest in geographic indicators."[20] However, laws with equivalent effects had existed already several centuries earlier.[21] Nevertheless, as "commerce expanded in the 19th century", it become evident that protection for GIs afforded merely on a national basis was insufficient, which set the stage for the Paris Convention.[22]

The Paris Convention refers to other IPRs than IGOs as well. In the field of IGOs, however, it was a tremendous leap forward. The convention introduced new terminology, by the two expressions *indications of source* and *appellations of origin*.[23] These idioms are not synonymous, and they apply to different types of indications. *Indications of source* merely convey a certain geographical origin of the good. No further aspects of the good, such as quality etc. are required, and hence, indications such as "made in..." are covered by the definition.[24] The latter phrase, *appellations of origin*, has stricter prerequisites regarding the nature of the good, stipulating that it

[17] *See, e.g.*, Zacher, 2005,at 431. *Also*, Das, 2008, p 471 (although Das uses the two mentioned justifications specifically in relation to GIs, not IPRs in general).
[18] Several detailed pieces of information are available in EU, 2003, *Why Do Geographical Indications Matter to Us?*. S*ee*, in particular, EU 2003, p 2. The message is obvious; GIs have paramount significance on the EU economy. Even though the figures were presented in 2003, there is no reason to believe that they have become obsolete and unrepresentative of the situation.
[19] The official name of this convention is the *Paris Convention for the Protection of Industrial Property of March 20, 1883* (the Paris Convention). It has been revised and amended on several occasions since its coming into force.
[20] *See,* Lindquist, 1999, at 312, and Murphy, 2004, at 1190. The first IGO to be legally protected in France by domestic legislation was, not surprisingly, Champagne. *See* Guy, 2003, p 8.
[21] Hughes, 2006, p 306. *See,* in particular, the references made in footnote 30.
[22] Commission, 2007, p 2.
[23] The Paris Convention, Art 1 (2) reads as follows:
"*The protection of industrial property has as its object […] indications of source or appellations of origin, and the repression of unfair competition.*"
[24] Addor and Grazioli define *indications or source*:
"*Any expression or sign used to indicate that a product or a service originates in a country, region or a specific place, without any element of quality or reputation.*" (emphasis in original). *See* Addor & Grazioli, 2002, p 867.

must have certain features resulting from natural or human involvement.[25] Thus, whereas every valid *appellation of origin* also is an *indication of source,* the opposite is not true.

Article 10 is the most important stipulation in the Paris Convention for international protection of IGOs. By signing the convention, Member States agree to stop "importation" of any goods bearing a "false indication of [...] source", or to seize the goods in question.[26] However, this rule applies only to situations where the indication is indeed "false", in the meaning that a producer has wrongfully labelled his or her products with the contested indication. Such labelling is "false", in that it potentially misleads consumers. Hence, when products carry a specific indication, which incorrectly communicates a certain origin, consumers risk being misled. The Paris Convention categorises this use as "false".[27]

The Paris Convention entails yet another possibility to prevent wrongful use of indications. Art 10*bis* bans any conduct that constitutes unfair competition. Although it is uncertain, this ban might also encompass situations when there is no real risk that the use of a "false" indication misleads consumers. If so, the proscription of unfair competition includes also use, which is in itself "fair", in that it does not mislead consumers, but which is nevertheless prohibited, since it is not truthful.

The large number of signatories of the Paris Convention makes it a successfully enacted international legal document. Most importantly, the U.S. has signed it.[28] However, it is claimed that one important reason for it to have many signatories is that the Paris Convention stipulates only weak protection for IPRs, and an especially limited protection for IGOs.[29] Even though the obligations stipulated by the Paris Convention seem adequate at first, it has been argued that they are, in fact, quite lax and insufficient.[30]

2.3 The Madrid Agreement

In 1891, within the decade after the implementation of the Paris Convention, the Madrid Agreement was adopted.[31] It stipulates a higher level of

[25] The Paris Convention, Art 1(2), enumerates the "objects" to which the protection it grants shall apply; *indications of source* and *appellations of origin* are listed therein, along with other IPRs. *See,* Lindquist, 1999, at 312.
[26] The Paris Convention, Art 10 (1), refers to Art 9, in which seizure upon importation is stipulated. If the law in the country of importation does not allow seizure at the border, importation shall instead be prevented all together, or be substituted by a seizure of the goods, "inside the country". *See* the Paris Convention, Art 9 (1), and (5).
[27] The Paris Convention, Art 10 (1), does not refer to *appellations of origin* at all, but it is understood that such labels also fall under its scope. *See,* Commission, 2007, p 3.
[28] Torsen, 2005, at 34.
[29] Rose, 2007, at 747. *See also,* Goldberg, 2001, at 112.
[30] For further discussion, *see* Hughes, 2006, p 311.
[31] The official name of this international agreement is the *Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods of April 14, 1891* (the

protection for *indications of source* on wine ("products of the vine"), than the Paris Convention does.[32] In other aspects, however, the treaties are quite similar.

As the signatories of the Paris Convention, each party to the Madrid Agreement is obliged to seize goods bearing a false *indication of source* on importation, or completely prevent the importation of such goods if subsequent seizure cannot be performed.[33] In addition, the parties shall prevent the use of indications "capable of deceiving the public as to the [geographic] source [...]" of the goods, when they are being marketed.[34] Lastly, the Madrid Agreement also prohibits any use of *indications of source* that might eventually render the indications generic due to dilution.[35]

However, it is possible that certain indications are *already* generic in individual Member States. The courts of individual members of the Madrid Agreement must decide whether that is the situation. If so, that country is exempt from obligations to protect the indication in question.[36]

Regardless of (or, maybe, due to) the increased level of protection afforded *indications of source*, the Madrid Agreement has but few signatories. Today, some one hundred years after coming of force, only 35 countries have signed the Madrid Agreement, and the U.S. is not one of them.[37] This small number of signatories, and the absence of the U.S. makes it, in reality, a quite edgeless document.[38]

2.4 The Lisbon Agreement

In the late 1950's, a new international legal framework that concerned IGOs was adopted: the Lisbon Agreement.[39] Similar to the Paris Convention and

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Madrid Agreement). Revisions of, and additions to, the Madrid Agreement have been conducted on different occasions since then.

[32] The Madrid Agreement, Art 4.

[33] The Madrid Agreement, Art 1.1 and 1.3, which read as follows.
"1 (1) All goods bearing a false or deceptive indication by which one of the countries to which this Agreement applies, or a place situated therein, is directly or indirectly indicated as being the country or place of origin shall be seized on importation into any of the said countries."
"(3) If the laws of a country do not permit seizure upon importation, such seizure shall be replaced by prohibition of importation."

[34] The Madrid Agreement, Art 3*bis*.

[35] Goldberg, 2001, at 113.

[36] However, this rule does not apply to *indications of source* referring to "products of the vine". *See* the Madrid Agreement, Art 4.

[37] *See,* WIPO, http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=3, last visited 2009-10-06.

[38] Goldberg, 2001, at 114.

[39] The official name of this international agreement is *Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of October 31, 1958* (the Lisbon Agreement). It has been revised and amended on later occasions.

the Madrid Agreement, the Lisbon Agreement is administered by WIPO.[40] Described as "the most serious attempt to achieve effective and enforceable international protection" for IGOs, it concerns *appellations of origin*.[41] However, unlike the Paris Convention, the Lisbon Agreement gives an actual definition of this term.[42] Unique for this definition are the unprecedented requirements of stringent association between the *product*, its *origin*, and the product's *quality* <u>*and*</u> *characteristics.* Furthermore, the quality and characteristics are to be due "exclusively or essentially to the geographical environment, including natural and human factors."[43] Previous legal documents had not imposed such sophisticated requirements for IGOs to obtain protection, and this definition differs much from that of *indications of origin* found in the Paris Convention.[44]

Furthermore, also contrasting to previous legal documents concerning protection for IGOs, the Lisbon Agreement provides equal shelter for *all* valid *appellations of origin.* For an indication to be valid under the Lisbon Agreement, it must be registered.[45] Thus, after their registration, all *appellations of origin* enjoy the same protection "against any usurpation or imitation", irrespective of to what type of products they apply.[46]

This all-encompassing high level of protection provided under the Lisbon Agreement is groundbreaking. Article 3 explicitly stipulates that protection shall be afforded against "any usurpation or imitation", which means that only products that truly originate from the indicated geographical region are allowed to carry that specific *appellation of origin*. Therefore, if a product carries an *appellation of origin* that implies that it has another geographical origin than it truly does, the use is wrongful. Since it is wrongful, continued use is prohibited under the Lisbon Agreement. Even if the product carries additional markings, indicating its true geographical origin, the use of the *appellation of origin* is prohibited. Nor does it matter if the *appellation of origin* is used in "translated form" or together with words such as "'kind', 'type', 'make'", since all wrongful use is prohibited.[47]

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[40] For an overview of which international treaties, on the area of IGOs, that WIPO administers, *see* http://www.wipo.int/geo_indications/en/treaties.html, last visited 2009-10-07.

[41] Calboli, 2006, p188.

[42] The Lisbon Agreement, Art 2 (1), reads as follows:
"In this Agreement, "appellation of origin" means the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors."

[43] The Lisbon Agreement, Art 2.

[44] *See*, supra section 2.2. Within the scope of the Paris Convention, indications such as "made in…" qualify for protection. The Paris Convention stipulates no requirements as to, *e.g.*, quality of the product carrying the *indication of origin.*

[45] Examples of well-known registered *appellations of origin* include "Bourdeaux", and "Tequila". *See*, WIPO, 2000, p 6.

[46] The Lisbon Agreement, Art 3.

[47] The Lisbon Agreement provides an extraordinarily far-reaching protection, paralleled only by that afforded by TRIPs, Art 23, in relation to *geographical indications* for wines and spirits. *See infra*, section 2.5.4 for further elaboration on the implications of TRIPs, Art 23.

Clearly, the protection afforded by the Lisbon Agreement is very strict and far-reaching. The creators sought and succeeded to create a protection equivalent to that which was afforded to trademarks. This meant that once an *appellation of origin* was registered, it had absolute protection from infringement.[48] This high level of protection seems to have prevented many countries from signing the Lisbon Agreement. Indeed, this is the reason why the U.S. has not signed it.[49]

2.5 TRIPs

2.5.1 Establishing TRIPs and defining GIs

TRIPs is the most recent international legal framework on the area of IGOs, and it is indubitably the most important instrument for their protection.[50] Negotiated at the end of the Uruguay Round, and referred to as the "most comprehensive multilateral agreement on intellectual property", TRIPs constitutes one of the fundamental parts of the WTO Agreement itself.[51] It was adopted as an effort to "provide greater intellectual property protection, reduce barriers to trade, and provide more effective enforcement and dispute settlement procedures" in the area of international trade.[52] Being a part of the fundamental WTO Agreement, TRIPs is binding on all 153 WTO Member States.[53]

TRIPs contains provisions relating to several different IPRs and affords them an internationally acknowledged protection.[54] The required protection, however, constitutes but a bare minimum. Member States that wish to provide stronger protection for IPRs in their domestic legislation do so at their own discretion.[55] In the field of IGOs, TRIPs introduces the never before seen term *Geographical Indication* (GI).[56]

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[48] Goldberg, 2001, at 114.
[49] Op. Cit, at 115.
[50] The official name is the *Agreement on Trade-Related Aspects of Intellectual Property Rights*, (TRIPs). TRIPs was negotiated in 1986 – 1994, during the Uruguay Round, and entered into force on January 1, 1995. It constitutes Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization. For general information regarding TRIPs, *see* http://www.wto.org/english/tratop_e/trips_e/intel2_e.htm, last visited 2009-10-07.
[51] http://www.wto.org/english/tratop_e/trips_e/intel2_e.htm, last visited 2009-10-07.
[52] Land, 2004, at 1010.
[53] TRIPs, Art 1. *See,* http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm, last visited 2009-10-07.
[54] Goldberg, 2001, at 116. The author enumerates IPRs such as "copyrights and related rights, trademarks, geographical indications, industrial designs, patents, and layout-designs of integrated circuits.". *Id.*
[55] Torsen, 2005, at 37.
[56] TRIPs, Art 22 (1) defines GIs:
"Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin."

The developed countries were generally in agreement regarding the provisions for protection of IPRs in the negotiations preceding TRIPs. However, agreement ended when TRIPs, Articles 22 – 24, which refer exclusively to GIs, were discussed. The U.S., among others, strongly opposed the way the EU and other GI supporting countries wanted to design these provisions. Indeed, the U.S. opposed the provisions altogether.[57] The final result is a compromise of these opposing wills, and the inclusion of these provisions in TRIPs is the result of diligent efforts by EU representatives during the negotiations.[58] The main reason for the controversy was that the U.S. does not have rules that protect GIs in the manner that EU legislation does. Therefore, the provisions in TRIPs protecting GIs differ significantly from the rules that safeguard the equivalent to GIs in the U.S.[59]

The definition of GIs in TRIPs is the latest international accepted definition of an IGO, and it has both similarities and differences when compared to previously established IGOs. GIs do not resemble *indications of source* or *appellations of origin* as found in the Paris Convention and the Madrid Agreement, but they have much in common with *appellations of origin*, as defined in the Lisbon Agreement. [60]

Although the definition of *appellations of origin* in the Lisbon Agreement resembles that of GIs the most, there are still some important differences. First, GIs and *appellations of origin* differ, in that GIs need not specifically be the name of a geographical place, as long as they are "indications which identify a good as originating in the territory of a Member [...]". *Appellations of origin,* in contrast, are always the "geographical name of a country, region, or locality [...]".[61] Furthermore, unlike the Lisbon Agreement, TRIPs does not expressly recognize *human factors*, as being capable of giving goods the quality, characteristics or reputation they need to obtain legal protection.[62] On the other hand, TRIPs protects GIs on goods that merely have a *reputation,* whereas the Lisbon Agreement requires quality and characteristics in conjunction. GIs are therefore, in effect, a broader concept than *appellations of origin,* as defined in the Lisbon Agreement.

[57] Murphy, 2004, at 1186 – 1187.
[58] Montén, 2006, p 323.
[59] Protection of IGOs in the U.S. is derived from domestic rules relating to (protection of) trademarks. This differs significantly from the schemes found in *e.g.*, the EU, and several individual Member States thereof, where protection is established by way of *sui generis* legal measures. *See also*, Ibele, 2009, p 39 – 43.
[60]The definition of GIs is based on the Lisbon Agreement's definition of *appellations of origin,* found in Art 2. *See,* WIPO, 2000, p 6.
[61] *Appellations of origin* have to be a "geographical name of a country, region, or locality", whereas GIs are "indications which identify a good", which not necessarily have to be place names. *See,* Ibele, 2009, p 40.
[62] It is suggested that human factors in the production stage might also create *quality, reputation or other characteristics*, when GIs are defined and interpreted broadly. This is a result of the circumstance that "human factors", as such, were not explicitly denied such capability during the pre-TRIPs negotiations. *See* Hughes, 2006, p 315.

The *geographical* aspect of the definition of GIs, *i.e.* the "land-quality nexus" described as *terroir*, implies that only products from certain delimited areas embody the features that the GI requires. All other goods, from all other geographic origins, lack the required quality, characteristics or reputation. Therefore, no other producer is entitled to carry the GI in question; every producer outside the specific region is to be excluded from possibilities to use the GI.

2.5.2 GIs in TRIPs: Articles 22 – 24

TRIPs created the concept *geographical indication*, and three of its articles relate exclusively to GIs. In summation, the articles are:

- Article 22. This article contains a number of basic provisions, applicable to *all* GIs. The article provides a universal definition of the concept, thus relating to GIs irrespective of what type of goods they refer to. In addition to providing this definition, the article also outlines the fundamental standards for their protection.
- Article 23. This article contains provisions that are applicable only to GIs for *wines* and *spirits*. These types of GIs are provided a stronger protection than GIs for other goods, which are protected under Article 22 only.
- Article 24. This article obligates TRIPs signatories to partake in future negotiations, in an effort to extend the stronger protection found in Article 23, to all GIs. Furthermore, this article prescribes certain exceptions to the obligation to provide protection for GIs.

2.5.3 TRIPs, Art 22

Article 22.1 provides the fundamental definition of GIs, and it is the first provision in TRIPs that refers singlehandedly to GIs. This definition applies to *all* GIs, irrespective of what type of goods the GI itself refers to.

All indications have to meet certain requirements, in order for them to function as GIs in the eyes of TRIPs. The indications must relate to a *certain good* with a *certain origin,* due to which the good in question has obtained *certain quality, reputation or characteristics.* From the wording of the definition, some conclusions regarding certain aspects of GIs can be derived.

First, TRIPs prescribes that GIs can only refer to goods. Services do not fall under the scope of protection that TRIPs stipulates.[63] However, TRIPs does

[63] *See,* Ragnekar, 2002, p 17, for a comprehensive and thorough discussion whether services are included in the provisions on GIs in TRIPs. According to the author, such an interpretation cannot be done, based on the preceding negotiation during the Uruguay Round.

not distinguish between *different* types of goods, which implies that all goods are equally able to carry a protected GI, irrespective of whether they are agricultural, natural or manufactured.[64]

Secondly, GIs need only be able to *imply* the origin of the good in question, which can be done in several manners. Under TRIPs, the GI itself does not have to be a geographical place name; rather the GI can be made up of "words/phrases, iconic symbols and emblems, scripts and pictorial images, etc."[65] This is a distinct difference between *appellations of origin* in the Lisbon Agreement and *GIs* in TRIPs.[66]

Thirdly, GIs can only apply to goods of a certain *quality*, *reputation* or *other characteristics*. These features are optional, and not cumulative. This means that they are each, in themselves, a "sufficient but indispensable condition for the existence of a GI."[67]

The above listed conditions apply to all GIs. For protection under Article 22 to come into effect, all three conditions must be met.[68]

Article 22.2, then, requires that all Member States equip "interested parties" with adequate "legal means" to protect their rights to any GI that they have the right to use. Such ability shall be granted by way of national legislation. It is thus a question of TRIPs prescribing that producers who rightfully label their goods with a GI shall be able to enforce the exclusivity following from the GI itself. If they could not, non-privileged producers would be able to use the GI unlawfully. By ensuring enforcement of GI-exclusivity, non-privileged producers are prevented from creating the impression that their goods originate from the GI-specific region, and that their goods embody the specific features (*terroir*) of the goods that legitimately carry the GI.

TRIPs prohibits such wrongful use of GIs on the rationale of consumer protection. According to Article 22.2, TRIPs shall prevent the *public from being misled* as to the origin of the goods. Therefore, only when the use of a GI does not potentially mislead the public will it be permitted. In addition to the consumer protection focus, TRIPs prescribes that any use of a GI that amounts to *unfair competition* according to article 10*bis* of the Paris Convention shall be prevented, which is thus a protection for producers.[69]

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[64] Ragnekar, 2002, p 16.
[65] Ragnekar, 2004, p 10.
[66] *See,* The Lisbon Agreement, Art 2 (1) for the definition of *appellations of origin. Also infra*, section 2.4.
[67] Addor & Grazioli, 2002, p 869.
[68] Nevertheless, indications that do not meet the requirements in TRIPs will probably still fulfill the prerequisites for protection under, *e.g.,* the Paris Convention.
[69] TRIPs, Art 22.2.a-b read as follows:
22. 2. In respect of geographical indications, Members shall provide the legal means for interested parties to prevent:
(a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good;

TRIPs, Article 22.3, contains provisions that regulate the relationship between trademarks and GIs. GIs are afforded a far-reaching protection, and are occasionally protected on trademarks' expense. The principle upon which Article 22.3 is founded is that of preventing the public from being misled, similar to Article 22.2.a. GIs are protected against trademarks that *contain* or *consist of* the GI in question, and certain remedies shall be available, either "ex officio", or at the "request of an interested party [...].".[70] Member States shall "refuse or invalidate the registration", if the use of such trademarks risk misleading the public as to the "true place of origin" of the good.[71]

Lastly, Article 22.4 stipulates rules relating to use of deceptive GIs. Although a GI may be "literally true as to the territory, region or locality", it may nevertheless deceive the public, if it is used on certain goods. This provision refers to *homonymous* GIs, which are GIs that are spelled and/or pronounced identically. If the GI is put on goods as to make it "falsely" represent its origin, such use of the GI is prohibited.[72] [73]

2.5.3.1 Circumvention of the consumer protection afforded by TRIPs, Art 22.2.a

The underlying rationale of Article 22.2.a is to prevent *misleading* practices. Thus, this provision has a clear consumer protection focus, and it ensures that the public is correctly informed of the origin of the goods. By preventing goods from carrying incorrect GIs, Article 22.2.a aims at reducing misinformation of consumers, thus countering ignorance, uncertainty and deception. Hereby, the risk of the public being misled is minimised.

However, the protection provided for GIs in general under Article 22.2 is relatively modest and easy to circumvent. Since the objective of Article 22.2.a is to prevent *the public from being misled,* every use of GIs which is *not misleading* falls outside the scope of the article. Thus, the protection afforded by Article 22 is not triggered when a GI is accompanied by a *corrective label*, even though the use of it as such is unlawful. Corrective labels are certain terms, which indicate that the good carrying the specific GI actually does not have the geographical origin represented by the GI.

(b) any use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention (1967).

[70] TRIPs, Art 22.3.

[71] TRIPs, Art 22.3 *in fine.*

[72] An example provided by Goldberg, 2001, at 120 – 121 refers to the scenario that a clothes manufacturer in Paris, Texas, uses the GI "Paris" on his or her clothes. Although literally true, the GI would potentially mislead the public to believe that Paris in this case referred to France.

[73] Homonymous GIs are also regulated in Article 23.3. That provision only refers to GIs for wines, and is slightly more permissive than Article 22.4.

Examples of terms that TRIPs acknowledges as corrective labels are the words “style”, “type” and “imitation”.[74]

As an example, the GI *Roquefort* may be used by cheese producers in *e.g.* Norway, if it is accompanied by a corrective label. Thus, *Roquefort-style cheese, produced in Norway* is presumed to not mislead the public due to the corrective label. Therefore, the burden of proof lies on the economic actor that has the “correct” geographic association with the GI, if he wishes to prevent others from using it. In other words, the economic actor has to prove that consumers actually have been misled, in order to prevent producers from other regions from further using the GI. This burden of proof differs from, *e.g.* that which trademark holders are subject to when seeking to stop infringement. Unmistakably, producers of GI labelled goods face great challenges if they initiate such action.

2.5.4 TRIPs, Art 23

The second Article in TRIPs relating to GIs is Article 23. Unlike the all-encompassing provisions of Article 22, Article 23 is only applicable to GIs for *wines* and *spirits*. Thus, GIs for *e.g.* ham and cheese are not covered by TRIPs Article 23.

The purpose of Article 23 is the same as that of Article 22, but the articles are structured differently. The obligations for WTO Member States to protect wines and spirits are far-reaching, and Article 23 proscribes a higher level of protection than Article 22 does for other types of goods.

Initially, Article 23.1 stipulates that all Member States must provide sufficient “legal means” for “interested parties” to prevent any use of GIs for wines and spirits “identifying [wines or spirits] for [wines or spirits] not originating in the place indicated by the geographical indication in question [...]”.[75]

Although the language in Article 23 resembles that of Article 22, the two articles have several differences. Article 23.1 refines the protection for GIs compared to the basic protection laid down in Article 22, in relation to wines and spirits. The quintessence of the difference in protection afforded

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[74] Since the use must constitute a false misrepresentation to be prohibited, TRIPs would not prevent use of the GI “Roquefort” on a cheese which was not made in the Roquefort region, as long as the GI is used in conjunction with a corrective label. To illustrate, “Roquefort-style cheese from Norway” is a fully legitimate cheese labeling according to TRIPs. *See* Addor et al., 2003, p 27.

[75] TRIPs, Art 23.1. The reinforced protection is defined:
Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation" or the like.

to *all* goods by Article 22, and that which is afforded to *wines* and *spirits* only by Article 23, lies in the fact that the first article merely prohibits a use of GIs that *misleads the public* or constitutes *unfair competition*. As already explained, under Article 22, corrective labels are considered capable of rendering otherwise objectionable use of GIs legitimate. Article 23 regulates the situation entirely opposite. Unlike other GIs, GIs for wines and spirits are provided an *absolute* protection. That means that the protection is consistently applicable, and not just in situations where "misleading or unfair practices" makes the use of the GI unlawful.[76] Article 23 unconditionally prohibits GIs for wines and spirits from being put on wines or spirits with other geographical origin than that which is indicated by the GI. Hence, the protection under Article 23 is not contingent on the public being misled, or the use of the GI constituting unfair competition.[77] Thus, since Article 23 protects GIs for wines and spirits regardless of misleading or unfair practices, it does not accept *corrective labels* as a tool for mending "wrongful" use of a GI. Hence, in terms of corrective labels, and their effects on GI-labelling, Article 22 and Article 23 have significantly different perspectives.[78]

Interestingly, the protection that Article 23 affords to GIs for wines and spirits only comes into effect when the GI in question is used on other wines or spirits. Indeed, Article 23.1 "limits its [...] protection to uses *within* the wine or spirit product category [...]."[79] As such, Article 23 protection does not apply to situations in which GIs for wines and spirits are used on other types of goods.[80] In other words, Article 23.1 does not prevent non-wine goods from carrying a GI for wine. On the contrary, any protection for the GI in such a situation will be based on Article 22, which has certain requirements for protection to come into effect. First of all, the true origin of the good shall be another than that which is indicated by the GI. Secondly, the public must be misled thereby. Thus, "biscuits from Chile" carrying the GI "Bordeaux" will be prevented from using the GI, only in the unlikely scenario that protection under Article 22 applies. Thus, notwithstanding that the GI refers to wine in this example, the legitimacy of such use will be determined by Article 22, and not Article 23.[81]

Article 23.2, then, deals with the relationship between GIs for wines and spirits and trademarks. Similar to Article 22.3, this provision requires

[76] *See*, the Swiss Federal Institute of Intellectual Property, https://www.ige.ch/en/legal-info/organizations/wtotrips/trips-protection-of-geographical-indications.html, last visited 2009-10-14.
[77] GIs for wines and spirits enjoy a thorough protection under Article 23. The Lisbon Agreement affords the same high level of protection to *all* indications, irrespective of what type of goods they refer to. *See* the Lisbon Agreement, Art 3, and *infra*, section 2.4.
[78] There is currently a debate taking place within the WTO, concerning the need to expand the protection afforded by Article 23 to *all* GI-labeled goods. Proponents claim that only wines and spirits are currently being adequately protected, and that this protection should be available for all types of goods. *See* chapter 6 for further discussion on this matter.
[79] Hughes, 2006, p 319.
[80] Op. Cit, p 317. The author uses as example *Pepperidge Farms*, an American cookie producer, which calls one of its cookie types "Bordeaux".
[81] Addor & Grazioli, 2002, p 882.

Member States to provide certain remedies, in order for conflicts between GIs and trademarks to be resolved.[82] Member States shall, in their national legislation, provide legal means to have the registration of trademarks *invalidated* or *refused* if it contains, or consists of, a GI for wines or spirits. However, for these remedies to be applicable, the public does not have to be misled, unlike under Article 22.3. On the contrary, the remedies shall apply "ex officio [...] or at the request of an interested party [...]".[83] Thus, regarding the protection GIs have against trademarks, the following remarks can be made. TRIPs prescribes that all GIs trump trademarks, irrespective of what type of goods they refer to, if the protection provided by TRIPs is applicable.[84] According to Article 22.3, trademarks must mislead the public, in order for the protection to apply. No equivalent requirement is prescribed in relation to GIs for wines and spirits under Article 23.2. Importantly however, Article 24.7 stipulates a five-year time limit, during which proceedings must be initiated for a potentially objectionable trademark to be invalidated. This means that trademark holders enjoy some, although limited, security for their marks once they are protected. The time limit in Article 24.7 applies to actions under Article 22.3 as well as under Article 23.2.

Unlike the first two paragraphs of Article 23, the following paragraph refers only to wine and not to spirits. Article 23.3 regulates *homonymous* GIs, which means two indications that are identically spelled and/or pronounced, but nevertheless refer to different places in different countries. Arguably, one of the most illustrative examples of homonymous GIs is *Rioja,* which is a GI for wine produced in both Argentina and Spain.[85] Member States are to provide the necessary "practical conditions" under which such homonymous GIs can efficiently coexist. It is imperative that they are able to be "differentiated from each other", while simultaneously ensuring that "consumers are not misled".[86] The use of homonymous GIs is usually problematic only when the GI relates to identical types of goods (such as when the GI *Rioja* refers to wine), and these goods are sold in the same market.[87] When consumers accidentally purchase the unintended good (in this case, *Rioja* wine from the wrong country), they are considered misled. It is in such situations, when confusion in the market place arises, that Article 23.3 prohibits further simultaneous use of the homonymous GIs. In sum, both GIs shall be protected, even though the goods that carry them probably

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[82] To better understand the rationale for the protection GIs have against trademarks, it is here reminded that TRIPs, Article 23, a notably far-reaching protection.
[83] TRIPs, Art 23.2. The same language is utilized in Art 22.3.
[84] However, Article 24 enumerates a number of exceptions to this rule.
[85] Addor & Grazioli, 2002, p 879.
[86] TRIPs, Art 23.3. The prescribed coexistence of homonymous GIs for wines is logical, since GIs for wines (and, often, also for spirits) are afforded a stronger protection than GIs for other goods. To use a "first come, first served" type of solution for solving the problems that might arise (primarily confusion in the market place) already from the start, would correspond poorly to the privileged position GIs for wines and spirits enjoy in the world of IGOs.
[87] Blakeney, 2001, p 643.

have different quality and characteristics. Parallel use of the homonymous GIs for wine will be forbidden only if it causes the public to be misled.[88]

The final paragraph, Article 23.4, prescribes that further negotiations regarding the "establishment of a multilateral system of notification and registration" of GIs for wines shall take place.[89] The purpose of such a "system" is to "facilitate the protection" of GIs for wines in the international trade environment.[90] Nevertheless, the obligation contained in Article 23.4 is only for further *negotiations* regarding such a register, not the actual *establishment* thereof. [91] Furthermore, Article 23.4 sets no timeframe for these negotiations, regarding when they must have taken place. This creates much uncertainty vis-à-vis their actual execution.[92] [93]As of yet, no progress has been achieved in this matter, a development which much corresponds with the overarching international disagreement regarding GI protection at large. However, it shall be noted that attempts to establish a time frame for the negotiations actually have been made.[94]

2.5.5 TRIPs, Art 24

2.5.5.1 Introduction

Article 24 is the third and last article in TRIPs that deals exclusively with GIs. It has been given the heading "International Negotiations; Exceptions". Its provisions seem to simultaneously reinforce, as well as limit, GI protection. This is done by the article prescribing future negotiations regarding GI protection, as well as prescribing three categories of exceptions from the existing protection. These exceptions all dissolve the requirements put on Member States to protect GIs found in the previous to articles, and they are seen as yet another example of the disagreement regarding "the way and level of protection" , which was significant of the negotiations of TRIPs, Articles 22 – 24.[95]

[88] Addor & Grazioli, 2002, p 879
[89] The negotiations preceding the implementation of TRIPs were to heated for any decisions regarding such a register to be made. Future negotiations hereon shall be conducted in the TRIPs Council, which is an administrative body, open to all WTO Member States. Its primary responsibility is to monitor the "operation of [TRIPs] and, in particular, Members' compliance [to it] […]." *See*, TRIPs, Art 68.
[90] TRIPs, Art 23.4.
[91] *See, e.g.*, Ragnekar, 2004, p 14.
[92] *Id.*
[93] Even though no dead-line for the negotiations was established during the negotiations of TRIPs, paragraph 18 of the Doha Declaration of 2001 declared that such negotiations should have taken place "by the Fifth Session of the Ministerial Conference". However, this Ministerial Conference, which took place in Cancún, 2003 lead to no results in this matter. *See* http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm for the Doha Declaration.
[94] Ragnekar, 2004, p 14.
[95] Addor & Grazioli, p 880.

The exceptions in Article 24 are based specifically on the following three rationales:

- Continued and similar use of geographical indications for wines and spirits.
- Prior good faith trademark rights.
- Generic designations.[96]

2.5.5.2 TRIPs, Art 24.1 – 24.3

The first paragraph of Article 24 requires WTO Member States to partake in future negotiations regarding the extension of the protection afforded by Article 23 to include also other types of goods. Literally, Article 24.1 prescribes that negotiations for increased protection for "individual geographical indications" shall take place. Such an extension would enable GIs to benefit from the more far-reaching protection otherwise afforded only to wines and spirits.

Article 24.1 also explicitly prohibits Member States from referring to Articles 24.4 – 8 as a basis for refusal to participate in such negotiations. Nor shall Member States be able to refuse to "conclude bilateral or multilateral agreements" as an effect of these provisions. On the contrary, the prescribed negotiations shall be carried out adequately. However, the last sentence of Article 24.1 requires that Member States are prepared to "consider the continued applicability" of the general rules concerning GIs in TRIPs. In reality therefore, this provision implies that the extension of protection referred to in Article 24.1 is "voluntarily" mandated, and not a strict requirement.[97]

Article 24.2 stipulates certain monitoring measures, prescribing that the TRIPs Council conducts a review of the "application" of the provisions relating to GIs. According to the article, such a review was to be carried out within two years after the WTO Agreement entered into force. It is clear that protection for GIs is considered a serious and important matter; the Council is granted authority to "take such action as may be agreed to facilitate the operation and further the objectives of [Articles 22 – 24]."[98] In addition, the TRIPs Council shall take into consideration any "matter affecting the compliance with the obligations under these provisions", and, when requested, consult with parties involved in a situation where TRIPs is not adequately adhered to.

Also the following paragraph, Article 24.3, clearly indicates how important TRIPs considers adequate GI protection to be. According to this *standstill*

[96] This exact enumeration is found in WIPO, 2000, p 11.
[97] Hughes suggests that the rather contradictory nature of the requirements of Article 24.1 is the result of the incompatible "French hope to reclaim key viticultural words" and the New World strive to not have strict requirements of further GI protection imposed on it. *See* Hughes, 2006, p 320 – 321.
[98] TRIPs, Art 24.2 *in fine*.

obligation, Member States shall maintain, at least, the same level of protection for GIs that was afforded "prior to the date of entry into force of the WTO Agreement.".[99] Thus, it is clear that TRIPs provides only a bare "minimum", in terms of GI protection, and Member States are at liberty to provide even stronger GI protection. If Member States provided further reaching protection for GIs than prescribed by TRIPs, they are required to maintain at least that higher level of GI protection, regardless of the provisions in TRIPs.

2.5.5.3 TRIPs, Art 24.4 – 24.9

Articles 24.2 – 3 clearly stipulate that GIs are to be thoroughly protected. The provisions in TRIPs comprise a basic requirement, and all protective measures shall be ensured by means of national legislation.[100] Nevertheless, TRIPs, Articles 24.4 – 24.9 prescribe certain exceptions and limitations to the protection for GIs.

Article 24.4 contains the first exception from the generally prescribed protection. It states that, under certain circumstances, the "continued and similar" use in one Member State of a GI that corresponds to a GI of another Member State shall not be prevented. For the exception to apply, the GI in question must have been consistently used in one Member State, while being a "geographical indication of another Member [State] identifying wines or spirits [...].".[101]In addition, the GI must have been used by the "nationals or domiciliaries" of the first Member State, and it must have been applied to goods identical or similar to those for which the GI is used in the second Member State. A further prerequisite for this exception to have effect is that the GI has been used for at least "10 years preceding" the entry into force of TRIPs, or in "good faith preceding that date" in the first Member State.[102] Clearly, this exception to GI protection is designed to prevent wrongful use of GIs in the future, but it accepts already initiated and continuous use of GIs. "TRIPs [does] not intend to reverse past developments [...] where continuous use has occurred."[103]

Whereas Article 24.4 concerns GIs only, Article 24.5 deals with the relationship between GIs and trademarks, particularly in situations where the trademark is established earliest in time. When the trademark is older than the GI, and when it has been recognized and obtained protection, it is highly plausible that the trademark itself will be *grandfathered* under Article 24.5.[104] The consequence hereof is that GIs will not be granted their usual exclusiveness, because the trademark that has already been applied for

[99] TRIPs, Art 24.3.
[100] The provisions in TRIPs are to be implemented by way of national legislation. Thus, every individual Member State determines how the protection for GIs is to be designed. *See*, TRIPs, Art 1.1.
[101] TRIPs, Art 24.4.
[102] TRIPs, Art 24.4 *in fine*.
[103] Goldberg, 2001, at 121.
[104] A *grandfather clause* is a legal regulation that permits older rights to persevere, even when such older rights conflict with newer rights that are usually better protected.

or registered is given precedence. This is also true in situations where the right to trademarks has "been acquired through use in good faith".[105] Hence, the grandfather provision of Article 24.5 exercises a modified version of the "first-in-time, first-in-right" principle, and it enables trademarks to stand strong against later recognized GIs. [106]

This differs from how Article 22.3 and Article 23.2 resolve conflicts between trademarks and GIs. Instead of being defeated, a trademark will trump a subsequently protected identical GI under certain conditions. Article 24.5 mentions three optional situations, in which the rights connected to the trademark will be sufficient to make it persist. These situations are, respectively

- Where an application for a registration of the trademark has been filed, or
- If the trademark already has been registered, or if
- The trademark neither has been applied for nor registered, but it has nevertheless obtained protection by being used in good faith.

These enumerated circumstances under which trademarks will be protected against identical or similar GIs are just the first hurdle; additional requirements are prescribed and must be met for the trademark to persevere. Any one of these circumstances shall have taken place, "before the date of application of [the provisions of TRIPs] in that Member", or "before the geographical indication is protected in its country of origin".[107] Thus, in situations where the exception under Article 24.5 applies, a trademark that is "identical with, or similar to, a geographical indication" will be accepted.

The consequences of trademarks trumping GIs have occasionally been rather remarkable, and one of the most notable such situation involves the GI *Parma Ham.* Although it is a recognized GI in Europe, *Parma Ham* is registered as a trademark in Canada.[108] Since the Canadian trademark was *registered* in accordance with the stipulated timeframe in Article 24.5, it met all the requirements. Article 24.5 applies, thus making the Canadian trademark is unobjectionable. Therefore, the Italian producers of *Parma*

[105] TRIPs, Art 24.5 reads as follows:
Where a trademark has been applied for or registered in good faith, or where rights to a trademark have been acquired through use in good faith either:
(a) before the date of application of these provisions in that Member as defined in Part VI; or
(b) before the geographical indication is protected in its country of origin;
measures adopted to implement this Section shall not prejudice eligibility for or the validity of the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with, or similar to, a geographical indication.
[106] The principle is here "modified", in the meaning that certain time limits apply, which normally is not the circumstance.
[107] TRIPs, Art 24.5
[108] Torsen, 2005, at 38.

Ham cannot use the GI *Parma Ham* in Canada.[109] In sum, what was said regarding Article 24.4 can also be said regarding Article 24.5. It is only "future misappropriation[s]" that are protected against; any past, irreversible, development shall be unaffected.[110]

The third exception to the superiority of GIs is found in Article 24.6, which deals with Member States' obligation to protect *generic* GIs. When a GI has become *generic*, it no longer refers to merely a narrow segment of goods in an overall product category, such as the Mexican GI "Tequila", in the larger category "spirits". Rather, a GI that has become *generic* refers to an entire species of goods, such as the indication "cheddar cheese". A Member State that considers a certain GI to be *generic* is under no obligation to provide protection for it.[111]

The process is referred to as *generalization*, and it can apply to any type of GI. Article 24.6 encompasses GIs for all types of goods, why GIs that are protected under Article 22, as well as GIs that are better protected under Article 23 are at risk.

However, the manner in which a GI *generalises* differs, depending on whether the GI is protected under Article 22 only, or also under Article 23. A GI under Article 22 has become *generic* when it is considered a valid GI in one Member State, but is "identical with the term customary in common language as the common name" for a certain type of good in another Member State. A GI under Article 23 has become *generic* when it is "identical with the customary name of a grape variety" of another Member State, "as of the date of entry into force of the WTO Agreement."[112] Thus, only if a wine GI is generic in a WTO Member State when the WTO Agreement comes into force will it be generic. Conversely, if a wine GI of another WTO Member State is protected upon the implementation of the WTO Agreement, it will always be protected. Clearly, the standards for *generalization* somewhat differ amongst the two types of GIs, in that GIs under Article 23 are more thoroughly protected. The effect according to TRIPs of a GI being generic, however, is the same, irrespective of whether it was initially protected under Article 22 or Article 23.

The relationship between GIs and trademarks "that consist or contain an indication" is further elaborated upon in Article 24.7.[113] The article uses rather complex language, and "aims at providing a degree of legal security to trademark-holders [...]"[114], by limiting the time during which the use or

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[109] *See*, http://www.time.com/time/magazine/article/0,9171,480249-2,00.html, for an uncomplicated summary regarding the competition *Parma Ham*, *Parmesan* and other well-known European GIs face on the international level.
[110] Goldberg, 2001, at 122.
[111] Famous GIs that have become generic include *camembert*, *cheddar*, *frankfurter*, etc. These GIs are today denominations of a type of goods, and do not indicate a certain geographic origin or certain features.
[112] For all quotes, *see* TRIPs, Art 24.6.
[113] Ragnekar, 2004, p 16.
[114] Op. Cit, p 17.

registration of a trademark is objectionable. Parties seeking to have such use or registration invalidated must act within five years from that the "adverse use" of the trademark became "generally known in that Member", or five years after the trademark was registered. Furthermore, the GI must have been used in good faith.

As is commonly acknowledged in trademark law, TRIPs Article 24.8 gives everybody a right to use his or her name, even though it might be identical to a protected indication. The provision also establishes a right for the person to use the name/indication "in the course of trade [...]." This right extends to people having the right to use the name of "their predecessor in business [...]." However, for the use of a name which is identical to a GI to be accepted, it is imperative that such use does not mislead the public.

Article 24.9 prescribes the last exception from GI protection. The article succinctly declares that GIs must be protected in their country of origin, before any other Member State is obliged to protect them. If the GI is unprotected, generic, or has fallen into disuse, the country of its origin has no right to demand that other Member States protect it. However, considering that GIs constitute a significant economic value for the countries from where they originate (or, at least have the potential to), Member States are probably reluctant to declare their GIs generic, or that they have fallen into disuse.

2.6 Conclusions

TRIPs provides the most comprehensive international protection for GIs to date. It separates GIs for wines and spirits from GIs for other types of goods, and provides the former a further reaching protection from infringement and free-riding. Privileged producers – those who enjoy the right to use the GI – shall be equipped with "legal means" to prevent wrongful use of GIs, irrespective of what type of goods the GI refers to.[115] However, it is also the case that the obligations to provide GI protection are significantly diminished by the numerous exceptions contained in Article 24.

Each WTO Member State shall implement the prescribed "legal means" at their own discretion.[116] Therefore, it is likely that the design of these provisions will differ from country to country. It was nevertheless argued that this solution was preferable, compared to one where TRIPs itself prescribed a number of "legal means" that had to be arranged for. The reason for this was that insufficient legal harmony among Member States made such a unilateral implementation impractical. Thus, although the legal protection probably becomes more efficient on an individual country level, greater legal uncertainty will occur on an international level.

[115] *See* TRIPs, Article 22.2 and 23.1.
[116] *See* TRIPs, Article 1.1, and Murphy, 2004, at 1192.

Nevertheless, TRIPs is the foundation for the most adequate protection GIs have on a global scale. Since all WTO Member States have to implement the provisions of TRIPs, a clear majority of all countries have to abide by its rules. With this said, it is important to note that the situation is not as easy as the rules in TRIPs present it. Considerable international discrepancy regarding the way GIs should be regulated put GIs in a legal vacuum, in which it is uncertain what the rules actually imply.

3 Rules concerning IGOs in the EU and in the U.S.

3.1 Introduction

TRIPs does not stipulate requirements as to how WTO Members are to implement its provisions. Thus, every Member State chooses, at its own discretion, the manner in which IGOs shall be protected within its territory. The EU and the U.S. have chosen diametrically different legal frameworks for this purpose, and both parties consider their way of doing it the most appropriate. The EU has created an autonomous legal scheme, while the U.S. bases its IGO protection on existing trademark law and rules concerning unfair competition.

3.2 Regulations 509/2006, 510/2006 and 479/2008

European countries have historically protected IGOs more stringently than other countries. Here, protection is provided by way of extensive *sui generis* legislation. Before establishing community wide protection for IGOs, many European countries had domestic legislation affording protection. However, before the creation of a "single and barrier-free internal market", the rules on IGOs were quite different in the various countries.[117]

One of the reasons why IGOs are more rigorously protected in the EU than in the rest of the world, is that they play a more significant role in the economy here than elsewhere. In 2003, there were some 4800 registered IGOs in the EU, a majority of which related to wines and spirits.[118] Economic figures from individual EU Member States show that "the importance of [IGO] for EU exports is paramount."[119]

In 1992, the first set of uniform rules concerning IGO protection was adopted, by way of *i.a.* Regulations 2081/1992 and 2082/1992. This community level legislation was much influenced by national legal instruments that existed at the time much.[120] The two mentioned regulations are no longer in force, since they have been replaced by other legal documents applicable to IGOs within the EU. The most prominent of these

[117] WIPO, 2007, p 2.
[118] EU, 2003, p 2.
[119] *Id*.
[120] WIPO, 2007, p 2. Especially the French and Italian doctrines for IGO protection influenced the EU level legislation.

legal frameworks are Regulations 509/2006[121], 510/2006[122] and 479/2008.[123]

These frameworks provide for a number of different types of protected IGOs. The two most important EU specific IGOs are the *protected designation of origin* (PDO) and the *protected geographical indication* (PGI) marks. These are established in Regulation 510/2006, which applies to "agricultural products and foodstuffs".[124] Article 1.1 of this regulation clarifies that it does not apply to wines or spirits.[125] However, Annex 1 stipulates that it does apply to beers. Thus, whereas most alcoholic beverages are excluded, indications for beers are protectable as PDOs or PGIs.

Similar to Regulation 510/2006, Regulation 509/2006 also focuses on "agricultural products and foodstuffs". However, this regulation protects them as *traditional specialities guaranteed* (TSGs).

As the main legal instrument applicable to wines, Regulation 479/2008 was enacted as an effort to increase the, *i.a.* "competitiveness of the Community's wine producers", and "strengthening the reputation" of their wine as being the "the best in the world [...]".[126] Chapters III – V of Regulation 479/2008 deal with PDOs, PGIs and "traditional terms" that relate to wines.

3.2.1 Regulation 509/2006 on Agricultural Products and Foodstuffs as Traditional Specialities Guaranteed

Regulation 509/2006 entered into force April 20, 2006, and has since then constituted the legal foundation for protection of *traditional specialities*

[121] Council Regulation (EC) No 509/2006 of 20 March 2006 on agricultural products and foodstuffs as traditional specialities guaranteed (OJ L 93 of 31.3.2006).
[122] Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (OJ L 93 of 31.3.2006).
[123] Council Regulation (EC) No 479/2008 of 29 April 2008 on the common organisation of the market in wine, amending Regulations (EC) No 1493/1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and repealing Regulations (EEC) No 2392/86 and .(EC) No 1493/1999 (OJ L 148, 6.6.2008)
[124] This is highlighted by, *i.a.*, the title of the Regulation, as well as recital 8.
[125] Regulation 510/2006 reads as follows (with emphasis added):
This Regulation lays down the rules on the protection of designations of origin and geographical indications for agricultural products intended for human consumption listed in Annex I to the Treaty and for foodstuffs listed in Annex I to this Regulation and for agricultural products listed in Annex II to this Regulation.

***It shall not**, however, **apply to wine-sector products**, except wine vinegars, **or to spirit drinks**. This paragraph shall be without prejudice to the application of Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine (6).*
[126] Regulation 479/2008, recital 5.

guaranteed. TSGs are “agricultural products intended for human consumption” and also includes other types of “foodstuffs”, which are listed in the regulation itself.[127] The underlying rationale for the regulation’s enactment was to further “the diversification of agricultural production [...]” in the EU.[128]

TSGs are defined as *traditional* products. Within the scope of Regulation 509/2006, this means that they have been produced the same way within the Community for at least 25 years.[129] Furthermore, every such traditional product must embody a *specific character* that “distinguishes [it] clearly from other similar products or foodstuffs of the same category.”[130]

Like other indications within the EU, TSGs must be registered to enjoy protection, and applications shall be filed by *groups* of producers rather than individuals. However, TSGs differ significantly from ordinary IGOs, in that they are explicitly not based on geographical origin. On the contrary, Regulation 509/2006 specifies that a TSG shall not be registered – and thus not protected – on a basis of “its provenance or geographical origin.”[131]

Furthermore, the actual protection that is afforded TSGs differs from that afforded to PDOs and PGIs. The use of TSGs by non-privileged producers is restricted primarily on a consumer-protection basis. Any use of TSGs that potentially *misleads* consumers, or in other ways constitutes misuse is prohibited.[132] However, it is not stated in the regulation what constitutes misuse. Therefore, it seems as though an, in itself, objectionable use of a TSG can be legitimate, if the TSG is used in conjunction with corrective labels. If so, this differs from Regulations 510/2006 and 479/2008, who both prohibit the use of corrective labels in relation to PDOs and PGIs.

3.2.2 Regulation 510/2006 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs

Applicable to agricultural products and foodstuffs, Regulation 510/2006 provides two different doctrines under which IGOs are protected: PDOs and PGIs. The two concepts resemble each other in many ways, but they do

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[127] Registered TSGs in the EU include *Falukorv* and *Hushållsost* from Sweden, and *Jamón Serrano* from Spain. *See* “DOOR”, the EU database for registration of PDOs, PGIs and TSGs, at http://ec.europa.eu/agriculture/quality/door/list.html?recordEnd=10&filter.status=REGISTERED&filter.type=TSG&sort.milestone=desc&recordSelection=all, last visited 2010-01-05.

[128] Regulation 509/2006, recital 2.

[129] Regulation 509/2006, Art 2.1 (b).

[130] Regulation 509/2006, Art 2.1 (a).

[131] Regulation 509/2006, Art 4.1.

[132] Regulation 509/2006, Art 17.1 – 2.

have differences as well. In order for a product to be protected under either type of instrument, the geographical designation must be "registered at Community level".[133] The application for registration itself must be filed by a "group" of producers or processors, which all are "working with the same agricultural product or foodstuff.".[134] The application for registration shall be filed with the "relevant authorities in the pertinent Member State" if the GI for which registration is sought originates in the EU.[135] If, on the other hand, the GI originates in a non-EU country, the application shall be addressed to the EU Commission directly.[136] In both cases, however, the Commission is involved in examining the application, but when the GI originates in an EU Member State the Commission "undertakes a second assessment of the application", after an "initial examination" in the Member State itself.[137] When a GI application has been approved, the GI will be published in the *Official Journal of the European Union*, after which every Member State can object to the registration during a period of six months.[138] This is an interesting difference between Regulation 510/2006 and TRIPs; the latter does not require the GI to be registered for it to be protected. Once a GI has been registered in the EU, it cannot become generic.[139]

The first type of protected indication, the PDO, is more strictly defined than the PGI.[140] For a product to be able to carry a PDO, it must truly originate from a geographical region identical to the name used in the PDO. It must be wholly produced, processed and prepared in that specific region; no other, additional, origin is allowed. The product itself must have certain qualities or characteristics, which essentially or exclusively derive from the geographical origin, including potential human factors.[141] Hence, imperative for a PDO is the existence of "an objective and close link between the product's features and its geographical origin.".[142] This linkage has been referred to as a codified equivalent of the concept of *terroir*.[143] The high set requirements for a PDO to be registered make it resemble an *appellation of origin*, as defined by the Lisbon Agreement. The issue of a PDO having but one origin came up in case C-108/01 *Parma Ham*.[144]

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[133] Regulation 510/2006, recital 11.
[134] Regulation 510/2006, Art 5.1.
[135] Regulation 510/2006, Art 5.4.
[136] Regulation 510/2006, Art 5.9.
[137] Kur & Cocks, 2007, p 1000.
[138] Regulation 510/2006, Art 7.
[139] Regulation 510/2006, Art 13.2. According to U.S. trademark law, which is the foundation for GI protection there, a GI can become generic, and thus lose its protection. *See* Waggoner, 2007, p 582.
[140] Evans & Blakeney, 2006, p 585.
[141] Regulation 510/2006, Art 2.1 (a).
[142] WIPO, 2007, p 4. Examples of PDOs mentioned in the article are "Huile d'olive de Nyons" and "Shetland lamb". One of the most well-known PDOs is, plausibly, "Prosciutto di Parma". Currently, there are no Swedish PDOs registered, but a PDO application regarding "Kalix Löjrom" has been sent to the European Commission. *See*, generally, the "DOOR-database" for information regarding registered, and applied for, PDOs, available at http://ec.europa.eu/agriculture/quality/door/list.html, last visited 2009-10-29.
[143] Hughes, 2006, p 325.
[144] C-108/01, Consorzio del Prosciutto di Parma v. Asda Stores Ltd. The court prohibited the slicing and packaging of ham that was labeled with the GI Prosciutto di Parma, when

For an indication to qualify as a PGI, on the other hand, less strict requirements have to be met. The product only needs to be produced *and/or* processed *and/or* prepared in the specified geographical area. Simply put, only one of these parts of the completion process has to relate to the geographical region indicated by the PGI. Furthermore, the product only needs to have a certain quality *or* reputation, *or* other characteristics, which merely have to be "attributable" to the geographical region from where it originates.[145] In sum, a PGI need not originate entirely from a specific area, and only either of its quality, reputation or other characteristics have to be associated with the area represented by the PGI. Thus, when compared to PDOs, it becomes apparent that the requirements for PDOs are stricter than those for PGIs.[146]

Even though the relationship requirement, between the product and its origin, is more strictly stipulated for PDOs than PGIs, it is nevertheless the case that such a linkage is imperative in both cases. There must be a "causal link between an area and the characteristics and reputation of the product [...]" for the indication to be registered (and thus, protected).[147]

In addition to these initial requirements, Regulation 510/2006 prescribes that a thorough "product specification" list be compiled. These specifications shall provide several pieces of information, regarding *i.a.* the product itself, its production, and information regarding its origin. Additionally, information regarding the actual link between the product and its origin shall be provided.[148]

Once an indication has obtained status as either a PDO or a PGI, it enjoys a far-reaching protection under the provisions of Article 13. The protection afforded is the same for both PDOs and PGIs, and it resembles the high level of protection that is stipulated for GIs for wines and spirits in TRIPs. In short, Article 13 prescribes that:

- direct or indirect commercial use of a PDO or PGI on products that are not covered by it is prohibited;
- corrective labels do not justify a wrongful use. Furthermore, any misuse, imitation or evocation of the PDO or PGI is prohibited;

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such procedures took place outside the delimited region specifically designated for Parma Ham. Thus, for the GI to be rightfully used, no additional slicing or packaging procedures are allowed. This holding reflects clearly the circumstance that all steps of the production must take place within the designated region that the PDO refers to.

[145] Regulation 510/2006, Art 2.1 (b).

[146] WIPO, 2007, p 4. Examples of Swedish PGIs are *Skånsk Spettkaka* and *Svecia* for cheese. Internationally more well-known PGIs include *Toscano* for olive oil, *Aceto Balsamico di Modena* and *Lübecker Marzipan*. *See* http://ec.europa.eu/agriculture/quality/door/list.html, last visited 2009-10-29, for general information regarding PGIs.

[147] WIPO, 2007, p 9.

[148] Regulation 510/2006, Art 4.1 – 2

- false or otherwise misleading indications regarding features of the product are prohibited;
- other conduct that might mislead the public as to the “true origin of the product” is also prohibited.

In addition, once an indication is registered and protected as a PDO or PGI, it will never become generic in the EU.

These aspects of protection for PDOs and PGIs came up in two German cases. The court (Bundesgerichtshof) held that the GI Champagne could not rightfully be used in a marketing campaign for computers, nor could it be used for beverage made from champagne pears.[149]

The relationship between PDOs/PGIs and trademarks is regulated by Article 14. A trademark may not be registered if it corresponds to an earlier PDO or PGI, but such indications may nevertheless be registered even if there already exists a trademark to which they correspond. Thus, trademarks do not trump GIs in the EU, why it seems as though the EU is more diligent in protecting GIs than trademarks.[150]

Clearly, PDOs and PGIs are extensively sheltered. The effect hereof is twofold; producers of the PDO or PGI labelled products are protected from unlawful competition, and consumers are assured of the product’s origin, its quality (following the required linkage between origin and qualitative features), and the products authenticity. When consumers purchase a product that carries a PDO or PGI label, they “can be sure that they are not buying an imitation product […]”.[151]

3.2.3 Regulation 479/2008 on the Common Organisation of the Market in Wine

Rules for the protection of indications relating to wines are contained in a separate document. As previously explained, Regulations 509/2006 and 510/2006 related to agricultural products and foodstuffs, and their exact scopes of applicability are specifically outlined in each document. Regulation 479/2008 covers PDOs and PGIs for wine, and its rules are very similar to those found in Regulation 510/2006.

First, the two regulations share the same terminology. Although they apply to different product categories, they both utilize the concepts of PDOs and PGIs. Like in the case of Regulation 510/2006, differences in level of

[149] *See* Kur & Cocks, 2007, p 1008 – 1009 for case citations and a more detailed account of the two cases themselves.
[150] *See*, Regulation 510/2006, Article 14.1 – 2.
[151] WIPO, 2007, p 3.

association between the final product and its origin determine whether the indication in question will eventually be protected as a PDO or as a PGI.[152]

Second, both types of protected indications enjoy the same level of protection. It makes no difference whether the label is a PGO or PGI, since the same provisions of Regulation 479/2008 apply.[153] More specifically, non-privileged producers are prevented from using the PDOs or PGIs in any "direct or indirect commercial" sense. Furthermore, corrective labels do not render an unlawful use PDOs or PGIs legitimate; it will still be considered a "misuse, imitation or evocation", either of which are prohibited. This rule corresponds to that found in Regulation 510/2006.[154] Other types of "false or misleading indication[s]" are also prohibited, as is "any other practice liable to mislead the consumer [...].".[155] Also, once a label has been registered, and thus become protected, it will never be deemed generic.[156]

The third similarity between PDOs and PGIs for wines and those for other products, relates to their relationship to trademarks. Such PDOs and PGIs prevent later applied trademark registrations from being granted, if such applied-for trademarks are liable to fall within either of the situations described above (thus, those situations found in Article 45.2). However, a trademark that has already been registered is allowed to persist, even though it, on the outset, is liable to fall within the scope of Article 45.2.[157]

Fourth, the rules in Regulation 479/2008 concerning homonyms, *i.e.* indications that are literally identical but refer to different geographical regions within the Community, are equivalent to those in Regulation 510/2006. Homonymous designations are able to coexist, if they do not create confusion among consumers. As soon as an indication "misleads the consumer" in relation to an existing PDO or PGI, it will not be protected. Thus, the regulation prescribes a "first-in time, first-in-time" solution to the situation.[158]

Lastly, the two regulations contain similar procedural rules for the registration process. After an application for a PDO or PGI has been filed, the other EU Member States have a chance to object, or the registration will likely be granted.

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[152] *See* Regulation 479/2008, Art 34. To qualify as a PDO, the wine must be produced in the same region as the grapes have grown in, and obtain its quality and characteristics exclusively or essentially from this region. The relationship requirements between origin and place of production on the one hand, and of quality, reputation or characteristics on the other, are less stringent for a PGI. This is true for both Regulation 479/2008 and Regulation 510/2006.
[153] Regulation 479/2008, Art 45.2 (a)(i) – (ii).
[154] Regulation 479/2008, Art 45.2 (b), compared to Reg 510/2006, Art 13.1 (b).
[155] Regulation 479/2008, Art 45.2 (c) – (d).
[156] Regulation 479/2008, Art 45.3.
[157] Regulation 479/2008, Art 44.1 – 2.
[158] Regulation 479/2008, Art 42.1.

3.3 The legal framework in the U.S.

The protection for IGOs in the U.S. differs significantly from that of the EU, in that it is based on the trademark regime.[159] European commentators often claim that the protection IGOs enjoy under U.S. law is insufficient, but this opinion is, unsurprisingly, not shared by opponents of GI protection.[160] The differences lie in the rationale for protection, the scope of such protection and to what type of indications it applies, as well as in the methods by which it is provided.

During the TRIPs negotiations, the U.S. decisively showed its aversion against IGO protection. In its proposal regarding the design of the various provisions in TRIPs, the U.S. "did not so much as mention geographical indications."[161] Indeed, the U.S. argued that international regulations on IPRs should be restricted to, *i.a.*, "copyrights, trademarks and patents", and any rules concerning IGOs were to be enacted domestically.[162] Indeed, it is suggested that, from an American point of view, "almost all advantages from [protection for] geographical indications would accrue to European countries."[163]

In line with this reasoning, the U.S., unlike the EU, bases its IGO protection measures on already existing legal frameworks, and not on a *sui generis* system. The protection arises from a number of different legal concepts, which primarily relate to either trademark law or unfair competition law.[164] As such, protection is not given to *regionally distinguishable* goods, but rather to goods that are separable from other goods, based on their *commercial background*. Even though this is a significant difference compared to the EU, it is nevertheless important to recognize that IGOs are indeed protected in the U.S. as well.[165] The actual applicable legal frameworks are *i.a.* the Lanham Act[166] and regulations from the Alcohol and Tobacco Tax and Trade Bureau (ATTTB).[167]

According to fundamental principles of trademark law, protection is granted solely to marks that are capable to designate the (commercial) origin of the goods or services. Thus, for a trademark to be protectable, it shall be able to,

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[159] USPTO, p 1.
[160] "The U.S. position […] is that its trademark laws (in the form of certification marks) adequately protect U.S. and non-U.S. GIs alike, and that there is no further need for special property-rights protection for GIs." *See*, Marette, 2009, p 67.
[161] Torsen, 2005, at 45.
[162] Land, 2004, at 1033.
[163] Hughes, 2006, p 331.
[164] Goldberg, 2001, at 136.
[165] Examples of GIs in the U.S. include *Florida* for oranges, *Idaho* for potatoes, and *Washington State* for apples. *See* USPTO, p 1.
[166] Trademark Act (1946), 15 USC §§ 1051 – 1127, (Lanham Act).
[167] *See*, generally, www.ttb.gov. Regulations on labeling of alcoholic beverages are found in, *e.g.* 27 CFR, chapter 4, 5, 7, 13 and 16. These regulations are available at http://www.ttb.gov/labeling/laws_and_regs.shtml, last visited 2009-11-03.

i.a., identify "the maker of the good."[168] It will not be protected if it is *descriptive* in a geographical, or other, sense. Nor will a trademark be protected if it has become generic.[169]

For various reasons, these requirements constitute great hurdles for IGOs and their protection in the U.S. First, IGOs most likely consist of geographical place names, which generally are deemed descriptive in the U.S. For example, a trademark will likely not be protected if it contains a geographical word or "relate(s) to a geographical area."[170] In practice, categorising a mark as descriptive is the same as ascribing it a lack of distinctiveness. Since insufficiently distinctive marks do not enjoy protection, neither will descriptive marks. Only if a mark that consists of a geographical name has been sufficiently used as to create, in the mind of consumers, as association between the mark and the origin of the goods that carry it, will the mark be protected as such.[171]

Second, the overall U.S. approach to IGOs differs from that of the EU, which is also reflected in the rules concerning generalization. Whereas IGOs in the U.S. are quite easily deemed generic (or, as is possible for IGOs for wines, semi-generic), the situation is the opposite in the EU. Indeed, IGOs in the EU are thoroughly recognized and protected. Once a PDO or PGI has been registered it *cannot* become generic,[172] and a prerequisite for an EU registration altogether is that the indication has not already become generic.[173]

3.3.1 Provisions in the Lanham Act

In the U.S., the terminology used in relation to IGOs differs from that used in Europe and on the global level, such as in TRIPs. The two U.S. equivalents to IGOs are called *collective marks* and *certification marks*.[174] Although they both have similarities to the various internationally recognized IGOs (*indications of source*, *appellations of origin*, and *geographical indications*), the concepts used in the U.S. are something else.[175] Unlike the requirement for protection stipulated by TRIPs, but similar to PDO, PGI and TSG protection within the EU, collective marks and certification marks have to be registered with the United States Patent and Trademark Office (USPTO) in order to obtain exclusivity.[176]

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[168] Economides, 1997, p 1.
[169] Waggoner, 2007, p 582.
[170] Josling, 2006, p 12.
[171] In American Trademark Law vocabulary, this is referred to as the mark having obtained *secondary meaning*.
[172] Regulation 510/2006, Art 13.2.
[173] Regulation 510/2006, Art 3.1.
[174] These are defined in Lanham Act, 15 USC § 1127.
[175] It is suggested, that certain aspects of the Lanham Act (in terms of collective and certification marks) are analogous to the French AOC system. *See*, Torsen, 2005, at 48.
[176] In reality, this is a simplification of the legal situation in the U.S., since Trademark law in the U.S. allows provides protection for unregistered marks as well, if they are used in a

According to the Lanham Act, *collective marks* are trademarks or service marks, "used by the members of a cooperative, an association, or other collective group or organization [...].".[177] Such collective marks "are treated like regular trademarks" and they only have to adhere to the requirements of "traditional trademark doctrines [...].".[178] As such, collective marks have to be filed with a certifying agency, and pass the initial review proceeding. Once the application has been granted, collective marks are subject to only very limited "government involvement".[179] The collective mark itself is owned by the entire entity of producers engaged in the production of the goods to which the collective mark applies.

Certification marks, on the other hand, are subject to somewhat stricter registration requirements. Certification marks are similar to *appellations of origin* and *GIs*, in that they shall be available to all those who produce goods that meet the requirements stipulated in connection to the mark. The basic function of certification marks is to, *i.a.* "certify regional or other origin [...]."[180]

Unlike the rights relating to *GIs* in TRIPs, exclusivity rights to a certification mark are held privately by a single entity.[181] This "mark holder" must "control [the] use of the mark" but is not himself allowed to produce goods bearing it.[182] Thus, the mark holder is responsible for determining which producers that are able to use the mark. The right to use the certification mark shall be granted non-discriminatorily, but only to those who actually produce the relevant goods.[183] Every producer that fulfils the requirements connected to the certification mark shall be granted a right to use it. The USPTO is only occupied with making sure that this equality-aspect of granting rights to use the certification marks is respected. Whether other "certification standards", such as other quality requirements, which producers potentially have to adhere to, are fulfilled is irrelevant in the eyes of the USPTO.

3.3.2 Provisions in ATTTB Regulations

On the regulatory agency level, as opposed to federal statute level, provisions relating to IGOs are found in Title 27 of the Code of Federal Procedure (CFR). Part 4 of Title 27 contains provisions relating to (the

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"bone fide" manner, and the user intends to file an application for registration. However, a detailed review of these rules is not required for the purpose of this thesis.

[177] Lanham Act, 15 USC § 1127.

[178] Hughes, 2006, p 310.

[179] *Id.*

[180] Lanham Act, 15 USC § 1127. Certification marks may also "be designed to certify quality, characteristics […], materials, etc." Addor & Grazioli, 2002, p 873.

[181] No single entity "owns" a GI. Rather, several producers collectively enjoy a right to use the specific GI in connection with their goods.

[182] Hughes, 2006, p 309.

[183] *Id.*

labelling of) wine, and part 5 relates to distilled spirits.[184] Here, only certain limited regulations relating to the *generalization* of wines shall be mentioned. The reason for this is that the debate whether IGOs are generic or not is of great importance between the EU and the U.S.

Regulation 27 CFR 4.24, first of all, stipulates that IGOs *for wines* come in either of three categories: *generic, semi-generic* or *non-generic*. Whether an IGO is deemed generic, semi-generic or non-generic is determined by a designated "Administrator" at the ATTTB.[185] Depending on their status, under U.S. law IGOs for wines are more or less available to producers from outside the indicated geographic area.

Unsurprisingly, IGO that are deemed to be generic enjoy no protection at all. Generic IGOs are defined as names of "geographical significance" which has become the "designation of a class or type of wine [...]".[186] Therefore, any producer is at liberty to use the IGO in question on his products, and to market these within the U.S.

Semi-generic IGOs are also defined as a "designation of a class or type of wine", yet it has not fully lost its potential to distinguish a specific origin. As the name implies, these IGOs are a grey area between the two extremes; generic and non-generic designations. Examples of semi-generic designations included in the regulation are *Burgundy, Chablis, Champagne, Chianti, Port* and *Sherry*.[187]

Similar to designations that are deemed to be generic, semi-generic designations can under certain circumstances be used by wine producers outside the designated region. If producers that, in reality, do not manufacture wine within the indicated region include "the actual place of origin" in the labelling, they are allowed to use the semi-generic IGO.[188] Thus, it must be evident where the product really comes from. In other words, producers may label their sparkling wine *Californian Champagne*, without violating the regulations stipulated by the ATTTB. This situation resembles that found in TRIPs, regarding "corrective labels" in Article 22.

Provisions relating to GIs that are deemed semi-generic in the U.S. can also be found in the *Taxpayer Relief Act of 1997*. The same enumeration of semi-generic GIs, which thus can be used in conjunction with a corrective label, is found there.[189]

[184] These regulatory frameworks are available at http://www.ttb.gov/labeling/laws_and_regs.shtml, last visited 2009-10-04. There are several additional interesting parts in 27 CFR, but these are beyond the scope of this thesis.
[185] 27 CFR 4.24.
[186] 27 CFR 4.24 (a)(1). Two specifically enumerated as *generic* designations are *Vermouth* and *Sake*, *see* 27 CFR 4.24 (a)(2).
[187] 27 CFR 4.24 (b)(2).
[188] Lindquist, 1999, at 326.
[189] *See*, 26 USC § 5388, *Designation of wines*.

Lastly, *non-generic* IGOs are those that truly infer a specific origin of the product, in the minds of consumers. Such designations may not be used by producers outside the area specified by the indication, not even if the true origin of the product is stated by a corrective label. Thus, non-generic IGOs enjoy a level of protection comparable to that which is provided PDOs and PGIs.

4 Important aspects of GIs

4.1 Introduction

The previous chapter analyzed the international legal framework regulating *geographical indications* in detail. This chapter focuses on a series of important aspects of GIs, which all add to the complex and controversial situation of today's GI world.

Initially, focus will be placed on the fundamental question why GIs, in themselves, are important. The answers lie in certain economic functions of GIs, and in their ability to convey information. GIs are in many ways important for the international economy, in that they benefit both countries at large as well as individual producers. Consumers also benefit from GIs, as the use of such indications enable consumers to make informed purchasing decisions. GIs are furthermore claimed to be powerful tools for developing countries, aiding in the process of attaining competitiveness and stronger financial standing on the global arena. Hence, several aspects of GIs, which together generate a strong rationale for their protection, will be analyzed.

GIs will also be contrasted to other IPRs, and the emphasis hereof will be placed on the comparison to trademarks. As is obvious from a number of provisions in TRIPs, GIs and trademarks are occasionally at odds. Nevertheless, trademarks and GIs are closely related, and it is important to understand both what features they have in common, and the way in which they differ, in order to realize why they are both important IPR tools. The *differences,* as well as *similarities,* between GIs and trademarks will here be analyzed in detail.

The chapter also contains analysis of the process of GIs becoming generic. This is a subject causing much controversy, since *genericness* is the rationale for the U.S. letting its producers use European GIs. Thus, to grasp fully the international schism, it is important to understand what effects the process of generalization has on GIs.

Lastly, the implications GIs have on international trade will be analyzed. To understand why the EU and the U.S. are in disagreement, it is important to recognise the role GIs play in international trade.

4.2 Economic and communicative functions of GIs

Like trademarks, GIs are capable to convey information to consumers, the most obvious hereof being that of the geographical origin of a good. In this regard, it does not matter that trademarks are monopolistic and that GIs are collectively enjoyed IPRs. Indeed, it has been suggested that "[t]he essence of a geographical indication is that the geographical place name indicates quality, taste or other attributes to the consumer."[190] It is thus suggested that when consumers know the geographical origin of a good, they are also informed of its other attributes, and are ensured as of quality that follows – or does not follow – from such an origin. Thus, from a consumer perspective, GIs constitute "a guarantee of quality and distinctiveness derived from a combination of unique regional, environmental, and human influences, such as climate, soil, subsoil, plants, and special methods of production – particularly traditional, collectively observed farming and processing techniques."[191] Therefore, the use of GIs creates synergies in the market, by providing consumers extensive information regarding many different product attributes.

This ability, to ensure consumers of other attributes than merely a geographical origin, enables GIs to effectively reduce *information asymmetries*. Generally, consumers have far less information regarding the various features of the goods, compared to the producers. This asymmetry is particularly common in relation to the *unobservable* attributes of goods. This is problematic, since research has shown that information asymmetries regarding quality make consumers, irrationally, favour mediocre goods.[192] By using GIs in these situations, producers are able to communicate to consumers the different attributes of the good, even those that are unobservable prior to purchase. Therefore, information asymmetries are reduced, and producers make it increasingly attractive for consumers to purchase the good in question.

By providing consumers with plenty of information and thus reducing asymmetries, GIs lower consumers' *search costs.*[193] The greater the gap between consumers and producers in terms of knowledge regarding attributes of the goods, the greater the search costs for the individual consumer will be. The information provided by GIs enable consumers to draw certain conclusions regarding the goods, even when they have no previous experience of it. In effect, consumers can limit their search costs by focusing entirely on goods that carry a certain GI they recognize and want the finally selected good to carry.[194] This way consumers are able to take "mental shortcuts", since they can evaluate quickly whether the good carrying the GI in question is likely to possess the desired attributes.[195] This

[190] Josling, 2006, p 5.
[191] Murphy, 2004, at 1185.
[192] Moschini *et al*., 2008, p 794.
[193] These are "costs" borne by consumers prior to a purchase, during the process of identifying a specific good that (to the greatest extent) matches the individual consumer's desires. *Search costs* can be measurable in monetary value, but also in terms of "effort" or "inconvenience" experienced by the consumer.
[194] Moschini *et al*., 2008, p 795.
[195] This reasoning applies analogously to trademarks, trade names and copyrights. Previous experiences (whether positive or negative) reduce search costs, by the association these IPRs create. Consumers associate different attributes with the goods from different

has been described as a situation where “consumers learn about reputation through past purchases, experience and other information channels [...]”.[196] In this process, the non-desired goods are excluded from evaluation, resulting in lowered search costs. Thus, by allowing consumers to narrow the “search” only to goods that carry the specific GI of which they have previous positive experience, GIs create significant consumer benefit. The mental shortcuts made possible by GIs shorten the search process and reduce the costs for it.

Furthermore, since GIs are communicators of much information, they are a guarantee for consumers that the goods truly are what they claim to be. The GI, when used on goods with authentic origin and not combined with a corrective label, tells consumers that the goods embody certain desired attributes. Indeed, the GI is an insignia that refers to attributes of which the consumer has either positive, negative or none previous experience. Whether this previous experience is good or bad is irrelevant from an “information” perspective, since both types cause the consumer to act a certain way.[197] However, in markets where the use of GIs is inadequately regulated there is a significant risk that consumers unknowingly purchase goods they do not desire.[198] When a consumer buys “Roquefort cheese, made in Norway”, the quality hereof will unlikely be the same of that of authentic Roquefort cheese from France. Thus, for GIs to live out their full potential as conveyers of information, the use of them must be strictly regulated and enforced. In addition to irregularities in terms of quality, there is an increased risk that consumers in markets where corrective labels are allowed incorrectly believe that the goods on which the GI is used actually has the indicated origin and attributes that should follow such an origin. Thus, in markets where corrective labels are acknowledged, there is a greater likelihood of unintentional purchases based on incorrect information. The same type of augmented risk for unintentional purchases exists in legal systems where the use of GIs in general in unregulated.[199] Indeed, it has been recognized that “correct and complete indications of geographical origin benefit both producers and consumers, particularly when such indications convey a sense of the unique qualities that the region from which a product originates imparts on the product [...].”[200]

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producers of shoes, clothes, cars, etc, based on previous experiences. Similarly, consumers have certain predispositions in relation to individual creative artists, musical groups, authors, etc whose work is protected by copyrights.

[196] Ragnekar, 2004, p 26.

[197] The same reasoning is often seen in scholarly text regarding *trademarks*. *See* Economides, 1997, section 2, “Economic Function of Trademarks”.

[198] *See* Silva, 2005, at 200, stating that regulations concerning GIs “protect consumers from being misled into believing” that they are purchasing a genuine product when they are in fact buying a inferior copy.

[199] Examples of such legal systems are those where GI protection is based on the regulations and concepts for trademark protection. As has been seen, GIs that are protected in GI supporting countries, are generally deemed generic, or are for other reasons inadequately protected, in legal systems where trademark regulations govern GIs.

[200] Kur & Cocks, 2008, p 1005.

Keeping consumers well informed regarding different attributes of the good has noticeable synergies also for producers. If the use of GIs is strictly regulated, privileged producers control the information that is conveyed by the GI to potential consumers. Adequate rules regarding, *e.g.*, geographical association and production requirements, result in that only goods that meet such requirements can carry the GI. Thus, in more tightly regulated systems, the privileged producers constitute a smaller group, subject to more thorough inspection. The effect hereof is a guarantee to both producers and consumers that all goods that carry the GI share a certain level of minimum quality etc. Thus, producers can foresee what messages the GI sends to consumers, ensuring the producers that their communication results in the desired levels of consumer appreciation. In other words, producers will be able to learn what information the GI presents to consumers, and how this information is received.

To all intents and purposes, the more stringently the use of GIs is regulated, the more consumers can rely on the information inferred by them. And the more reliable GIs are, the greater their ability to reduce information asymmetries is. In terms of supplying consumers with information, GIs communicate the link between the good itself, its particular species, its geographical origin and its “quality, reputation or other characteristics” that are the result of its origin.[201] Indeed, “the economic rationale for protecting IGOs, and GIs in particular, is based on the economics of information and reputation [...]”.[202]

However, for GIs to fully be able to communicate valuable information to consumers, the right to use them must be kept exclusive. Otherwise, the GI itself risks being diluted, since it could then be used on goods that do not have the correct geographical origin, and therefore do not have the correct quality attributes implied by such a marking. Dilutive use of this sort will potentially destroy the goodwill connected to GIs and, in a longer perspective, extinguish the unique traits that the goods carrying the GI possess. When the GI no longer clearly represents a certain species of goods from a limited geographical area, consumers will be confused. Such confusion will result in mistakes in the marketplace, to the detriment of consumers themselves. Furthermore, such dilution is what causes GIs to eventually become generic.

Prevention of dilutive conduct to the benefit of consumers is not the only reason to maintain a high level of protection for GIs. From a producer’s point of view, many incentives exist to minimize illegitimate use of GIs. For producers of GI labelled goods to invest in product development, they need to be ensured that these costs will be adequately reimbursed. All incentives to invest in further research and development, improvement of production methods, advertising etc. are lost if these efforts cannot be “effectively conveyed to the consumer.”[203] Scholars have described the exclusiveness

[201] *See* TRIPs, Article 22.1 for the definition of GIs.
[202] Ragnekar, 2004*b*, p 14.
[203] Jena & Grote, p 3.

that producers enjoy in relation to their trademarks as an assurance that their investments are not made in vain, and the same reasoning ought to apply to investments in goods carrying a GI.[204] Thus, stringently enforced GI regulations promote the production of high quality goods, to the benefit of both producers and consumers. Clearly, such legal means are needed, in order to enable producers and consumers to benefit fully from investments made for improvements of the quality of the good.[205]

A GI protection that prohibited corrective labels in relation to all GIs, as well as prevented other types of potentially misleading conduct, would ensure producers of their exclusivity rights effectively. By safeguarding exclusive rights, legislators would enable their domestic producers to obtain higher profits, since consumers today show an increased tendency to pay a premium for GI labelled goods.[206] Therefore, all countries with domestic production of goods carrying GIs have incentives to provide adequate GI protection. Even though such legislation would benefit only a limited group of producers directly, the fact that these producers experience high profits benefits the entire society, by way of increased export profits, tax revenues, etc.

Indeed, there are several examples of where GIs have had positive impact on a country's financial standing. For instance, figures from France shows that the export of GI labelled goods render significant income. In 2003 alone, the aggregate value of French GI exports amounted to 19 billion Euros. Smaller, but nonetheless significant, value accumulated from trade in, and exports of, GI labelled goods in Italy and Spain.[207] Unsurprisingly therefore, the EU considers GIs to be "unique assets for [...] producers in an increasingly liberalised world."[208] Indeed, further examples from France (*Comté* cheese[209], *Poulet de Bresse*[210], etc) and Italy (*Parmigiano-Reggiano* cheese[211]) verify that GI labelled goods sell at a premium, and that the increased incomes trickle up along the supply chain, from final retailer to initial producer.[212] Furthermore, in Italy, the consistency in use of GIs, and consumers' recognition thereof, has lead to a situation in which consumers nowadays look for GIs rather than individual trademarks when purchasing *Parma Ham* and *Parmigiano-Reggiano* cheese. Clearly, GIs have a significant potential to affect the purchase decision of consumers.[213]

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[204] Economides, *Trademarks*, section 2.
[205] Jena & Grote, p 3.
[206] *See* Correa, 2002, p 17 – 18, and references made therein to a survey of EU consumers and their evident willingness to pay a premium for GI labeled goods.
[207] EU, 2003, p 2. According to this communication from the EU Commission, the combined export value of GI labeled goods for these three countries mentioned amounted to almost 35 billion Euros.
[208] EU, 2003, p 5.
[209] WIPO, 2007, p 10.
[210] Correa, 2002, p 17.
[211] WIPO, 2007, p 10.
[212] *Id.*
[213] Ragnekar, 2004, p 30 – 31.

Clearly, GI labels equal added value to consumers in the EU from which the countries of origin benefit. This is true also for developing countries, which can also benefit from GI labels on their goods. On a general level, it is attested that the positive economic aspects of GIs help fight and reduce “absolute poverty” since the production of such goods employ considerable amounts of people.[214] The positive effects of adequate protection for GIs are further increased by the fact that the right to use GIs come to all producers within a demarcated region, which means that entire societies will benefit from consumers’ willingness to pay a premium.[215] Furthermore, GIs ensure the existence of indigenous knowledge, since they enable producers in developing countries to ascertain a means of income (from the production and sales of traditional, origin-specific goods).[216] In addition, the production of GI labelled goods potentially increases tourism to the GI region in question. Indeed, such increases benefit all countries, irrespective of whether they are developing or developed. Thus, there are aspects of GIs that benefit producers directly, such as increased rents and profits. However, additional positive externalities that are “less quantifiable” exist as well. Examples hereof are GIs ability to “generat[e] employment, increas[e] income or retaining population in certain regions.”[217]

Furthermore, consumers today are increasingly cautious about what they eat, and where the food itself comes from. There is a consistently increasing demand for geographically identifiable goods, since the quality and health promoting aspects etc. of such goods are easily identifiable.[218] It is a matter of people wanting to have better information regarding what they are eating. Indeed, it is proposed that “increased international trade leads to a higher consumer sensitivity regarding the origins of products.”[219] Thus, GI labels contribute to products’ attractiveness, since such labels ensure consumers that goods have certain attributes due to origin-authenticity. However, the fact that TRIPs allows corrective labels makes “origin-authenticity” of non-wine and non-spirit goods a matter of secondary importance under this document. Therefore, the EU regulations are considerably better at assuring consumers that the good actually originates from where the GI states that it does. Nevertheless, GIs protected by TRIPs can be just as origin-authentic and “true” as GIs can be when protected under EU regulations, notwithstanding that the use of corrective labels occasionally leads to the opposite scenario.

The desire to eat and drink foodstuffs that are of high quality and that have identifiable background and attributes results in consumers being more

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[214] Jena & Grote, p 7.
[215] *Id.*
[216] Ragnekar, 2002, p 13. *Also*, WIPO, 2007*b*, p 2.
[217] Correa, 2002, p 16, with further references.
[218] Concerning this development among consumers in the EU, *see* http://ec.europa.eu/agriculture/capexplained/quality/index_en.htm, (under the section “Special products have special characteristics”).
[219] Marette, 2009, p 70.

willing to pay a premium for goods that carry distinctive labels. [220] The willingness to pay more results from the assurance that consumers get regarding the origin of the goods. Since the GI label implies an assurance concerning origin, consumers are indirectly also assured regarding the quality and genuineness of the goods.[221] Clearly, GIs have the ability to ensure higher returns for producers of GI labelled goods due to their ability to communicate information to consumers.[222] In addition, the willingness to pay a premium for origin-authentic goods indicates that consumers in the EU are susceptible to information communicated by GIs, and that the information is well received in the market.[223] The premium that consumers pay enables producers to maintain production methods, which in turn protects cultural heritage and provides producers with economic resources to develop their good further. All these effects promote product diversity, which means that consumers have a broader variety of goods from which to choose.

It is for this reason that the EU has created three distinctive markings for the indication of food quality.[224] The EU considers all the above presented facts as reasons to provide protection for origin-specific goods. GIs trigger consumers' willingness to pay a premium price for the good in return for which they are given certain various assurances. Producers will therefore receive higher returns, which benefit the society as a whole. Producers of goods that do not carry a GI will not experience the same premium price-based profits. Indeed, according to economic theory, goods that do not carry a GI will be sold at prices virtually identical to marginal cost, unless they carry a well-known trademark for which consumers are willing to pay a premium price.[225]

On the other side of the debate regarding GIs economic impacts on individual countries, opponents of GIs suggest that the EU is presenting an unduly optimistic picture. They claim that there is little evidence indicating that GIs enhance consumer loyalty or increases rents and market share for producers of GI labelled goods. As an example, it has been forwarded that wine from the EU carrying specific GI labels consistently loses market share in the U.S. to wine marketed without GI labels.[226] In addition, *Champagne* (from France), as well as *Scotch* and *Irish whiskey* sometimes do not even carry GIs when marketed in the U.S. and in Japan, since such labelling adds

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[220] EU, 2003, p 1. According to this document, French cheeses and certain Italian olive oil sell a significant premium, causing GIs to constitute "the lifeline for 138000 farms in France and 300000 Italian employees."
[221] Silva, 2005, at 200.
[222] Clearly, information deduced from labels on goods "affects consumers' purchasing decisions", *see* Marette, 2009, p 74.
[223] Notwithstanding the indisputable trend among consumers to purchase GI labeled goods at premium prices, it has been questioned whether GIs in general make goods sell at such premia. *See* Kur & Cocks, 2007, p 1007, where it is implied that only strong GIs like Champagne, Prosciutto di Parma and Roquefort actually make consumers willing to pay more.
[224] WIPO, 2007, p 3.
[225] WIPO, 2003, p 12.
[226] Hughes, 2006, p 346.

little or no value to consumers in those markets.[227] Implicitly, these consumers show less tendency and willingness to pay a premium for GI labelled goods. The fact that consumers are not inclined to look for GIs, nor pay a premium for goods carrying them, undermines the economic incentives for producers to use such labels, as well as the incentives for legislators to provide protection for them.

Since, in certain countries, GIs seem to add no value to consumers, legislators there are highly reluctant to GI protection altogether. The countries opposing GI protection also claim that GIs constitute no economic value or benefit for producers themselves, and therefore do not benefit the country at large either. Indeed, those in opposition argue, seemingly supported from empirical evidence, that there is no proof that GIs, and the protection hereof, contribute to enhanced living standards in countries where such protection exists.[228] It is therefore uncertain exactly in what way producers and consumers benefit from GI protection. Considering the fact that consumers in certain developed countries are reluctant to pay a higher price for GI labelled products, it is unlikely that consumers in developing countries would either. Hence, GI protection will not result in any economic nor developmental benefits for developing countries. It is even claimed that this complete lack of economic incentives for GI protection is the root to the widespread shortage of legal frameworks for such protection in developing countries.[229]

In addition, it is naive to believe that products from developing countries will experience notable increases in demand, just because they carry a recognized GI. Rather, if producers in such countries are to profit from their goods being highly demanded, they have to "create a name for their products in the global marketplace [...]."[230] Such name building occurs by way of trademarks, not GIs. On the contrary, systems for identification and protection of GIs would merely require costly implementation processes for developing countries, and not create any tangible economic value or lead to profit. Therefore, according to the critics, it is questionable whether there is concrete rationale for the enactment of legal frameworks for GI protection.[231]

4.2.1 Conclusions regarding GIs economic and communicative functions

Clearly, many arguments concerning the economic rationale for continued and furthered protection of GIs exist. However, there are also opponents of

[227] *Id.*
[228] Ragnekar, 2002, p 7. However, since this article dates back to 2002, it is reasonable to give the information provided therein limited authority today.
[229] Josling, 2006, p 7.
[230] Kur & Cocks, 2007, p 1011.
[231] Hughes, 2006, p 367 – 368.

GIs that strongly advocate reduced (extinguished) GI protection, claiming that the protection, as such, is based on misconceptions and false arguments. Admittedly, the data available in the matter points in different directions. Presently, the economic effects of GI protection must be considered an area requiring further research in the future.[232] However, it is certain that a number of countries (*e.g.* EU Member States and various developing countries) are proponents of (increased) GI protection, notwithstanding the opposition hereto by countries such as the U.S.

Regardless of whether GIs contribute to the economic development in developing countries, it is important to recognize that they are not the sole important IP-instrument in this process. Several other IPRs will together function as catalysts for economic development, regardless of the extent to which the importance of GIs has been promoted by GI-friendly countries. In order for developing countries to become economically stable and expansive, many other fields of Intellectual Property Law must be succinctly regulated domestically. Presently, one of the more hotly debated issues is that of *technology transfer*. This is a process in which developing countries are granted access to protected inventions and technologies, without having to pay licensing fees, royalties, etc. as would normally be required in a business setting. Unsurprisingly, however, right holders in developed countries are generally reluctant to provide others with their protected inventions and technologies, irrespective if it is to competitors or developing countries.

4.3 GIs and trademarks – similarities and differences

GIs and trademarks have several aspects in common. Fundamentally, they both indicate *source*, but whereas GIs communicate *geographical* background, trademarks are individual ownership rights, identifying a certain *commercial* origin. Thus, both GIs and trademarks convey a certain market identity, to which *goodwill* is associated.[233] GIs and trademarks are two separate, although similar, types of distinguishing marks. They both have to be distinctive and non-deceptive in order to obtain protection.[234] In addition, the ability to identify source enables both trademarks and GIs to reduce information asymmetries between consumers and producers. As an important initial remark, it shall be recognized that GIs are *identified*, whereas trademarks are *created* by individual producers.[235]

It is also important to initially recognize that both trademarks and GIs constitute support functions for other types of IPRs. Without trademarks and

[232] *See, e.g.,* Das, 2008, p 471, observing the lack of "economic research" in the field of GIs.
[233]WIPO, 2003, p 11.
[234] Op. Cit, p 12.
[235] Correa, 2002, p 23.

GIs providing this support, “patent and copyright protection would be of relatively lesser economic value.”[236] This statement is based on the idea that trademarks and GIs create *market recognition,* generating in the mind of consumers a notion of quality associated with the mark itself. Thus, a patent protected invention would not be adequately marketable in the absence of an accompanying mark inferring a sense of quality and other desirable features in the mind of potential purchasers.[237]

In addition to being source indicators, both GIs and trademarks confer *exclusivity* upon right holders.[238] However, the right to mark goods with a certain GI applies collectively to a (usually) large number of producers, whereas the right to use a trademark is individual.[239] The fact that a GI can be used by an, in theory, unlimited number of producers indicates that this is in fact a *non-rivalrous* right.[240]

The fact that right holders are granted legal exclusivity to GIs and trademarks means that they are granted a certain legal protection. Non-privileged producers are prevented from wrongfully using or free-riding upon recognized GIs and protected trademarks, and they have to abide by other competition rules as well. Thus, they must find other, legitimate, ways to compete with producers of goods carrying the certain GI or trademark in question. Any conduct that means that the right holder is being unfairly taken advantage of is prohibited.

Even though they are different legal instruments, GIs and trademarks are not mutually exclusive. On the contrary, goods that carry a certain GI probably also carry a trademark. Thus, the producer obtains a multiple protection. First, rules for trademark protection shelter the producer’s monopoly right to his mark. Second, the rules for GI protection prevent competitors from wrongfully signalling that their goods also have the specific geographical origin, since these goods do not have the requisite quality, reputation or characteristics, nor the correct origin. False use of a GI, *i.e.* when non-privileged producers indicate that goods from outside the GI region in reality have that specific origin, is not legitimate (except under certain circumstances, when the GI is followed by a corrective label). Thus, trademarks and GIs used in conjunction create synergies for privileged producers, which enable them to enjoy a “double” protection. They will have their exclusivity rights thoroughly protected by the trademark, and when combined, the markings constitute a far-reaching assurance to

[236] WIPO, 2003, p 3.
[237] Op. Cit, p 3 and 8, paragraph 19, for similar reasoning.
[238] It shall be pointed out that also patents, copyrights, design rights etc. are exclusive rights. Exclusivity is a basic feature of IPRs, even though the exclusivity of GIs is of a collective nature, rather than monopolistic.
[239] “GIs are available to any producer within the specified region of origin.” *See* Marette, 2009, p 66.
[240] “Non-rivalry” is an expression traditionally found in Economics. It means that a right to do something, in this case use a particular GI on goods, applies to more than one entity. Thus, the fact that producer A uses the GI in question, does not “diminish the same [right] for another.” *See,* Ragnekar, 2004*b*, p 19.

consumers that the goods in question really have the commercial and geographical origin asserted. Furthermore, goods that carry a GI as well as a trademark enjoy more goodwill than goods that carry only one type of mark.

As a concluding remark concerning *identical* and *similar* marks, a difference between GIs and trademarks shall be emphasised. In the case of GIs, homonymous indications are allowed – at least under certain circumstances.[241] However, such coexistence is prohibited when it comes to trademarks, if “homonymous” trademarks are used on identical or similar goods. Thus, the GI *Rioja* can be used for wine from two different countries as long as the use does not cause confusion, but only one producer is allowed to use a distinctive trademark. Identical trademarks are allowed only when they are used in relation to “sufficiently dissimilar” goods or services.[242]

4.4 The debate concerning GIs being generic

A fundamental requirement for a mark to protected, and thus for it to confer enforceable exclusivity rights to the right holder(s), is that the mark is distinctive. When a mark is distinctive, it is imperative that the right holders are provided legal means to fend off infringement and measures of unfair competition. For GIs, this means that protection will not be afforded, and the right holders will not enjoy enforceable exclusivity rights, if it has become *generic*. This statement is equally applicable to trademarks. A mark has become *generic* when it has lost its ability to identify goods from a single geographical or commercial origin. Instead of referring to a unique source, generic marks denote an entire category of goods, and not merely goods of a certain kind, from a certain delimited region or producer.

In order to maintain exclusivity to the identifying abilities of GIs, privileged producers may need to “police” illegitimate use of their GI, *i.e.* take (legal) action to fight illegitimate competitive conduct. Policing measures, alongside with their own use of the GI, are the primary ways for privileged producers to uphold the exclusivity rights that they enjoy in relation to the GI. If the privileged producers fail in preserving exclusivity, the GI risks losing its ability to denote a specific region, quality, reputation or characteristics, which is a fundamental requirement for protection. Once a GI lacks distinctiveness, producers from all over the world will be at liberty to use it freely, without risk of reprisals.[243]

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[241] TRIPs, as well as EU specific regulatory frameworks, stipulate the possibility to market goods under homonymous indications. Only when such identical or similar indication risk causing confusion in the market place will they be prohibited.
[242] WIPO, 2003, p 5.
[243] This is true in the EU and the U.S., as well as on a global level, even though the details regarding generalization of marks might somewhat differ. Examples of once protected trademarks that are now generic include *Jeep, Thermos* and *Escalator*.

Unlike the EU, the U.S. willingly declares GIs generic or semi-generic. The international differences in approach to IGOs and their protection causes much international controversy, and it is consistently a subject for debate, *i.a.* in the WTO. The U.S. bases its IGO protection schemes on trademark law, and many designations that constitute "property rights" in the EU, "are considered to be generic terms in [the U.S.] [...]."[244] Therefore, they are not considered worthy of protection there.[245] In fact, most European IGOs are currently unprotected in the U.S or are only vaguely protected.

The case of *Champagne* is especially infected, being the primary IGO in the EU. This is plausibly the most well-known IGO of all, and according to the EU it infers a sense of quality associated with a certain geographical origin, to people all over the world. As such, it is thoroughly protected in Europe. However, according to American legislation, it can be used by American sparkling wine producers, as long as the indication is followed by a corrective label. The U.S. perception on the matter is that, *Champagne* is a semi-generic designation, because it has been used indiscriminately by sparkling wine producers over the course of the centuries. Indeed, it is a lack of policing efforts by Champagne producers in France that has caused the IGO *Champagne* to no longer signify a specific type of goods from a specific region, according to the officials at the ATTTB.

There are also other ways to explain the process of generalisation in the case of Champagne. Evidently, another underlying rationale for the U.S. to declare Champagne semi-generic is that of people's migrating patterns in the 19th century. Scholars oftentimes suggest that, when emigrating to the U.S., many Europeans brought vines (as well as other agriculturally oriented items), in order to continue their craft in their new home country. When they did, they maintained the same production methods and vocabulary in relation to the goods they produced. In other words, Champagne producers from France continued to produce sparkling wine in the same manner as they had done in their country of origin, and they continued to label their sparkling wine the same way after emigrating to the U.S. The same development probably took place for GIs for other wines and spirits as well. Hence, these designations eventually lost their ability to distinguish certain wines and spirits produced in Europe, from similar products that originate elsewhere. Consumers could therefore purchase *Champagne* produced in either France or the U.S., which resulted in that, in the U.S., the GI *Champagne* has "evolve[d] into [a] generic indication [...]" for sparkling wine.[246] The same development can be identified in Australia, for IGOs for wines that were originally European.[247]

When the process of generalisation is analysed on a more theoretical level, it becomes easier to see that the rationale behind it is universally applicable to

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[244] Goldberg, 2001, at 109.
[245] *Id.*
[246] Lindquist, 1999, at 313.
[247] *Id.*

all types of IGOs. By identifying the “basic purposes” of IGOs, the following features are evident, and they also constitute the prerequisites for protection:

- IGOs communicate geographic source
- IGOs communicate (non-geographic) product qualities, and
- IGOs create evocative value.[248]

For the purpose of examining the *generalization* process, only the second feature is of interest. Allegedly, it is when the IGO becomes incapable to communicate such “(non-geographic) product qualities” that it has become generic.[249] Since generic IGOs, as such, lack this ability, they therefore do not infer certain notions of quality or geographic association in the minds of consumers. Consequently, they shall not be protected.

It is important to evaluate the legal consequences of the non-protective approach the U.S. takes on in relation to IGOs. The EU claims that the U.S. fails to live up to its internationally stipulated obligations, when *Champagne* and other IGOs are used by American producers. The EU claims that such use constitutes a wrongful exploitation of the IGO that infringes the rights to exclusivity of the legitimate right holders. However, this point of view is not necessarily valid, when assessed through the framework of TRIPs.

According to Article 24.6 of TRIPs, Member States are not required to provide protection for IGOs[250] that are identical to “the term customary in common language” for that type of goods in that particular Member State. Thus, since the designation *Champagne* is deemed semi-generic, the U.S. does not breach its GI-related commitments under TRIPs. Again, Article 24.6 relieves the U.S. from all obligations to shelter and protect generic IGOs. Consequently, the far-reaching protection that Article 23 prescribes in relation to GIs for wines and spirits is effectively eliminated, and producers in the U.S. are at liberty to label their sparkling wine *Champagne*.

Clearly, producers of GI labelled goods in the EU face severe threats in the international trade community due to these regulations. In response hereto the EU, in 2003, compiled a list of 41 GIs that are currently being exploited abroad, advocating that they become recognized as valid GIs, and protected accordingly.[251] These GIs are currently being used in *e.g.* the U.S., based on arguments of genericness, which grant everyone a right to use them. One of the more well-known GIs on this list is, unsurprisingly, *Champagne*, which

[248] *See* Hughes, 2006, p 303, for quote and enumeration.
[249] It is worth noting that this development takes place over time, rather than through a rapid turn of events.
[250] It shall be reminded that TRIPs uses the concept GI, not IGO.
[251] Press release from the EU, *WTO talks: EU steps up bid for better protection of regional quality products*, IP/03/1178, available at http://europa.eu/rapid/pressReleasesAction.do?reference=IP/03/1178, last visited 12-10-2009. For an enumeration of the actual 41 GIs enclosed in the list, *see* USDA GAIN Report No. E23165.

in the U.S. can be used in conjunction with a corrective label.[252] [253] Most GIs on the list refer to wines and spirits,[254] but also GIs for cheeses and meats appear among the enumerated GIs.[255] This initiative to re-acquire exclusivity of these GIs has commonly been referred to by the opposing countries as an attempt to unjustly “claw back” a set of otherwise generic GIs. The negotiations on this matter have thus far been unsuccessful for the EU.

4.5 GIs’ implications on international trade

As has been previously presented, trade in GI labelled goods accounts for significant economic value for the EU. In addition, scholars have identified GIs as a marketing tool that would potentially enable developing countries to reap greater economic benefits from international trade in their own high quality goods, and thus grant these countries a stronger position on the international trade arena.[256] Considering that consumers grow increasingly aware of product origin (as an assurance of quality and reliability) and show tendencies to purchase such goods even at a premium price, chances are that trade in GI labelled goods will further increase in the future.

Nevertheless, opposing views are also presented, especially by scholars from the U.S. and other countries that are reluctant to (extensive) GI protection. In response to the argument that producers of GI labelled goods in developing countries would benefit from further recognition of, protection for, and exclusive rights to GIs, it has been claimed that a lack of “cachet and certified supply-chain systems” in reality prevents such benefits from occurring.[257] Thus, investing in systems for GI protection in developing countries would only prove to be a costly way of “chasing the dream” of obtaining a price premium.[258] On the contrary, opponents suggest that there is a veritable risk that a use of geographical labelling is detrimental to developing countries; if a product carrying a GI is of poor

[252] An example hereof is *Korbel California Champagne*. *See* http://www.korbel.com/age_screener.aspx?ReturnUrl=%2fDefault.aspx, last visited on 2010-12-04.

[253] It is, in this situation, interesting to notice that, one of the provisions in NAFTA prohibit all other spirit producers than those in Tequila, Mexico to use the GI *Tequila*, even in conjunction with a corrective label. Thus, the GI *Californian Tequila* would not have been accepted. *See*, Kazmi, 2000, at 473.

[254] Hughes, 2006, p 323.

[255] Interestingly, Doster, for some reason, claims that cheese GIs are most common on the list. *See*, Doster, 2006, p 876

[256] *See, e.g.*, Das 2008, p 483. However, Das recognizes that the benefits for Indian producers would be even greater if GIs were afforded stronger protection, in line with TRIPs, Article 23. The reason for this is that, in India, it is mostly agricultural and handicraft goods, such as *Basmati Rice*, that carry GIs.

[257] Anders & Caswell, 2009, p 83.

[258] *Id*.

quality, there is a risk that other products from that country or region are also affected negatively.[259]

Possibly the most compelling argument against GI protection brought forth by opposing countries, is that GIs regulations constitute barriers to trade. By granting producers a type of marketing exclusivity, the EU effectively prevents producers from other countries to use the same GI on their goods, at least when marketed in the EU. This practice, it is claimed, distorts trade and competition.

This issue came before the DSB of the WTO in a case a few years ago.[260] The U.S. and Australia filed a complaint, stating that the EU discriminated non-EU trademarks, in a manner incompatible with the principles of *national treatment* and *most favoured nation* in TRIPs. To support the claim, the complainants used the example "Budweiser", a trademark owned by the American brewery Anheuser-Busch. The use if the trademark in the EU had been opposed by a Czech brewery that used the GI "Budejovicky" on its beer. Budejovicky was the name of the town in which the Czech brewery was situated, and its English translation was Budweiser. At the time, Regulation 2081/92 provided legal coverage for GIs in the EU, and it prevented the use of trademarks identical to GIs.

According to the DSB panel, the EU legislation violated "TRIPs' national treatment obligation."[261] The EU therefore had to amend its rules as a result of the holding, why it adopted Regulation 510/2006. Hereby, it became easier for non-EU producers to register GIs here.[262] Furthermore, foreign producers now have increased possibilities to use their trademarks, even when they are identical to registered EU GIs in translated form (such as Budejovicky – Budweiser). Along these lines, the panel also declared that the possibility to object to the use of an identical trademark should be contingent on consumers being confused by the concurrent use of the two marks.

Indeed, GIs can obstruct trade also in relation to developing countries. Scholars have identified, *i.a.*, India as one of the countries that would be affected if all GI protection was based on a TRIPs, Article 23 level. India produces a variety of domestic types of Mozzarella cheese, all of which it

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[259] Op. Cit, p 84 – 85. As an example, the authors point out China, where certain foodstuff was recently found to be dangerous. This caused other edible products from China to lose market power.
[260] Dispute Settlement: Dispute DS174. Available at http://docsonline.wto.org/GEN_highLightParent.asp?qu=%28%40meta%5FSymbol+WT%FCDS174%FCR%2A+and+not+RW%2A%29&doc=D%3A%2FDDFDOCUMENTS%2FT%2FWT%2FDS%2F174R%2EDOC%2EHTM&curdoc=3&popTitle=WT%2FDS174%2FR, last visited 2009-11-25.
[261] Gutierrez, 2005, p 47.
[262] Marette, 2009, p 68. However, it is suggested that this possibility might be used primarily by producers from developing countries and not producers in the U.S., since these are not accustomed to GI regulations for the governing of certification marks. *See* op. cit, p 69.

would be prevented from selling in the EU, since an extension of the protection for GIs would prohibit the use of corrective labels such as *Mozzarella cheese, produced in India*.[263]

However, to claim that an extension would be nothing but detrimental to developing countries is not accurate either. Indeed, if the enhanced protection for GIs that the EU advocates becomes reality, then Indian rice farmers would suddenly obtain exclusive rights to the indication *Basmati Rice*.[264] It has furthermore been emphasized that producers from developing countries, whose goods carry an EU GI (a PDO or a PGI), will benefit significantly from "access to a high-quality segment of the market."[265] If these producers were to use other insignia, such as "fair trade labels", they would likely benefit even more.[266] Consequently, it is reasonable to believe that most countries would experience both advantages and disadvantages from furthered GI protection.

[263] Anders & Caswell, 2009, p 88.
[264] *See* Williams, 2002, p 17, for the two cited examples.
[265] Marette, 2009, p 69.
[266] Op. Cit, p 73.

5 The situation today – why are GIs a controversial issue?

5.1 Introduction

It is suggested that the international debate regarding GI protection demonstrates a split between “Old World” countries, such as the EU Member States, on the one side, and “New World” countries, such as the U.S., Australia and certain other Latin American countries, on the other. This differs from the traditional division of “North” and “South” (implying countries on the northern hemisphere and southern hemisphere, respectively), which is otherwise common in international trade negotiations.

This difference is traditionally explained by the circumstance that *product names, indications,* and *production methods* were brought from “Old World” Europe to “New World” countries during the migrations in the 1800s and 1900s.

5.2 “Old world” perspective and attitude towards protection for GIs

In terms of international GI protection, the EU is the strongest proponent. Preferably, the EU wishes to have even stricter GI protection than today, as a measure to more efficiently prevent free-riding and dilution of GIs, as well as a measure to prevent unfair competition and counterfeiting of GI labelled goods.[267] Indeed, the EU also pushes for an extension of the protection afforded to GIs under TRIPs, Article 23, and thus creating a protection for all types of products on the level of that which today is afforded to wines and spirits only. In 2003, the EU had approximately 4800 products registered for GI protection, out of which 7/8 referred to wines and spirits.[268] Considering the fact that GI labelled products constitute significant economic value internationally, it is easy to understand why the EU advocates an extension of GI protection in favour of all types of GI labelled goods. Within the EU, protection is already afforded to all types of GI labelled goods of the level of TRIPs, Article 23, by way of, *i.a.,* Regulation 510/2006. The EU is convinced that an enhanced protection for GIs, which shelters all types of GIs uniformly, will be of significant benefit

[267] Figures from The European Spirits Organisation illuminate the problems related to counterfeiting of GI labelled spirits,. Estimations regarding the value of counterfeiting of GI-labelled *spirits*, indicate that the aggregate value in 2005 amounted to as much as € 900 million, and possibly even more. *See*, Document from the European Spirits Organisation, CP.CE-043-2005, section 2.
[268] EU, 2003, p 2.

to its Member States, while simultaneously help developing countries attain better economic standing and presence in the international (trade) community.

Protection for GIs in the EU is afforded by way of a *sui generis* legal framework, which is based on a perspective in the IPR-field commonly referred to as *droit d'autuer*.[269] According to this idea, "the right holder is considered to have a personal and *inalienable* connection to the product."[270] Hence, trademark regulations are unsuitable as tools for protecting GIs, considering that one of the fundamental ideas of trademark law is that rights are transferrable. Indeed, the "inalienable" rights to GIs that the EU advocates conform to the concept of *terroir*, which is something that *cannot* be relocated.[271]

Accepting fully the stricter and more far-reaching standards and terminology on the area of GIs incorporated in TRIPs, it is once again reminded that the EU has identified 41 indications that are currently deemed generic product names in other countries, requesting that these indications become protected as recognized GIs.[272] This initiative is known as the *claw back* list. Presently deemed generic or semi-generic, these indications are used liberally in the U.S. Therefore addressing their request to the U.S., the EU wishes to retain exclusivity over the enumerated GIs and thus prevent non-privileged producers from using them.

Furthermore, the EU and other Old World countries consider GI protection a measure by which to protect agricultural techniques and traditions, unique craftsmanship and cultural heritage. Recognizing that protection should be afforded only to products that have a certain link to its geographical origin, the EU also puts forward consumer preference and development of rural economy as reasons for GI protection.[273] In addition to these goals, the recitals of Regulation 510/2006 mention several other objectives. "In essence, the use of GIs is a way in which Europe can balance a unified trade alliance while preserving its separate national identities."[274] Undeniably, preservation of "national identities" occurs everywhere GIs are protected, not merely when they originate from Europe.

[269] This is a French expression, the English translation of which is "the right of the author".
[270] Agdomar, 2007, p 571 (emphasis added).
[271] Op. Cit, p, 572.
[272] Press release from the EU, *WTO talks: EU steps up bid for better protection of regional quality products*, IP/03/1178, available at http://europa.eu/rapid/pressReleasesAction.do?reference=IP/03/1178, last visited 12-10-2009.
[273] *See* Recitals 2, 3 and 8 of Regulation 510/2006.
[274] Gutierrez, 2005, p 38.

5.3 "New world" perspective and attitude towards protection for GIs

The manner in which GIs are protected in the U.S. – by way of regulations originally enacted as schemes for protecting trademarks and preventing unfair competition – differs significantly from the legal framework found in the EU. It is proposed that the U.S. provides its GI protection on trademark regulations because of *utilitarian* reasons.[275] In essence, such reasoning implies that when right holders are granted exclusive – and transferrable – rights to their creation, they have adequate incentives to invest in it. By ensuring producers and inventors realistic opportunities to benefit economically from their own efforts, society as a whole will "benefit from the work or product once it is released into the public domain."[276] Trademark law also shelters consumers from being confused, "by ensuring they are not made to believe that unrelated products actually come from the same producer."[277] In essence, GIs are protected in the U.S. by a system that is based primarily on reasoning of economic efficiency.[278]

Along with the U.S., several other countries such as Australia and Canada are reluctant to protect GIs as extensively as proposed by the EU. These "New World" countries have considerably shorter history than European countries, and therefore have a smaller range of agricultural traditions and uniquely produced goods. Since there have evolved less GIs in these countries, legislators have had little incentive to grant them protection; a situation which remains today. In addition, it has been suggested that the biased and exclusionary nature of the strict "European protection of GIs [...]" places the U.S. and other countries at a disadvantage.[279] Unsurprisingly therefore, New World countries have been reluctant to GI protection in its present form from the start, and strongly oppose further extensions thereof. Indeed, efforts by the Old World to have GI protection extended have been referred to as outright measures of protectionism, which would effectively deprive producers from foreign markets of levelled opportunities to compete.[280] As has been recognized, the U.S. holds a presently unparalleled position of power in the international (trade) community, why "it is logical that it would maintain this perspective [of reluctance towards GIs]."[281]

Indeed, opponents of GI protection claim that it constitutes barriers to trade, since "GIs raise issues of access to domestic markets for foreign producers who want to compete in the GI niche."[282] By granting exclusivity to an

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[275] Agdomar, 2007, p 571.
[276] Agdomar, 2007, p 571.
[277] Waggoner, 2007, 582
[278] Op. Cit, p 581.
[279] Gutierrez, 2005, p 43.
[280] Agdomar, 2007, p 577.
[281] Gutierrez, 2005, p 40.
[282] Marette, 2009, p 66.

indication to a limited group of producers, producers from other countries are prevented from competing on the same market. This effect is reinforced by the fact that the most attractive GIs in the world today originate in Old World countries (really, a few Mediterranean EU Member States), which in reality means that the producers that will suffer the most from enhanced barriers to trade are in primarily producers from developing countries and producers in the New World.[283]

Nevertheless, scholars in opposition of GI protection claim that there exists too little evidence concerning GIs' ability to preserve cultural traditions and production methods for the EU to make firm statements about GIs having such potential. Therefore, such argumentation by the EU is based on misconceptions, and is not solidly deduced from sufficient empirical data.[284]

5.4 The EU and the U.S. on collission course – clash of trade giants

Already in the negotiations for the earliest international legal frameworks for protection of IGOs (starting with the Paris Convention of 1883), it was evident that protection of GIs was a controversial and difficult matter. Indeed, numerous scholars describe the discrepancy in perspectives that influenced the design of these frameworks, resulting in often rather toothless protection for IGOs. The situation remained highly unsatisfactory for GI proponents until the enactment of TRIPs rendered the situation more acceptable. However, also the negotiations preceding TRIPs were affected by this difference in appreciation of GIs' value and importance. Hence the difference in level of protection; GIs for wines and spirits enjoy a further reaching protection than GIs for other types of goods do. It is thus the case that neither side of the controversy is fully satisfied with the current situation.

There are presently discussions in the WTO and the Doha Development Round concerning an extension of the protection afforded by TRIPs, Article 23, as to whether it shall apply to all types of GI labelled goods. This would create a levelled protection for all types of GIs. WTO Member States such Switzerland, Iceland, Poland, Latvia, India, Pakistan, Kenya, Cuba and Lichtenstein etc. argue that the difference in protection in unwarranted, and that all GIs should enjoy similar, far-reaching, protection. The primary force behind this proposal, however, is the EU.[285] In addition to claims for protection, it has been recognized that the EU also advocates a re-establishment of exclusivity of 41 GIs that are currently considered generic or semi-generic in the U.S. If these GIs were to be recognized and once more deemed distinctive, they would be protected on the same level as the

[283] *See infra*, section 4.4, for a more detailed elaboration on GIs impact on trade patterns.
[284] Waye, 2005, at 56.
[285] Goldberg, 2001, at 133 – 134.

non-generic French GIs *Alsace, Bordeaux* and *Chateauneuf-du-Pape*.[286] The list of 41 GIs contains indications for a variety of goods, with the focus placed on GIs for wines, spirits and cheese. Indeed, the EU believes it is imperative to combine an extension of TRIPs, Article 23 protection with the granting of exclusive rights in relation to the 41 GIs mentioned in the list. If only exclusivity to the 41 GIs is re-established, then free-riding on the GIs that are protected under TRIPs, Article 22 would still be possible. Such a solution would imply little benefit for the EU, since "labels such as 'Parmesan cheese, made in the U.S.A.' would be considered acceptable [...]."[287]

It shall also be recognized that according to a WIPO report, Australia's wine producers have benefitted significantly from GI protection, as such labelling has enabled producers to acquire considerably greater market share in the U.K.[288]

Representing the other side of the discussion, the U.S., Canada, Australia, New Zeeland, Mexico and China, thoroughly oppose an extension. These countries do not share the view of GI proponents regarding the positive economical and developmental aspects of GIs. Consequently, the discussions in the WTO are at a stalemate in this regard.

Unsurprisingly, the countries that oppose an extension of the protection afforded by Article 23, also contest the claw-back list.[289] They base their arguments on principles of fairness and economic disadvantages for domestic producers. These producers are deemed to be rightfully using the GIs in question today, within their own jurisdictions. Returning exclusivity rights to the 41 GIs to EU producers would impose heavy marketing and renaming costs on the producers from other countries. Legislators are reluctant to inflict such costs on their domestic producers, arguing that it "would be unfair to preclude the use of certain [GIs] after their own producers have spent years producing, marketing and investing in products under those very names."[290] It is further claimed that such renaming and rebranding procedures would cause significant confusion among consumers, creating negative externalities in the marketplace.[291] In addition, there

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[286] *See* Subpart D of Part 12 of Title 27 of the Code of Federal Procedure, available at http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr;sid=a6dfb32f2af805fd62c70dfcd6972d20;rgn=div5;view=text;node=27%3A1.0.1.1.10;idno=27;cc=ecfr#27:1.0.1.1.10.4, last visited 2009-12-15. Non-generic GIs from outside the U.S. are enumerated on a country-by-country basis.
[287] Babcock & Clemens, p 10.
[288] WIPO, IP, p 181.
[289] In the U.S., it has been deemed "politically and economically unpalatable to restrict the use of geographic indications that have historically been in the public domain […]." *See* Kazmi, 2000, at 472. This quote summarizes succinctly the perspective the U.S. takes in relation to the "claw back" initiative by the EU.
[290] Doster, 2006, p 875.
[291] Doster, 2006, p 892. Nevertheless, another scholar suggests that the concerns about confusion in the market place are exaggerated, since confusion only occurs initially; after a limited period of time consumers once again learn the background and origin of products.

seems to be few reasons for the U.S. and other opposing countries to grant EU producers an exclusive right to use these 41 GIs, since consumers in New World countries are less prone to view GIs on goods as an assurance of higher quality and added value.[292] Thus, an additional array of exclusive GIs will not be of any benefit to consumers in these markets.

Finally, a last concern of the opposing countries relates to future development, and what would happen if the 41 enumerated GIs on the *claw back* list were once again recognized as exclusive property belonging to EU producers. The opposing countries fear that the EU will eventually continue its attempts to reclaim GIs, in ways yet unforeseeable. In essence, they are concerned that that the EU will present continuous demands of being granted exclusivity to GIs that the EU considers European, even though they can presently be freely used outside the EU.[293]

5.5 Conclusions

Clearly, there is significant disagreement regarding the ability of GIs to affect international trade positively. Old World claims regarding the positive economic impact in societies that produce, sell and export GI labelled goods are countered by arguments from New World countries concerned about the risk of GIs distorting trade. To complicate matters further, it shall be recognized that countries, as in the case of Australia, can be in opposition of GI protection on the face, whilst reaping considerable economic benefits from that very type of protection. Based on these facts, it is difficult to categorize GI protection as either good or bad. Rather, it seems as though such evaluations must be made on a country-to-country and product-to-product basis. However, it is reasonable to think that a *utilitarian* approach, such as that of the U.S., promotes product development more effectively than the EU approach. By granting producers non-transferrable rights, and minimizing competition by prohibiting the use of corrective labels, the EU might undermine incentives for further product development. Producers in the EU are likely to cling to current production methods because of the legally induced status quo, which upholds their ability to charge premium prices for their goods. The EU's approach therefore seems capable of safeguarding producers, but in a market driven economy, such stalemate in

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Thus, initial confusion is eventually replaced by "long term benefits". *See* Agdomar, 2007, p 589.

[292] This is true for GIs for alcoholic beverages, *see supra*, section 3.2.1 regarding Champagne, Scotch and Irish whiskey. It is therefore reasonable to apply the same reasoning to other types of goods. Nevertheless, producers of cheese in the U.S. fear that consumers might be increasingly inclined to look for GIs when purchasing cheese in the future. The reason is that recently, certain GIs for cheese have in the U.S. become more well-known and sought-for than before. If the EU was granted exclusivity to the GIs according to its demands, the selling power of U.S. cheese producers would potentially weaken, and severely threaten their ability to compete internationally. *See* Doster, 2006, p 893.

[293] Babcock & Clemens, 2004, p 11.

the area of product development and competition might take place to the detriment of consumers.

Evidently, there is an immense need of international compromise and agreement on the area of GI protection, in order to have matters satisfactory regulated. Presently, GIs from the EU are not deemed sufficiently distinctive in the U.S., and therefore do not enjoy protection there. Most likely, however, the U.S. would benefit from acknowledging GIs from the EU, even though some of its producers would potentially suffer initially (from rebranding costs etc.). It is claimed that if rebranding procedures would take place during transition periods, producers would experience less loss of sales, and consumers would be less confused. Thus, the negative effects from rebranding that legislators and politicians in the U.S. fear, could be effectively mitigated if producers had sufficient time to make consumers used to new labels and product names.[294]

Furthermore, one scholar brings attention to the examples of the U.S. GIs *Florida Oranges* and *Idaho Potatoes*, which are currently unrecognized in the EU. If the EU would obtain protection in the U.S. for the GIs in the *claw back* list, American GIs would be adequately protected in the EU in return.[295] In addition, mutual recognition of GIs would allow new GIs from the U.S. to emerge, which would then also enjoy protection internationally. Clearly, reciprocal benefits are attainable. However, neither party is likely to surrender its position without simultaneously being assured of concrete benefits that such a concession would result in. Therefore, in order to make it more attractive for the U.S. to accept its claims, the EU should concede to the U.S. demands of reduced EU "agricultural subsidies and tariff rates" to its farmers.[296]

[294] Waggoner, 2007, p 586 – 587.
[295] Doster, 2006, p 899.
[296] *See* Waggoner, 2007, p 590, who proposes this arrangement as a type of "IP-for-agriculture swap".

6 Multilateral agreements, compared to bilateral agreements: which type of framework best regulates GI-related trade?

6.1 Introduction

There are many differences in the level of protection afforded to GIs throughout the world. Primarily, the differences are the result of different legal traditions, which cause countries to ascribe GIs different value. Since not all countries consider GIs valuable, the protection afforded to them on a national level will fluctuate. Both sides to the debate are able to present adequate arguments for their cause, why it is difficult to determine whether the argumentation of either side is more persuasive. What can be concluded, however, is that all parties involved seem to consider the GI provisions in TRIPs unsatisfactory, since one side demands an extension thereof, while the other dislikes said regulations altogether.

6.2 Bilateral agreements on GI trade

In order to circumvent problems associated with GIs being differently protected, several trading partners have concluded various bilateral trade agreements governing their GI-related dealings and trade. Indeed, to counter the problems resulting from the discrepancy in level of GI protection in individual countries, bilateral agreements have been used "for over a century", providing protection for GIs in the international trade community.[297] In essence, such agreements generally regulate the manner in which producers from the other country are allowed – or not allowed – to use certain GIs on their goods.

In the following, focus is placed on certain bilateral trade agreements for wines and spirits, entered into by the EU on the one hand, and GI adverse, New World countries on the other. Such agreements complement the provisions of TRIPs, which provide the foundation of international protection for GIs.[298]

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[297] Josling, 2006, p 15. It shall be acknowledged that Josling here refers to, *i.a.,* the Lisbon Agreement, and not specific bilateral agreements.
[298] Waye, 2005, at 57.

6.2.1 EU – U.S. bilateral agreement on trade in wine

In 1983, the EU and the U.S. entered into an agreement regulating trade in wine (the 1983 Wine Agreement), which primarily named the terms under which American wine should be imported into the EU.[299] In short, the aim of the agreement was to augment trade levels in American wine, why it stipulated various requirements that the wine had to meet in order to be marketable in the EU. These requirements mostly concerned production, and depending on wine type the requirements were different.[300] Regarding GIs, the 1983 Wine Agreement prescribed that the EU had to recognize the names of a number of American viticultural areas as valid indications for wine. In return, the U.S. promised to prevent *generalization* of European GIs that were non-generic at the time.[301]

Although the agreement was supposed to last only until 1988, it remained in force until March 2006 through “a series of one-year extensions [...]” and minor adjustments.[302] Then, in 2006, the EU and the U.S. “arrived at an accord”, which is called the *Agreement between the European Community and the United States of America on trade in wine* (the 2006 Wine Agreement). It regulates wine trade more extensively than the 1983 Agreement, and the agreement itself consists of four distinct parts.[303]

After a number of initial provisions contained in the first part, the second and third parts of the 2006 Wine Agreement regulate, *i.a.*, wine-making procedures and labelling measures. Each party to the agreement is obligated to recognize the other party’s domestic wine making procedures, and admit that these fulfil all the production requirements, if the wine is produced in accordance with regulations in the country of production. In essence, unless the production methods used by the producing country change the character of the wine, the procedure, as such, is unobjectionable.[304] Likewise, both parties to the agreement have the right to develop and amend their wine-making practices without the other having the right to object.[305]

The regulations relating to *labelling* are found in part three of the 2006 Wine Agreement. The initial provision on this topic, Article 6, contains obligations for the U.S. to “seek to change the legal status” of 17 wine

[299] Zacher, 2005, at 458.
[300] Rose, 2007, at 756.
[301] Op. Cit, at 757.
[302] *Id.*
[303]The formal name of this agreement is *Agreement between the European Community and the United States of America on trade in wine.*
[304] The 2006 Wine Agreement, Article 4.
[305] The 2006 Wine Agreement, Article 5. Nevertheless, the parties do not have full discretion to adopt “new wine-making practices” entirely at their own will. The new methods have to be in accordance with certain predetermined regulations enumerated in Annex I of the agreement itself.

indications from the EU, which are presently deemed semi-generic.[306] The idea is that these indications shall eventually arrive at a *non-generic* status, and thus be available only to producers who actually operate from the respective regions. According to current U.S. legislation, the enumerated indications can freely be used by everyone in the U.S. who combines them with a corrective label, such as *Californian Champagne*. However, even though the idea is that the use these 17 GIs, which all refer to wine, shall be restricted to European producers, they will still be available to American producers under certain circumstances. American legislation prescribes that a *Certificate of Label Approval* can be issued, which in effect equals a grandfather provision. This regulation allows producers in the U.S. to use the GI in question.[307] The rationale for such an exemption is "to allow all producers who had used the terms before to keep using them, so long as they are used in the same way [...]".[308] This provision resembles the grandfather provision found in TRIPs, Article 24, for indications that have been used before a certain deadline.

At first, the 2006 Wine Agreement seems beneficial to the EU, and potentially resulting in that attractive GIs once more refer only to distinct places in Europe. However, as has been clarified, Article 6 also contains far-reaching *grandfather provisions*, which effectively shelter U.S. wine producers' continued use of the GIs in question. In effect, Article 6 allows American wine producers to continue to use the GI if they have initiated their use of it, which means that it only prevents *new* labelling measures from taking place.[309] Nevertheless, it is prescribed in the 2006 Wine Agreement that GIs that are *non-generic* in the U.S. shall so remain.

In return for the U.S. obligation to try to provide further protection for GIs, the EU is obliged to recognize the names of certain enumerated U.S. wine regions. Wines that do not originate from these regions are not allowed to carry the indications in question. Thus, the 2006 Wine Agreement stipulates requirements that obligate the parties to mutually recognize certain practices and names of the other.

In many ways, the 2006 Wine Agreement shall be considered a step in the right direction for the EU, considering that it forced the U.S. to negotiate provisions relating to trade in goods carrying indications of geographical reference. For all intents and purposes, the EU should be pleased that it raised U.S. awareness of the issues itself. Furthermore, it is a direct response to the EU's desire to reacquire exclusivity to GIs originating in its Member States, and a measure for addressing the currently unsatisfactory international regulatory situation. The obligation for the U.S. to shelter non-generic GIs from generalisation benefits the EU, as does the provision

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[306] These GIs are found in a list in Annex II of the 2006 Wine Agreement. The enumerated GIs are *Burgundy, Chablis, Champagne, Chianti, Claret, Haut Sauterne, Hock, Madeira, Malaga, Marsala, Moselle, Port, Retsina, Rhine, Sauterne, Sherry* and *Tokay.*
[307] Danner, 2009, p 2265.
[308] *Id.*
[309] *Id.*

concerning the U.S. having to "seek to change the legal status" of certain GIs that are presently generic or semi-generic. Nevertheless, it shall be recognized that certain aspects of the 2006 Wine Agreement are significant drawbacks for the EU.

First, the agreement itself does not define *Geographical Indications* at all, and it does not mention protection of indications as one of its objectives. Thus, it cannot be said that the agreement focuses on, or even truly acknowledges, GIs, even though this term evidently is relevant for the agreement as such. Furthermore, the mentioned generous grandfather provisions significantly benefit the U.S., since they are as far-reaching as those found in TRIPs.

Even though the EU shall be satisfied with reaching an agreement with the U.S. on this area, it is questionable whether the agreement brings any real benefits for the EU. Rather, it is unlikely that the 2006 Wine Agreement adds any value on top of the provisions in TRIPs. In addition, Article 12.4 of the 2006 Wine Agreement clearly stipulates that neither party is obligated to "recognise any intellectual property right[s] [...]" of the other. Thus, the term *Geographical Indication* is given no meaning within the framework of the agreement itself. Clearly, the EU has to evaluate whether the 2006 Wine Agreement has brought any actual results. Indeed, the agreement has been referred to as a "desperate attempt [by the EU] to maintain its grasp over the lucrative and ever-expanding American wine market [...]."[310] Even though the EU seems to have little reason to be completely satisfied with the agreement, it might nevertheless still be too early to determine the actual effects it has on EU wine exports and wine trade in the internal market, since the agreement has been in place only a few years.

6.2.2 EU – Canada bilateral agreement on trade in wine and spirits

The EU and Canada entered into a bilateral trade agreement concerning GIs for wines and spirits in 2003 (the 2003 Agreement for wines and spirits).[311] This agreement contained, *i.a.*, all the GIs for wines that are contained in the list of 41 GIs presented by the EU. They are all recognized, and will eventually be granted exclusively to European producers.

The implementation of the 2003 Agreement for wines and spirits is divided into phases. The agreement stipulates different time frames, after which certain enumerated GIs for wines from the EU shall no longer be deemed generic in Canada, and thus no longer be available to Canadian wine

[310] Rose, 2007, at 769.
[311] The formal name of this agreement is *Agreement between Canada and the European Community on Trade in wines and spirit drinks*.

producers. In return, the EU acknowledges the GI *Rye Whisky* as an exclusively Canadian indication.[312]

Articles 10 – 11 constitute the foundation for protection for wine GIs, and stipulate a protection based on the provisions of TRIPs, Article 22. When GIs for wine from one party are eligible for protection according the requirements in Article 22, they shall be protected within the other party. Article 12 of the 2003 Agreement for wines and spirits contains the "transitional" provisions that stipulate the different time frames according to which the enumerated GIs shall be considered non-generic. Articles 14 – 15 contain provisions for spirit GIs, similar to those found in Articles 10 – 11.

Compared to the 2006 Wine Agreement between the EU and the U.S., this agreement provides the EU with a better protection for GIs, in line with its aspirations. Moreover, to even things out, it simultaneously provides Canada with unobjectionable exclusivity in the EU to a number of GIs for wines and spirits of its own.

However, there is still an important unsolved GI-related controversy between the EU and Canada, which is that surrounding *Parma Ham*. This GI is registered and protected as a trademark in Canada, thus belonging exclusively to one single corporate entity. This means that producers of Parma Ham in Italy cannot use the GI in Canada. Unsurprisingly, the situation causes much aggravation for European producers, who have to call their product *Ham no. 1* when they market their ham there. However, it is unlikely that there will be any change in this matter anytime in the near future; Canada has not shown any inclination to return *Parma Ham* to EU producers. Without Canada doing so, the trademark will continue to trump any GI-related claims from the EU associated with *Parma Ham.*

6.2.3 EU – Australia bilateral agreement on trade in wine

The EU entered into an agreement with Australia in 1994, which concerned wine labelling practices as well as the actual use of wine GIs. The agreement prohibited both parties from using a number of GIs, which thus were returned to the other party. The agreement from 1994 was replaced by an updated version in 2008. The EU has traditionally been Australia's largest wine export market, and the new agreement seeks to maintain that situation.[313]

The new agreement (the 2008 Wine Agreement) modernised the old one.[314] Article 12 of the 2008 Wine Agreement stipulates that protection shall be

[312] Babcock & Clemens, 2004, p 10.
[313] Cossey, 2009, p 1.
[314] The formal name is *Agreement between the European Community and Australia on trade in wine*.

afforded to GIs as well as *traditional expressions* used by both parties. These GIs and traditional expressions are listed in Annex II and III. The rationale for protection of the GIs included in the 2008 Wine Agreement, is that they are considered to belong exclusively to the producers that are geographically situated within each respective party. Among several others, famous European GIs such as *Champagne, Bordeaux,* and *Chianti* are included in the list, and these shall thus be available only to producers in the respective regions. Annex III lists several *traditional expressions*, such as the French *Appellation d'origine controlee* (AOC), and the 2008 Wine Agreement prescribes that similar exclusivity shall be afforded to them.

Even though the agreement between the EU and Australia meant that Australia had to discontinue its use of several well-known and recognized GIs from Europe, it did not affect their wine industry negatively. On the contrary, it has been claimed that the "agreement led to the 'making of the Australian wine industry.'"[315] Indeed, Australia has been claimed to have "the world's most dynamic wine industry."[316]

In addition to the regulations relating to GIs and traditional expressions, the 2008 Wine Agreement regulates the procedure concerning dispute resolution. First, an informal course of action shall be initiated, which allows the parties themselves to try to solve the issue. If such a scheme is unsuccessful, "more formal dispute resolution procedures" will be brought into play.[317]

6.3 Advantages and disadvantages with bilateral agreements compared to multilateral agreements

Bilateral agreements are common ways to regulate trade matters, not only in association to GIs. They enable parties to design the rules surrounding their dealings in a suitable manner. Therefore, parties are likely more prone to adhere to the standards of a bilateral agreement, than to the standards of a multilateral agreement such as TRIPs. Indeed, by having full discretion regarding the design of the provisions, as well as opportunity for individual adjustments, trade partners can use bilateral agreements as a tool to make sure that each party has sustainable and reasonable obligations. In addition, these types of agreements usually have succinct and acceptable obligations that minimise legal uncertainty, for the parties involved. Therefore, it is reasonable to assume that bi- and multilateral agreements are more easily enforced than multilateral agreements, thus affording better protection for signatories.

[315] Waggoner, 2007, p 590.
[316] *Id.*
[317] Cossey, 2009, p 1

The intrinsic flexibility of bilateral agreements is important, since it offers signatories the possibility to design balanced agreements. Most likely, multilateral agreements such as TRIPs, are sometimes too general to be the sole document to govern international trade. It may also be the case that the design of such treaties makes them more beneficial for one party than for the other. The rules in TRIPs might, *e.g.*, be inappropriate for countries whose GIs mostly relate to non-alcoholic beverages, since GIs for ordinary foodstuffs can be used by others when followed by a corrective label. This problem can be taken care of by regulations in a bilateral trade agreement. Clearly, bilateral agreements have significant advantages in this case, since they enable parties to "individualise" the rules of trade, in order to make them more in tune with the requirements of the specific situation.

On the other hand, there are certain negative aspects of bilateral agreements, which must also be taken into consideration, when bilateral agreements are contrasted to multilateral agreements.

First, an extensive use of bilateral agreements creates the risk of turning the rules governing international GI trade into an unpredictable mosaic. There are obvious advantages with having international trade unambiguously regulated in globally applicable frameworks, such as increased regulatory foreseeability and increased transparency. The effect hereof is enhanced efficiency and predictability, and reduced costs for individual countries when trying to safeguard their GIs. Indeed, it has been emphasised that harmonised and uniform legislation will reduce barriers to trade by lowering costs, time consumption and uncertainty associated with the processes of "determining and/or acquiring rights".[318] With fewer legal frameworks governing trade, countries are able to attain a legal equivalent to *economies of scale*, since less individualised trade agreements decrease the need for specific negotiations on a country-to-country basis.

Furthermore, the surveillance of individual systems for GI protection requires backing organisational structures in each individual country.[319] The costs for setting up such structures would presumably have to be borne collectively by GI producers in every country.[320] This would potentially be an overwhelming economic burden for many producers of GI labelled goods, since their production is usually small-scale, and does not normally create significant turnovers or profit.[321] [322]On the contrary, there are significant risks that the typical producer of GI labelled goods would not be able to provide the required monetary means, why the need for setting up backing organisations harms the entire production of the GI carrying goods

[318] Zacher, 2005, at 449.
[319] *See* Kur & Cocks, 2007, p 1010 – 1011, where it is emphasized that "a huge bureaucracy" would be needed if the demands from the EU shall be granted, and that the costs for such administrations would not pay off in the longer perspective.
[320] Doster, 2006, p 880.
[321] Indeed, "the scale of production of many of the GIs [in the EU] suggests that they are not geared towards global markets." *See*, Josling, 2006, p 26.
[322] However, other scholars suggest that the fear of such costs being overwhelming is unfounded. *See* Waggoner, 2007, p 588, and Addor & Grazioli, 2002, p 887.

in question. This effect is further catalysed by the fact that there is often only a limited number of producers involved in the production of the goods carrying each individual GI (even though there are no limitations, in theory, as to how many producers that simultaneously can use it).[323]

In addition, an extensive use of bilateral agreements will unavoidably lead to inconsistencies in the level of protection afforded to GIs in different countries. It would potentially also lead to different levels of protection for GIs for the same type of goods, simply because the goods themselves originate from different countries. Therefore, if only bilateral agreements governed GI trade, producers of GI labelled goods would potentially be less inclined to invest in product development, since it would be uncertain if such investments payed off. There is also a risk that producers feel hesitant to market GI labelled goods abroad, if only limited protection for them is afforded. From a globalisation point of view, such reduced internationalisation of trade is undesirable, since it decreases competition. Reduced competition might end up harming consumers, since it leads to market inefficiencies, such as monopoly pricing and decreased product advancement.

More subtly, there is also the risk of bilateral agreements harming the international community, in that such agreements do not promote global cooperation. Undeniably, in order to conclude internationally uniform regulations on trade, the global community has to join forces, which makes it more integrated (given that a meeting of minds actually takes place). Therefore, there is a possibility that bilateral agreements are a step in the wrong direction, which undermines this development and reduces the legitimacy of organisations such as the WTO. Thus, in a longer perspective, bilateral agreements could harm the international community's willingness to cooperate altogether.

6.4 Conclusions

Bi- and multilateral agreements provide countries with a possibility to be flexible in setting up rules governing their trade. In the international community today, countries tend to welcome the possibility of using such instruments to regulate their dealings with other countries, plausibly for this exact reason. On the other side there are international legal frameworks such as TRIPs, providing the international community with a "one size fits all" solution. These types of arrangements create increased legal certainty, transparency and thus predictability for all countries, as well as for individual producers. The question is whether either of these ways of regulating international trade is better than the other. The answer hereto lies in determining whether either of them more efficiently promotes international trade, competition, economic development, and producers' ability to reap economic benefits and profits.

[323] Doster, 2006, p 880.

Undeniably, TRIPs has been considered a big advancement by Old World countries, in which most producers of GI labelled goods reside. TRIPs is the first widely accepted international agreement regulating GIs. Nevertheless, the tendency among these same countries to enter into bi- and multilateral agreements imply that TRIPs, in fact, is insufficient in its role as governing legal document on the area of GIs. Thus, the benefits of having a single regulating document, to which all WTO Member States adhere – the legal certainty, predictability and transparency aspects mentioned previously – is not enough for countries wishing to protect their GIs effectively in the international community.

Therefore, it is evident that bilateral agreements, with their incomparable ability to provide flexible trade rules for countries affected by them, are a desirable manner in which to regulate GI-related trade. Nevertheless, also these kinds of agreements have drawbacks, which have been discussed. It is imperative for international trade and competition (and thus, economic development) that the international community remains highly integrated, thus keeping markets open to producers from all over the world. If not, structural barriers to trade will harm market accessibility, to the detriment of economic development of the international community as a whole.

Clearly, bilateral agreements, as well as multilateral agreements, have both advantages and disadvantages. Therefore, perhaps the preferable solution is to utilise both types of governing instruments, and let them function as complements to each other. Evidently, the two types of regulatory arrangements are not mutually exclusive or incompatible, considering the fact that they both exist side by side today. On the contrary, it is plausible that TRIPs, Articles 22-24 could function as a foundation for GI protection internationally, and be further reinforced by bilateral agreements. The opposite solution is also feasible; if bilateral agreements become the main instrument for GI protection, they could be designed in accordance to TRIPs, using this multilateral agreement as a blueprint. Such a solution would significantly improve legal certainty, predictability and transparency, which might otherwise be insufficient in these types of agreements.

7 Analysis of the current development in the GI world, and suggestions on how to make things better

GIs have long traditions[324], and producers in primarily European Mediterranean countries and certain other non-European countries, have used them extensively for centuries.[325] However, also certain Eastern European countries that have recently become EU Member States have agricultural heritage that they want to protect, why they too show strong support for GI regulations.[326] Clearly, the inclusion of provisions regulating GIs in TRIPs was an important victory for the EU and other GI supporting countries, from both the industrialised and the developing world. TRIPs is the first legal instrument to extensively regulate GIs that has also been widely signed and enacted internationally. It is the most important legal instrument for the protection of GIs on a global scale, and it is the primary multilateral agreement governing GI-related trade. Therefore, the importance of TRIPs is undeniable.

Notwithstanding TRIPs and its reasonably clear-cut rules on GIs, the scope of domestic legal frameworks surrounding them differs between countries. Therefore, GIs are inconsistently protected on the international arena, causing much controversy. While they are highly recognized and protected in EU Member States, GIs are marginalised and have a relatively weak position in the U.S. The situation is similar in other parts of the world; many countries, both industrialised and developing, support GIs, and allow them to have impact on the market, while others oppose GIs and consider them unsuitable as tools for marketing, economic development and safeguarding of traditions. Clearly, the inconsistencies between the legal frameworks that surround GIs in individual countries are problematic, and lead to much difficulty for producers of GI labelled goods.

The two sides of the debate are represented by the Old World and the New World, and the rift between the parties is significant. Further negotiations in the WTO regarding new rules on GI protection by way of the establishment of an *international registration system* for GIs and an *extension* of the protection stipulated in TRIPs, Article 23 are expected – and at least to

[324] Indeed, it is claimed that GIs “were used in ancient Egypt by brickmakers […]” who wanted to indicate geographical origin of their goods. Another example of early use of GIs is that of wine in ancient Greece. *See*, EU, 2003, p 3.

[325] GIs for cheese, such as *Comté* and *Parmiggiano-Reggiano*, have been used since the 13th century. GIs for rice and tea in certain Asian countries have also been important. *See*, EU, 2003, p 3. *See also*, Silva, 2005, at 200, who recognized that GI regulations became more frequent “as trade began to expand and the value of GIs became apparent.”

[326] Kur & Cocks, 2007, p 1006.

some extent mandatory. However, judging by the current situation in the WTO, there seems to be little reason to anticipate new and internationally acceptable regulations on GIs any time in the near future. In essence, the problem in the WTO is based on the political disagreement, which causes gridlock in the negotiations regarding new and better legal regulations for GIs.

The most controversial issue of those two just mentioned is that of extending the scope of TRIPs, Article 23 for it to afford protection also for other types of GIs than merely for those that relate to wines and spirits. The EU is the strongest proponent of such an extension[327], claiming that negotiations on this matter must take place. However, several countries, including the U.S., disagree and they do not recognize the claims regarding the obligation to conduct such negotiations.[328] The bottom line in this case is the question whether TRIPs, Article 24.1 requires WTO Member States to negotiate such an extension.[329] The countries that oppose an extension of the scope of TRIPs, Article 23 claim that TRIPs, Article 24.1 does not prescribe such negotiations; rather it is questionable whether such negotiations are authorised at all. This position is based on the interpretation that Article 24.1 is not part of the *single undertaking*[330] in TRIPs.[331] For this reason, countries that oppose an extension claim that such negotiations "lack the requisite negotiating mandate [...]."[332] Therefore, it is uncertain whether this matter shall be further discussed. In other words, parties presently

[327] Other countries pushing for extension include Bulgaria, India, Jamaica, Kenya, Madagascar, Morocco, Pakistan, and several more. *See,* WTO, http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#protection, last visited 2009-12-17.

[328] Other countries opposing extension of TRIPs, Article 23 include *i.a.* Australia, Canada, Chile, Nez Zeeland, Ecuador and Guatemala. *See,* WTO, http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#protection, last visited 2009-12-17.

[329] *See,* supra, section 2.5.5.2, for analysis of TRIPs, Article 24.1.

[330] *Single undertaking*, as used in by the WTO, means that certain matters, and the negotiations on them, have been "bundled" together. Therefore, they must all be discussed, and no part of the single undertaking can be neglected or be discussed separately. One scholar defines the expression:

"A single undertaking refers to the requirement that all member states accept and are bound by (albeit with lengthier implementation schedules and other minor modifications for developing countries) the results of the negotiations. The single undertaking was an innovation of the Uruguay Round which sought to move away from the 'à la carte' system in operation under the GATT". *See,* Wilkinson, 2004, footnote 10, p 14.

[331] *See,* WTO Director-General, Document TN/C/W/50, available at http://www.wto.org/english/tratop_e/trips_e/giextension_cbd_dgreport_9jun08_e.pdf, last visited 2009-12-17.

[332] Evans & Blakeney, 2006, 605. The authors claim that an important reason for the controversy regarding negotiations for extension is that TRIPs, Article 24.3 prescribes that the protection afforded GIs upon the implementation of TRIPs shall remain unchanged. This corresponds poorly to the fundamental meaning of TRIPs, Article 24.1, which thus relates to negotiations for an extension of the protection provided by TRIPs, Article 23, as an "implementation issue". Nevertheless, Article 24.1. only mentions GIs "under Article 23", which thus limits the scope to merely GIs for wines and spirits.

negotiate whether negotiations on an extension of GI protection shall take place.[333]

In addition, the current negotiations on GIs within the WTO also concern the establishment of an *international register* for wines and spirits. The mandate for these negotiations is provided for by TRIPs, Article 23.4[334], and the discussions relating to this matter are part of the *single undertaking* in TRIPs. Indeed, all WTO Member States have once agreed (when signing TRIPs itself) that negotiations concerning such a register shall be conducted, sometime in the future.[335] Consequently, in June 2005, the EU submitted a proposal concerning the establishment of such a register, which also included demands concerning extension of the scope of protection under TRIPs, Article 23.[336] However, this initiative resulted in nothing but a counter proposal from the U.S. along with other opposing countries.[337] This latter proposal discusses the matter of establishing an international GI register, but does not even refer to the demands regarding extension forwarded by the EU. In addition, a proposal from Hong Kong has been presented, suggesting yet another solution than the two previous proposals.[338] It shall be noted that the proposal from the U.S. et al, and that from Hong Kong, both advocate a register to which a membership is voluntary. The creation of such a register would not be in accordance with the "letter and spirit" of TRIPs.[339]

Even though the different positions in the matter of establishing an international GI register seem more compatible than when compared to the issue of extension, there still has been no meeting of the minds.[340] Important questions concerning the register remain, primarily those relating to participation, notification to other WTO Members and registration of GIs. It is also unclear what effects such a registration shall have on non-

[333] However, WTO only recognizes negotiations for the international register as part of the single undertaking. Negotiations for extension are not part of the same package. *See,* WTO Briefing note, from December 2008, http://www.wto.org/english/tratop_e/dda_e/status_e/gi_e.htm, last visited 2009-12-15. *See also,* Report from Director-General, WT/GC/W/591, stating that there is still uncertainties surrounding the issue whether negotiations regarding extension of Article 23 are part of the Single Undertaking.

[334] It is reminded that TRIPs, Article 23.4. only prescribes that negotiations regarding the establishment of such a register shall take place. Thus, TRIPs does not require that the register actually be created, even though this is an obvious desire of the GI proponents. *See*, paragraph 18 of the 2001 Ministerial Declaration from Doha, http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm, last visited 2009-12-15.

[335] Again, it is emphasised that only negotiations for the international register are, undoubtedly part of the *single undertaking*. *See,* WTO Briefing note, from December 2008, http://www.wto.org/english/tratop_e/dda_e/status_e/gi_e.htm, last visited 2009-12-15.

[336] WTO Document TN/IP/W/11, brought forth by the EU, with support from several other WTO Member States.

[337] WTO Document TN/IP/W/10/Rev.2, originally issued in 2005, revised in 2008.

[338] WTO Document TN/IP/W/8.

[339] Waggoner, 2007, p 580.

[340] WTO Document TN/IP/W/12 constitutes a comparison of these three distinct proposals, and is compilation made available by the WTO.

participating countries. Negotiations on this matter were initially supposed to be completed in 2003. However, this objective was not met, and the continued negotiations take place in "dedicated 'special sessions' of the TRIPS Council" within the framework of the Doha Development Agenda.[341]

Nevertheless, the fact remains that the U.S. and other GI opposing countries describe GIs as an "unnecessary and possibly protectionist device elaborated by the EU to serve its own ends [...].".[342] Therefore, it is not surprising that the U.S. was willing to enter into an agreement on trade in wine trade, since this allowed them to deal with the "protectionist" aspects of GI regulations accordingly.[343]

It is important to acknowledge the fact that the EU and the U.S. side-step TRIPs and the WTO by concluding bilateral agreements, and that this may affect future development on the international GI arena. This situation is further reinforced by all other bi- and multilateral agreements concerning GIs that parallel TRIPs. Nevertheless, TRIPs has shown weaknesses on the area of GIs, and the entire global community appears rather dissatisfied with the current situation. Arguably, WTO Members think that the protection and recognition of GIs stretches either too far, or not far enough. This is the reason why the EU presses for extension of GI protection, and the reason why the U.S. opposes it. Likewise, the U.S. denies GIs such as *Champagne* etc. protection for just that reason. It is well-known that the U.S. desires a significantly reduced international system of protection for GIs, if there is to be one at all. Consequently, the U.S. does not protect GIs, and some scholars therefore question whether the U.S. might in fact be violating its obligations under TRIPs.[344]

Taking into account the unwillingness by the U.S. to abide by TRIPs, the question is whether this agreement – in its present form – is capable of protecting GIs internationally in the future. Indeed, both the Lanham Act and the ATTTB provisions have several "loopholes" that enable the U.S. to circumvent obligations to provide "strong enforcement of GI protection."[345] Once again, it shall be emphasized that the regulations in the U.S. are based on a valid interpretation of TRIPs. But nevertheless, TRIPs could plausibly be redesigned and implemented in another shape, and thereby be more attractive to the U.S. and other countries that oppose GI protection. Such a solution would probably prove challenging, since only a diminished GI protection would appeal to the U.S. Therefore, to redesign TRIPs might not be the most attractive solution to the EU and other GI supporting countries.

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[341] WTO Briefing note, from December 2008, http://www.wto.org/english/tratop_e/dda_e/status_e/gi_e.htm, last visited 2009-12-15.
[342] Josling, 2006, p 26.
[343] *See* Marette, 2009, p 66, acknowledging that GIs "raise issues of access to domestic markets for foreign producers […]."
[344] *See*, Kazmi, 2000, at 474, who refers specifically to the circumstance that the U.S. allows its wine producers to use semi-generic indications. In essence, the obligations the U.S. has under Article 23, TRIPs, might actually be violated.
[345] Waggoner, 2007, p 583.

It is reasonable to anticipate that a redesign of TRIPs (or the enactment of a new, equivalent, agreement) would be severely burdened by conflicting interests of the EU and the U.S. Indeed, considering the present GI-adverse position of the U.S., the EU would still have to remain attentive to the possibility that the U.S. continues to deny GIs legal protection, even if international requirements hereof become less far-reaching. Therefore, chances are that new rules governing GIs internationally would be of little benefit for countries that desire adequate GI protection. Hence, a more viable solution for attaining an acceptable solution on GI protection could be for the international community to maintain the present rules in TRIPs, and, within the framework of WTO, work towards increased regulations by way of bi- and multilateral agreements.

Although it is a significantly more challenging path, another solution could be to depart from TRIPs, and focus on the conclusion of an international register (as provided for by TRIPs, Article 23.4), and complement such a register with new and additional rules for GI protection. Preferably, these rules should be based on the current GI rules in TRIPs, but be based on uniform protection levels.[346] A register, combined with clear and lucid rules could provide an adequate foundation for future international GI dealings, especially if it were agreed that the registration of a GI would constitute *prima facie* evidence of the GI's validity and distinctiveness.[347] In addition, it should be possible for individual countries to further regulate their GI affairs, using bilateral agreements. This solution, thus, would require that international rules on GIs be kept at only a minimum, in order for countries to be able to employ stricter regulations by way of further reaching bilateral agreements.[348]

This way, international regulations on GIs would be based on a number of different instruments; a register with backing legislation, potentially combined (supported) by bilateral agreements. Indeed, this solution would require considerable negotiating efforts from all parties involved, which would also incur high costs on them. Nevertheless, high negotiation costs should not deter the EU from choosing this solution, since it already loses money by having its GIs usurped and free-ridden upon every day in *e.g.* the U.S. Furthermore, there is reason to anticipate that the U.S. would be interested in arranging new rules on the area of GIs, since it considers the current rules dissatisfactory. For these reasons, new regulations and procedures for international GI protection seem viable, providing a fresh start and putting GIs in a new light.

This idea is not without support in the international debate. The EU seems willing to negotiate new regulations, since much is at stake for the EU as a whole. The proposal supported by the EU et al. regarding the establishment

[346] It would be desirable to make them prescribe concrete goals and demands instead of only providing opportunity for future negotiations on various topics.
[347] *See,* Waggoner, 2007, p 579, referring to the fact that the EU claims that a GI registration shall create a "presumption of GI protection […]."
[348] TRIPs is such a "minimum standards agreement". *See,* Torsen, 2005, at 37.

of an international system GI registration suggests that once a GI has been recorded in the register, it should be acknowledged worldwide. Future negotiations regarding the establishment of a register are mandated, but no solution to this issue has yet been reached.

Yet another potential way to reach uniform, international regulations for GIs could be to create an international court, to which the WTO Member States each have granted authority, in order for it to be sufficiently competent to solve international disputes between countries. Such a court should function as an interpreter of either existing legal regulations on GIs, or be established in conjunction with new legal frameworks in the field (and thus get a "fresh" start). This way GI legislation could remain intact, but case law would be able to develop unambiguously. Hence, legal certainty regarding the treatment of GIs in the international community would soon be attained. A similar process has already taken place in the EU, where TRIPs has been given a "uniform interpretation", by the ECJ being capable of solving disputes between Member States, and interpret legislation across borders.[349] Thus, there are strong reasons to anticipate that the same development could take place in the international community, if the necessary institutions – with sufficient authority and autonomy are established.

From a more GI adverse perspective, it is emphasized that rules with unreasonably far-reaching GI protection will act prohibitive, in the process of achieving a meeting of the minds on this area. Instead of trying to impose an "oversized and excessively prophylactic international GI protection regime" on the rest of the world, the EU should accept "more-exacting provisions proscribing the use and registration of brands that convey connotations of geographical origin [...]."[350] Such a system would thus focus on the relationship between trademarks and GIs, and it is suggested that it apply to situations where consumers are *deceived* by the trademark containing a GI. Such regulations would likely be acceptable to the U.S. and simultaneously benefit the EU.

A number of different important aspects of future international GI regulations have been presented, along with potential solutions to problems that occur in the international arena. Much work remains before a, for all parties, satisfactory situation is realized, regardless of what the situation turns out to be. However, this is not a reason for the international community to give up. GIs are too important as both a legal and economic instrument to be inadequately regulated. Consumers, producers, as well as countries can all benefit from GIs; it is just a matter of designing the protection therefore suitably. Indeed, there are reasons to anticipate that the respective sides to the debate will be able to provide sufficient concessions in order to reach a meeting of the minds regarding future regulations of GIs, even though the EU probably has to be the driving force.[351] Nevertheless, maintaining TRIPs in its present form is plausibly not the answer.

[349] Land, 2004, at 1035.
[350] Kur & Cocks, 2007, p 1012.
[351] Waggoner, 2007, p 591.

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