

## Geographical Indications

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### 1. Introduction

Marks indicating the geographical origins of goods were the earliest types of trademark<sup>1</sup>. Prior to the Industrial Revolution in Britain, which commenced in the eighteenth century, industrial production was on a small scale. The corporate form of industrial organization did not yet exist. For this reason, it was unnecessary for the law to develop the notion of protectable goodwill. Until this time, the principal products, which entered international trade, were primary products, such as minerals and agricultural produce and simple manufactured goods, such as pottery and woven fabrics. In the competition to earn revenues from the international trade, which was developing at that time, it became apparent that the products of particular regions were more saleable than comparable products from other regions, because of their superior quality. This superior quality, resulted either from natural geographic advantages, such as climate and geology (eg Seville oranges, Kentish hops, Burgundy wine); recipes and food processing techniques, local to a region (eg Kyoto bean cakes, Malmesbury mead, Frankfurter sausages) or indigenous manufacturing skills (eg Toledo steel, Delft ceramic ware, Korean celadon ware).

To take advantage of the commercial attractiveness of these local reputations, merchants branded their goods with marks which designated the place of origin of these products. These brands utilized depictions of local animals (panda beer), landmarks (Mt Fuji sake), buildings (Pisa silk), heraldic signs (fleur de lys butter) or well known local personalities (Napoleon brandy, Mozart chocolates). These brands were tantamount to a warranty of the quality of these goods. To protect the commercial reputation of these goods, local legislators passed laws to prevent the adulteration of local produce by the addition of inferior introduced goods or ingredients. These laws punished the adulteration of goods and established systems of marking approved local goods with marks certifying their quality (eg wool marks for cloth, hallmarks, for goods made from precious metals) Where the reputation of local goods were attributable to the skills and technology of local artisans, associations, or guilds, of masterworkers grew

up. The taxing authorities saw an advantage in preserving the skills and revenue earning capacities of these guilds and conferred upon them a monopoly of manufacture. To regulate this monopoly, the guilds developed service marks, or heraldic-type designs which were placed upon goods produced by guild members.

The legislation which sought to protect the commercial reputation of traders in discrete geographical localities evolved principally in Europe into systems for the protection of geographical indications. As will be seen below, these systems permit products emanating from the region to carry the geographic indication. Producer representatives from those regions police the use of geographic indications.

The Industrial Revolution, which commenced in Britain in the eighteenth century, saw the emergence of the modern trademark. The development of large scale industrial production led to the desire of individual producers to identify themselves as the place of origin of goods, as a warrant for the quality of those goods. The registered trademarks system was thus developed to permit individual traders to enforce their marks as a private proprietary rights. This contrasted with the system for the protection of geographic indications which conferred public rights upon producers in defined localities.

The evolution of the private trademark system did not result in the disappearance of geographic marks. Particularly in Europe, substantial processed foods markets and markets for alcoholic beverages are dependent upon the continued recognition of geographical marks. Indeed, for European negotiators, the inclusion of these marks in the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement) was a significant achievement of the Uruguay Round of the GATT.

This paper describes the protection of geographical marks under national and international law, with particular attention to the scheme of protection for such marks under the WTO TRIPS Agreement and under European law.

## **2. Definitions**

### **a) Geographical Indications**

Because of the diverse ways in which the protection of geographical indications has evolved under national laws, there is no generally accepted terminology. The following are the conventional definitions which can be found in the literature on geographical indications<sup>2</sup>:

'Indication of Source' refers to a sign that indicates that a product originates in a specific geographical region.

'Appellation of Origin' refers to a sign that indicates that a product originates in a specific geographic region only when the characteristic qualities of the product are due to the geographical environment, including natural and human factors.

'Geographical Indication' includes both of the above concepts.

For the purposes of the discussions of reform proposals in April 2001 by the TRIPS Council, the WTO Secretariat adopted the term "indications of geographical origin" to designate the different expressions used by WTO Members to protect geographical origin of products<sup>3</sup>.

### **b) Trademarks**

In general terms, trademarks are signs, which are used in order to distinguish the goods or services of one undertaking from the goods or services of another undertaking. In the TRIPS Agreement Article 15.1 states that "Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of another undertakings, shall be capable of constituting a trademark." It follows from that definition that the main function of a trademark is to distinguish the goods and/or services for which the trademark is used. Only trademarks that are distinctive can perform that function.

The TRIPS Agreement does not give any indication under what circumstances a sign has to be considered distinctive in respect of certain goods or services. However, it is commonly accepted that, in order to be considered distinctive, signs used as trademarks must not be descriptive or deceptive.

As a general proposition, geographical indications are unlikely to be considered more than descriptive. Indeed, many trademark laws both explicitly disqualify geographic marks from protection as inherently distinctive marks and provide as a defence to trademark infringement, the fact that a mark identifies a geographic area which could be understood to constitute a reference to the origin of the relevant goods. However, it may be possible to use a geographical term as trademark in cases where that trademark, despite of being originally descriptive, has acquired distinctive character (or secondary meaning) through use.

### **c) Differences Between Geographical Indications and Trademarks**

As is indicated by the discussion above, a geographical indication is a generic description which is applicable to by all traders in a particular geographic location to goods which emanate from that location. A trademark is a sign which distinguishes the products of a specific trader from those of its competitors. Thus it is not likely to be descriptive and it cannot be generic.

The right to protect a geographical indication from wrongful appropriation is enjoyed by all traders from the particular geographical location, whereas a trademark is protected from wrongful appropriation at the suit of the registered proprietor of that mark. Generally, geographic indications are monitored and protected by producer associations from the relevant region.

Unlike trademarks, geographical indications are not freely transferrable from one owner to another, as a user must have the appropriate association with the geographical region and must comply with the production practices of that region.

### **3. International Protection of Geographical Indications**

#### **a) Paris Convention for the Protection of Industrial Property, 1883<sup>4</sup>**

The first multilateral agreement, which included "indications of source or appellations of origin" as objects for protection by national industrial property laws, was the Paris Convention. Under Article 10(1) of the Paris Convention, provision is made for seizure upon importation of goods bearing false indications of the source of goods or the identity of the producer.

Under Art. 10(2), any

...producer, manufacturer, or merchant whether a natural person or legal entity, engaged in the production or manufacture of or trade in such goods and established either in the locality falsely indicated as the source, or in the region where such locality is situated, or in the country falsely indicated, or in the country where the false indication of source is used, shall in any case be deemed an interested party.

Article 10*bis* also afforded protection against false or misleading indications of source as a means of repressing unfair competition.

Included under the definition of unfair competition are any acts which create confusion, or allegations, the use of which in the course of trade are liable to mislead the public, as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of goods.

#### **b) Madrid Agreement For the Repression of False or Deceptive Indications of Source of Goods, 1891<sup>5</sup>**

The original form of Paris Convention prohibited the use of false geographical indications. A number of signatory nations proposed a more comprehensive form of regulation for what was considered to be a significant intellectual property abuse. The 1891 Madrid Agreement concerning the protection of geographical indications was their response. Article 1 provided that all goods 'bearing a false or misleading indication' to signatory country, or to a place in that country 'shall be seized on importation' However, this agreement failed to attract the accession of significant trading nations such as the USA, Germany and Italy. A threshold problem with this agreement and with subsequent revisions, was the inability of nations to exempt geographical indications which had become generic within their borders.

#### **c) International Convention on the Use of Appellations of Origin and Denominations of Cheeses ("Stresa Convention"), 1951**

The parties to the Stresa Convention, which are some of the cheese producing countries of Europe<sup>6</sup>, "pledge themselves to prohibit and repress within their respective territorial confines the use, in the language of the state or in a foreign language, of the "appellations d'origine", denominations and designations of cheeses contrary to the principles stated in Articles 2 to 9 inclusive. The Convention, which entered into force on 1 September 1953, applies to all specifications which constitute false information as to the origin, variety, nature or specific qualities of cheeses, which are stated on products which might be confused with cheese. The term "cheese", according to Art.2.1 of the Convention is reserved for "fresh and matured products obtained by draining after the coagulation of milk, cream, skimmed or partially skimmed milk or a combination of these", or by "products obtained by the partial concentration of whey, or of buttermilk, but excluding the addition of any fatty matter to milk".

Article 3, provides that the appellations of origin of those cheeses "manufactured or matured in traditional regions, by virtue of local, loyal and uninterrupted usages" which are listed in Annex A are exclusively reserved to those cheeses, "whether they are used alone or accompanied by a qualifying or even corrective term such as "type", "kind", "imitation" or other term". Annex A lists: Gorgonzola, Parmigiana Romano, Pecorino Romano and Roquefort.

Annex B lists a number of designations for cheese, which are prohibited by article 4.2 for products which do not meet the requirements provided by contracting parties in relation to "shape, weight, size, type and colour of the rind and curd, as well as the fat content of the cheese". Listed in Annex B are Asiago, Camembert, Cambozola, Danablu, Edam, Emmental, Esrom, Fiore Sardo, Fontina, Gruyère, Pinnzgauer Berkäse, Samsøe, and Svecia.

The Stresa Convention came into force prior to the EEC Treaty and its regime providing for the free movement of goods. In the *Deserbais* case<sup>7</sup> the ECJ held that the EEC Treaty did not affect the duty of a Member State to respect the rights of non-member countries under the prior agreement. Similarly, in the *Cambozola* case<sup>8</sup> the ECJ ruled that the free movement of goods principle was subordinated to the Stresa Convention and Council Regulation (EEC) No 2081/92 permitting the registration and enforcement of rights in relation to designations of origin.

#### **d) Lisbon Agreement for the Protection of Appellations of Origin and their Registration, 1958<sup>9</sup>**

The Lisbon Agreement established an international system of registration and protection of appellations of origin. It adopted the French definition of appellation of origin by restricting the protected indications to cases in which the quality and characteristics of a product are 'due exclusively or essentially to the geographical environment, including natural and human factors'.

The Agreement provided for the registration, at the International Bureau of WIPO, of appellations of origin which are 'recognized and protected as such, in their country of origin'. Countries are thus free to adopt their own system of designating appellations, either by judicial or administrative decision, or both. Once registered, a geographic indication is protected in other member nations. The countries have to ensure that any kind of usurpation or imitation is prohibited under their laws. Finally, the Agreement, provides that no generic indication can be deemed generic in any other country, as long as it is protected in its country of origin.

The Lisbon Agreement failed to attract support from more than a few nations. One problem was that accession was confined to those nations which protected appellations of origin 'as such'. Thus, states which protected this form of intellectual property under unfair competition or consumer protection laws were locked out. Also the Agreement did not make exception for geographic indications which had already become generic in member states.

### e) WIPO Proposals

In 1975 WIPO issued a Draft Treaty on the Protection of Geographical Indications. The Draft Treaty provided for the protection both of appellations of origin and geographical indications. Unlike the Lisbon Agreement, it did not require signatories to have domestic laws for the protection of appellations of origin. In 1990 WIPO issued a memorandum asserting the continuing need for a treaty on this subject<sup>10</sup>.

In 1975 WIPO also issued a Model Law on geographical indications for adoption by developing countries. The Model Law defined 'appellation of origin' as

The geographical name of a country, region, or specific place which serves to designate a product originating therein, the characteristic qualities of which are due exclusively or essentially to the geographical environment, including natural factors, human factors, or both...; any name which is not that of a country, region or specific place is also considered a geographical name if it relates to a specific geographical area, when used in connection with certain products.

The Model Law also defined 'indication of source' as 'any expression or sign used to indicate that a product or service originates in a country or region or a specific place'. This would embrace symbols such as an Egyptian pyramid or the Eiffel Tower, as well as the birds and animals associated with a place.

The Model Law establishes a system for the registration of appellations of origin and includes an optional provision permitting national courts to determine whether particular terms are generic. Upon registration, appellations are only protected if used by producers of products carrying on business in the area described by the appellation and only if their products possess the essential characteristics associated with the appellation.

Finally, the Model Law provided that:

It shall be unlawful to use, in the course of trade, a registered appellation of origin of origin, or a similar name, with respect to the products specified in the Register or similar products, even if the true origin of the products is indicated, or if the appellation is in the form of a translation or is accompanied by terms such as 'kind', 'type', 'make', 'imitation', or the like.

In 1990 WIPO issued a memorandum asserting the continuing need for a treaty on this subject<sup>11</sup>. This has not been taken up by the WIPO Committee of Experts on the International Protection of Geographical Indications.

### f) The WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)

The protection of geographic indications was a key demand of European negotiators at the Uruguay Round of the GATT<sup>12</sup>. The competing positions were those of the EU and Switzerland which proposed a French-style of protection and the USA, which favoured the protection of geographic indications through a certification mark system. In the result, the Section 3 of the TRIPS Agreement covers six topics: (i) Definition and scope of a geographical indication; (ii) Minimum standards and common protection provided for geographical indications corresponding to all kinds of products; (iii) the interrelationship between trademarks and indications of origin; (iv) Additional protection for geographical indications for wines and spirits; (v) Negotiation and review of section III on geographical indications; and (vi) Exceptions to the protection of geographical indications.

#### i) Definition and scope

Article 22 defines geographical indications as:

... indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

This definition expands the Lisbon Agreement concept of appellation of origin to protect goods which merely derive a reputation from their place of origin without possessing a given quality or other characteristics which is due to that place. Also, under the TRIPS Agreement a geographical indication to be protected has to be an indication, but not necessarily the name of a geographical place on earth. Thus, for example, "Basmati" is taken to be an indication for rice coming from the Indian sub-continent, although it is not a place name as such. The indication has to identify goods as originating in the territory of a Member, a region or a locality of that territory. This definition also indicates that goods to be protected should originate in the territory, region or locality to which it is associated. This suggests that licenses for the use of geographical indications can not be protected under the TRIPS Agreement.

The TRIPS definition permits Members protect geographical indications of goods where the quality, reputation or other characteristic of goods are attributable to their geographical origin.

## ii) Minimum standards and common protection provided for geographical indications for all products

Article 22.2 of the TRIPS Agreement requires that Members 'shall provide the legal means for interested parties to prevent 'the use by any means in the designation or presentation of a good that indicates 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 goods'. Thus, for example, the use of symbols such as the Eiffel Tower or the Statue of Liberty to infer an association with France or the USA, or the use of a language or script to evoke an erroneous connotation of origin would fall within this prohibition.

The TRIPS Agreement does not specify the legal means to protect geographical indications. This is left for Members to decide.

Article 22.2 also prohibits any use which 'constitutes an act of unfair competition under Article 10*bis* of the Paris Convention. The ambit of Art 10*bis* is extended to a geographical indication 'which, although literally true as to a territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory'.

## iii) Geographical Indications and Trademark Protection

The interrelationship between the protection of trademarks and of appellations of origin is accommodated by Art.22.3 of the TRIPS Agreement which permits a Member, *ex officio* if its legislation so permits or at the request of an interested party, 'refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating the territory indicated, if the use of the indication in the trademark for such goods in that Member is of such a nature as to mislead the public as to the true place of origin'.

Cognizant of the fact that for most countries the protection of geographical indications will be an innovation, Art 24.4 exempts from this form of protection trademarks which have been 'applied for or registered in good faith' or where the rights to the trademark 'have been acquired through use in good faith' either before the implementation of the TRIPS provisions, or before the geographical indication is protected in its country of origin.

Article 24.7 provides that a Member may provide that any request made under the section in connection with the use or registration of a trademark must be presented within five years after the adverse use of the protected indication has become generally known in that Member, or after the date of registration of that trademark, provided the registration has been published and 'provided that the geographical indication is not used or registered in bad faith'.

Similar to the analogous provision in most trademark laws, Art.24.7 preserves 'the right of a person to use, in the course of trade, that person's name or the name of that person's predecessor in business, except where such name is used in such a manner as to mislead the public'.

Finally, Art.24.9 provides that there is no obligation under the TRIPS Agreement to protect geographical indications 'which are not or cease to be protected in their country of origin, or which have fallen into disuse in that country.

## iv) Additional protection for geographical indications for wines and spirits

In addition to the general protection for geographical indications for wines and spirits within the general context for the protection of geographical indications contained in Art.22, additional protection is accorded geographical indications for wines and spirits by Art.23. This additional protection has two components. First, protection for each geographical indication for wines in the case of homonymous indications. Secondly, the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those Members participating in the system.

These provisions give geographical indications for wines and spirits stronger protection than that provided in Article 22 for all products. For some countries, this additional protection is regarded as an unacceptable discrimination against all other products and they have agitated for an extension of that protection to all kinds of geographical indications.

The TRIPS Agreement does not set out the registration requirements for a geographical indication. It addresses the issue negatively by permitting, in Art.23.2, Members to legislate to provide 'an interested person' to request the refusal or invalidation of the registration of a trademark which contains a geographical indication identifying wines or spirits, which contains or consists of a geographical indication which do not have the indicated origin. Interested persons will usually include relevant producers from the geographical location, representative associations from those

areas, or even associations of consumers. Typically an application for registration of a geographical indication will specify the applicant, the appellation, the relevant geographical area, the products for which the appellation is used and the 'essential characteristic qualities of the product for which the appellation is used'<sup>13</sup>. As with trademarks, appellations which are 'contrary to morality or public order or which are deceptive as to the nature, source, manufacturing process, characteristic qualities or suitability for their purpose, of the goods concerned' may be denied protection<sup>14</sup>.

Article 23.1 permits each Member to 'provide the legal means to interested parties to prevent the use of a geographical indication' identifying wines or spirits which do not originate in the place indicated by the geographical indication in question. This prohibition, borrowing from Art.3 of the Lisbon Agreement, includes indications which refer to the true origin of such goods, or where the geographical indication is used in translation, or where the geographical indication 'is accompanied by expressions such as 'kind', 'type', 'style', 'imitation' or the like. It is envisaged, also that regulation of geographical indications may also be by administrative action.

In the case of homonymous geographical indications for wine, Art.23.3 permits each Member to 'determine the practical conditions under which the homonymous indications in question will be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled'. Homonymous indications are those which are spelled and pronounced alike but which are different in meaning and which are used to designate the geographical origin of products stemming from different countries. For example, "Rioja" is the name of a region in Spain and in Argentina and the expression applies for wines produced in both countries.

Conflicts typically arise where products on which homonymous geographical indications are used are sold into the same market. The problem is accentuated where the homonymous geographical indications in question are used on identical products. Honest use of such geographical indications should be possible, because the indications designate the true geographical origin of the products on which they are used. However, concurrent use of homonymous geographical indications in the same territory may be problematic where the products on which a geographical indication is used have specific qualities and characteristics which are absent from the products on which the homonym of that geographical indication is used. In this case, the use of the homonymous geographical indication would be misleading, since expectations concerning the quality of the products on which the homonymous geographical indication is used are not met.

The WIPO Standing Committee On The Law Of Trademarks, Industrial Designs And Geographical Indications recommended that, it may be considered to extend this principle to geographical indications regardless of the kind of products for which they are used<sup>15</sup>.

## v) Negotiation and Review

Article 24.1 obliges Members 'to enter into negotiations aimed at increasing the protection of individual geographic indications under Art.23'. Although Art.24 contains a number of paragraphs excepting certain matters from protection as geographical indications, Art.24.1 disallows Members from using these exceptions as an excuse for the refusal to conduct negotiations. Also in implementing this negotiation obligation, Art. 24.3 requires that a Member 'not diminish the protection of geographical indications' which existed in that Member prior to the date of the entry into force of the WTO Agreement. Nevertheless a group of countries considers the above interpretation constitutes to be a very legalistic approach. They believe that this provision permits negotiations to extend the additional protection for geographical indications for wines and spirits to all kinds of products.

In order to facilitate the protection of geographical indications for wines, Art.23.4 provides that 'negotiations shall be undertaken in the Council for TRIPS concerning the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those Members participating in the system'. The effect of this provision will be to absorb the registration scheme established under the Lisbon Agreement and to remove the justification for the negotiations within WIPO for a new treaty on the protection of geographical indications which has been under preparation since 1974<sup>18</sup>.

The Council of TRIPS is obliged under Art.24.2 to monitor the application of the above provisions and to conduct a review within the first two years of entry into force of the WTO Agreement. Matters concerning compliance with the obligations of Members under these provisions may be drawn to the attention of the Council, which 'at the request of a Member shall consult with any Member or Members in respect of such matter in respect of which it has not been possible to find a satisfactory solution through bilateral and plurilateral consultations between the Members concerned'. The Council is given a general power 'to take such action as may be agreed to facilitate the operation and further the objectives' the protection of geographical indications envisaged under the TRIPS Agreement.

The TRIPS Council confined its initial efforts in relation to the review of geographical indications to a suggestion for a multilateral register of geographical wine indications. Prior to the Seattle Ministerial, a submission by Turkey of 9 July 1999 proposed the extension of geographical indications in TRIPS beyond wines and spirits<sup>19</sup>, this was endorsed the African group of countries requested that the protection of geographical indications be extended "to other products rec-

ognizable by their geographical origins (handicrafts, agro-food products)<sup>20</sup>. This proposal was also taken up by Cuba, Czech Republic, Dominican Republic, Honduras, India, Indonesia, Nicaragua, Pakistan and Sri Lanka, Uganda and Venezuela.

At the TRIPS Council meetings in 2000, the President sought to separate the discussion of Article 23.2 from 24.2 to avoid confusion. A response to this suggestion was a proposal from Bulgaria, the Czech Republic, Egypt, Iceland, India, Kenya, Liechtenstein, Pakistan, Slovenia, Sri Lanka, Switzerland and Turkey that the extension of geographical indications to products other than wines and spirits be included as an extension of the built-in agenda<sup>21</sup>. This issue has also been taken up by WIPO's Standing Committee on Trademarks and Geographic Indications.

In opposition to the proposals for an extension of the protection of geographical indications for wines and spirits under TRIPS to all products, on 29th June 2001, a communication was sent to the TRIPS Council by Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay and the United States ("the Communication")<sup>22</sup>. The Communication pointed out that proposals for the extension of the TRIPS wines and spirits provisions to all products had insufficiently addressed the costs and administrative burdens of this extension. However, Clause 18 of the Doha Declaration has expressly opened the possibility of the extension of the additional protection, through a multilateral system of registration, to products other than wines and spirits and countries are currently exploring the cost impacts and other practicalities of the extension.

#### vi) Exceptions to the protection of geographical indications

In an endeavour to accommodate the registration and use by countries of geographical indications in relation to wines or spirits, Art.24.4 exempts Members from having to 'prevent continued and similar use of a particular geographical indication of another Member identifying wines or spirits in connection with goods or services' where that geographical indication has been used 'in a continuous manner with regard to the same or related goods or services' in the territory of that Member either for at least 10 years preceding 15 April 1994 (the date of entry into force of the TRIPS Agreement) or where the continuous use has been in good faith.

As an illustration of the sorts of matters falling within the exceptions contained in Art.24, reference may be made to the protection of geographical indications for wines and spirits undertaken by the US Bureau of Alcohol, Tobacco and Firearms (BATF)<sup>16</sup>. Its regulations permit the use of 'semi-generic names' such as 'Champagne', 'Burgundy' and 'Chablis' if 'the correct place of origin is directly conjoined to the name'<sup>17</sup>. This practice may fall within the Art.24.4 exception or within the exception in Art.24.6 which exempts the geographical indications of a Member 'with respect to the products of the vine for which the relevant indication is identical with the customary name of a grape variety existing in the territory of that Member as at the date of entry into force of the WTO Agreement'.

Article 24.5 states that when a trademark have been acquired or registered in good faith before the date of application of the Agreement in that Member or before the geographical indication was protected in its country of origin, measures adopted to implement Section 3 shall not prejudice eligibility for or the validity of the registration of a trademark or the right to use a trademark, on the basis that such trademark is identical with or similar to, a geographical indication.

## **4. Protection of Geographical Indications in the European Community**

The EC has promulgated a series of regulations dealing with designations for wines and spirits<sup>23</sup>. The most important of these is the Council Regulation 2081/92 on the protection of geographical indications and designations for agricultural products and foodstuffs<sup>24</sup> and Council Regulation 2082/92 on certificates of specific character for agricultural products and foodstuffs<sup>25</sup>.

Regulation No. 2081/92, which entered into force on 25 July 1993, states, in its fifth recital, "the labelling of agricultural products and foodstuffs is subject to the general rules laid down in Council Directive 79/112 of 18 December 1978 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs... in view of their specific nature, additional special provisions should be adopted for agricultural products and foodstuffs from a specified geographical area".

The Regulation notes in its seventh recital that, "there is diversity in the national practices for implementing registered designations of origin and geographical indications; ... a Community approach should be envisaged; ... a framework of Community rules on protection will permit the development of geographical indications and designations of origin since, by providing a more uniform approach, such a framework will ensure fair competition between the producers of products bearing such indications and enhance the credibility of the products in the consumers' eyes".

The ninth and tenth recitals of the Regulation state that:

Whereas the scope of this Regulation is limited to certain agricultural products and foodstuffs for which a link between product or foodstuff characteristics and geographical origin exists; whereas, however, this scope could be enlarged to encompass other products or foodstuffs;

Whereas existing practices make it appropriate to define two different types of geographical description, namely protected geographical indications and protected designations of origin.

Article 1 of the Regulation provides:

1. This Regulation lays down rules on the protection of designations of origin and geographical indications of agricultural products intended for human consumption referred to in Annex II to the Treaty and of the foodstuffs referred to in Annex I to this Regulation and agricultural products listed in Annex II to this Regulation. [...]
2. This Regulation shall apply without prejudice to other specific Community provisions. [...]

Article 2(1) of the Regulation provides that "Community protection of designations of origin and of geographical indications of agricultural products and foodstuffs shall be obtained in accordance with this Regulation."

The general policy of the Regulation, in its application to domestic legislation was addressed in cases C-321/94, C-322/94, C-323/94 and C-324/94<sup>26</sup> which concerned a number of criminal prosecutions under French legislation which sought to protect the designation "Mountain" for agricultural products<sup>27</sup>. The ECJ ruled that domestic legislation which prescribed conditions governing the use, for agricultural products and foodstuffs, of the description 'mountain', could not be regarded as covering a designation of origin or a geographical indication within the meaning of Regulation No 2081/92. The description 'mountain' was quite general in character and transcended national frontiers, whereas, according to Article 2 of Regulation No 2081/92, a direct link must exist between the quality or characteristics of the product and its specific geographical origin.

### Protected Designation of Origin (PDO)

For the purposes of the Regulation, Article 2(2) provides that:

1. *designation of origin*: means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:
  - originating in that region, specific place or country, and
  - the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and the production, processing and preparation of which take place in the defined geographical area

Article 4 of provides:

1. To be eligible to use a protected designation of origin (PDO) ... an agricultural product or foodstuff must comply with a specification.
2. The product specification shall include at least:
  1. the name of the agricultural product or foodstuffs, including the designation of origin ...
  2. a description of the agricultural product or foodstuff including the raw materials, if appropriate, and principal physical, chemical, microbiological and/or organoleptic characteristics of the product or the foodstuff;
  3. the definition of the geographical area ...
  4. evidence that the agricultural product or the foodstuff originates in the geographical area, within the meaning of Article 2(2)(a) ...
  5. a description of the method of obtaining the agricultural product or foodstuff and, if appropriate, the authentic and unvarying local methods;
  6. the details bearing out the link with the geographical environment or the geographical origin within the meaning of Article 2(2)(a) ...
  7. details of the inspection structures provided for in Article 10;
  8. the specific labelling details relating to the indication PDO ... or the equivalent traditional national indications;
  9. any requirements laid down by Community and/or national provisions.

The question of what is a registrable PDO was addressed by the ECJ in Case 12-74, Commission of the European Communities v the Federal Republic of Germany<sup>28</sup> which concerned an application by the Federal Republic of Germany reserving the appellations 'Sekt' and 'Weinbrand' to the domestic product and the appellation 'Praedikatssekt' to wines produced in Germany from a fixed minimum proportion of German grapes. The Commission argued that the appellations 'Sekt' and 'Weinbrand' were generic appellations which the German legislature has attempted, by means of a legislative measure, to transform into indirect indications of origin as German consumers and other interested parties did not understand the appellation 'Praedikatssekt' to describe a wine produced from a fixed minimum proportion of German grapes, but merely 'Sekt' of a particular quality. It also submitted that by imposing a requirement of use of a minimum proportion of German grapes for these appellations, the legislation comprised measures having an effect equivalent to quantitative restrictions, contrary to the requirements of Article 30 of the EC Treaty.

The Court noted that the German legislation on vine products provides that the appellations 'Sekt' and 'Weinbrand' should describe products originating in the Federal Republic of Germany or coming from other countries throughout the whole of which German is an official language. It ruled that "an area of origin which is defined on the basis either of the extent of national territory or a linguistic criterion cannot constitute a geographical area capable of justifying an indication of origin", particularly as the products in question could be produced from grapes of indeterminate origin. In the case of vine products, the Court observed that the natural features of the area of origin, such as the grape from which these products were obtained,



played an important role in determining their quality and their characteristics and that although the method of production used for such products may play some part in determining their characteristics, it was not alone decisive, independently of the quality of the grape used, in determining its origin.

Thus the Court concluded that it could not be shown that the products in question had a quality and characteristics peculiar to them which rendered them typically German products.

The defendant had submitted opinion polls in order to show that German consumers considered the appellations 'Sekt' and 'Weinbrand' to refer to domestic German wines. The Court rejected this as the protection accorded by the indication of origin was only justifiable if the product concerned actually possesses characteristics which are capable of distinguishing it from the point of view of its geographical origin. In the absence of such a condition this protection could not be justified on the basis of the opinion of consumers such as may result from polls carried out on the basis of statistical criteria.

The Court concluded that the German legislation on vine products involved measures having an effect equivalent to quantitative restrictions on imports contrary to Article 12(2)(b) of Regulation No 816/70.

Case T-109/97<sup>29</sup> concerned the PDO ) 'Altenburger Ziegenkäse' (goat cheese made in the Altenburg region, which must contain a minimum percentage of goats' milk), which was registered by Germany under Regulation No 2081/92. This registration was preceded by several legislative and administrative measures in Germany. On 20 December 1993 the German authorities adopted regulations on cheese, which identified Altenburger Ziegenkäse as a designation of origin, the geographical area of manufacture corresponding to that designation comprised the districts of Altenburg, Schmölln, Gera, Zeitz, Geithain, Grimma, Wurzen and Borna and the city of Gera. The names of these districts were subsequently changed - for example, Schmölln and Altenburg became Altenburger Land - but the geographical area covered by the 'Altenburger Ziegenkäse' designation remained unchanged.

Before the registration by Regulation No 123/97 of the name 'Altenburger Ziegenkäse', the applicants complained to the relevant German ministry that the German regulations on cheese had defined the area of manufacture of 'Altenburger Ziegenkäse' too widely, by

including in particular the district of Wurzen in Saxony, the place of establishment of the

cheesemaker Zimmermann GmbH, which has since 1936 likewise manufactured a cheese sold under the name 'Altenburger Ziegenkäse'. The applicants requested that the area of manufacture should be limited to the district of Altenburger Land, as the product 'Altenburger Ziegenkäse' could come only from the district which had given it its name. The ministry rejected that request. The applicants complained to the Commission, asking for an action for failure to fulfil obligations to be brought against Germany under Article 169 of the EC Treaty.

The Court took the view that the German legislature was better placed than the Community legislature to define the geographical area, taking account of the particular features of production and marketing in the region. In the present case, it was for the applicants to produce, at the admissibility stage, specific evidence of disadvantage to them and they had not succeeded at national level in having the designation restricted to a

smaller geographical area, namely the district of Altenburger Land. They had not produced any evidence to show that the contested provisions weakened their rights. Consequently, the application was dismissed.

## Protected Geographical Indication (PGI)

Article 2(2) defines a protected geographic indication to mean

the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country, and
- which possesses a specific quality, reputation or other characteristics attributable to that geographical origin and the production and/or processing and/or preparation of which take place in the defined geographical area.

The question of PGIs was considered in Case C-269/99<sup>30</sup>, which concerned an application under Article 17 of Regulation No 2081/92 from the German Government on 26 January 1994 for gherkins originating in the geographical area defined as 'the glacial valley of the Spree between the northern edge of the town of Cottbus and the Neuendorfer See, north of the town of Lübben'. Following various requests made by Spreewaldverein eV, the German authorities on several occasions amended the original application so that, finally, according to the amended specification, it sought the registration of the designation 'Spreewälder Gurken' as a PGI. The geographical area was the 'territory along the Spree between Jänschwalde and Dürrenhofe and within the boundaries of an economic region determined by decisions of the local legislative bodies, called 'Wirtschaftsraum Spreewald (Spreewald economic zone), with the result that the geographical area defined in the original specification was more than doubled. During the course of the national phase of the simplified procedure under Article 17 of Regulation No 2081/92, a number of interested third parties raised objections to the application for registration of the designation 'Spreewälder Gurken'. They claimed that the special geographical and climatic conditions referred to in the application applied at most to the Spreewald, in the strict sense of the inland delta region, and not to the entire Wirtschaftsraum Spreewald, and that the processed product should not contain any raw materials from other production areas.

The defendant, Jütro, had its registered office and production facility in Jüterbog, a town outside the geographical area of the PGI 'Spreewälder Gurken'. It produced, among other things, pickled gherkins called 'Jütro Gurkenfäßchen', which were distributed throughout Germany under the description 'Spreewälder Art (Spreewald style)'. A number of other producers of pick-

led gherkins brought an action in the Landgericht Hamburg seeking an order prohibiting Jütro from using the designation 'Spreewälder Art for its pickled gherkins on the ground that the use of that designation was invalid.

The Landgericht Hamburg referred to the ECJ the question whether Regulation (EC) No 590/1999 of 18 March 1999 supplementing, by the designation Spreewälder Gurken, the Annex to Regulation (EC) No 1107/96 on the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Regulation (EEC) No 2081/92 was compatible with European Community law. It took the view that the registration procedure provided for by Article 17 of Regulation No 2081/92 was not applicable to the designation 'Spreewälder Gurken because that designation was neither legally protected nor established by usage as a geographical indication within the meaning of that article. It was not legally protected because there was no system of formal legal protection for geographical indications in Germany. Further, the national court is of the view that registration of the designation 'Spreewälder Gurken as a PGI may have infringed Articles 2 and 4 of Regulation No 2081/92 since the nature of the product and the expectations of consumers mean that it should have been registered as a PDO. In

its view, the designation 'Spreewälder Gurken told consumers that all the gherkins came from the Spreewald proper and were, consequently, of a particular quality. Finally, the national court considered that, since the specifications relating to the geographical area did not reflect consumer expectations of a product carrying the designation 'Spreewälder Gurken, the registration of the latter as a PGI gives approval to the misleading of consumers.

The ECJ ruled that it was for the national courts to rule on the lawfulness of an application for registration of a designation. Similarly as the national court had made its own assessment, which was not tainted by a manifest error, the Commission could properly register the designation 'Spreewälder Gurken under the simplified procedure. The registration of the designation 'Spreewälder Gurken as a PGI, was because a foodstuff may be treated as originating from the geographical area concerned if it is processed or produced in that area, even if the raw materials are produced in another region.

The same principle applied to the registration of the designation 'Spreewälder Gurken for the geographical area defined in the amended specification.

## Generic Indications

Article 3 of the basic regulation provides names that have become generic may not be registered. For the purposes of the Regulation, a name that has become generic means the name of an agricultural product or a foodstuff which, although it relates to the place or the region where this product or foodstuff was originally produced or marketed, has become the common name of an agricultural product or a foodstuff. In establishing whether or not a name has become generic, account has to be taken of all factors, in particular:

- the existing situation in the Member State in which the name originates and in areas of consumption,
- the existing situation in other Member States,
- the relevant national or Community laws.

Where, following the procedure laid down in Articles 6 and 7, an application for registration is rejected because a name has become generic, the Commission is required to publish that decision in the *Official Journal of the European Communities*.

Before the entry into force of the Regulation, the Council, acting by a qualified majority on a proposal from the Commission, drew up and published in the *Official Journal* a non-exhaustive, indicative list of the names of agricultural products or foodstuffs which are within the scope of the Regulation and regarded as being generic and thus not registerable.

The question of genericity was considered in Cases C-289/96, C-293/96 and C-299/96, which concerned the use of the name 'Feta' for cheese. In July 1992, the Commission had asked the Member States to give it the names of the products which they regarded as capable of being recognised as generic names. In March 1995 it sent similar requests to the three new Member States. In the explanatory memorandum to the proposal for a Council decision drawing up a non-exhaustive, indicative list of the names of agricultural products and foodstuffs regarded as being generic, the Commission decided to adopt as possible generic names those which had been put forward by at least eight Member States. The Hellenic Republic had sought registration of 'Feta' as a PDO for "salted white cheese traditionally produced in Greece, from sheep's milk or a mixture of sheep's milk and goats' milk coming exclusively from the regions of Macedonia, Thrace, Epirus, Thessaly, Central Greece, Peloponnese and Lesbos". Although a majority of the Member States had asked the Commission to include the name 'Feta on the list of generic names which it was preparing, the Commission had concluded that 'Feta' was not disqualified from registration on this ground. The Commission had, in particular, relied on a market survey conducted in Greece, which concluded that Feta was recognised as a geographical indication in that country.

The ECJ ruled that it was not permissible for the Commission to minimise the importance to be attached to the situation existing in the Member States other than the State of origin and that account must be taken of the existence of products which are legally on the market and have therefore been legally marketed under that name in Member States other than the State of origin by which registration is applied for. Thus as the Commission did not take due account of all the factors which the Article 3(1) of the basic regulation required it to take into consideration., the ECJ ruled that the contested regulation had to be annulled to the extent to which it registered the name 'Feta' as a PDO.

The Regulation states, in its 12th recital, that "to enjoy protection in every Member State geographical indications and designations of origin must be registered at Community level" and that "entry in a register should also provide information to those involved in trade and to consumers".

Articles 5 to 7 of the Regulation lay down the procedure for the registration of geographical indications and designations of

origin mentioned in Art.2, which is known as the "normal procedure". According to Art.5(4), the application is to be sent to the Member State in which the geographical area is located. Under Art.5(5), the Member State is to check that the application is justified and forward it to the Commission.

Since examination of an application for registration by the Commission takes a certain amount of time and, pending a decision on the registration of a name, a Member State must be allowed to confer transitional national protection, Regulation No. 2081/92 was amended by Council Regulation (EC) No. 535/97 of 17 March 1997<sup>31</sup>.

Article 17 of the Regulation establishes a simplified registration procedure applicable to the registration of names already in existence on the date of entry into force of the Regulation. It provides that within six months of the entry into force of the Regulation, "Member States shall inform the Commission which of their legally protected names or, in those Member States where there is no protection system, which of their names established by usage they wish to register pursuant to this Regulation."

In accordance with the procedure laid down in Art.15, the Commission shall register these names, provided they comply with Arts 2 and 4. However, generic names are excluded. Member States are permitted under this Article to maintain national protection of the names communicated in accordance with this provision until such time as a decision on registration has been taken.

Under Art.8 of the Regulation, "the indications PDO, PGI or equivalent traditional national indications may appear only on agricultural products and foodstuffs that comply with this Regulation".

Article 13.1 provides that registered names shall be protected against:

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

Where a registered name contains within it the name of an agricultural product or foodstuff which is considered generic, the use of that generic name on the appropriate agricultural product or foodstuff is not considered to be contrary to sub-paragraphs (a) or (b) in the first subparagraph.

Member States are permitted by Art.13.2 to maintain national measures authorising the use of the expressions referred to in paragraph 1(b) for a period of not more than five years after the date of publication of the Regulation, provided that: the products have been marketed legally using such expressions for at least five years before the date of publication of the Regulation and the labelling clearly indicates the true origin of the product.

However, this exception may not lead to the marketing of products freely on the territory of a Member State where such expressions are prohibited.

In order to allow for the fact that the first proposal for registration of geographical indications and designations of origin which the Commission was to draw up pursuant to Art.17(2) of Regulation No. 2081/92 was not submitted to the Council until March 1996, when the major part of the transitional period of five years provided for by Art.13(2) of that Regulation had elapsed, Regulation No. 535/97, which entered into force on 28 March 1997, replaced the latter paragraph with the following:

By way of derogation from paragraph 1(a) and (b), Member States may maintain national systems that permit the use of names registered under Art.17 for a period of not more than five years after the date of publication of registration, provided that:

1. the products have been marketed legally using such names for at least five years before the date of publication of the Regulation;
2. the undertakings have legally marketed the products concerned using those names continuously during this period and;
3. the labelling clearly indicates the true origin of the product.

However, this derogation may not lead to the marketing of products freely within the territory of a Member State where such names were prohibited.

The aim of this Regulation is "within the limits of the adjustment of agricultural policy, to encourage the diversification of agricultural production and promote products having certain characteristics to the benefit of the rural economy".

## Food Processing and Packaging as Part of a Protected Designation of Origin

A number of recent ECJ cases have addressed food processing and packaging as part of a PDO under Regulation No

2081/92.

Case C-47/90 concerned the PDO "Rioja". Under Article 84 et seq. of Law No 25/70, wine produced in the La Rioja region was granted a 'denominación de origen'. At that time, a Governing Council for the designation of origin Rioja was set up. By order of the Spanish Minister for Agriculture, Fisheries and Food of 3 April 1991<sup>32</sup> the rules applicable to that designation and the Rioja were approved. Article 32 of the Rioja Rules provided that wine protected by the denominación de origen calificada Rioja shall be bottled exclusively in the registered cellars authorised by the Governing Council, failing which the wine may not bear that designation and that wines protected by the denominación de origen calificada Rioja may be put into circulation and be despatched solely from registered cellars, in special bottles which do not detract from their quality or prestige and have been approved by the Governing Council. The bottles must be of glass and of a capacity authorised by the European Economic Community with the exception of one-litre bottles.

In Case C-47/90 *Delhaize v Promalvin*<sup>33</sup>, the Court, in response to a request from the Tribunal de Commerce (Commercial Court), Brussels, for a ruling on the compatibility with Article 34 of the Treaty of national legislation such as Decree No 157/88 and the Rioja Rules adopted under it, held that national provisions applicable to wine of designated origin which limited the quantity of wine that might be exported in bulk but otherwise permitted sales of wine in bulk within the region of production constituted measures having equivalent effect to a quantitative restriction on exports which were prohibited by Article 34 of the EC Treaty. The Spanish Government's argument that the supervisory powers vested in the Rioja Governing Council were limited to the region of production, making it necessary for the wine to be bottled in the region of production, was rejected by the Court on the ground that Regulation (EEC) No 986/89 had established a system for verifying that the authenticity of the wine was not affected during transport (paragraph 21). In 1994, the Belgian Government drew the Commission's attention to the fact that the Spanish rules at issue in *Delhaize* were still in force, despite the interpretation of Article 34 of the Treaty (now, after amendment, Article 29 EC) given by the Court in that judgment, and called on it to act. On 14 November 1994, the competent member of the Commission replied that the Commission considered it 'inappropriate to persist with Treaty-infringement cases. The Belgian Government and the Danish, Netherlands, Finnish and United Kingdom Governments, intervening in its support, claim that, by not amending Decree No 157/88 in order to comply with the *Delhaize* judgment, the Kingdom of Spain has failed to fulfil its obligations under Article 5 of the, as interpreted by the Court of Justice of the European Communities in its judgment of 9 June 1992 in and Article 5 of the EC Treaty (now Article 10 EC).

The Spanish, Italian and Portuguese Governments and the Commission adduced new information to demonstrate that the reasons underlying the contested requirement were capable of justifying it. They argued that particularly in the wines sector, Community legislation displays a general tendency to enhance the quality of products within the framework of the common agricultural policy, in order to promote the reputation of those products through, *inter alia*, the use of designations of origin which enjoy special protection. In relation to Rioja wine, the Court accepted that its particular qualities and characteristics, result from a combination of natural and human factors that are linked to its geographical area of origin and that vigilance must be exercised and efforts made in order for them to be maintained. It accepted that the rules governing the Rioja 'denominación de origen calificada' were designed to uphold those qualities and characteristics. The control over bottling was accepted as being in pursuit of the aim of better safeguarding the quality of the product and, consequently, the reputation of the designation. The Spanish Government, supported by the Italian and Portuguese Governments, and by the Commission, submits that, without this requirement, the reputation of the Rioja 'denominación de origen calificada' might in fact be undermined. Transport and bottling outside the region of production would, in its view, put the quality of the wine at risk.

The court accepted that the bottling of wine is an important operation which, if not carried out in accordance with strict requirements, could seriously impair the quality of the product. Bottling does not involve merely filling empty containers but normally entails, before filling, a series of complex oenological operations (filtering, clarifying, cooling, and so on) which, if not carried out in accordance with the prescribed rules of the trade, may adversely affect the quality and alter the characteristics of the wine. It was not contested that bulk transport of wine could seriously impair its quality if not undertaken under optimum conditions. Although the Court accepted that, in the best conditions, a wine's characteristics and quality may indeed be maintained when it has been transported in bulk and bottled outside the region of production, it observed that in the case of bottling, the best conditions are more certain to be assured if bottling is done by undertakings established in the region of those entitled to use the designation and operating under their direct control, since they have specialised experience and, what is more, thorough knowledge of the specific characteristics of the wine in question which must not be impaired or lost at the time of bottling.

The Court noted that for Rioja wines transported and bottled in the region of production, the controls were far-reaching and systematic and were the responsibility of the totality of the producers themselves, who have a fundamental interest in preserving the reputation acquired and that it could be inferred that the risk to which the quality of the product finally offered to consumers is exposed was greater where it has been transported and bottled outside the region of production than when those operations have taken place within the region. Accordingly, it ruled that the requirement at issue, whose aim was to preserve the considerable reputation of Rioja wine by strengthening control over its particular characteristics and its quality, was justified as a measure protecting the 'denominación de origen calificada' which may be used by all the producers concerned and is of decisive importance to them.

Case C-469/00<sup>34</sup> concerned the PDO 'Grana Padano', which was registered for 'Cheeses'. This registration was subject to the condition that the grating of the cheese be carried out in the region of production and packaging. The defendant, imported, grated, pre-packaged and distributes 'Grana Padano' cheese in France which it marketed under the designation 'Grana Padano râpé frais'. Two Italian cheese producers brought an action against the defendant in the Tribunal de commerce de Marseille seeking an injunction and damages. The Tribunal granted both applications and on appeal the Cour d'appel d'Aix-en-Provence upheld the judgment, stating that the acts of unfair competition were sufficiently made out by the marketing in France since 1992 of 'Grana Padano' cheese in grated form. The Cour de cassation, to which the defendant

appealed sought a ruling from the ECJ as to whether Article 29 [EC] was to be interpreted as precluding national legislation reserving the Grana Padano designation of origin for cheese grated in the region of production, in so far as such an obligation is not indispensable for preserving the specific characteristics which the product has acquired.

Case C-108/01<sup>35</sup> concerned the Italian Legge No 26, tutela della denominazione di origine 'Prosciutto di Parma' (Law No 26 on protection of the designation of origin 'Prosciutto di Parma') of 13 February 1990, which reserved the designation 'Prosciutto di

Parma' ('Parma ham') exclusively to ham marked with a distinguishing mark allowing it to be identified at any time, obtained from fresh legs of pigs raised and slaughtered in mainland Italy, produced in accordance with provisions laid down in the law. Article 25 of Decreto No 253, regolamento di esecuzione della legge 13 febbraio 1990, No 26 (Decree No 253 implementing Law No 26 of 13 February 1990) of 15 February 1993 prescribed that the slicing and packaging of Parma ham must take place at plants in the typical production area which are approved by the Consorzio, responsible for monitoring Parma ham production. 'Prosciutto di Parma' was registered as a PDO under Regulation No 1107/96, under the heading 'Meat-based products'. The Consorzio was registered as an inspection body for the PDO under Article 10(2) of Regulation No 2081/92.

The case concerned the sale by Asda Stores Ltd, which operated a chain of supermarkets in the United Kingdom, of ham bearing the description 'Parma ham', purchased pre-sliced from Hygrade Foods Ltd, which itself purchases the ham boned but not sliced from an Italian producer who was a member of the Consorzio. The ham was sliced and hermetically sealed by Hygrade in packets bearing the wording 'ASDA A taste of Italy PARMA HAM Genuine Italian Parma Ham'. The Consorzio brought proceedings by writ in the United Kingdom against Asda and Hygrade seeking various injunctions against them, essentially requiring them to cease their activities, on the ground that they were contrary to the rules applicable to Parma ham.

The House of Lords sought a ruling from the ECJ as to whether the Italian legislation read with Commission Regulation (EC) No 1107/96 and the specification for the PDO Prosciutto di Parma created a valid Community right, directly enforceable in the court of a Member State, to restrain the retail sale as Parma ham of sliced and packaged ham derived from hams duly exported from Parma in compliance with the conditions of the PDO but which have not been thereafter sliced, packaged and labelled in accordance with the specification.

The Court, applying the "Rioja" case<sup>36</sup>, ruled that Regulation No 2081/92 must be interpreted as not precluding the use of a PDO from being subject to the condition that operations such as the slicing and packaging of the product take place in the region of production, where such a condition was laid down in the specification. Although this was a measure having equivalent effect to a quantitative restriction on exports, the Court accepted that it was justified for the purpose of guaranteeing the authenticity and quality of the product, noting that Community legislation displayed a general tendency to enhance the quality of products within the framework of the common agricultural policy, in order to promote the reputation of those products through *inter alia* the use of designations of origin which enjoy special protection. Designations of origin, as industrial and commercial property rights, protected those entitled to use them against improper use of those designations by third parties seeking to profit from the reputation which they have acquired. It ruled that the specification of the PDO 'Prosciutto di Parma', by requiring the slicing and packaging to be carried out in the region of production, was intended to allow the persons entitled to use the PDO to keep under their control one of the ways in which the product appears on the market. This condition was justified as safeguarding the quality and authenticity of the product, and consequently the reputation of the PDO, for which those who are entitled to use it.

The Court noted that the slicing and packaging of Parma ham constituted important operations which may harm the quality and hence the reputation of the PDO if they were carried out in conditions that result in a product not possessing the organoleptic qualities expected. Those operations may also compromise the guarantee of the product's authenticity, because they necessarily involve removal of the mark of origin of the whole hams used. Consequently, the Court ruled that the condition of slicing and packaging in the region of production, whose aim was to preserve the reputation of Parma ham by strengthening control over its particular characteristics and its quality, may be regarded as justified as a measure protecting the PDO which may be used by all the operators concerned and is of decisive importance to them. The resulting restriction was therefore regarded as necessary for attaining the objective pursued, in that there were no alternative less restrictive measures capable of attaining it.

Finally, it concluded that the PDO 'Prosciutto di Parma' would not receive comparable protection from an obligation imposed on operators established outside the region of production to inform consumers, by means of appropriate labelling, that the slicing and packaging has taken place outside that region. Therefore, any deterioration in the quality or authenticity of ham sliced and packaged outside the region of production, resulting from materialisation of the risks associated with slicing and packaging, might harm the reputation of all ham marketed under the PDO, including that sliced and packaged in the region of production under the control of the group of producers entitled to use the PDO

### Right to bring an action in respect of a geographical indication

Under Article 173 of the EC Treaty, a natural or legal person may bring an action against a decision which, although in the form of a regulation, is of direct and individual concern to him. By registering a protected designation of origin, Regulation No 123/97 gives all economic operators whose products satisfy the prescribed geographical and quality requirements, as they appear from the specification referred to in Article 4 of Regulation No 2081/92 and annexed to the application for registration, the right to market them under the protected name. It thus produces legal effects for categories of economic operators who satisfy the relevant conditions.

Case C-447/98<sup>37</sup> two cheese companies objected to the adoption by the German authorities, on 20 December 1993 of regu-

lations on cheese in which the name 'Altenburger Ziegenkäse' was identified as a designation of origin and which by letter of 26 January 1994 the Federal Republic of Germany had requested the Commission to register the name as a protected designation of origin (PDO) pursuant to Article 17 of Regulation No 2081/92. By the adoption of Regulation No 123/97, the Commission registered *inter alia* the name 'Altenburger Ziegenkäse' as a protected designation of origin within the meaning of Regulation No 2081/92. The appellants argued that the geographical area defined in the German regulations on cheese and the request for registration made to the Commission as the area of manufacture of 'Altenburger Ziegenkäse' was too extensive. The Appeal Court sustained the decision of the court of first instance that Regulation No 123/97 concerned the appellants only in their objective capacity of undertakings producing the cheese in question in the geographical area defined in the specification and marketing it, on the same basis as any other economic operator currently or potentially in the same position and they could not therefore complain about whether other undertakings might be included in that designation.

In Case T-215/00<sup>38</sup>, the applicant producer of duck-based products, objected to the application on 5 May 1999, by the French Government of the registration as a protected geographical indication of the name *canard à foie gras du Sud-Ouest*, from the Association pour la défense du palmipède du Sud-Ouest. The applicant in this case objected that that the procedure for registering *canard à foie gras du Sud-Ouest* as a PGI had not been adequately publicised at national level and that the specifications accompanying the application for registration had nothing to do with the protection of geographical origin, particularly the requirements relating to the maximum production capacity of the structures for rearing and force-feeding ducks for foie gras and maintained that those requirements had very serious consequences for the health, hygiene and safety in the traditional small units of production.

The applicant's annual production of ducks was in excess of the limits prescribed in the French regulation and it was therefore precluded from marketing the products obtained from its ducks under the name in question. The Court ruled that this economic impact was not relevant to the validity of the PGI.

## Infringement Actions

As a matter of general practice, infringement actions in relation to geographical indications concern either: (a) wrongful use of a PGI or a PDO, in which case an action will be brought by the entity responsible for preserving the integrity of the geographical indication; or (b) in relation to a misleading use of a geographical indication.

In Cases C-129/97 and C-130/97 the ECJ was requested by the Tribunal de Grande Instance, Dijon, France, for a preliminary ruling in the criminal proceedings pending before that court concerning, *inter alia*, whether an action lay against an undertaking which used part of a compound PDO. French legislation had provided for the registration of 'Époisses de Bourgogne' as a PDO. Two enterprises were prosecuted under this legislation for using the name 'Époisses' for its cheeses. In response to a question from the Tribunal de Grande Instance, the ECJ ruled that in relation to a compound designation of origin, the absence of a footnote in the relevant regulation specifying that registration was not sought for one of the parts of that designation did not necessarily mean that each of its parts was protected.

The question raised in Case C-87/97<sup>39</sup>, was whether a PDO "Gorgonzola (Italy)" was infringed if the packaging of the cheese designated as "Cambozola" bore a clearly visible indication of the country of manufacture (Deutscher Weichkäse [German soft cheese]), also where that cheese was as a rule not displayed and sold to consumers in the form of whole cheeses, but in pieces, sometimes without the original packaging.

The ECJ ruled that since the product at issue is a soft blue cheese which was not dissimilar in appearance to Gorgonzola, it was reasonable to conclude that a protected name was evoked, within the meaning of Article 13(1)(b) of Regulation No 2081/92, "where the term used to designate that product ends in the same two syllables and contains the same number of syllables, with the result that the phonetic and visual similarity between the two terms is obvious." In that connection, the ECJ stated that it was appropriate for the national court to take into account advertising material published by the defendant which suggested that the phonetic similarity between the two names was not fortuitous.

Case C-312/98<sup>40</sup> concerned proceedings between the Schutzverband gegen Unwesen in der Wirtschaft eV, an association founded to combat unfair competition ('the Schutzverband'), and Warsteiner Brauerei Haus Cramer GmbH & Co. KG ('Warsteiner Brauerei') concerning the use by the latter of the name 'Warsteiner' on labels on bottles for certain types of beer which it brewed at a brewery in Paderborn, 40 km from the town of Warstein. The German law, the Gesetz über den Schutz von Marken und sonstigen Kennzeichen (Law on Protection of Trade Marks and Other Signs, 'the Markengesetz') of 25 October 1994, which entered into force on 1 January 1995, protected geographical indications of source. Geographical indications of source were defined to mean names of places, areas, regions or countries and other indications or signs used commercially to designate the geographical provenance of goods or services. Paragraph, 127 of the Markengesetz, provided that "geographical indications of source may not be used commercially for goods or services which do not come from the place, area, region or country which they designate, if with the use of such names, indications or signs for goods or services of other origin there is a risk of misleading as to the geographical provenance."

Warsteiner was the owner of the trade mark 'Warsteiner' for 'beer of Pilsener style, registered on 24 October 1990 at the Deutsche Patentamt (German Patents Office). It was common ground that beer brewed in Warstein had no special characteristics attributable to that locality and that the beer called 'Warsteiner' owed its reputation to the quality of the beer and promotion of the 'Warsteiner' brand. In autumn 1990, Warsteiner Brauerei acquired a brewery located in Paderborn, 40 km from Warstein, where it brewed 'Light' and 'Fresh' type beers until the end of 1991. The labels on the front of the bottles for these beers bore *inter alia* the name 'Warsteiner' or 'Marke Warsteiner (Warsteiner Brand)'. The back labels indicated *inter alia* that the beers were brewed and bottled 'in unserer neuen Paderborner Brauerei (in our new Paderborn Brewery)'. As it considered that those labels were misleading, the Schutzverband brought an action against Warsteiner Brauerei before the

Landgericht (Regional Court), Mannheim, seeking an injunction, pursuant to Paragraph 3 of the UWG, restraining it from using 'Warsteiner as a geographical indication of source for beer brewed in Paderborn.

Before the Landgericht, Mannheim, Warsteiner Brauerei argued, *inter alia*, that the name

'Warsteiner was not a reference to geographical provenance, inasmuch as the locality of Warstein was largely unknown to the general public, and, in any event, the reputation of its beer did not depend on particular characteristics attributable to that locality. It also pointed out that there were other beers bearing names referring to a geographical source which did not come exclusively from the place thereby designated.

After ordering a consumer survey, the Landgericht, Mannheim, granted the injunction sought by the Schutzverband. On appeal, the Oberlandesgericht (Higher Regional Court), Karlsruhe, by order of 14 February 1996, quashed the judgment of the Landgericht and dismissed the action of the Schutzverband. It held that a market survey which had been ordered by the lower court, showed that the name at issue did not significantly mislead consumers.

The Bundesgerichtshof then observed that the prohibition on labelling a product with inaccurate information as to its geographical source was justified in order to protect competitors, so that geographical indications of source should also be protected where the source of a product has no influence on the consumer's purchasing decision. According to the Bundesgerichtshof, the protection of simple geographical indications of source provided for in Paragraph 127(1) of the Markengesetz was not subject to the condition that such indications should be familiar to the public as such, that is to say, in the case in the main proceedings, as a reference to a place called 'Warstein, but simply required that the locality indicated should not be wholly inconceivable as the place of production because of its specific character or the particular nature of the product. Nor was that protection subject to the condition that the consumer should associate particular qualities with that indication, attributable to regional or local characteristics.

Since it considered that the case turned on the interpretation of Regulation No 2081/92, the Bundesgerichtshof decided to stay proceedings and referred to the ECJ the question whether Regulation No 2081/92 precluded application of a national provision which prohibits the misleading use of a simple geographical designation of source, that was, an indication in the case of which there is no link between the characteristics of the product and its geographical provenance.

The Court observed that in the absence of common rules relating to the production and marketing of a product, it was in principle for the Member States to regulate all matters relating to the marketing of that product on their own territory, including its description and labelling, subject to any Community measure adopted with a view to approximating national laws in these fields. Regulation No 2081/92 only concerned geographical indications in respect of which there was a direct link between both a specific quality, reputation or other characteristic of the product and its specific geographical origin. Thus, simple geographical indications of source where there was no link between the characteristics of the product and its geographical provenance, did not fall within that definition and were not protected under Regulation No 2081/92. The Court ruled that this did not preclude national legislation on the subject.

### Defence of Good Faith Registration

The defendant in the "Gorgonzola" case<sup>41</sup> sought to rely on its good faith defence in Article 14(2) of Regulation No 2081/92 in that the registration of the trade mark "Cambozola" in Austria, was made in good faith before the date when the application for registration of the designation of origin was lodged. The ECJ ruled that this defence was not open because in 1983, when the trade mark 'Cambozola was lodged in Austria, the protection enjoyed there by the designation 'Gorgonzola was essentially similar to the protection guaranteed since 1996 by Community law. It observed that "the concept of good faith referred to in must be viewed in the light of the entire body of legislation, both national and international, in force at the time when the application for registration of the trade mark was lodged. However, it was for the national court to decide whether the facts of the case allowed it to find good faith.

### European Protection of Geographical Indications and the TRIPS Agreement

A number of TRIPS Members have argued that the EU scheme for the protection of geographical indications is TRIPS-deficient in a number of areas:

- **Violation of the national treatment principle** (Article 3(1) of TRIPS) in that a party not resident or established in the EU, including such a party having trademark rights in a Member State, has no right to object to a proposed registration of a GI.
- **Violation of "grandfather clause"** for prior applied-for or used trademarks. Indeed, whereas Article 14(2) of the Regulation states that only registered trademarks currently in use can be grandfathered, TRIPS Article 24(5) states that all trademarks applied for or registered in good faith or common law trademarks used in good faith should be grandfathered.
- **Lack of adequate procedures to protect trademark owners** (Article 16 of TRIPS).
- **Overly broad definition** of geographical indications and designations of origin in Art 2 of the Regulation conflicting with Article 22(1) of TRIPS.
- **Lack of appropriate inter partes procedures** to object to such GIs in violation of Articles 41 and 42 of TRIPS.

For example, the statement of the United States (US) to the WTO on the WTO trade policy review of the European Union expressed the concern that "foreign persons wishing to obtain protection for their GIs in the EU itself face a non-transparent

process that appears to come into some conflict with the EU's TRIPS obligations" and that "EU rulemaking processes are often perceived by third countries as exclusionary, allowing no meaningful opportunity for non-EU parties to influence the outcome of regulatory decisions"<sup>42</sup>.

On the 18 August 2003, the US and Australia each asked the Dispute Settlement Body of the WTO to establish panels on their behalf in order to resolve the dispute that arose between these countries and the EC regarding the Regulation<sup>43</sup>.

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

Australia argued that as a consequence of the Regulation's inconsistency with some provisions of the TRIPS Agreement, the EC was not in conformity with its obligations. According to Australia, the Regulation diminishes the legal protection for trademarks under the TRIPS Agreement, does not accord immediately and unconditionally to the nationals and/or products of each WTO Member any advantage, favour privilege or immunity granted to the nationals of any other WTO Member, does not accord to nationals and/or products of each WTO Member treatment no less favourable than that it accords to its own nationals and/or like products of national origin, does not provide the legal means for interested parties to prevent misleading use of a GI and/or prevent any use of a GI which constitutes and act of unfair competition and is not applied in a transparent manner.

The International Trademark Association has stated that the EU Regulation "is seriously flawed and violates the WTO TRIPS Agreement in several major aspects"<sup>44</sup>, particularly in its usurpation of prior trade mark rights. Indeed, one of its main concerns was that the Regulation failed to address the issue of conflict between GIs and trademarks and that it was falling short of achieving a balance between protection for legitimate trademarks and legitimate GIs.

1. Generally, on the history of trademarks and geographical indications see: Schechter, *The Historical Foundations of the Law Relating to Trade-Marks* (1925); Diamond, "The Historical Development of Trademarks" (1983) 73 TMR 222; McCarthy and Devitt, 'Protection of Geographical Denominations: Domestic and International' (1979) 69 TMR 1979; Coerper, 'The Protection of Geographical Indications in the United States of America, with Particular Reference to Certification Marks' (July/August 1990) *Industrial Property* 232.
2. Eg see Conrad, 'The Protection of Geographical Indications in the TRIPS Agreement' (1996) 86 TMR 11 at 13-14.
3. See Note by the WTO Secretariat IP/C/W/253, dated April 2001, on "Review under Article 24.2 of the application of the provisions of the section of the TRIPS Agreement on geographical indications. Summary of the responses to the checklist of questions (IP/C/13 and Add.1)."
4. The Paris Convention was agreed in 1883 and complemented by the Madrid Protocol of 1891. It was revised at Brussels (1900), Washington (1911), The Hague (1925), London (1934), Lisbon (1958), and Stockholm (1967), and amended in 1979. The Paris Convention as of May 2001, had 160 member states.
5. The Madrid Agreement was adopted in 1891 and revised at Washington (1911), The Hague (1925), London (1934), and Lisbon (1958). It was supplemented by the Additional Act of Stockholm (1967), and had a membership of 33 states as of May, 2001.
6. The Stresa Convention was ratified by Austria (12 June, 1953); Denmark (2 August 1953); France (20 May 1952); Netherlanda (29 October 1955); Norway (31 August 1951); Sweden (27 January 1951) and Switzerland (5 June 1951).
7. [1988] ECR-4907, 22 September 1988.
8. [1999] ECR 1, 4 March 1999.
9. This agreement was concluded in Lisbon on 31 October 1958. It was revised in Stockholm in 1967 and amended in 1979. As of May 2001 there were 19 states party to the Agreement.
10. WIPO, *The Need for a New Treaty and its Possible Contents*, WIPO doc., GEO/CE/1/2 (1990)
11. *Ibid.*
12. For a history of the GATT TRIPS negotiations see M. Blakeney, *Trade Related Aspects of Intellectual Property Rights: A Concise Guide to the TRIPS Agreement* (1996)
13. WIPO, *Model Law for Developing Countries on Appellations of Origin and Indications of Source* (1975), s.7.
14. *Ibid.*, s.5.
15. WIPO Standing Committee On The Law Of Trademarks, Industrial Designs And Geographical Indications, 'Possible Solutions For Conflicts Between Trademarks and Geographical Indications and For Conflicts Between Homonymous Geographical Indications' WIPO Doc. Sct/5/3, 8 June 2000.
16. See generally, Brody, 'Protection of Geographical Indications in the Wake of TRIPS: Existing United States Laws and the Administration's Proposed Legislation', (1994) 84 TMR 520.
17. *Ibid.*, at 530.
18. See Bauemer, 'Considerations Concerning a Definition of Geographical Indications'
19. WTO Doc No WT/GC/W/249, 13 July 1999.
20. *Preparations for the 1999 Ministerial Conference the TRIPS Agreement Communication from Kenya on Behalf of the African Group*, WTO Doc WT/GC/W/302, 6



August 1999.

21. WTO Doc. IP/C/W/204/Rev.1.
22. WTO Doc. IP/C/W/289.
23. The Council Regulations which are still in force are: 1493/1999 of 17 May 1999 on the common organization of the market in wine, *OJL* 179, 14 July 1999, p.16; 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks, *OJL* 275, 25 April 1989, p.1.
24. *OJL* 208, 24 July 1992, p.1, as amended by 535/97 of 17 March 1997, *OJL* 83, 25 March 1997, p.3.
25. *OJL* 208, 24 July 1992, p.9
26. Judgement, 7 May 1997.
27. Law No 85-30 of 9 January 1985 on the development and protection of mountain regions (Journal Officiel de la République Française (JORF) of 10 January 1985, p. 320, hereinafter 'Law No 85-30') and Decree No 88-194 of 26 February 1988 laying down the conditions governing the use of indications of 'mountain' provenance for agricultural products and foodstuffs (JORF of 27 February 1988, p. 2747.
28. Judgement, 20 February 1975.
29. Judgement, 15 September 1998.
30. Judgement, 6 December 2001.
31. O.J. [1997] L83/3.
32. BOE No 85 of 9 April 1991, p. 10675.
33. [1992] ECR I-3669
34. 20 May 2003.
35. 20 May 2003.
36. Case C-388/95 *Belgium v Spain* [2000] ECR I-3123.
37. The appeal of Molkerei Großbraunshain GmbH and Bene Nahrungsmittel GmbH against the order of the Court of First Instance of the European Communities (Second Chamber) of 15 September 1998 in Case T-109/97.
38. *SCEA La Conquete v The Commission of the EC*, 30 January 2001.
39. Judgement, 4 March 1999.
40. *Schutzverband gegen Unwesen in der Wirtschaft eV v. Warsteiner Brauerei Haus Cramer GmbH & Co. KG*, Judgement 7 November 2000.
41. Case C-87/97.
42. WTO Trade Policy Review of the European Union, Statement by the United States to the WTO, 24 July 2002, [www.state.gov](http://www.state.gov)
43. See documents WT/DS174/20 and WT/DS290/18
44. *International Trademark Association*, EU Regulation: Agricultural Geographical Indications and Designations of Origin, Violations of the TRIPS Agreement, August 1998, 2 [www.inta.org](http://www.inta.org)