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COMPILATION OF PRESENTATIONS

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CONTENT

THE REVISION OF THE LISBON SYSTEM

prepared by François Curchod,
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As the moderator of the first session of this Symposium I have a triple role: to introduce the two speakers, which I shall do at the end of my introduction, to preside over the question and answer part of the session, after the two presentations, and first of all to give you a short overview of the Lisbon Agreement and of the Geneva Act.

The Lisbon Agreement was concluded in 1958 and revised in Stockholm in 1967. All the 28 Contracting States, except one (Haiti), are bound by the 1967 Act and constitute the Lisbon Union.

Among the four treaties administered by WIPO which provide for the international registration of industrial property rights (or at least for an international filing system for such rights), the Lisbon Agreement is peculiar in the sense that apart from an international filing and registration procedure it also provides for detailed substantive requirements as to the content of protection of internationally registered appellations of origin, a special category of what are called nowadays geographical indications, whereas the PCT, the Madrid Protocol and the Hague Agreement do not do so.

The revision of the Lisbon Agreement which led to the conclusion, in May of this year, of the Geneva Act of that Agreement, had a double purpose: the less controversial one was to open it to the participation of regional organizations such as the European Union and the African Intellectual Property Organization (OAPI); the more controversial objective was the extension of the coverage of the treaty to all geographical indications, beyond appellations of origin, and to provide for the same high level of protection for both appellations of origin and all the other geographical indications. To be simple, the controversies opposed two camps: the countries which provide for a *sui generis* type of protection -- basically, but not exclusively, the present Members of the Lisbon Union -- and those which protect geographical indications by their trademark system -- mainly the United States of America and Australia. Those two camps were opposed during the Diplomatic Conference and the meetings which preceded it and also the meetings which followed it, including the WIPO Assemblies that took place a few days ago, both on substantive grounds and on procedural, including financial, matters. I shall focus on the substantive issues, already touched upon by the Director General of WIPO in his opening statement.

Let me mention the main differences between the present Lisbon Agreement ("the Agreement") and the Geneva Act, without being exhaustive and leaving it to our two speakers to go into further details and particularly to give concrete examples of how the new system under the Geneva Act will work.

As already said, while the Agreement is only open to States, the Geneva Act is also open to certain intergovernmental organizations.

As I also said already, the Geneva Act deals with the international registration and the protection of not only appellations of origin, as the Agreement does, but all geographical indications. This is reflected in the name of the Lisbon Agreement, which has been until now "Lisbon Agreement for the Protection of Appellations of Origin and their International

Registration" and will now be "Lisbon Agreement on Appellations of Origin and Geographical Indications".

Whereas the Agreement is not suitable for jurisdictions basing protection on trademark law, the Geneva Act contains a number of provisions aimed at allowing countries following the trademark approach to participate in the new system. Whereas it seems to work as far as procedural aspects are concerned, this does not seem to be the case for certain substantive provisions, but our speakers will certainly dwell on that.

The Geneva Act allows interested parties to request the refusal of the effect of an international registration, whereas the Agreement does not oblige Contracting Parties to offer such an opportunity.

The Geneva Act allows Contracting Parties to request the payment of individual fees, which is not possible under the Agreement.

The Geneva Act provides for express safeguards with respect to prior trademark rights, personal names used in business and rights based on a plant variety or animal breed denomination, whereas the Agreement does not do so.

Let me now briefly introduce our two speakers. Briefly because their CVs appear on page 4 of document WIPO/GEO/BUD/15/INF/3.

Mr. Elio De Tullio is an Italian attorney-at-law who followed as a representative of a non-governmental organization the meetings of the Working Group that prepared the texts that were the basis of the discussions at the Diplomatic Conference. Here, he will give us views from the side of the private sector of Italy, particularly the future final users of the Geneva Act.

Ms. Tanya Duthie is an official of IP Australia and has also followed the meetings of the said Working Group on behalf of the Australian government. She will give us views form the side of the countries protecting geographical indications through their trademark system.

FROM LISBON TO GENEVA: THE OUTCOME OF THE LISBON SYSTEM REVISION

Prepared by Michele Elio De Tullio,
IP attorney and Managing Director of De Tullio & Partners

I. The revision of the Lisbon System

On May 21th, 2015, in Geneva, the conclusion of the Diplomatic Conference regarding the revision of the Lisbon Agreement for the international protection and registration of Appellations of Origin led to the Adoption of the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications.

After several years of working groups for the new Agreement, 13 participants signed the Geneva Act of Lisbon Agreement on Appellations of Origin and Geographical Indications.

The aim of the revision of the Lisbon Agreement was to create a larger system - being able to attract more countries than the original agreement - for the strengthening and extension of the protection of Appellations of Origin and Geographical Indications registered in the countries of origin or at regional level.

II. A compromise between different interests

The Diplomatic Conference has seen the active participation of all the delegations, both Lisbon Member States and Observers, who suggested proposals, compromises and alternatives in order to reach a text agreed between members.

During the meetings, two different orientations have emerged: one aimed at reaching the maximum level of protection for appellations and indications; one seeking to limit their scope of protection in order to safeguard the local markets from the overwhelming strength of AOs and GIs.

The interests of producers of AOs and GIs, and their consumers, have been taken into consideration. However, the strength granted to AOs and GIs is balanced by the rules that safeguard prior existing rights in each Contracting Party.

III. Critical points

Protection against becoming generic (Art. 12): this article ensures that registrations under the New Act cannot become generic as long as appellations of origin and geographical indications continue to be protected in the Contracting Party of origin. Such article was subject of an intense discussion during the Working Sessions;

Protection for prior trademark rights (Art.13): the balance has been found in a system of co-existence between earlier trademark and subsequent AOs and GIs, that may lead to a limitation of trademark rights to the effect that, in certain circumstances, such TM rights may not entitle its owner to prevent a registered AO or GI from being granted protection or used.

IV. Examples of different views

On Art.13. On the one hand, according to some participant Countries, States should be left free to rule the conflicts between GI and national marks on the basis of their own national law. These situations should have not been governed by a rule under an International Agreement. The matter underlying is that trademarks recalling AOs or GIs, as well as *de facto* trademarks, could be overwhelmed by the registration of GIs and AOs.

On the other hand, other participants deemed that previous registered marks should be protected in a broader way, on the basis of a priority based both on use and on registration (and in good faith). The co-existence of both the rights is not excluded. The matter is that earlier trademarks should prevail.

V. Critical points

The new system foreseen by the revised Lisbon Agreement seems to be very similar to the Madrid system for the international trademarks: the application shall be filed before a single international office, and then goes through the exam of the other national offices. Then, the GI or the AO is protected in those designated countries that do not have refused the extension.

The fundamental difference is that, while all the Countries belonging to the Madrid system have similar systems of trademark registration, or otherwise recognize the trademark as an IP right with its own identity, some countries do not recognize the protection of GIs, nor in some cases the identity of GIs as a right in itself.

Now each Contracting Party is able to ratify the Lisbon agreement regardless of whether it has specific national laws for the protection of GIs, if protection is provided by different means, such as the national trademark system (as certification, collective or "ordinary" TMs).

VI. Advantages for Producers of quality products

A broader scope of protection is granted:

The Geneva Act now applies to Geographical Indications, then opening up to many more typical products. Just as AOs, GIs require a qualitative link between the product and its place of origin. Therefore, the Geneva Act offers an increased protection to those whose products are already covered by GIs.

Members are able to file multiple joint applications in case of a geographic area of origin consisting of a trans-border area, or a part thereof.

VII. Advantages for Consumers

- A guarantee of quality: GIs and AOs allow international consumers to identify and purchase high-quality products that has been produced and processed in the state of origin, on the basis of certain controlled specifications and quality standards. Through the AO and GI system, consumers are informed about a product’s geographical origin and its quality, characteristic or reputation deriving from the relationship with the place of origin;

- An easy way for traceability: by virtue of the strong link with the territory, AOs and GIs help in discovering the origin of a certain product;

- Food safety: guarantee against food fraud and counterfeiting

VIII. The effects of the revision (1)

KAŠKAVAL BALKAN: a type of cheese derived from ewe's milk, produced in Bulgaria.

(678) KAŠKAVAL BALKAN

Number	678
Date	24.03.1980
Holder	1. Dâržavno-stopansko obedinenie "Mlečna promišlenost", 9, boulevard Al. Stambolijski, Sofia
Appellation	**KAŠKAVAL BALKAN**
Publication	N° 13 : 07/1981
Country of Origin	BG
Nice Classification	29
Product	Cheese
Area of Production	The entire territory of the People's Republic of Bulgaria
Refusal	BA - 19.06.2014 CZ - 18.09.1981 SK - 18.09.1981 ME - 17.05.2000 RS - 17.05.2000 MD - 01.04.2002 MK - 30.09.2011

The Appellation has been refused by several Members, BA, CZ, SK, ME, RS, MD, MK

The grounds for refusal were the following:

the term BALKAN is the name of the Balkan Peninsula, where there are many countries, as well as the name of a mountain range touching Bulgaria and Serbia.

This circumstance would fit within Art. 2(2) and Art. 5(4) of the Geneva Act:

These Articles allow applications for an AO or a GI referring to a trans-border geographical area, or a part thereof, if the Contracting Parties concerned file a joint-application through a commonly designated Authority.

IX. The effects of the revision (2)

The Geneva Act broadens the scope of protection provided by the current Lisbon Agreement to cover also Geographical Indications.

Therefore, it will be possible to register more products, such as: Arancia rossa di Sicilia (Italian PGI, oranges), Szentesi paprika (Hungarian PGI, spices), Capão de Freamunde (Portugal PGI, fresh meat).

REVISION OF THE LISBON SYSTEM – AN AUSTRALIAN PERSPECTIVE

prepared by Tanya Duthie
Assistant Director, International Policy and Cooperation, IP Australia, Canberra

Introduction

From Australia's perspective there were competing aims in Lisbon discussions. One goal appeared to be expanding the membership. Another goal seemed to be to retain and expand upon the very specific existing requirements which had, in our view, discouraged membership.

Membership of other registration treaties like the Patent Cooperation Treaty and the Madrid system has increased. The focus of these other treaties, as already mentioned, is not on substantive elements of protection but on the benefits to exporters of a centralised and streamlined model to obtain protection in a large number of countries easily and cheaply. Increased membership reaps the most rewards to exporters.

While we cannot speak for other Member States of WIPO, we see some of the features of the *current* Lisbon Agreement as a major impediment to expansion.
This presentation attempts to explain our approach to the discussions that resulted in the Geneva Act. The standards under the Geneva Act are only minimums and in places could be prone to the interpretation and implementation problems we will discuss.

Geographical Indications (GIs) and Trade Marks

GIs and trade marks are valuable marketing tools. They are powerful negative rights, used to exclude others from use.

- GIs were defined and regulated on an international scale only relatively recently, through the Agreement on Trade-Related Aspects of Intellectual Property Rights which was concluded in 1995.
- Trade marks on the other hand are the oldest industrial property right in the world. This type of protection against wrongly marked goods can be traced back to early Roman times.
- Trade mark protection and enforcement procedures are very well established and understood internationally.

What uses should these exclusive GI rights prevent, and in what circumstances? This question is unsettled internationally. The legal framework for trade marks has evolved to provide for an appropriate balance between the rights of right holders and third parties, and includes limited exceptions to protection for this purpose.

While Australia has traditionally used the trade mark system to protect appellations of origin and GIs, we have extensive experience with a *sui generis* GI protection system for wines, and in the interplay between the two systems.

Shortly before TRIPS was concluded, we entered into an agreement with the European Communities – the Australia-EC Agreement on Trade in Wine (the "Wine Agreement"). We implemented the Wine Agreement in a way that continues to provide very strong and effective protection for the GIs it protects.

However, we learned some lessons from our initial implementation of the Wine Agreement and these lessons guided our approach to Lisbon discussions. Some of these lessons are illustrated in some case studies below.

Australia's approach to the Lisbon revisions

The current Lisbon system has only 28 members, after 57 years. The revision was an opportunity to modernise the system, and to accommodate other effective forms of GI protection. Our aim in Lisbon discussions was to provide a different perspective on the substantive issues, and to develop a more inclusive structure.

We aimed for <u>one</u> system that could be used to protect <u>the same single</u> GI across the world:

- no matter how the GI was protected in its country of origin
- and no matter how GIs are protected in destination Contracting Parties

Our concern focused mainly on the scope of protection required in Contracting Parties.

- We would characterise the type of protection sought during negotiations as a type of "absolute" protection - an almost total prohibition on use.
- The type of protection afforded by trade marks on the other hand is quite powerful, but operates on a more contextual basis where a likelihood of confusion among consumers or damage to the right holder due to the use of the GI must exist.

In relation to nature of protection, an initial aim in Lisbon review discussions was that Parties would be required to extend protection against:

- Usurpation
- Imitation
- Evocation

We foresaw interpretation and implementation problems with such protection standards.

Concepts such as usurpation, imitation and evocation are alien to the legal systems of a number of countries with interests in GIs, including Australia.

We were concerned that they could be interpreted and implemented in such a way as to create unnecessary problems for trade mark owners and for exporters, with the potential for real adverse impacts.

Exacerbating our concern is the very limited and prescriptive exceptions to GI rights, which can lead to some interesting and possibly unjustified outcomes.

Existing exceptions are:

- respect for prior trade mark rights;
- whether a term is generic;
- safeguards for continued use of a person's name; and
- homonymous indications.

But what happens when a term is a GI as well as having a different meaning in everyday language – depending on the presentation, what is the risk of confusion or harm?

Case studies

For example, Wolf is a place in Germany. The term WOLF was once protected in Australia as a German GI (it is not currently the subject of protection, this is just an example).

Under the terms of our initial implementation we were required to refuse protection of HOWLING WOLF as a trade mark for use on wine, simply because it contained the term WOLF.

Even though the term in this context would not have any geographical significance to the consumer – there appears to be no risk of confusion.

Why would we prevent use of WOLF in this context yet allow, for the sake of comparison, exceptions for homonymous terms which clearly have geographical significance and are more likely to mislead?

For example PYRENEES is prominent in several French GIs and is also an Australian GI. All of these GIs are protected in both Australia and the EU.

Another example is FIRST which was also once protected in Australia as a European GI, and under Australia's initial implementing legislation stood to prevent registration and use of "FEET FIRST" as a trade mark.

Is there any geographical significance to the word FIRST, when presented in the context of FEET FIRST, which has a different meaning?

The use of the term 'Orange' has also been disputed in Australia, in different circumstances and with different results.

- Australian GI
- French GI "*Vin de pays de la Principauté d'Orange*"
- Style of wine
- Commune in SE France
- County, California USA

- Type of fruit
- Colour

The picture of the frog here is accompanied by tiny writing "Southern Orange-eyed tree frog". Because of the terms of the initial implementation, we had to refuse to register this trade mark.

These examples are provided to illustrate and further explain why Article 11 "Scope of Protection" was so important to us in the Lisbon discussions.

As a result of these experiences in Australia, we introduced exceptions in our *sui generis* GIs legislation for the use of words that are common in our language and which are not likely to mislead in the context in which they are used.

Legislation implementing the Wine Agreement is currently the Australian Grape and Wine Authority Act 2013, or the AGWA Act. The AGWA Act has had to be amended over the years since the first Wine Agreement.

It now provides for reasonable but limited exceptions for use of common words that are not likely to mislead, and better recognises the exclusive rights afforded to registered trade marks under the TRIPS Agreement.

We also consider appropriate checks and balances like objections to be vital to an effective and balanced protection system.

All GIs for which protection is sought in Australia are now advertised for objection on at least grounds of prior trade mark rights and/or that the term is used in Australia as the common name of a type or style of wine; or the name of a variety of grapes.

There is also now a direct link between the AGWA Act and the trade mark system. Even though the AGWA Act is administered by the Department of Agriculture and Water Resources, the objections to protection of wine GIs made under it are referred to the Registrar of Trade Marks to be heard. The Registrar of Trade Marks has the experience and expertise to decide these matters.

Generic terms

Some terms are GIs in one part of the world, yet have become generic names in other parts of the world. The significance of these terms worldwide is contested.

We understand the absolute protection regime, along with other features of the current Lisbon Agreement, is intended to prevent terms from becoming generic and obviate the costs of monitoring and enforcement for GI beneficiaries.

But only a very small proportion of the thousands of existing GIs fit the description "generic". The absolute protection model seems unnecessarily sweeping to achieve this aim.

While the substantive protection requirements under the new Geneva Act appear in some places to be more inclusive than those of the Lisbon Agreement, these are minimum requirements only. We would urge aspiring members to consider some of the problems we have encountered with overly strict protection standards, and to consider implementing a model that considers context.

Conclusion

In closing, and as many would already be aware, we are deeply disappointed with some of the outcomes of the Lisbon Diplomatic Conference.
We are not convinced that countries like us can join the Geneva Act.

For example, we consider the retention of a provision such as Article 12 to have jeopardised the potential for Lisbon to have become truly inclusive.

We wonder what evidence there is of GIs becoming generic after being registered under a trade mark system (which requires renewal every ten years)? You could probably count on your fingers the number of GI trade marks that have met this fate. We can find none in over 100 years of TM registration in Australia.

It is a pity this provision was retained given it doesn't seem to be necessary and discourages or excludes membership.

In our view, the best form of protection is PROTECTION in the first place.

Protection in the territories of interest seems to be the single most effective method of obtaining and preserving GI rights.

- A Lisbon system that accommodates the different types of protection would have facilitated getting that protection. It would also have encouraged increased membership so that the protection could be obtained more easily in more countries.

- If countries cannot join Lisbon, then producers in Lisbon members will not be able to use the system to obtain protection in those countries.

Substantive harmonisation might well be a legitimate goal, but the narrow focus from a small group of decision makers at the Diplomatic Conference has meant this aim might not be realised across a meaningful membership.

This will undermine its value to exporters in getting protection easily in all their markets of interest.

TRADE MARKS AND GEOGRAPHICAL INDICATIONS IN SOUTH AFRICA

prepared by Michele Fleurette Coetzee,
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CONTENT

This presentation will deal with a (a) general introduction, (b) international agreements, (c) statutory protection and then reach a (d) conclusion regarding the protection mechanisms available for geographical indications within the South African legislative IP framework.

INTRODUCTION

The Dutch East India Company established a victualing station at the Cape of Good Hope in 1652, whereafter the Dutch Governor Jan van Riebeeck planted the first vines of French origin in 1655. At this point in time the Cape of Good Hope was described "*as the fairest cape in all the circumference of the world*".

The "first" geographical indication in South Africa came about when the Groot Constantia wine farm was established in 1685. Wines produced at Groot Constantia were favored by persons such as Napoleon of France, Frederick of Prussia and Bismarck of Germany. To date, Constantia wines are considered amongst the best wines ever produced.

Later the French Huguenots arrived in the Cape and imported into South Africa French skills and traditions in wine making, settling in the town of Franschhoek and introducing French family names. The skills of the Dutch and the French were employed to select the best wine growing areas, based on soil, climate and location.

South Africa was occupied by the British from time-to-time (a century from 1806 onwards) who promoted exports from their colony and introduced certain quality control measures; this can be seen as the "birth" of South African product legislation. For centuries the Cape served as a link between the East and Europe - it served in the trade of spices from the East and the provisions of traders from Europe.

Not surprisingly, South Africa was one of the early countries to provide protection for geographical indications.

INTERNATIONAL AGREEMENTS

In 1929 South Africa entered into an agreement with France to protect a long list of French geographical indications in exchange for the privilege to sell crayfish to France – this agreement became known as the "*Crayfish Agreement*". In terms of this agreement South Africa *inter alia* agreed to protect certain geographical indications and adopted legislation whereby South Africa was no longer authorised to use certain expressions and words, such as "*champagne*" for sparkling wine, or to refer to red wines as "*burgundies*".

Over time, the Crayfish Agreement was overtaken by the provisions of TRIPs, and South Africa became a signatory of TRIPs by virtue of its accession to the Marrakesh Protocol in 1994.

Article 24(6) of TRIPs proved very controversial in as far as it dealt with the definition of what a customary term is, with special reference to "*port*" and "*sherry*".

WINE AGREEMENT WITH THE EUROPEAN UNION ("EU)

In 2002 South Africa reached an agreement with the EU which aimed to encourage and promote the trade in wine produced in South Africa. The agreement deals with oenological practices and provides wide ranging protection for geographical indications and indication of place and similar indications. The Agreement also brought into effect a prohibition on the use of the names "*port*" and "*sherry*" by South African wine producers.

STATUTORY PROTECTION (1)

LIQUOR PRODUCTS ACT (Act 60 of 1989)

The uniqueness of the South African wine producing areas and farms was for a long time not legally protected. An official **Wine of Origin Scheme** was established in 1972. The scheme not only protects wines of origin, but also wines made from a specific cultivar or vintage. South Africa's Wine of Origin certification scheme was officially instituted in 1973, in accordance with the **Wine, Other Fermented Beverages and Spirits Act** (Act 25 of 1957).

WINE AND SPIRIT BOARD ("WSB") - COMPOSITION

In accordance with the provisions of the Liquor Products Act the control function regarding wine of origin, cultivar, vintage, estate brandy and integrated production of wine, fall under the Wine and Spirit Board. The Board is appointed by the Minister of Agriculture, Forestry and Fisheries and consists of a chairperson and 12 members:

- 8 x persons with the relevant knowledge, skills or expertise in viticulture, oenology, distilling, regulatory environment of the liquor industry, liquor production, food safety or microbiology
- 3 x Department of Agriculture, Forestry and Fisheries ("DAFF") officers
- 1 x person nominated by the Agricultural Research Council
- 1 x person designated by the Minister

WINE AND SPIRIT BOARD - FUNCTIONS

The Board's primary functions are:

- Running and administering the schemes for Wine of Origin, Estate Brandy and Integrated Production of Wine.
- Advising and making recommendations to the Minister of Agriculture, Forestry and Fisheries on any matter relating to the Liquor Products Act and its subordinate legislation.

CERTIFICATE OF ESTATE BRANDY

During 1993 a Scheme for Estate Brandy was promulgated, which makes provision for the certification of brandy produced on a unit for the production of estate wine/ brandy. The Scheme is applicable to pot still brandy, brandy and vintage brandy. Various brandy labels produced in South Africa have for several years now been awarded the *Worldwide Best Brandy Award* at the prestigious International Wine & Spirit Competition.

STATUTORY PROTECTION (2)

TRADE MARKS ACT (Act 194 of 1993)

In terms of the Trade Marks Act geographical indications can be protected as either **CERTIFICATION MARKS** or as **COLLECTIVE MARKS.**

Section 42 - Certification Marks

42(1) *A mark* ***capable of distinguishing****, in the* ***course of trade****,* ***goods or services certified*** *by any person in respect of kind, quality, quantity, intended purpose, value,* ***geographical origin*** *or* ***other characteristics*** *of the goods or services, or the* ***mode*** *or time of production of the goods or of rendering of the services, as the case may be,* ***from goods or services not so certified****, shall, on application in the prescribed manner, be registrable as a certification trade mark in respect of such first-mentioned goods or services, in the name, as proprietor thereof, of that person:* ***Provided that a mark may not be so registered in the name of a person who carries on a trade in the goods or services in respect of which registration is sought.***

(2) *Subject to the provisions of this section, the provisions of this Act shall, except in so far as is otherwise provided, and in so far as they can be applied, apply to a Certification trade mark.*

The application for the registration of a certification mark shall be accompanied by (i) **a statement** by the applicant that he **does not carry on a trade in the goods or services** in respect of which registration is sought and by (ii) **rules governing the use of the mark**.

The rules shall specify **(i) the conditions for the use of the mark**, the (ii) **circumstances** in which the proprietor is to certify the goods or services and (iii) in respect of **which characteristics** of the goods or services or other aspects referred to in section 42 (1) the applicant will certify the goods or services.

Section 43 – Collective Marks

43(1) *A mark* ***capable of distinguishing****, in the* ***course of trade****, goods or services of persons who are* ***members of any association from goods or services of persons who are not members*** *thereof, shall, on application in the manner prescribed and subject to the provisions of this section, be registrable as a collective trade mark in respect of such first-mentioned goods or services in the name of such association as the proprietor thereof.*

(2) Geographical names or other indications of geographical origin may be registered as collective trade marks*.*

An application for the registration of a collective mark shall be accompanied by **rules** governing the use of the mark.

The rules shall specify (i) the **persons authorised** to use the mark, (ii) the **conditions of membership** of the association and, when applicable, (iii) the **conditions of the use** of the mark, including any **sanctions against misuse.**

Geographical indications applied for for protection as either certification or collective trade marks must still pass the threshold of being registrable trade marks for purposes of Sections 9 and 10 of the Trade Marks Act. Such geographical indications must still serve the basic trade mark function of being **capable of distinguishing** and may **not consist exclusively** of a sign or an indication which may designate kind, quality, quantity or geographical origin of goods or services.

STATUTORY PROTECTION (3)

MERCHANDISE MARKS ACT (Act 17 of 1941)

This Act deals with (i) trade descriptions, (ii) ambush marketing and (iii) prohibition on the use of certain marks. This Act has also in the past been used as an *interim measure* to afford protection to geographical indications in relation to agricultural food products (excluding wines and spirits).

Section 15 - Use of certain marks may be prohibited

(1) The Minister may, after such investigation as he or she may think fit, by notice in the Gazette, prohibit either absolutely or conditionally the use of -

(b) Any mark, word, letter or figure or any arrangement or combination thereof, in connection with any trade, business, profession, occupation or event, or in connection with a trade mark, mark or trade description applied to goods.

Protection in terms of the Merchandise Marks Act is an absolute protection in relation to any use of the protected mark and is not limited to specific goods or services as trade marks are; nor is a protected mark required to be capable of distinguishing and there are no time limits attached to the use of the protected mark.

Protection in terms of the Merchandise Marks Act is – as any other intellectual property right – granted as a civil right and it is the responsibility of the right holder to protect the right through the civil remedies available therefore.

STATUTORY PROTECTION (4)

AGRICULTURAL PRODUCT STANDARDS ACT (Act 119 of 1990)

This Act, as the Liquor Products Act, falls under the mandate of, and is administered by, the national Department of Agriculture, Forestry and Fisheries ("DAFF"). Section 6A of the Agricultural Product Standards Act grants the relevant Minister the power to prohibit the unauthorised use of specified geographical names or terms, in connection with the sale or export of a specified product, on such conditions as may be specified.

The Act is applicable to agricultural products, excluding wines and spirits.

Changes to the Act, as well as implementing regulations, to allow for creation of agricultural geographical indications in relation to agricultural products, excluding wines and spirits, in South Africa, is being envisaged by the implementing department.

IN CONCLUSION

South Africa, through several avenues, provides adequate protection for geographical indications. This protection is sound, well-tested and imbedded in the national legal IP framework of South Africa.

"INSTITUTIONAL CONSIDERATION IN THE ADMINISTRATION OF GEOGRAPHICAL INDICATIONS: THE CASE OF THE OAPI"

prepared by Michel Gonomy,
Geographical Indications Program Officer, African Intellectual Property Organization (OAPI)

Introduction

Although endowed with a rich natural heritage and common legislation, member States of the African Intellectual Property Organization (OAPI) do not have a tradition of registering geographical signs.[1] The practice dates back only to 2008, with the creation of the project to support the development of geographical indications in member States (PAMPIG).[2]

Apart from Champagne,[3] all geographical indications registered with the OAPI so far[4] were registered as a result of the PAMPIG project, which designed both the technical methodology and the institutional framework for registration, that is, registration bodies and their administration.

The purpose of this presentation is therefore to discuss the bodies established to administer protected geographical indications within the OAPI (I) and the challenges the OAPI is facing (II). These challenges were quickly evident during the implementation of PAMPIG.

I. <u>Institutions managing protected geographical indications in the OAPI zone</u>

The approach to geographical indications in the OAPI zone consists in registering and monitoring the object of protection. This takes place at both the national and regional levels. Regional registration procedures, which fall within the ambit of the OAPI's notarial powers,[5] are not the focus here. This part will be devoted exclusively to the institutions in place in member States, at the local (A) and national (B) levels.

A. <u>Local level</u>

One of the key steps in the development of geographical indications in OAPI member States was to identify producer groups and strengthen cohesion within them. This made it possible to structure and organize small producers around unified production methods in clearly identified geographical areas.

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[1] The term "geographical signs" should be broadly construed to include geographical indications, appellations of origin and indications of source (see, in this light, Dr. Paulin Edou Edou, "*La protection des indications géographiques et des appellations d'origine en Afrique – état des lieux et perspectives*" [*Protection of geographical indications a*
nd appellations of origin in Africa – status and prospects], forum on geographical indications and appellations of origin, Lisbon, October 30-31, 2008.

[2] PAMPIG is a program for the protection and promotion of local products. It was established by OAPI with the financial assistance of AFD to help member States to conquer [and] niche markets and to reduce poverty in rural areas. It started its work in April 2010. For reasons of brevity, the acronym PAMPIG will be used to identify the project.

[3] The appellation "Champagne" was the first geographical indication registered in OAPI, in 2006.

[4] They are in chronological order: Penja pepper, Oku white honey and Ziama Macenta coffee.

[5] The OAPI is the common office for 17 African States. With regard to geographical indications, its role is to examine admissibility, conduct the examination proper of the application, issue certificates of registration and publication and manage incidents.

Producer groups are farmers' organizations or producers' organizations in the area pertaining to the geographical indication.[6] They may be a group of representatives or an association, or even a cooperative. This is true for the representative group *IG Poivre* of Penja, the Oku White Honey Producers' Association (KIWHA) and the association for the protection of Ziama Macenta coffee (ADECAM).[7]

Since the structure of producers groups varies with the country and with the geographical indication, only the key functions will be discussed.

The main function is to develop and adopt terms of reference,[8] contribute to their implementation and ensure the application of the monitoring and inspection plan in the area of production. The terms of reference being the "identity card" of the designated product, this function is fundamental to the management of the protected geographical indication. The groups are responsible for outreach and monitoring of members.

To ensure the sustainable management of the registered geographical indication, producer groups also plea a fundamental rule in promoting the product, organizing disciplined production and combating illicit use.[9]

In sum, the producers' group is responsible for defining the "geographical indication approach" at the grassroots level and for acting as the interface between producers and national institutions.

B. National level

While it is traditional at the local level to identify and organize farmers' organizations into producer groups, the establishment of national bodies for geographical indications is, within the framework of PAMPIG, clearly innovative. The objective is to ensure that member States have institutions that can support producer groups and coordinate all activities concerning the recognition and management of geographical indications at the national level.

National institutions can be divided into two categories, technical and administrative.

1. Technical institutions: national committees for the examination, validation and coordination of geographical indications. They are the chief innovation in the establishment of geographical indications in OAPI member States. Their designation varies from one country to another and reflects the mission assigned to them by the State. Examples include the national coordination committee for geographical indications;[10] the committee for the coordination of studies on the protection of agricultural and agri-food products using geographical indications;[11] the national committee for the creation of geographical indications;[12] and the technical committee for the monitoring of geographical indications.[13]

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[6] PAMPIG progress report, prepared with the technical assistance of CIRAD, May 2014, p. 134.
[7] These are the groups organized around the pilot products of the project.
[8] The terms of reference may be drafted with the assistance of the State or of partners.
[9] Thus, with the assistance of PAMPIG, the groups of pepper, honey and coffee producers were able not only to produce marketing and monitoring plans, but also to design forms for undertaking to comply with the terms of reference, which their members must sign.
[10] Cameroon (Order No. 188CAB/PM of December 20, 2010).
[11] Niger (Order No. 093/MDA/DEP of July 13, 2009).
[12] Benin (Decree No. 2012-276 of August 17, 2012) and Guinea (Decree No. D/2013/061/PRG/SGG of April 3, 2013.
[13] Chad (Order No. 018/PR/PM/MCI/SG/2011 of June 27, 2011).

Regardless of their designation, the missions of national examination, validation and coordination committees for geographical indications have four main functions.

First function: identifying and describing the product that is eligible for recognition as a geographical indication. The role of the national committees is to ensure that there is nationwide awareness of the concept of geographical indications and of their importance in the promotion of local products. The committees are also tasked with identifying products with special characteristics.

Second function: validating of terms of reference and performance of the formalities for recognition as a geographical indication. After adoption by groups,[14] the national committees are responsible for validating the terms of reference and submitting the application for recognition to the OAPI for registration.

Third function: supporting producer groups in promotion, outreach and monitoring of compliance with the terms of reference.

Fourth function: protecting geographical indications. National committees can also initiate or join any action seeking to combat the illicit use of the protected geographical indication.[15]

Aided by these functions, national committees are key drivers and instruments for outreach with a view to adding value to and protecting geographical indications in member countries.

2. Administrative institutions: national institutions liaising with the OAPI. As traditional bodies within the OAPI system,[16] national liaison institutions – also variously named depending on the country, serve as relays between the OAPI and member States to implement the missions of the OAPI.

In terms of protecting geographical indications, the mission of national liaison institutions is in principle limited to the notarial function, the preserve of the OAPI, consisting essentially in conducting an examination of admissibility for applications for registration (proper completion of the application form, payment of the filing fee, etc.).

In fact, the administrative nature of the role of national liaison bodies in the recognition of geographical indications should be circumscribed because, (together with focal points),[17] they also run the technical secretariats of national committees for geographical indications and are therefore involved in the technical compilation of applications for recognition.

Since the national liaison bodies are the technical arm of the OAPI in member States, such involvement might raise the risk of serving as both judge and party. Beyond that, although vested with a special mandate from member States, the very involvement of the OAPI in the provision of technical support for geographical indications is somewhat unique, when compared to traditional protection systems, and presents significant challenges.

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[14] The validation of the terms of reference by the committee is recorded by an administrative instrument of its executive organ.
[15] See Arts. 15-17, Annex 6 of the amended Bangui Agreement on Geographical Indications.
[16] Although the revised Bangui Agreement (with the exception of Article 6) does not clearly state their powers, national liaison structures have in practice proven to be a necessary extension of OAPI in the accomplishment of its missions in member States.
[17] The focal points are the contact persons for conveying geographical indications to the ministries of agriculture in member States.

II. Challenges encountered by the OAPI in the management of protected geographical indications

As a common office the OAPI is responsible for administering the geographical indications protection system in its member States. However, in practice, this mission is performed through a mechanism of overlapping powers shared between the OAPI and national and local institutions. The challenge under this system arises both from the experimental nature of the management of geographical indications (A) and from the frailty of the institutional framework designed for this purpose (B).

A. Management is still experimental[18]

The system for the administration of geographical indications in the OAPI zone is in practice at the experimental stage or, more precisely, at the pilot stage. The OAPI only received the first African applications for registration in 2013, under the PAMPIG project.

PAMPIG made for better appropriation of geographical indications in the OAPI zone and the mobilization of member States around the concept, although support can still be improved. The technical management of registered geographical indications and future geographical indications must not only be fine-tuned, but the distribution of powers between the OAPI and national institutions must also be effective.

1. Improving the technical management of geographical indications: it will be recalled that is only one stage in the development of a geographical indication.[19] For an indication to generate real "brand equity" and to have a positive effect on rural development, there must be mechanisms to enable the registered geographical indication to establish its reputation and to face competition.

To this end, the OAPI has drafted and provided national stakeholders with tools for the management of geographical indications: a communication platform (www.oapi-igafrique.org); documentaries and institutional films broadcast in member States; a guide for applicants available on the website; and information (brochures).[20] However, these tools are still not much used by the stakeholders.

2. Effective distribution of powers: the system for the protection of geographical indications provides for the distribution of powers between the OAPI and government institutions. Registration falls within the ambit of the OAPI and the technical compilation of the recognition file falls to States.

However, the current procedure for recognition under PAMPIG is an exception to the rules governing traditional registration. In its mission to support the development of States, the OAPI is at the vanguard in providing technical support for protected geographical indications. This involvement, however justified,[21] cannot be eternal. It is expected that in the long run, the OAPI will withdraw to its traditional area of activity and that gradually national institutions,

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[18] This term is borrowed from the PAMPIG progress report prepared with the technical assistance of CIRAD, May 2014, p. 131.

[19] *Geographical Indications: An Introduction*, Publication No. 952 (E) prepared by the Design and Geographical Indication Law Section of WIPO and available at http://www.wipo.int/edocs/pubdocs/en/geographical/952/wipo_pub_952.pdf. French version, p. 21, accessed on July 29, 2015.

[20] PAMPIG progress report, drafted with the technical assistance of CIRAD, May 2014, p. 113.

[21] Article 2(e) of the revised Bangui Agreement states that the OAPI is responsible for "promoting the economic development of member States, notably by means of effective protection of intellectual property". Thus the OAPI head office was vested with a special mandate for the PAMPIG project.

though fledglings, will be able to provide technical support for their geographical indication unaided.

B. A fledgling institutional framework

Although recent, the establishment of geographical indications in OAPI member States has enjoyed a measure of success. It is expected to continue, with the medium term goals being at least one registered geographical indication for each country; galvanizing countries around the concept of geographical indications; and enhancing technical and institutional capacity in this area.

However, these objectives are still at the level of challenges, in part because of the fragility of the institutions established to administer geographical indications.

For example, the identification and organization of producers' groups has made for improved governance, a clearer definition of the production areas concerned by the geographical indication and the drafting of terms of reference to international standards. In spite of this crucial support, these groups are still experiencing difficulties in incorporating this approach into the production process and in promoting products with a geographical indication. This is particularly true for the monitoring system envisaged in the terms of reference – there have been delays in its implementation by the groups.

The same holds true for national committees for the examination, validation and coordination of geographical indications, which exists in nine of the 17 OAPI member States.[22] Although they have very attractive statutes on paper, further efforts are required to bring them to a level of cooperation consistent with their missions as concerns geographical indications.

Moreover, it is difficult to conduct a global assessment of how these committees operate because only the national committees in Cameroon and Guinea were approached for applications for the recognition of a geographical indication and this was with respect to the pilot products under PAMPIG.

Accordingly, measures will be taken to strengthen the institutional and technical capacity of these committees so that they can effectively play their role as drivers and promoters of added value for local products in member States and strengthen the capacity of their technical secretariats, which are generally composed of heads of national liaison structures and focal points. This is because their staffing structure suggests that they are much more of administrative and even political institutions than technical bodies.

Conclusion

Since 1977, the OAPI has administered a *sui generis* system for geographical indications inspired by the Geneva Act of the 1958 Lisbon Agreement and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

The first geographical indications from member States were only registered in OAPI in 2013 with the PAMPIG project.

This project designed an institutional framework which provides for the creation in OAPI member States of administrative institutions for protected geographical indications, that is,

[22] They are: Benin, Burkina Faso, Cameroon, the Central African Republic, Côte d'Ivoire, Guinea, Guinea Bissau, Niger and Chad.

producers' groups and national committees for the examination, validation and coordination of geographical indications. The institutional capacity of the OAPI and its national liaison institutions were also strengthened.

Although it is still too early to assess what is still an experiment, the institutional framework set up in the OAPI zone must be strengthened in order to meet the challenges inherent in the administration of geographical indications and address their implications in the context of world trade.

HOW THE REGISTRY HANDLES THE PROCESSING OF EXAMINATION AND REGISTRATION OF GEOGRAPHICAL INDICATIONS. CHALLENGES – DIFFICULTIES

prepared by Adriana Broutin,
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INTRODUCTION

Registration of Geographical Indications and Appellations of Origin in Costa Rica began 15 years ago with the promulgation of the Trademarks and Other Distinctive Signs Law No 7978, driven by the importance that involves the recognition of the prestige that embraces certain goods specifically attributed to a provenance or geographical origin. Compared with countries of great importance in terms of intellectual property we are still in our early days but with the intention to continue growing and improving our processes.

INTERNATIONAL AND NATIONAL REGULATIONS

Costa Rica adheres to the following international standards:

1. Trade-Related Aspects of Intellectual Property Rights (TRIPS).
2. Lisbon Agreement for the Protection of Appellations of Origin and their International Registration.
3. International Treaties.

And national standards:

1. Trademarks and Other Distinctive Signs and its regulations.
2. Regulation of Geographical Indications and Appellations of Origin.
3. Procedures for Enforcement of Intellectual Property Rights Law.

APPLICATIONS

Costa Rica receives applications for registration of Geographical Indications and Appellations of Origin through two ways, by national via and by the Lisbon Agreement. By national via the register receives both national applications and international applications that are processed from our country.

The examination of international applications gets the same treatment as national applications, except for two additional requests: the test of recognition and the registration of the sign in the country of origin.

Applications that are coming from the Lisbon Agreement should not be analyzed on the minimum requirements established by law such as name or payment. The examinator searches the database to determine if there is no previous record in order to issue a publication, otherwise he will notify a negative resolution to the applicant, who will have the right to exercise in our country the same administrative and legal tools as a national applicant.

TRADEMARK LAW

Geographical Indications and Appellations of Origin are regulated by Articles 74 to 81 as follows:

1. Art. 74: Applicants.

2. Art. 75: Prohibitions.

3. Art. 76: Application.

4. Art. 77: Registration procedure.

5. Art. 78: Grant of registration.

6. Art. 79: Duration and registry modification.

7. Art. 80: Use rights of the Appellations of Origin or Geographical Indication.

8. Art. 81: Cancellation of registration.

APPLICANTS

Unlike countries such as Mexico and Peru in which the ownership of Geographical Indications and Appellations of Origin lies in the state, in Costa Rica the ownership can be held by:

1. One or more producers, manufacturers or craftsmen.

2. Associations and Cooperatives.

3. Competent Public Authority.

REQUIREMENTS

The application shall include the following requirements:

1. Name, address, applicant's nationality, production or manufacturing establishments.

2. The appellation of origin or geographical indication whose registration is sought.

3. The geographical boundaries of production to which the appellation of origin concerned.

4. The goods for which the appellation of origin is used.

5. Technically based specifications. It is a summary of the essential qualities or characteristics of the products.

6. Use and administration regulations.

7. Fee ($50).

PROHIBITIONS

Geographical Indications and Appellations of Origin may not be registered if:

1. They didn't fit with law's definitions.

2. They are against to morality or public order or to induce the public to error about the geographical origin, nature, mode of manufacture, characteristics or qualities.

3. They are the common or generic name of the goods.

4. They are liable to cause confusion with trademarks, geographical indications or appellations of origin, used previously applied for or registered.

PROCEDURE

The procedure for registration resembles the process of registration of trademarks as follows:

1. Presentation of the application.

2. Examination of requirements and prohibitions.

3. Publication.

4. Period for receiving objections.

5. Analysis of technical specifications.

6. Granting or refusal's resolution.

7. Revocation (3 days).

8. Appeal before the Administrative Court (5 days).

9. Judicial via.

COSTA RICAN EXPERIENCE

BACKGROUND

Costa Rica started its work with Geographical Indications and Appellations of Origin as of February 2000 with the publication of the Trademarks and Other Distinctive Signs Law No. 7978. About fifty applications were received from national coffee companies such as La Meseta, Tarrazú and ICAFE.

The Register proceeded with the examination of applications but analyzing only formal aspects (minimum requirements established by law). The applications were suspended because of the gaps that the Law itself did not contemplate and were considered vital to the examination.

The Regulation of Geographical Indications and Appellation of Origin was published in 2007. It came to fill the gaps that the law had, which includes:

1. Specification: This document will support technically that the good is different due to the geographic environment, including natural and human factors. The document must contain the product, its features, maps demarcating the geographical area, description of the process or production method, description of quality control, and analysis and technical studies that demonstrate the link between the good and the area.

2. Technical Study: The technical criterion which checks whether the provisions of specification is enough to proceed with the registration or not. It is clear that the Register does not have the necessary expertise to carry out such studies; therefore the regulation allows the support of professional, scientific, technological centers, or educational institutes.

3. Use Regulation: Rules that will determine the requirements that producers must meet in order to obtain the authorization of use, rights and obligations, control mechanisms, regulatory board's appointment to ensure compliance with the rules of use and penalties for noncompliance.

With the regulation it was possible to continue the examination of the applications that were filed in 2000. La Meseta Company did not continue with their applications due to bankruptcy; while Tarrazú and ICAFE continued their procedures and provided all the technical documents.

However Costa Rica faced other problems: who will perform the technical studies for the specifications? This issue was well resolved with the norm, but in practice it was not so easy to solve, because the applicant must pay the study and by that time there were no regulations regarding the right person to perform the technical studies or the process to execute them.

In regards to "Bananas of Costa Rica" [currently registered] an agreement with the National University was performed for studying the specifications. With "Café de Costa Rica" [also registered] a free agreement with the Ministry of Agriculture and Livestock was generated [The State collaborates with the State]; while for Chorotega Ceramics [currently underway] an agreement with the Ministry of Culture specifically with the area of museums was performed.

Basically in the early days, the Industrial Property Registry walked very closely with the national applicant to develop a procedure, fulfill the gaps that the Law and its Regulation have in order to successfully achieve the registration of Geographical Indications and Appellation of Origin.

CHALLENGES AND DIFFICULTIES

Lack of legal framework

Lack of standards is one of the strongest challenges that generated a delay on the registration of the first Geographical Indications and Appellation of Origin. Even though Costa Rica has now a Law and a Regulation which typify GI's and AO'S, the truth is that there are still gaps to fill. Therefore steps have been taken in order to complete the legal framework and make the process more efficient.

Absence of entities that carry out technical studies

During the examination of each request, an agreement or arrangement has been executed with an institution capable to perform specific technical studies. A regulation based on a fair and equitable system, in order to determine which entities will be authorized to do the studies is ongoing. The main goal is to generate a database with the information concerning each institution; so that the request may be forward to them.

The goods do not yet enjoy the recognition or prestige required.

There is a project for Geographical Indication with blackberries in Costa Rica. Most of the blackberries consumption comes from imported blackberries and a small part of it comes from local production. Apparently the project has not been successful yet because the local production lacks the necessary recognition as to qualify for a Geographical Indication.

Limited financial resources

For producers, artisans and even cooperatives or associations, it is extremely onerous to process the specifications, to finance technical studies, or to maintain the Control Board and control mechanisms. The people involved are local producers, small businesses with a strong limitation in generating financial resources to invest in the development of these requirements. They need to be aware that the price of the goods will increase with Geographical Indications. Customers are willing to pay higher prices in exchange of quality therefore producers will increase their income and will be able to support the expenses for the registration process.

Lack of motivation

This is a consequence of the limited financial resources. Producers lose their interest in management of Geographical Indications as a consequence of lack of incentives from the State and the expenses that involve the procedure itself.

Production's limited economic dimension

Producers, artisans and even cooperatives or associations, cannot meet product demand as to grow internationally.

Geographical Indications and Appellation of Origin's defense and promotion

There are not enough financial resources to maintain registration of the sign and to defend it against possible infringements and also to promote the mark internationally.

COFFEE OF COSTA RICA

BENEFITS:
Major product positioning in the international market. (Product Identification) Benefit more than 50,000 coffee-growing families in the country.

BANANAS OF COSTA RICA

BENEFIT:
Major product positioning in the international market. (Product Identification)

International certificate was obtained (Lisbon) at very low cost.

August 1, 2011: International Registration No. 900 Banana of Costa Rica.

TURRIALBA CHEESE

BENEFITS:
Economic benefits of hallmark for manufacturers.

Create job opportunities.

Preserve traditional knowledge.

INTERNATIONAL APPLICATIONS PROCESSED AS NATIONAL

TEQUILA
Title: GOVERNMENT OF MEXICO (Regulatory Council TEQUILA a.C.).

Registration Date: November 13, 2009.

Registration number: 196 232.

WHERE ARE WE GOING

Promote the registration of Geographical Indications and Appellation of Origin.

To give lectures and training in regards GI’s and AO’S legal framework to stakeholders.

Participate in exhibitions regarding Geographical Indications and Appellation of Origin.

Identify potential goods that accomplish the requirements to be Geographical Indications or Appellation of Origin.

Provide support and guidance to producers of those goods before, during and after the registration process.

Reinforce protection and to managing of Geographical Indications and Appellation of Origin.

GEOGRAPHICAL INDICATIONS (GI) IN THE EUROPEAN UNION (EU):

ECONOMIC ASPECTS

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1. Rationale for the development of geographical indications (GI)

1.1 The four justifications for supporting GI

People who seek to use and develop GIs have various objectives. Sylvander et al. (2005)[23] have identified four types of justifications for supporting GIs:

- the rules of trade;
- the need to master offers on agricultural markets;
- rural development; and
- heritage and the natural resource conservation.

Thus, geographical indications were initially intended as a form of intellectual property protection and are also used as a tool for rural development. This observation affords a better understanding of the diversity of currently registered GIs and the economic weight of various countries and sectors.

1.2 GIs as a tool for intellectual property protection

In the 19th century, the need to extend legal protection to GIs emerged with the development of commercial activity and the harmonization of standards for agri-food products. The 1883 Paris Convention was the first multilateral agreement which encompassed the source of a product within intellectual property. With the passage of time, many other national and international legal instruments were developed[24].

GIs granted such protection also enjoy a degree of recognition in local and export markets. Spirits are a clear illustration of the use of GIs for "rules of trade" with well-known appellations (Scotch whisky and Cognac accounted for a large share in sales) and wide distribution outside the area of production (84 per cent of sales of GI spirits are outside the national market; see point 2.1 below). Products in other sectors also fall within this category. Examples are wines, cheeses, delicatessen and cured meat products. Intellectual property protection is therefore a major issue for GIs, as reflected in ongoing international negotiations.

The use of the GI tool by these "large-scale" sectors explains the high concentration of turnover under GI in a limited number of sectors (0.3 per cent of GIs account for 27 per cent of total sales under GI; see point 2.2).

[23] Source: Sylvander, Allaire, Belletti, Marescotti, Barjolle, Thevenod-Mottet, Tregear, "Qualité, origine et globalisation: justifications générales et contextes nationaux, le cas des indications géographiques", Proceedings of the colloquium "Au nom de la qualité", SFER – ENITA Clermont, October 5-6, 2005.
[24] Source: Ibidem.

It is worth noting, however, that the reasons for the development of GIs may transcend intellectual property protection. This is the case for the standardization of rules of production (through terms of reference), coordination between the stakeholders of the sector and promotion.

1.3 GIs for the management of agricultural markets

As from the 1970s, GIs were supported in Europe with a view to regulating agricultural markets. This was reflected in the creation of the first common market organization (CMO) for wine products in 1970 by recognizing quality wines produced in a specific region (VQPRD), which are now protected designations of origin (PDO), table wines, which are now protected geographical indications (PGI) and wines without geographical indication (WWGI). Controlling supply in markets is linked to limiting yields for GI production[25]. This explains the high turnover of GI products.

Wine is therefore the sector in which offer segmentation is most carefully structured around the GI mechanism: PDO/PGI/WWGI with an indication of the grape variety/WWGI without indication of the grape variety. However, there are exceptions to this hierarchy: the most promoted PGIs with the greatest added value can thus be sold at prices higher than less promoted PDO and some producers can dispense with GI mechanisms in order to abandon what they consider to be restrictive rules of production.

This market management objective was recently buttressed in Europe with the establishment of the “milk carton” in the European Union in 2012 and the establishment of the new, single CMO in 2013. These legal instruments help PDOs and PGIs to set up a mechanism to manage volumes for cheeses and hams subject to PDO and PGI. For the time being, this opportunity has been seized, among others, by Italy and France in the cheese sector (Parmigiano Reggiano, Asiago, Comté, Beaufort and Asiago).

1.4 GIs for rural development, heritage and resource conservation

Since the 1990s, GIs [that] have also been supported in a bid to drive rural development, protect heritage and manage resources[26]. During this time, European regulations for the registration of GIs in the food and agricultural products sector were also developed.

Hence 1,229 food and agricultural products were registered under GI following the establishment of this pan-European mechanism, with up to 91 GIs registered in one year (2010). Of these registered GIs, 17 are produced in countries outside the European Union (including 10 Chinese GIs)[27].

Apart from intellectual property protection, geographical indications are used to leverage sector development and to deal with crises in the context of global competition, with expected effects on prices and/or volumes sold. In this vein, certification can serve to promote and differentiate a product on the market, relying on the recognition of the appellation and of the certification mechanism. This is true, for example, for the European obligation to use PDO and PGI logos on food and agricultural products. For wines, only “protected designation of origin” and “protected geographical indication” may appear on the label. The recognition of PDO and PGI logos still has room for expansion: they were recognized, respectively, by 13 per cent and 14 per cent of European consumers in 2013, as

[25] Sylvander *et al*., 2005.
[26] Source: *Ibidem.*
[27] Source: DOOR, DG AGRI of the European Commission, May 2015.

against 25 per cent for organic farming and 37 per cent for fair trade[28]. There are major geographical disparities – the PDO logo is known to 30 per cent of Italian consumers, but only to two per cent of Dutch consumers.

GIs are promoted with a view to preserving resources. This has been in effect since 2000[29] and focuses specifically on requirements for breeds and varieties in the terms of reference.

2. Economic characteristics of GIs registered in the EU

2.1 General data: predominance of wine

In 2010, 2,768 GIs were registered in the EU, with an estimated turnover for GIs of 54.3 billion euros recorded for that year[30]. The contribution to this amount varies with the sector, as shown below.

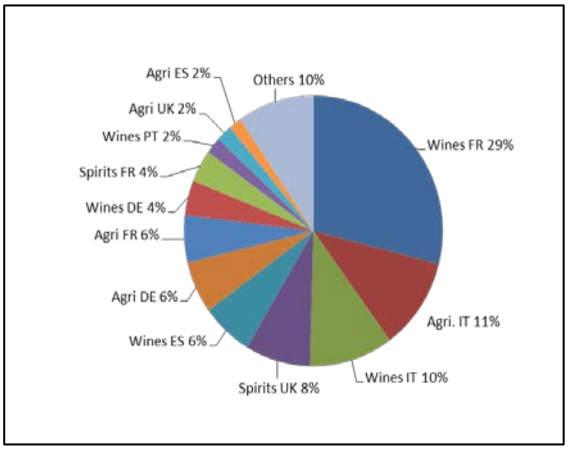
- wines: with 1,560 GIs, they account for 56 per cent of total GI sales in 2010 (French wine alone accounted for 29 per cent of total GI sales, while Italian wine accounted for 10 per cent);

- food and agricultural products: 29 per cent of total sales (main producers come from Italy, Germany and France) with 867 GIs in 2010 (1,229 in May 2015);

- spirits: 15 per cent of total sales, particularly in the United Kingdom and France, with 337 GIs;

- aromatized wines: 0.1 per cent of total sales with 4 GIs.

Figure 1: distribution of GI sales by sector in the EU (2010)



Source: AND-I for DG AGRI of the European Commission, 2012

Most of the sales are in local markets (60 per cent); exports are much higher for spirits (84 per cent) than for the other products.

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28 Eurobarometer special 410: Europeans, Agriculture and the Common Agricultural Policy (CAP), European Commission, available at http://ec.europa.eu/public_opinion/archives/ebs/ebs_410_en.pdf.
29 Source: Sylvander *et al*., 2005.
30 Source: Value of production of agricultural products and foodstuffs, wines, aromatized wines and spirits protected by a geographical indication (GI), AND-I for DG AGRI of the European Commission, 2012, available at http://ec.europa.eu/agriculture/external-studies/value-gi_en.htm.

Table 1: Distribution of sales according to destinations in 2010

	Local market	EU market	Non-EU market	Total
Wines	63%	21%	16%	100%
Food and agricultural products	78%	16%	6%	100%
Spirits	16%	28%	57%	100%
Total	**60%**	**20%**	**20%**	**100%**

Source: AND-I for the DG AGRI of the European Commission, 2012

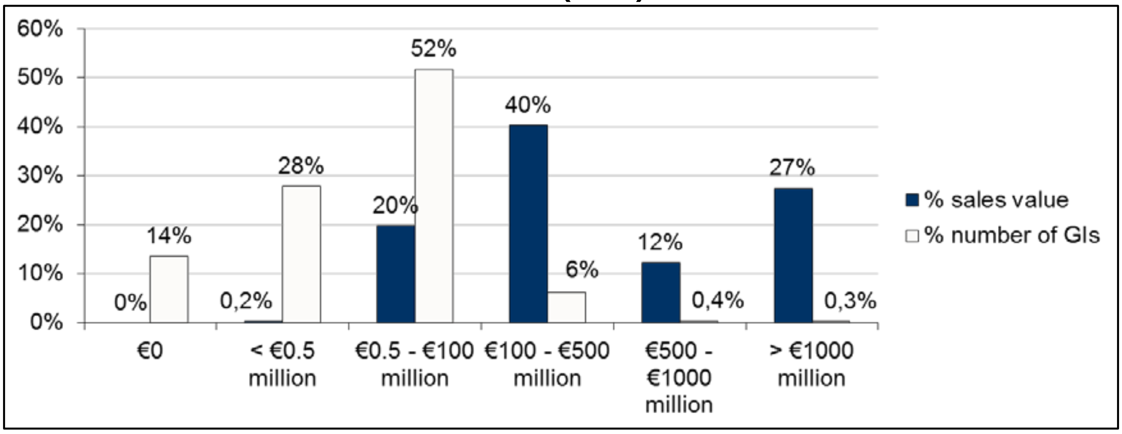
2.2 From a few thousand euros to several billion euros per GI

There is great diversity in the size of GIs. Hence in 2010:

- the seven largest GIs (over one billion euros in sales, 0.3 per cent of GIs) accounted for 27 per cent of total sales;
- GIs with sales of between 100 million and one billion euros (6.4 per cent of GIs) accounted for 52 per cent of total turnover;
- sales of over half of GIs (52 per cent) stood between 500,000 euros and 100 million euros, accounting for 20 per cent of total sales;
- sales of over one-quarter of GIs (28 per cent) were higher than zero but did not exceed 500,000 euros, accounting for 0.2 per cent of total sales; and
- 14 per cent of GIs had no reported sales.

The median turnover per GI is €1.1 million euros.

Figure 2: Distribution of sales value of GIs in the European Union according to size (2010)



Source: AND-I for the DG AGRI of the European Commission, 2012

The largest GIs include the "historic" ones, which have been growing in the international marketplace for a long time and which used the GI tool for intellectual property protection, among others.

Supporting GIs for rural development and the preservation of heritage could partly explain the large number of "small" GIs (80 per cent of the smallest GIs accounted for 20 per cent of total GI sales in 2010), and even unproductive GIs registered within the EU (14 per cent of registered unproductive GIs). This could also be linked to the registration of a large number of wine appellations within the same production area. In such cases, GIs are used as an offer segmentation tool (for example, regional, sub-regional and communal PDOs).

Unproductive GIs are a failure of the GI approach. This can be caused by several factors: products not corresponding to market expectations; poorly defined terms of reference which do not correspond to the practice of producers; and procedures that are more institutional than professional. The number of unproductive GIs clearly illustrates that although the process for registering GIs is long, there is no guarantee of economic success of the registration or of recognition by consumers. At 14 per cent, the proportion of unproductive GIs may seem high; however what it illustrates most clearly is that the GI approach is far from infallible. In order to consider this figure from the proper perspective, it should be noted that not all registered trademarks are used after 10 or 20 years and that many new products launched on the market are abandoned after a few years.

2.3 Importance of GIs in the EU economy

France and Italy are the leading countries in the EU in terms of GI sales value and number of GIs (60 per cent of the total value of GIs and 52 per cent of the number of GIs)[31]. However, it is worth noting that the value of GI sales does not necessarily correlate with the number of GIs. Accordingly:

- Germany and the United Kingdom account for 21 per cent of the total value of GIs with only seven per cent of the number of GIs; and

- Spain Portugal and Greece account for 13 per cent of the total value of GIs with only 26 per cent of the number of GIs.

In 2010, GIs accounted for 5.7 per cent of the value of food and drink production in the EU[32]. The importance of GIs in the various Member States varies. The following groups can be distinguished:

- Mediterranean basin: GIs are particularly important in France (14.5 per cent), Greece (9.5 per cent), Italy (9.5 per cent), Portugal (8.3 per cent) and Spain (5.7 per cent). France, Spain and Portugal are strongly oriented towards wine; Italy focuses on both wine and agricultural and food products; and Greece focuses on agricultural and food products.

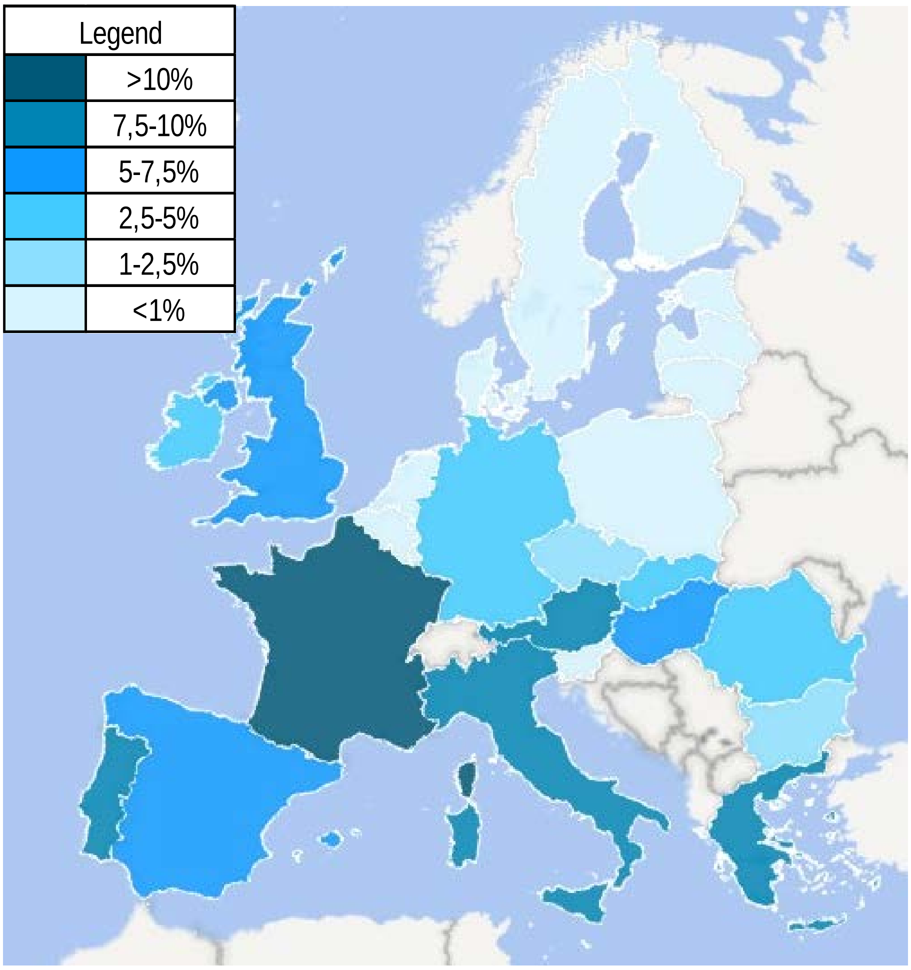
- Other wine-producing countries (outside the Mediterranean basin) where the weight of GIs is strongly linked to the importance of wine are Austria (8 per cent), Hungary (6.7 per cent), Slovakia (4.6 per cent), Romania (2.7 per cent), Bulgaria (2.4 per cent) and the Czech Republic (2.3 per cent).

[31] Source: Value of production of agricultural products and foodstuffs, wines, aromatized wines and spirits protected by a geographical indication (GI), AND-I for DG AGRI of the European Commission, 2012.
[32] Source: *Ibidem*.

• Countries in the north-west of the EU: Germany (3.8 per cent), United Kingdom (6.2 per cent) and Ireland (2.7 per cent). Germany is geared towards food and agricultural products and wine; the United Kingdom is geared towards spirits and food and agricultural products; and Ireland is geared towards spirits.

• GI development is limited in the other countries.

Figure 3: Share of GI in national food and drink production sectors (2010)



Source: AND-I for the DG AGRI of the European Commission, 2012.

In the main sectors, GIs accounted for the following in 2010[33]:

• 50 per cent of the volume of wine produced within the EU (part of the non-GI wine is also intended for the production of GI spirits);

• 30 per cent of the volume of spirits;

• 10 per cent of cheese volumes;

[33] Source: *Ibidem*.

- seven per cent of beer volumes;
- six per cent of delicatessen and cured meats; and
- two per cent of olive oil volumes.

GIs account for 15 per cent of all EU exports of food products and drinks. This figure varies widely with the sector and GIs account for the following:

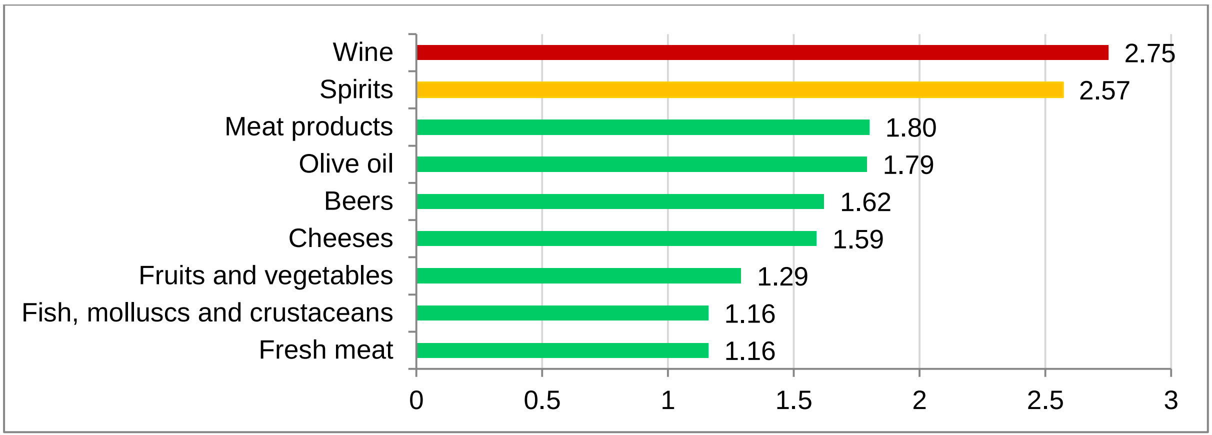
- 87 per cent of the value of wine exports;
- 64 per cent of the value of exports of spirits; and
- two per cent of the value of exports of food and agricultural products.

2.4 Prices and margins

In general, GI products are sold at a higher price than non-GI products. The price differential is higher for processed than for unprocessed products:

- the price of GI wine is 2.75 times higher than the price of non-GI wine (this high price differential is because GI categories contribute strongly to the segmentation of wine offers within the EU);
- the price of GI spirits is 2.57 times higher than for non-GI spirits; and
- the price of GI food and agricultural products is 1.55 times higher than non-GI products in the same category; 1.8 times higher for meat-based products (particularly those made with ham); and 1.16 times higher for seafood and fresh meat.

Figure 4: Price differential between GI and comparable non-GI products



Source: AND-I for the DG AGRI of the European Commission, 2012

The positive price differential indicates that the GIs fall within a more upscale market segment than non-GI products. However, that does not mean that profitability is higher for GI sectors because costs of production may be higher as a result of the requirements of the terms of reference and monitoring.

Hence, the study conducted by Areté for DG AGR (2013)[34] showed the following in a sample of 12 GIs.

- At the agricultural stage, the gross margin of GI products was:
  - higher than the margin for non-GI products in five cases;
  - equivalent to the margin for non-GI products in five cases; and
  - lower than the margin for non-GI products in two cases.
- At the final product stage, the gross margin for GI products was:
  - higher than the margin for non-GI products in nine cases; and
  - lower than the margin for non-GI products in three cases.

From the study of the 12 GI sectors, it emerges that there is a greater capacity to generate a gross profit margin in non-GI products downstream than upstream. For GIs covering processed products, this is, among other things, linked to the stringency of requirements for agricultural products. The negotiating power of farmers as compared to processors is linked to the stringency of requirements for agricultural products and to the size of volumes that comply with the terms of reference in terms of the volume that is actually used for GI production.

It is worth noting that although the GI sector cannot produce a profit margin that is wider than that of non-GII products, this profit margin may be sufficient to sustain the business.

3. Conclusion

GIs encompass different sectors with widely disparate situations and life cycles and the GI tool can be used for very different purposes. As a result, the impact of GIs on sectors also varies widely. GIs can have different types of impact on sectors:

- economic impact: rural employment and distribution of value-added [?] among the various levels of the sector;
- environmental impact: maintaining endangered breeds/varieties and limitation in the use of inputs; and
- social impact: continued use of certain agricultural and processing production formats (e.g. small farms) and preservation of traditional practices.

[34] Source: Study on assessing the added value of PDO/PGI products, Areté pour la DG AGRI de la Commission européenne, 2013 - http://ec.europa.eu/agriculture/external-studies/added-value-pdo-pgi_en.htm

This impact depends on various factors: the requirements of the terms of reference and the structure of the sector, in addition to the economic development of the GI.

In sum, the following points are worth noting:

- There is extreme variation in the economic characteristics of GIs within the EU, with turnover ranging from a few thousand euros to several billion euros.

- The registration of a GI is not an end in itself; it is one of several tools for developing sectors (other existing tools include collective marks, cooperatives, associations and inter-professional organizations).

- GIs are a framework within which stakeholders can set up a sector strategy. The potential positive effects of GIs are listed below:

    - Intellectual property protection;
    - quality management (drafting of terms of reference and monitoring, among other things);
    - managing offers (wines, cheeses and ham are cases in point);
    - cooperation among stakeholders (definition of rules of production and even the development of a common strategy);
    - changes in the balance of power between upstream and downstream stakeholders, depending on the requirements of the terms of reference at the agricultural stage;
    - offer segmentation (among various types of GIs and non-GI products):
    - promotion (use of the PDO/PGI local as a reference for a product of a specific and certified quality); and
    - impact on the area of production depending on the requirements of the terms of reference, providing only that the GI is economically developed.

- The recognition of GIs that have experienced the greatest development depends on the protected name (Bordeaux, Parmigiano Reggiano) rather than on the GI character, even though PDOs and PGIs are increasingly being used as promotion tools targeting consumers.

- Obtaining a GI is not a guarantee of growth.

- The success of a product on the market is not directly linked to its GI character, but to the ability of the sector to offer a product that meets market expectations (marketing strategy) at a competitive price.

SOCIO-ECONOMIC ASPECTS OF GEOGRAPHICAL INDICATIONS

prepared by Irene Calboli and Daniel Gervais[35]

Geographical indications and their close cousins, appellations of origin, have taken center-stage in international intellectual property, in particular since the conclusion of the Geneva Act of the Lisbon Agreement.[36]

Let us begin by briefly defining these terms. Appellations of origin are denominations that designate a locality, which may be as small as a village or as big as a country, in order to distinguish products produced in that locality and produced either according to regulations or "local, constant and trusted usage"[37] in such locality which results in certain quality or characteristics of the product and/or its fame. Typically, the special fame, quality or characteristic of the product will be due to a method of production combined with the extraction and use of local natural resources. The notion is not, however, confined to food products. Industrial products may also be protected by an appellation due to the availability of specialized skills, raw materials and/or know-how.[38] Protection may also extend to a certain presentation of products for sale. The 1958 *Actes* note that an appellation of origin is usually linked to the special qualities of a product associated with a "*terroir*," while indications of source can be used in association with any kind of product.[39] In normative terms at least, this notion of *terroir* undergirds the Lisbon system.

By contrast, the TRIPS Agreement and the Geneva Act use the notion of "geographical indications (GI)." [40] Like appellations of origin, the focus of GIs is on quality or characteristics of goods that derive from geographical origin. TRIPS added semiotic flexibility by encompassing any *indication* (name or otherwise) that would point to a particular geographic origin as long as a certain quality or characteristic (and/or reputation) is attributable to that origin. Indeed, the practice under the Lisbon Agreement has been to register denominations that may not be "names" *stricto sensu*. The 2015 Geneva Act of the Lisbon Agreement uses both notions (appellations of origins and GIs) and thus can be said to blend the 1958 and TRIPS notions.

In this short paper, we suggest first a theoretical framework to understand the sources of the socio-economic functions of the GIs. We then apply the framework and explore how GIs can be used to maintain and increase diversity in the marketplace. In the third and last part we consider the costs and benefits of protecting GIs.

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[36] *Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications and Regulations under the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications*, WIPO document LI/DC/19 of May 20, 2015, available at http://www.wipo.int/wipolex/en/details.jsp?id=15625 [**hereinafter the "Geneva Act"**]. The earlier version was the *Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration*, Oct. 31, 1958, as revised at Stockholm, July 14, 1967, 923 U.N.T.S. 205 [**hereinafter Lisbon Agreement**].
[37] *Actes De La Conférence Réunie À Lisbonne Du 6 Au 31 Octobre 1958* (Geneva, BIRPI, 1963), at 813. The Acts of the Lisbon Conference were published in French. All translations are the authors' own.
[38] See *ibid*. For example, Hungary has a protected appellations for fencing blades on the Lisbon register (Szentgotthárd—Lisbon appellation No. 586).
[39] This notion of "*terroir*" is discussed below.
[40] TRIPS Agreement, Art. 22.1

I. Theoretical Aspects

Terroir is a multifaceted notion. It is a vector for cultural, historical but also very real economic narratives.

Economically, attaching an intangible, yet measurable (most notably in terms of higher prices) value to the geographic origin of a product seems to postulate the existence of a correlative, measurable difference in quality, an observable difference between products of different origin but similar composition (say, a wine produced from Pinot Noir grapes in Napa Valley or Bourgogne (Burgundy)). One may make the case that such differences are multifactorial and hard to quantify. Indeed, it is convenient to say that the human and natural factors at play are inseparable, but that is not entirely true. A number of French wine producers are producing wines in the New World, and the knowhow and equipment/technique used in both localitys are fairly similar.[41] One may then posit that the remaining differences lie in natural factors, such as soil and climate.

Culturally, as legal flag-bearer for *terroir* geographical indications implicate a certain emotional resonance, especially in Europe. For French wine and food producers, the *terroir* runs deep: it is not an exaggeration to say it is linked to a search for their national identity. The combination of all three produces a unique product, related to the French concept of *terroir*. Historically, this link between a product and the *terroir* can be traced back to the fifteenth century in Europe and is best epitomized by the system of *Appellations d'Origine Contrôlée* (AOC) in France.[42] The AOC system established "by the *Law of the 30th of July of 1935* has created a specific type of French wine: AOC wines.[43] These wines use the notion of *terroir* to distinguish themselves from the other wines. A *terroir* relies on natural and human factors and their specificities."[44]

These historical, cultural and economic threads are woven together in the operation of the marketplace for goods protected by GIs. French AOC wines command a higher price because they incorporate what economists would refer to as a monopoly rent--as essentially any product protected by an intellectual property right. If the higher price is validated by the market, it is because the consumer gets something in return. Under the AOC system and a number of similar systems administered by the *Institut national de l'origine et de la qualité* (INAO), a number of products (wines, spirits, but also cheese, candy, etc.) can be identified as having been produced in a certain region not only if the geographic provenance is factually correct but if certain codified guidelines for the production were followed.[45] A system based on a high level of protection for denominations of origin emphasizes the second cluster of factors and uses it as a marketing tool to extract additional rent. Very concretely, the consumer is asked to pay more (or less) because a white wine made with Sauvignon grapes will not be the same even if made by the same person using the same technique in Loudoun county in Ontario (Canada), the Loire valley of France or the Marlborough region of New Zealand.[46] The acidity of the soil, the amount of rain and sun

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[41] "MUMM" is an example of a French producer from the Champagne region now also producing bubbly wine using something resembling *méthode champenoise* but in California. *See* www.mummnapa.com.

[42] Code de la Propriété Intellectuelle, aet.721-1 (France).

[43] See Justin Hughes, Champagne, Feta, And Bourbon: The Spirited Debate About Geographical Indications, (2006) 58 *Hastings L.J.* 299, 307-308.

[44] David Menival, *The Greatest French AOCs: A Signal of Quality for the Best Wines* 1 (2007). Working paper available at http://academyofwinebusiness.com/wp-content/uploads/2010/04/Menival-The-efficiency-of-french-AOCs-as-signal-of-quality.pdf.

[45] See http://www.inao.gouv.fr/.

[46] Among the soil-related factors that are most important are the drainage capacity, salinity, and the ability of the soil to retain heat thus encouraging ripening and the development of stronger roots. See David Bird Understanding Wine Technology: The Science of Wine Explained, 3rd edn. (San Francisco, Board and Bench Publishing, 2011).

exposure will affect the outcome. Climate variations from year-to-year but also climate change trends also lead to significant differences in wine produced in *any* given region--a geographic origin is not guarantee of stable climate conditions.[47]

A number of theoretical tools may be useful in efforts to circumscribe and understand the debates about the value of GIs. For example, the theory of Conventions[48] can be used to explain how GIs and its associated socio-economic value(s) emerge in a given locality. At its simplest level, a Convention is "a coordination mechanism that emerges to collectively resolve a situation that could not be done exclusively through an individual decision."[49] While the theory is often associated with game theory (*e.g.*, socialization prior to or as part of the bargaining process), a French offshoot of the theory focuses on process and specifically how "coordination between firms – and more generally between the actors within a given system – can be based on decision making mechanisms," and social interaction mechanisms between economic operators. [50]We use the latter version here because the notion that a geographical origin is directly linked to a particular quality of a product is particularly strong in that country.

The "quality" of a particular product (such as wine) is neither a pure market-based phenomenon nor a completely fuzzy and subjective notion. Instead, it should be viewed as the result of an "endogenous social construction that contributes to coordinating the actors' activities, to the same extent as other conventions. Quality emerges from a process of negotiation among actors, with reference to common principles which are able to 'justify' their actions, such as the market price, respecting specific standards, adherence to moral and ethical principles."[51] This explains why a GI, the name (or other identifier) of a locality in which people learn a specific know-how over time, transmit it, protect it and use it to produce goods bearing that name often grows deep cultural and socio-economic roots. Products produced in that locality are perceived by their producer to have a special quality. From a conventions theory standpoint, quality is not as much a result as a process (a "qualification convention") with strong social and identity functions and feedback loops. This qualification convention, "rather than defining the quality of the exchanged good, refers to *the rules of the game and the role of the actor within the exchange*."[52] Producers who know how and can (legally and technically) produce the GI product are members of a club, guardians of a process.

It is then the function of the market to communicate this quality to those who do not live I or near that locality. GIs products "embed" the special quality. To use Polanyi's well-known words, "the economy is not embedded in social relations, social relations are embedded in the economy."[53] Naturally, the consumer in the United States who does not share the history and culture of the French, Italian or Spanish *terroir* may not easily identify with the "conventions" that were used to define the "quality" of the product *at its point of origin*. Yet that same consumer can learn through various mechanisms including advertising of course why she should attribute a higher value to a product, what one might refer to as a

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[47] How climate change will affect certain GIs is beyond the scope of this short paper but is certainly a matter worthy of further and ongoing studies.
[48] See Andrea Marescotti, "Marketing channels, quality hallmarks and the theory of conventions," in Bertil Sylvander, Dominique Barjolle, and Filippo Arfini, eds, The Socio-Economics of Origin Labelled Products in Agri-Food Supply Chains: Spatial, Institutional and Co-ordination aspects. Proceedings of 67th European Association of Agricultural Economists (EAAE) Seminar, INRA, Série Actes et Communications, n.17 vol.2, (Paris, 2000), pp.103-122. available at http://www.origin-food.org/pdf/partners/marmarke.pdf.
[49] Ibid. at 104.
[50] Ibid. at 105.
[51] Ibid. See also François Eymard-Duvernay, « La négociation de la qualité, » [1993] Economie rurale, n° 217.
[52] Ibid.
[53] *Ibid.*, at xxiv

perception of a higher “quality. This approach is not dissimilar from the approach of letting an industry define its own quality standards and convincing consumers that the standard matters. For GI products, that function may have “non-economic” components—though such components do affect economic outcomes. As the International Organization for Standardization (ISO) reminds us, quality is not (limited to) testing a product against a strict technical standard in a mass production context. It is, and this may especially true for products made by artisans, the “totality of features and characteristics of a product or service that bears its ability to satisfy *stated or implied* needs”[54]. Those” needs” may be reflected in the exotic nature of the product or the perceived qualities associated with its origin, in the same way that consumers make purchasing decisions based on perceived quality of a brand. The needs are thus fundamentally perceptions based on experience or information received from peers or marketing[55]. Quality control, in this context, is not designed for risk reduction (making sure, say, that there is no E.coli bacteria in cheese) but rather the transmission to the product of the combination of knowhow and natural factors that infuse it with that *je-ne-sais-quoi* that creates the higher value in the mind of the consumer.

In some cases no measurable objective quality exists between that product and its non-GI equivalent. Yet as Professor McCarthy noted, trademarks also perform an “irrational” yet well accepted function in guiding consumer behavior:

> An economist who draws up a set of criteria for market analysis finds that conclusions flow from the criteria set up. If price, quality, and rationality are the only criteria of an economic system, then emotional consumer choices do not fit into this economic model. Advertising investment in promoting such choices are then regarded as wasteful and non-productive. The problem is that human beings, not economists' symbols, purchase products. Moreover, as noted earlier, modern economic analysis teaches that brand loyalty is not irrational consumer behavior.[FN2] It is a common sense, rational method of reducing shopping or "search" costs.
>
> Additionally, who can agree on a definition of "irrationality" when it comes to buying goods? Where is this buyer who only buys goods on the basis of price and quality alone, eschewing all feelings and emotional impulses? He or she sounds like quite a dull person.[56]

In the world of *terroir*-based products, this has given rise to the phenomenon of “cognitive marketing.”[57] One could argue of course that all marketing is “cognitive” of course to the extent it involves a cognitive process. Fair enough. Marketing does aim to provide information (if the term is loosely defined) to change consumer’s preferences.[58] The marketing of geographical origins via GIs, however, is arguably “more cognitive” than traditional marketing because it must engage the consumer by educating her about the somewhat intangible value that she should find in the product with a given geographical origin. Put differently and more concretely, the consumer must believe that that *Brie* will be

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[54] From the Online Business Dictionary. See http://www.businessdictionary.com/definition/quality.html.
[55] Marketing theory teaches that “perceived quality depends on consumers’ global evaluation according to the available information.” Oude Ophuis P., H. Van Trijp, “Perceived quality: a market driven and consumer oriented approach,” (1995) 6 *Food Quality and Preference* 177.
[56] J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition,* 4th ed., vol. 1, § 2:38 (Clark Boardman Callaghan, 2014)
[57] See Bernard Lassaut and Bertil Sylvander, “Producer-consumer relationships in typical products supply chains : where are the theoretical differences with standard products ?, “ *in* [1997] *Proceedings of the 52nd EAAE Seminar* 239.
[58] See *ibid*. at 244.

not just different but *better* because it was produced in Meaux (France) and not in Wisconsin.

This discussion has focused mostly on European goods. Several developing countries believe that they could capture additional rents due to the perception of higher quality associated with certain geographical origins if their GIs were protected in major foreign markets.[59] For some products, this ties into--or may be confused with--"fair trade" labels and certification processes concerning the sourcing of an increasingly wide range of products, many of which come from the developing world (coffee, tea, cocoa, etc.).[60] For example, among the (relatively few) appellations on the Lisbon register for products other than wines and spirits, one finds crafts and coffee from Mexico, one of the few developing nations to have made more than token use of the Lisbon system.[61] Not (yet) a Lisbon member, India has indicated a willingness to develop and protect several indications, including for tea and rice.[62]

GIs have broader implications still. Recent research suggests that GI protection may impact future global food consumption patterns and lead to shifts in current agricultural models.[63] As such, GIs may have deep environmental significance and they may be form an increasingly relevant part of agricultural and food policy. [64] Not surprisingly, the debate has captured the imagination of a number of consumer groups, many of which insist on proper labeling of products to clarify their origin, partly, it seems, in order to buy more locally produced products and reduce the carbon footprint of their consumption patterns, but also on the "quality assurance factor"[65] associated with specific GIs.[66] This is true also in the United States, where consumers are increasingly differentiating among various points of origin even within U.S. borders.[67] GI use is progressing rapidly despite claims that GIs lead to higher prices for no "real" higher value.[68]

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[59] See Sarah Bowen, Development from Within? The Potential for Geographical Indications in the Global South, 2 (2009) DOI: 10.1111/j.1747-1796.2009.00361.x., at 2.

[60] For a discussion of fair trade labeling initiatives, see http://www.fairtrade.net/labelling_initiatives.html.

[61] See Lisbon-protected appellations such as Talavera (No. 833) for "handcraft objects" and Ambar de Chiapas (No. 842) registered for "semi-precious stones of vegetal origin, for its use in derivative products, namely, jewelry, art objects and religious objects". In 2007, the European Union granted GI protection to its first non-European indication, namely "Café de Colombia."

Other examples of denominations of interest for products other wines and spirits (only a few of which are currently protected under the Lisbon system) include: "Parmigiano-Reggiano" for cheese, (Italy), "Basmati" for rice (India and Pakistan), "Malbuner" for meat products (Liechtenstein), "Ulmo" for honey (Chile), "Curuba" fruit (Colombia), "Phu Quoc" for fish sauce (Vietnam), "Antigua" (Guatemala) or "Mocha" (Yemen) for coffee, "Chuao" for cacao (Venezuela), "Ceylon" (Sri Lanka) or "Long Jin" (China) for tea, "Champagne" for sparkling wine (France), "Bordeaux" for wines (France), "Havana" for tobacco (Cuba), "Bukhara" (Uzbekistan) or "Hereke" (Turkey) for carpets, "Talavera" (Mexico) or "Arita" (Japan) for ceramics, "Limoges" for porcelain (France), "Malaysia" for palm oil, "Kalamkari" for textiles (India); "Geneva" for watches (Switzerland) or "Bobo" for masks (Burkina Faso). See Felix Addor and Alexandra Grazioli, "Geographical Indications beyond Wines and Spirits: A Roadmap for a Better Protection for Geographical Indications in the WTO/ TRIPS Agreement," (2002) 5:6 J. World Int. Prop. 865.

[62] See Kasturi Das, "International Protection of India's Geographical Indications with Special Reference to 'Darjeeling' Tea," (2006) 9:5 J. World Int. Prop. 459 and S. K. Soam, **Analysis of Prospective Geographical Indications of India, (2004) 8:5 J. *World Int. Prop.* 679, at 684.**

[63] See Elizabeth Barham, "Translating Terroir: The Global Challenge of French AOC Labelling," (2003) 19 J. of Rural Studies 127, at 127-128.

[64] See William van Caenegem, "Registered GIs: Intellectual Property, Agricultural Policy and International Trade," (2004), 26 European Int. Prop. Rev. 170, at 171.

[65] See Alberto Francisco Ribeiro de Almeida, "Key Differences between Trade Marks and Geographical Indications," (2008), 30 European Int. Prop. Rev. 406.

[66] See David Goodman, "Rural Europe Redux? Reflections on Alternative Agro-Food Networks and Paradigm Change," Sociologia Ruralis, 44(1), 3, 5 (2004).

[67] See Daniele Giovannucci, Elizabeth Barham and Richard Pirog, Defining and Marketing ''Local'' Foods: Geographical Indications for US Products, (2010) 13:2 J. World Int. Prop. 94.

[68] The reality of the notion of "higher quality" in this context is discussed below.

There are several theoretical critiques of GIs that should be mentioned here. A major theoretical critique against protecting GIs (as intellectual property rights) is that GIs do not incentivize innovation or development in the same way other intellectual property rights do. In particular, GI opponents argue that GI protection rewards product conformity within a particular region rather than promoting individual creativity or innovation.[69] This makes GIs fit awkwardly within theories of intellectual property protection based on incentives. Indeed GIs are perhaps more about preservation, protection and transmission of “traditional” knowledge. GI opponents also suggest that GIs protection fits awkwardly within property theories, as GIs are collective rights that are rooted in a certain locality, and cannot be owned nor commercialized as other rights can be, which also includes the fact that they cannot be assigned or licensed.[70] Again this makes GIs a more communal form of intellectual property, another parallel between GIs and traditional knowledge.[71]

If not for innovation in the usual sense, GIs offer important incentives to promote local and rural development. In particular, GIs facilitate the establishment of GI-denominated (niche) markets by motivating groups of regional producers to meet particular production standards with respect to certain types of products. When these producers have established their products in the market, GIs incentivize the same groups to continue to invest in the quality of the GI-denominated products, and thus facilitates maintaining the social capital for the entire group that operates within the GI-denominated region.[72] GIs allow GI producers to capture the value (rent) that consumers—at the local, national, or international level—place on these GI-denominated products based on the product’s geographical origin. In other words, GIs capitalize on people’s desire to choose products with a known geographical identity—ham from Parma, silk from Thailand, tea from Darjeeling, coffee from Colombia, and so on. We will now take a deeper look at this aspect.

II. Economic Benefits of Geographical Indications of Origin for Local Development and Consumers

To capture the value associated with the products bearing their GI, producers rely on the fact that consumers associate the GI-denominated products with the respective GI-denominated locality.[73] Accordingly, GI producers need legal protection against confusing uses of terms identical or similar to their GIs. They argue that they need protection against free-riders who would use the GIs outside their accurate geographical context, even when consumers are not confused, as these “not-geographically-accurate” uses could lead to the loss of distinctiveness of the GIs. Free riders are not part of and do not contribute to sustaining the GI-denominated markets.[74] They could make subpar products with little

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[69] See *e.g*. Kal Raustiala and Stephen R. Munzer, “The Global Struggle Over Geographic Indications*,*” (2007), 18 *Eur. J. Int’l L.* 337 at 359–60; Hughes, note 43 above, at 368–73*.*
[70] *See* Dev Gangjee, “Quibbling Siblings: Conflicts Between Trademarks and Geographic Indications”, *(*2007).82 *Chicago-Kent L. Rev*. 1253, at 1256–59.
[71] See Daniel Gervais, “Traditional Innovation and the Ongoing Debate on the Protection of Geographical Indications,” in *Intellectual Property and Indigenous Innovation* (Peter Drahos And Susy Frankel, Eds) (Australia National University Press, 2012), available at http://press.anu.edu.au//apps/bookworm/view/Indigenous+Peoples’+Innovation:+Intellectual+Property+Pathways+to+Development/9731/ch06.html#toc_marker-11.
[72] *See* Dev Gangjee, “Relocating Geographical Indications,” Cambridge Intellectual Property and Information Law Series, (2012) at 266, available at http://ssrn.com/abstract=1863350 .
[73] Michelle Agdomar, “Removing the Greek From Feta and Adding Korbel to Champagne: The Paradox of Geographical Indications in International Law,” (2008), 18 *Fordham Intell. Prop. Media & Ent. L. J.* 541, at 578-580 For a different perspective, see Rosemary J. Coombe et al., “Geographical Indications: The Promise, Perils and Politics of Protecting Place-Based Products”, *in* Matthew David & Deborah Halbert eds, *The Sage Handbook of Intellectual Property* 207 (London, Sage, 2014).
[74] Margaret Ritzert, “Champagne is from Champagne: An Economic Justification for Extending Trademark-Level Protection to Wine-Related Geographical Indicators,” (2009) 37 *AIPLA Q.J.* 191, 212–20.

concern over the impact that lower product stan dards could have, in the long term, on the perceived market reputation of the GI-denominated markets.[75]

GIs typically aim to provide consumers with information about the quality and characteristics of the products. Ultimately this may empower consumers to make better-informed purchasing decisions. Admittedly, sometimes this is very superficial, but the same can be said of advertising generally and trademarks in particular. That said, GIs are a little different. By informing the consumer about the origin of the natural substance and the practices that go into making the products, GIs can offer important information about origin, safety and "quality" of GI-denominated products.[76] For example, the use of a given GI can indicate a certain method of production, which in turn indicates the level that a product is tied to the land, or the level of "naturalness" of a product. This set of information can assist consumers in identifying potentially healthier foods for their individual needs, or artifacts made with traditional or environmental-friendly manufacturing techniques for those countries that provide GI protection beyond food-related products. Along the same lines, GIs can also play an important role in providing information about the impact of the manufacturing and other practices used to produce the GI-denominated products on the environment, public health, and even labor practices, with a possible human rights connection.[77]

Ultimately, by acting as identification links between GI-denominated regions and GI-denominated products and offering consumers a pool of information from which to select from when selecting products in the market, GIs can contribute to reward those producers who adopt environmental, health, and labor-related friendly policies. Since GIs force producers to remain in a particular locality and use the local land and the local human factor to produce the GI-denominated products, the long term heath of the land and its resources is crucial for the long term success of the producers operating in the GI-denominated region. Thus, producers are motivated to adopt environmentally sustainable production methods and maintain the physical heath of the region—the land, water, and air. Likewise, GIs can create "geographical accountability" and can assist in holding accountable those producers who do not maintain the "well-being" of the land, but instead cause damage. Ultimately, by tying producers to the land, GIs assist in placing the "cost" of such damage primarily on the shoulders of the producers' group.[78] Moreover, GIs may assist in reducing possible "contagion effects" due to negative incidents in a given geographical market, while consumers may continue to purchase the same type of products originating elsewhere. [79]

Accordingly, appropriate protection for GIs is necessary in order to protect producers' ability to offer correct information to consumers. In contrast, a lack of protection for GIs could lead to the erosion of the ability of GIs to signal the geographical origin from which the GI-denominated products originate. In turn, this would deprive consumers of important sources of information about the qualities that are associated with geographical origin and manufacturing process of the GI-denominated products.[80] Ultimately, it could also lead to the death of the GIs by genericide, at it has been argued by the EU and other countries that have a vested interested in their national GIs, and it has been proven by the fact that several geographical names (many of them originating from Europe) are today considered to be

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[75] See Agdomar, note 73, at 586-587.
[76] *Ibid.* at 587-588.
[77] *Ibid.*
[78] *Ibid.* at 588.
[79] For example, consumers could avoid contaminated cured meat or cheese from a given area.
[80] *See* Marco Ricolfi, "Geographical Symbols in Intellectual Property Law", *in* Reto M. Hilty, Josef Drexl & Wilhelm Nordemann eds, *Schutz Von Kreativität Und Wettbewerb: Festschrift für Ulrich Loewenheim zum 75. Geburtstag* 239 (Munich, Beck, 2009).

common terms in foreign countries, especially in "New World" countries. Famous examples in this respect as terms such as Asiago, Parmesan, Gouda, and Feta.[81]

III. Benefits and Costs of Protecting Geographical Indications

Like most and perhaps all intellectual property rights, GI protection also comes with significant inherent costs. These costs have to be carefully scrutinized as part of a well-informed debate on GIs. In particular, like other forms of intellectual property rights, granting exclusive rights in GIs can (or does) create barriers to entry in the market for the group-level products for competitors--for example, the broader market for sparkling wine, and the special niche reserved for Champagne-denominated products.[82]

The benefits of GI protection must be carefully considered against these costs, primarily the effect of GI protection on competition and other public interest-related issues such as freedom of expression in commercial and non-commercial settings. GI policy that protects GIs from unfair competition and misappropriation is sound, but this policy musty also offers specific limitations to guarantee the functioning of a competitive marketplace.

The quintessential condition to follow in order to achieve a balanced system of GI protection is that the right to use a GI should be granted only to those producers whose products effectively originate ideally in their entirety from the GI-denominated territory either because the products are grown in that area—for the agricultural products—or because the products are manufactured therein—for products that need to be processed with local human factor. In the latter case, the granting of GI protection should be strictly reserved to those producers that manufacture the products in their entirety in the region, and possibly with ingredients and raw materials also exclusively from the region. In the event that some of the ingredients or raw materials do not originate from the region, the percentages of these variations should be clearly defined as part of the process for obtaining GI protection and the actual origin, and the amounts, of those ingredients and raw materials should be fully disclosed in the product packaging. It is only when the GI-denominated products entirely originate from the GI-denominated regions that GIs can perform their functions as incentive for local development and vehicles of accurate information regarding the origin, quality, and characteristics of the products. Only under these circumstances can GI protection fully motivate GI producers to invest in, and maintain the health and wealth of the GI-denominated regions. Additionally, GI producers can also be held accountable for the conservation and even in some cases the overall well-being of the locality. A strict enforcement of the territorial linkage between the GI-denominated products and the regions is also liable to provide a stronger normative basis to protect GIs because the communities in the locality, and, in turn, the countries in which it is located, which are more likely to benefit when that linkage is present.[83]

When this linkage between product and origin is loosened, however, GI opponents' argument that GIs are a disguised subsidy for local producers against competitors from outside the region takes on a different and more convincing hue. Correlatively, the basis for protecting GIs—as signs that identify the actual geographical origin of the products—becomes weaker. Without a strong territorial linkage, the use of GIs may give consumers misleading information about the actual origin and characteristics of the products.

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[81] *See* Dwijen Rangnekar, & S. Kumar, "Another Look at Basmati: Genericity and the Problems of a Transborder Geographical Indication," (2010) 13(2) *J. Intell. Prop.* 202; *see also* Dev Gangjee, "Say Cheese: A Sharper Image of Generic Use through the Lens of Feta," (2007) 5 *European Int. Prop. Rev*. 172.

[82] Raustiala & Munzer, note 69 at 359–60; and Hughes, note 43, at 368–73.

[83] See Jeremy N. Sheff, "Marks, Morals, and Markets," (2013), 65 *Stanford L. Rev.* 761.

This said, when GI protection is based upon or linked to a strict enforcement of the underlying *terroir* requirement, the argument that GI protection "stifles competition,"[84] which is repeated by GI opponents, is no longer a sound argument. Notably, granting a group of producers in a certain region the exclusive right to identify their products as coming from that region—for example Chianti, Bordeaux, or Napa valley wines—does not affect competition within the type-level products that GIs identify—the market for wines. To the contrary, any competitor from another region remains entitled to produce the same kind of products—red, white, or other type of wine—and sell it in the local, national, and international market. In other words, granting exclusive rights in GIs to local producers simply prevents competitors from using "the same nomenclature"[85] to identify their products and does not prevent competitors from producing the same type of products under their own trade name, or even under the name of their own locality.[86]

GI protection could actually result in increasing competition and innovation in the market. In particular, the recognition of GIs can force outside producers "to develop innovative techniques to improve upon a product to compete vis-a-vis the [GI-denominated] product category."[87] As Massimo Vittori, along similar lines, "GIs present limited risks of reducing competition in the marketplace, and rather have the potential to promote competitive behaviours among producers keen to differentiate their offer of goods through improved quality. Consumers also benefit from GIs as they reduce transaction costs in their search for ''niche products''."[88]

For example, it has been argued that it was after Australia ceded to EU pressure and ceased to use several terms protected as GIs in the EU (deemed to be generic in Australia) that the wine industry in Australia truly grew globally because Australian producers started to invest in local names, which became symbols of excellent wines worldwide. Likewise, the U.S., a country notoriously anti-GI protection, has long enforced strong protection for appellation of wines due to the relevant business interests of California and other wine making regions.[89] Here again, wines from California are among the most successful business stories in the U.S. and these wines are known worldwide for their excellent quality and characteristics. Finally, protecting GIs does not interfere with the competition that naturally exists between producers that operate in the same GI-denominated region. For example, there are several (separately owned) "Champagne" wine-makers in the Champagne region of France, and several (separately owned) "Chianti" wine-makers in the Chianti region of Italy. These winemakers share the interest of maintaining the reputation of the region worldwide, but they also compete with each other for the sales of their individual products.

Still, even though GI protection does not stifle competition in the market for the general type products, not all unauthorized uses of GIs should be forbidden. Indeed, a major issue with GIs and their introduction in New World markets is the recognition that

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[84] Agdomar, note 73, at 590.
[85] *Ibid.* at 591.
[86] See Doris Estelle Long, "Branding the Land: Creating Global Meanings for Local Characteristics," in Irene Calboli & Edward Lee eds, *Trademark Protection and Territoriality Challenges in a Global Economy* 100 (Cheltenham, Edward Elgar, 2014).
[87] *Ibid.*
[88] Massimo Vittori, "The International Debate on Geographical Indications (GIs): The Point of View of the Global Coalition of GI Producers*," (2010) 13:2 J. World Int. Prop*. 304.__
[89] The U.S. protects GIs identifying wines as appellations of origin for wine. This protection applies both at the federal and state level. At the federal level, it is the Treasury Department's Alcohol and Tobacco Tax and Trade Bureau (TTB) (until 2003 the same function was performed by the Bureau of Alcohol, Tobacco, and Firearms) that grants applicants the permission to indicate that a certain wine, which meets specific requirements, originates from a particular geographical area in the U.S. *See* 27 C.F.R. 4.25, 4.25a; 27 U.S.C.A. § 201, § 205. *See* McCarthy, note 56, vol. 2 §14:19.50. See also Michael Maher, "In Vino Veritas? Clarifying the Use of Geographic References on American Wine Labels," (2001), 89 *California L. Rev*. 1881

producers of generic producers must be protected. Those producers believe that they have acquired the right to continue to sell their product using what foreign producers consider a GI but that these generic producers consider a term descriptive of a product type rather than a symbol representing a locality. A balanced GI policy should not foreclose the use of GIs by outside competitors with respect to the unauthorized use of GIs for describing and comparing their products with GI-denominated products. These uses may not be desired by GI producers, yet scholars in the U.S. have correctly pointed out that banning these uses would run against the test established by the US Supreme Court in the *Central Hudson* case,[90] which protects non-misleading commercial speech.[91] Likewise, it could be argued that preventing these uses in the EU could give rise to a challenge under the principle of freedom of expression embodied in Article 10 of the European Convention on Human Rights.[92]

Accordingly, a balanced system of GI protection should make allowances for generic producers in markets in which GIs protection is introduced. This can take many forms. Transitional periods come to mind of course. They were considered the method of choice when TRIPS was introduced and higher intellectual protection (including GIs) was "pushed" on many developing nations. Yet transitional periods are unlikely to be sufficient to quell opposition to GIs in many New World markets.

Another option is to allow the unauthorized uses of GI-related terms accompanied by the terms "style," "like," or "type," provided these terms are not used to engender consumer confusion and mislead consumers as to the origin of competitors' products.[93] This solution is compatible with TRIPS with the exception of the provision in Article 23 of TRIPS that directly excludes the use of "style," "like," or "type" with respect to GIs identifying wines and spirits.[94] It is, however, unlikely to be found compliant with the Lisbon Agreement (whether the 1958 version of the Geneva Act). Indeed, this option would be strongly opposed by GI beneficiaries, in particular in the EU, which is negotiating for a GI protection that prohibits these uses as part of FTA negotiations with other countries. Yet, this option does resolve the competition and linguistic-related concerns that have been raised, with valid reasons, with respect to GI protection. Ultimately, the adoption of such a compromising approach could offer an even stronger argument in support of additional GI protection, and could contribute to more countries effectively embracing GI protection on a larger basis compared to today.

Options to move forward are not binary, in the sense that it does not mean that either the GI or generic producers must win all. The US-EU wine Pact created a category of semi-generic appellations for example.[95] It is worth noting that almost all wine-related appellations currently on the Lisbon register are protected in the United States under either

[90] Central Hudson Gas & Electric Corp. v. Pub. Serv. Comm'n, 447 U.S. 557 (1980).
[91] Harry N. Niska, "The European Union Trips Over the U.S. Constitution: Can the First Amendment Save the Bologna That Has a First Name?," (2004) 13 *Minn. J. Global Trade* 413, at 440-441.
[92] Convention for the Protection of Human Rights and Fundamental Freedoms, art. 10(1), Nov. 4, 1950, 213 U.N.T.S. 222.
[93] Irene Calboli, "Expanding the Protection of Geographical Indications of Origin Under TRIPs: "Old" Debate or "New" Opportunity?", (2006) 10 *Marquette Intell. Prop. L. Rev.* 181, 192-202.
[94] TRIPS Agreement, art. 23. Comparison between GI-denominated products and non-GI-denominated products is also excluded under the system of comparative advertising that has been adopted in the EU with the Comparative Advertising Directive. *See*, Council Directive 97/55, art. 3a(1), 1997 O.J. (L 290) 18, 21 (EC) ("Comparative advertising shall, as far as the comparison is concerned, be permitted when . . . for products with designation of origin [the comparison] relates in each case to products with the same designation.").
[95] March 10, 2006. Available at http://ec.europa.eu/world/agreements/downloadFile.do?fullText=yes&treatyTransId=2541 [**"Wine Pact"**]. *See also* Agreement In The Form Of An Exchange Of Letters Between The United States Of America And The European Community On Matters Related To Trade In Wine, Document EUUSA/CE/en1 and en2, Nov. 23, 2005, available at http://www.ttb.gov/wine/wineagreement.pdf?cm_sp=ExternalLink-_-Federal-_-Treasury.

Article 7(1) or 7(4) of this Pact.[96] Article 7(4) basically recalls that a number of European wine appellations were already protected under US regulations prior to the Wine Pact. Then Article 7(1) adds a list of additional appellations that "may be used as names of origin for wine only to designate wines of the origin indicated by such a name." They are described as "names of quality wines produced in specified regions and names of table wines with geographical indications [...] and names of Member States [of the European Union]." [97] There are only a few instances where an appellation protected under the Wine Pact seems to clash with a live trademark owned by a third party.[98] More importantly, the Pact allows continued use of semi-generic appellations used in the United States before December 13, 2005, provided the term is only used on labels bearing the brand name for which an applicable certificate of label approval (COLA) has been issued.[99]

While the Wine Pact mentions that it does not "affect the rights and obligations of the Parties under the WTO Agreement," which includes the TRIPS Agreement, it would be politically and perhaps legally difficult for the European Communities to complain that the U.S violates TRIPS by implementing the Wine Pact the Europeans signed.[100] It is likely that the recent conclusion of the Geneva Act may be seen as an opportunity to get back some of the concession made in the Wine Pact, however.

Conclusion

GIs encapsulate cultural and historical values. They allow producers to translate those values in economic terms and port them to export markets, capturing additional rents that both recognize their role as custodians of traditions in the making of specific goods, and hopefully to preserve their locality, know-how and greater diversity in the global marketplace for wines, spirits, agricultural products, crafts and other GI-denominated products. GIs bring value to informed consumers but they increase certain costs, their introduction in markets in which generic producers exist must be carefully considered.

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[96] *T*here is arguably no new effective protection in the Wine Pact compared to the previous US situation. Under 27CFR4.24(c) and 27CFR12.31, which protect names of geographic significance, which have not been found by the Administrator of the Alcohol and Tobacco Tax and Trade Bureau (Department of the Treasury) to be generic or semi-generic. Examples include Bordeaux Blanc, Bordeaux, Rouge, Graves, Médoc, Saint-Julien, Château Yquem, Château Margaux, Château Lafite, Pommard, Chambertin, Montrachet and Rhône

[97] Some of which were partially protected as sub-appellations under existing US regulations. For example, "Anjou" was protected under the regulations mentioned in the previous note, but Article 7(1) will also protect more specific sub-appellations such as "Anjou Val de Loire."

[98] Examples include "Chéverny" and "Charlemagne."

[99] COLAs are issued by the Alcohol and Tobacco Tax and Trade Bureau, under 24CFR4.30. See http://www.ttb.gov/forms/f510031.pdf. According to Annex 2 of the Wine Pact, the full list of such denominations, which signal both a geographical origin and a type of product, is as follows: Burgundy (though not the French "Bourgogne"), Chablis, Champagne, Chianti, Claret, Haut Sauterne, Hock, Madeira, Malaga, Marsala, Moselle, Port, Retsina, Rhine, Sauterne, Sherry and Tokay. Provisions implementing Article 6 were introduced in December 2006 by s. 422 of the appropriately named *Tax Relief and Health Care Act of 2006.*

[100] Wine Pact, Article 12(1).

GEOGRAPHICAL INDICATIONS FOR NON AGRICULTURAL PRODUCTS

*prepared by Prashanth Kumar S Bhairappanavar,
Examiner of Geographical Indications, Geographical Indications Registry, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, India*

Good Afternoon All, I have been asked to speak on How Geographical indications can be used and protected for Non Agricultural products.

But before going in details I would like to take this opportunity, to provide a brief insight on the Geographical indications Act of India.

I always believed the concept of GI evolved as follows:

“The desire of mankind for quality and genuine premium products such as silk, cotton, spices, wines having distinct characteristics originating from a particular region, have over centuries created an impact on human civilization which has resulted in discovery of new sea routes and new continents. These identifications became so important that these regions started specializing in producing these unique products, which led to identifying such goods as originating from a particular region, which over a period of time has become renowned globally.

Rising demand for such products among the consumers, gave rise for counterfeit products, which began to tarnish the image of genuine products. An effort to safeguard the interest of the producers and consumers led to evolution and conceptualization of “Geographical Indications”.

With the whole idea revolving around that, ‘A product originating from a particular place with some unique quality or characteristic should not be falsely represented as originating from some other place.’

Geographical Indications of Goods (Registration and Protection) Act, 1999.

Notably, in order to safe guard these intangible assets and Consequent upon India joining as a member state of the TRIPS Agreement a sui –generis legislation for the protection of Geographical Indications was enacted in 1999

Though the Geographical Indications of Goods (Registration and Protection) Act, 1999. Was enacted in 1999, it came into force on September 15, 2003 and Geographical Indications Registry with All India jurisdiction has been set up in Chennai under the Registrar of Geographical Indications, who is also the Controller General of Patents, Designs and Trade Marks.

Registration and protection of Geographical Indications in India is governed by this legislation in India.

The Object of the Geographical Indications of Goods (Registration and Protection) Act, 1999 is three fold,

First, to have a specific law governing the geographical indications of goods in the country which could adequately protect the interest of producers of such goods, Second, to exclude unauthorized persons from misusing geographical indications and to protect consumers from deception and

Third, to promote goods bearing Indian geographical indications in the export market.
The Office of GI Registry has received 534 GI Applications as on October 30, 2015, 236 GI Applications have been registered in India (227 GI Applications are Indian & 09 are foreign Applications)

Main feature of the Indian GI Act are as follows:

a) Registration Procedure
b) Definition of GI:
c) Concept of Authorised User
d) Higher level of Protection
e) Prohibition of assignment or transfer of GI
f) Protection for Foreign GI's

Registration Procedure:

An Application for a GI, can be filed only by any Association of persons or producers or any organisation or authority established by or under any law representing the interest of the producers of the concerned goods in a prescribed form with the requisite statutory fees.
Upon Filing of an Application, a preliminary Examination report is issued for compliance of deficiencies in the Applications as per the GI Act & Rules within One Month.
Upon compliance to the Preliminary Examination Report, the Registrar constitutes a Consultative Group of not more than Seven members, chaired by him alongwith persons well versed in the subject matter to evaluate and ascertain the correctness of the particulars furnished in Applications and its supporting documents. The Applicant is called upon to make a presentation before the Consultative group and based on the recommendation by the Consultative group an Examination Report is issued to the Applicant, to comply within two months. If they comply and the Application is accepted, the Application proceeds for Publication in the Official Journal. It is made available for public to raise their objection.

During this time **Any person**, on an application to the Registrar along with the requisite fees can oppose the Registration. If the Application is not Opposed and time for Opposition has expired, the GI Application is Registered from the date of making the Application and certificate of Registration is issued. The Registration of a GI shall be for ten years and can be renewed from time to time.

Wider Definition of GI:

Definition of GI's is wider compared to the standard definition followed in TRIPs which gave more importance to Agricultural Products, Food Products & Wines & Spirits.

As per our Act, GI refers to any indication that identifies the goods as originating from a particular place, where a given quality, reputation or other characteristics of the goods is essentially attributable to its geographical origin. The goods may belong to agricultural, natural or manufactured goods originating or manufactured in the territory of a country, or a region or locality in that territory and in case where such goods are manufactured goods one of the activities of either the production, or processing or preparation of the goods concerned takes place in such territory, region locality as the case be.

Further, as per the Indian GI Act, 'Goods' means any agricultural, natural or manufactured goods or any goods of handicraft or of industry and includes foodstuff.

Now the question arises Why India extended its Geographical Indications protection to Handicrafts?

Traditional Indian crafts are innovations of yesterday, the craftsmen derive their inspiration, innate wisdom and skills not from books, but from nature and their surroundings.

The tides of time have not robbed the enchanting diversity and beauty of Indian crafts, that belong to a vast country with 18 major and 1600 minor languages and dialects, 6 major religions, 6 major ethnic groups, 52 major tribes, 6400 castes and sub castes, 29 major festivals and over 1 billion people, more than 50 percent of them in rural areas, spread over coast lines, valleys, hills, mountains, deserts, back waters, forests and even inhospitable terrain. Crafts form an integral part of the rich culture, heritage and tradition of India. Along with a sizeable contribution to Gross Domestic Product and export, this unorganised sector provides direct and indirect employment to lakhs of people in rural and urban areas.

The beauty of these products and the skill and ingenuity they represent have few parallels anywhere in the world. However, the major challenge which confronted the produces was rise of counterfeit and inferior quality products, which began to tarnish the image of genuine products, which affected their livelihood of the producers.

In order to safe guard the producers and to set a benchmark of quality and excellence that is characteristically Indian, it was necessary to bring these intangible assets under the purview of Geographical Indications Act, which has helped the Indian craft sector reinvent itself to face the world of tomorrow.

<u>I would like to quote two Examples of GI which have made a huge impact on lives of Producers after Registration, i.e., Pochampally Ikat & Kota Doria</u>

Pochampally Ikat

‘Pochampally Ikat’ in Telangana, India, which was registered in December 2004. Pochampally Ikat are popular for the traditional geometric patterns in Ikat style of dyeing i.e. the diffused diamond or chowka design, and the use of natural fibers of cotton and silk by Handloom weaving, this traditional weaving style is a part of UNESCO’s tentative list of world heritage sites under 'iconic saree weaving clusters of India'.
Before registration the market was flooded with fake power loom counterfeit products, which forced the producers to shift from weaving and migrated to nearby cities for small jobs.

After Registration, the government and producers advertised in Newspaper that Pochampally Ikat is registered under the Geographical Indications Act, and action would taken against those people who are misusing or falsely using the name & reputation of Pochampally Ikat.

Study conducted by a Government organisation show that,

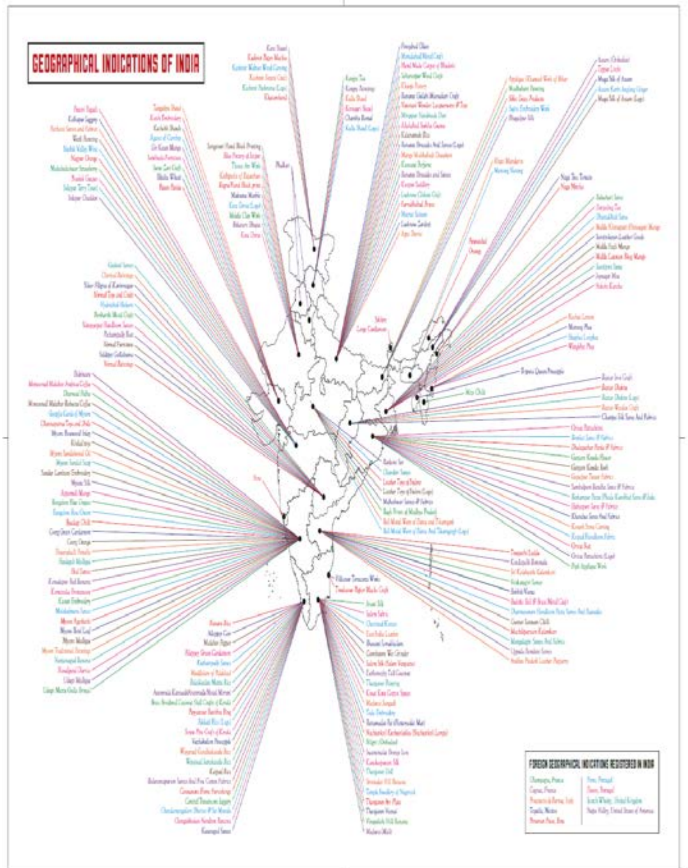
- Weaver’s Income increased by 27% in 2005 – 2006;
- Increase Consumer base by 20% the producers were able to get orders from reputed companies & brands.
- The producers who had migrated to other cities shifted back to Pochampally,
- Establishment of First Handloom park at Pochampally

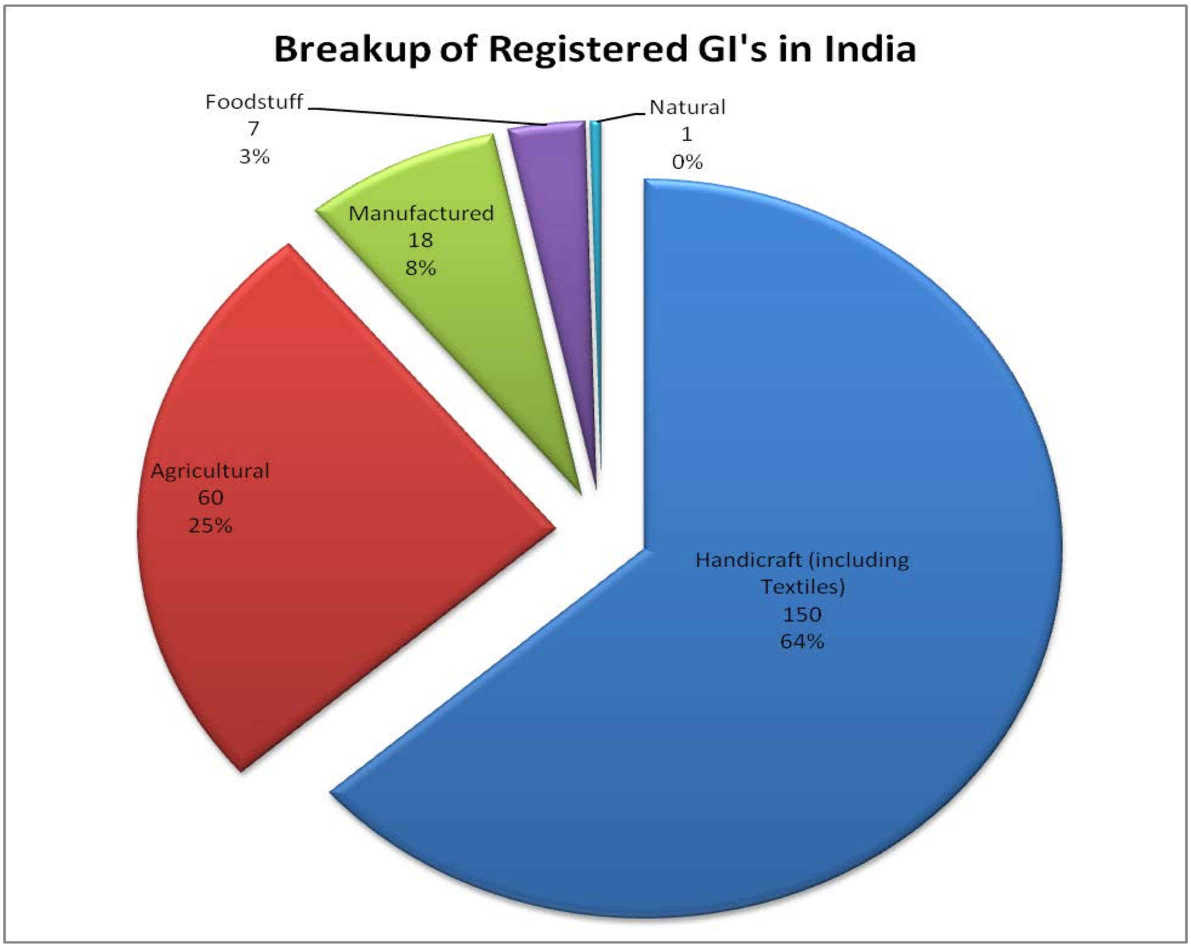
Kota Doria

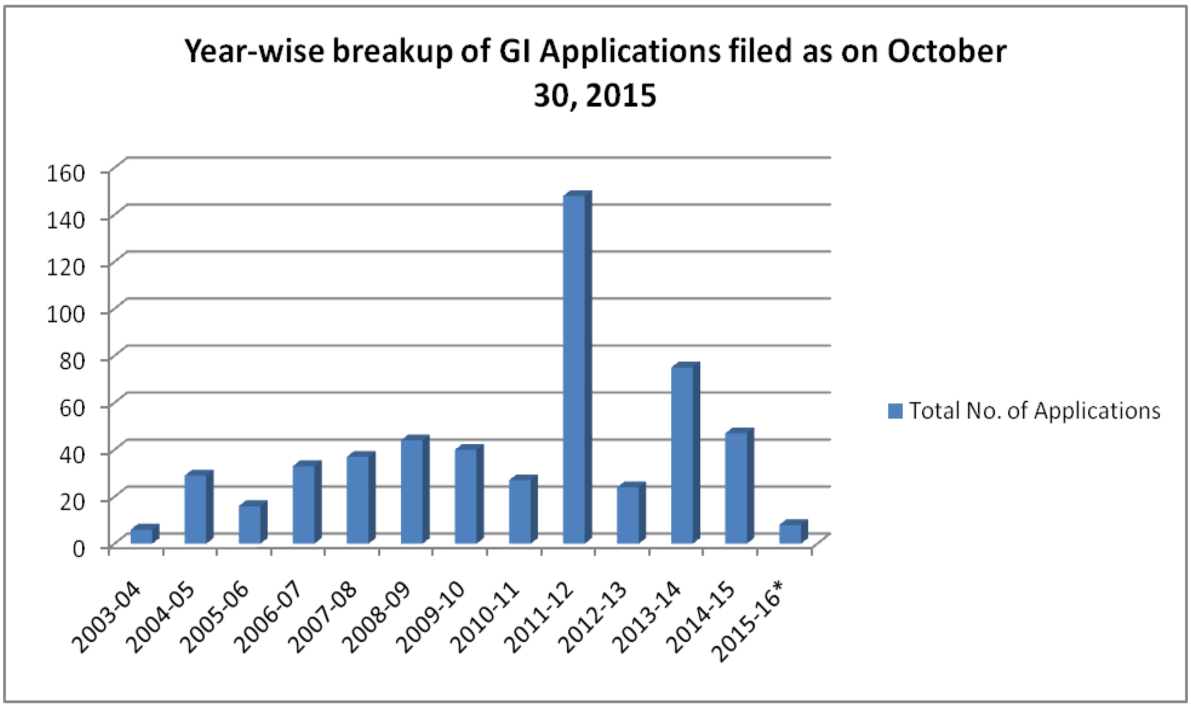
Kota Doria is a textile product from Rajasthan was registered in July 2005.
Kota Doria is a unique blend of cotton and silk in a square check pattern, Kota Doria is a light weight fine weave, with silk providing the shine and cotton providing the strength to the fabric. The checked pattern is one of the most distinguishing features of the fabric.
Study by an NGO reveals that:

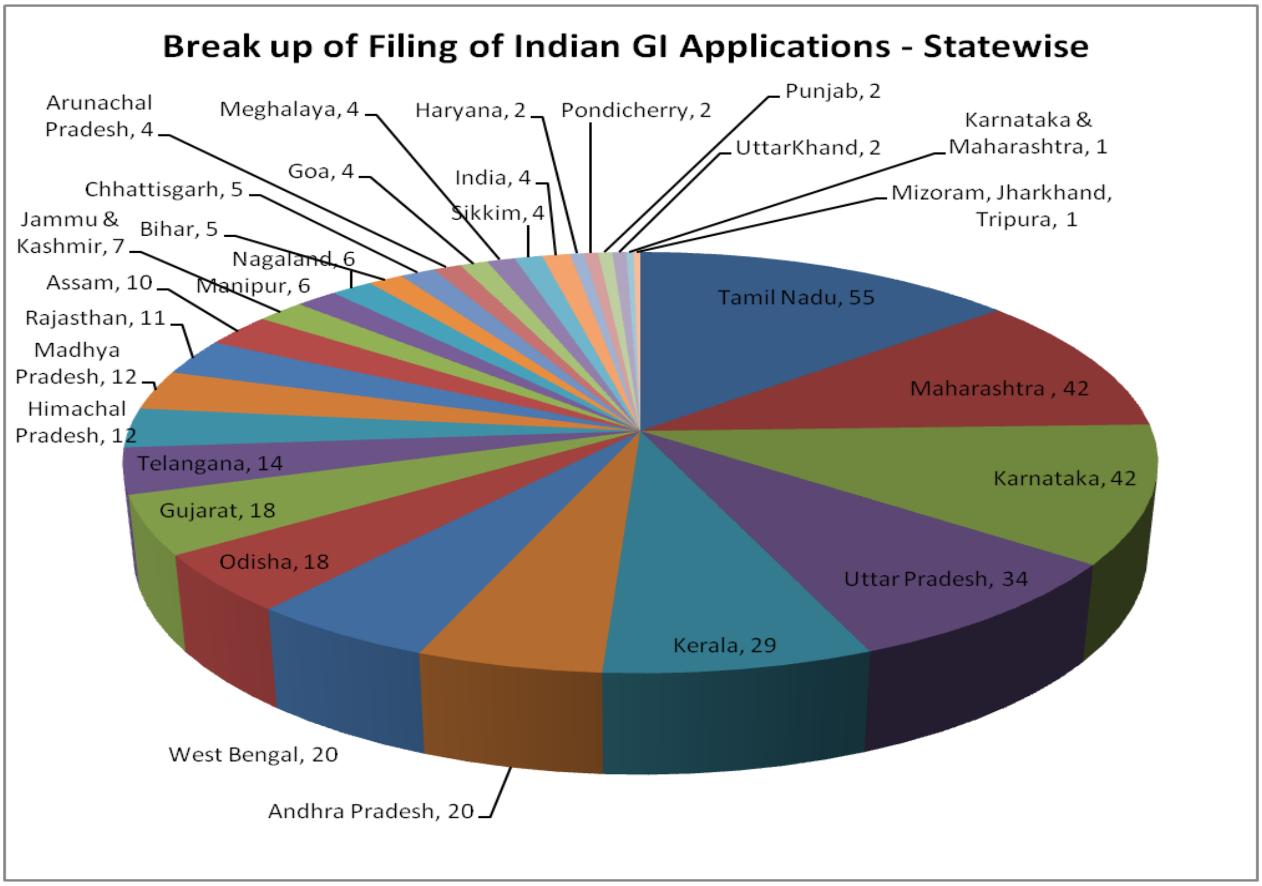
- Increase in income of weavers tripled from Rs 700 per PAN (30 yards) in 2005 to Rs 2000 in 2008
- Increase in employment for women by 30 %;
- Women self help groups & training centres were established,
- Presently 10,000 families are engaged;
- Establishment of Hospitals & Schools,

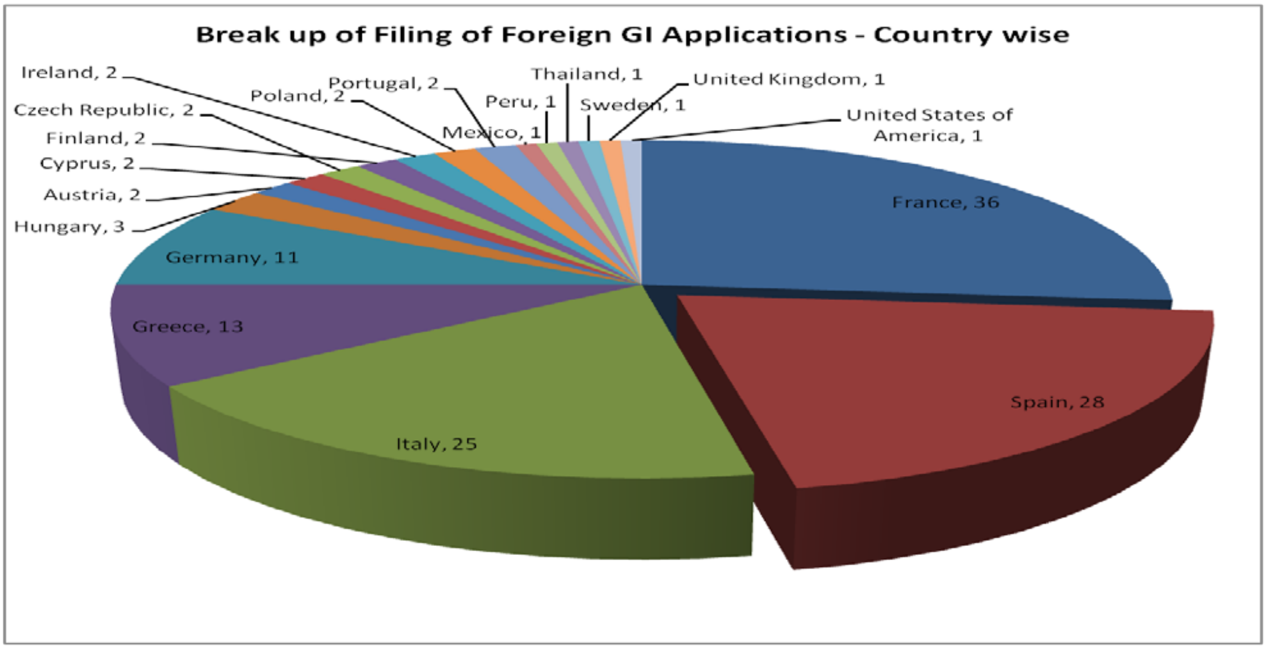
Thus, I conclude by saying that, “Each Indian GI has an assurance of distinctiveness and quality, attributable to its origin in the defined geography. Be it the famed Darjeeling Tea ‘loved worldwide’, or Makrana Marble that created the undisputable ‘edifice of eternal love – the Taj Mahal’ to the Banaras Brocades and Sarees that eptiomize ‘sheer poetry on Cloth’, The revered Tirupathi Laddu comes from the ‘Sri Vari Temple on Tirumala hills, the fragrance of Kannauj Perfume and intricate Mysore Rosewood Inlay work captivates millions, even as they relish the mouth watering Bikaneri Bhujia, show case the richness of India’s heritage and culture.

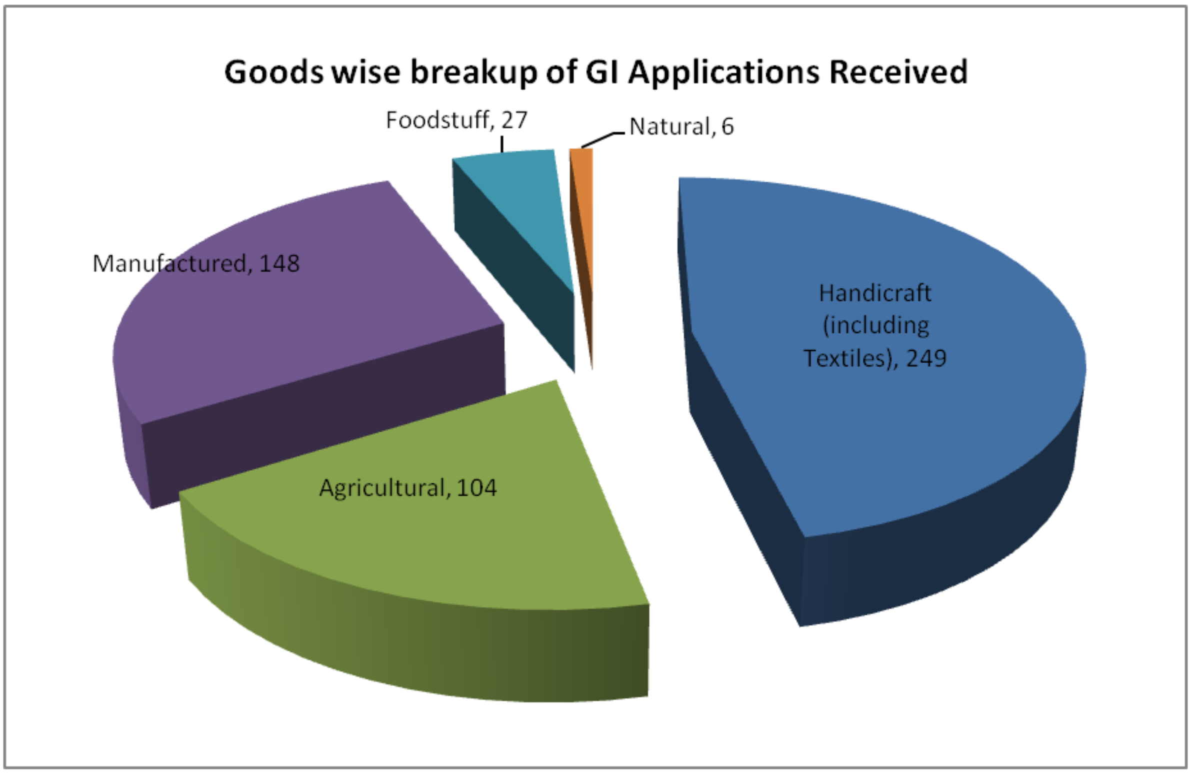


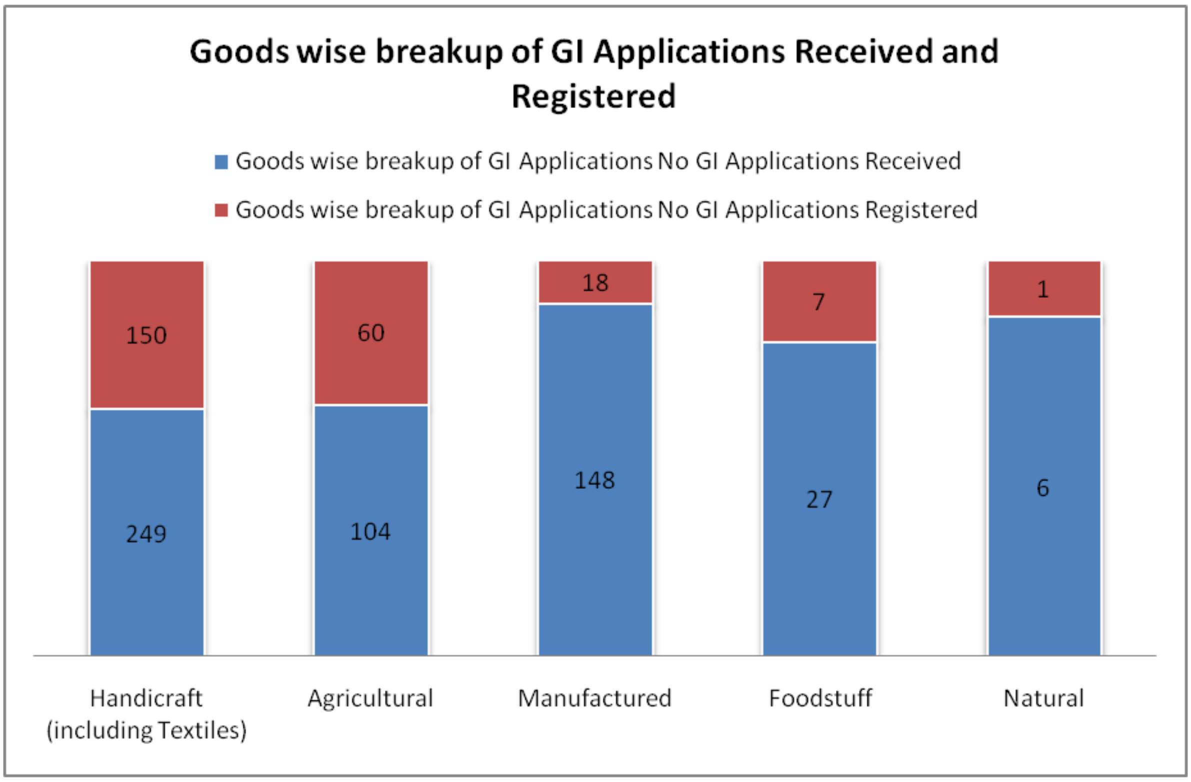

Breakup of Registered GI's in India
Foodstuff
7
3%
Natural
1
0%
Manufactured
18
8%
Agricultural
60
25%
Handicraft (including Textiles)
150
64%

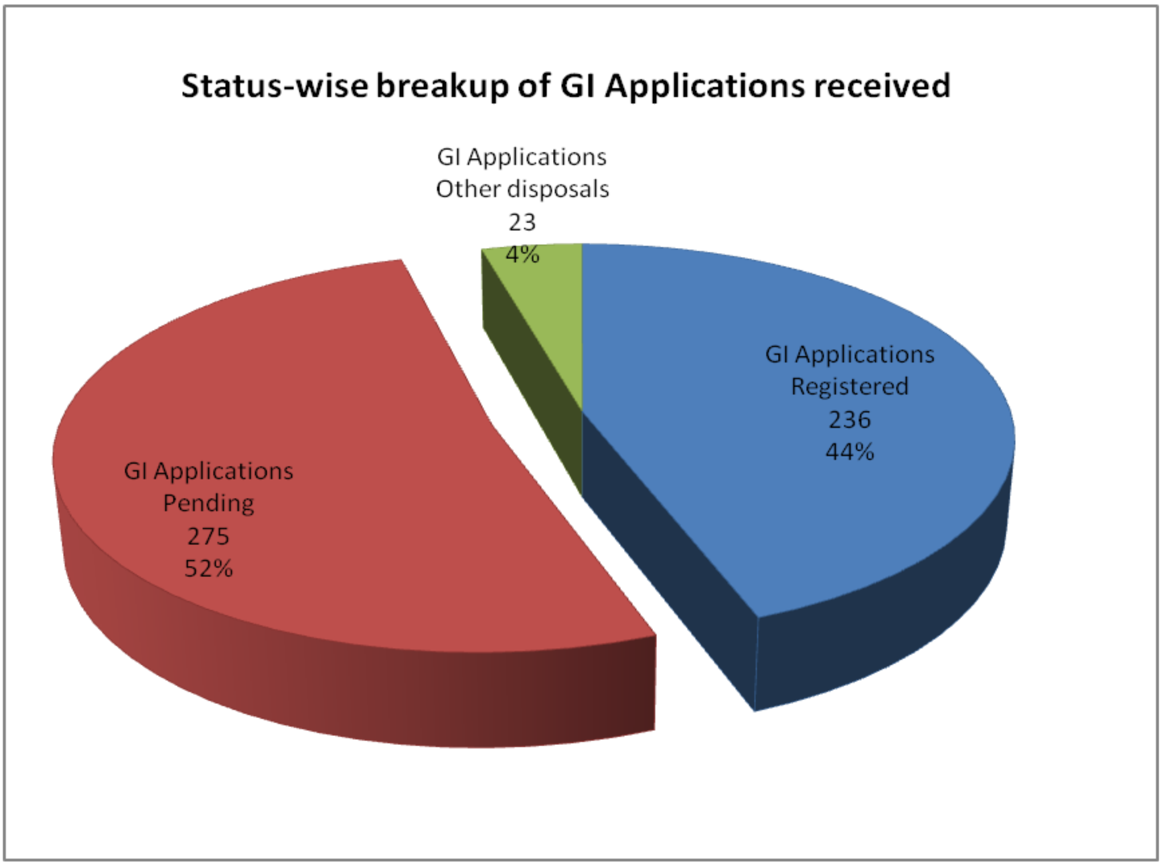

Year-wise breakup of GI Applications filed as on October 30, 2015
160
140
120
100
80
60
40
20
0
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16*
Total No. of Applications

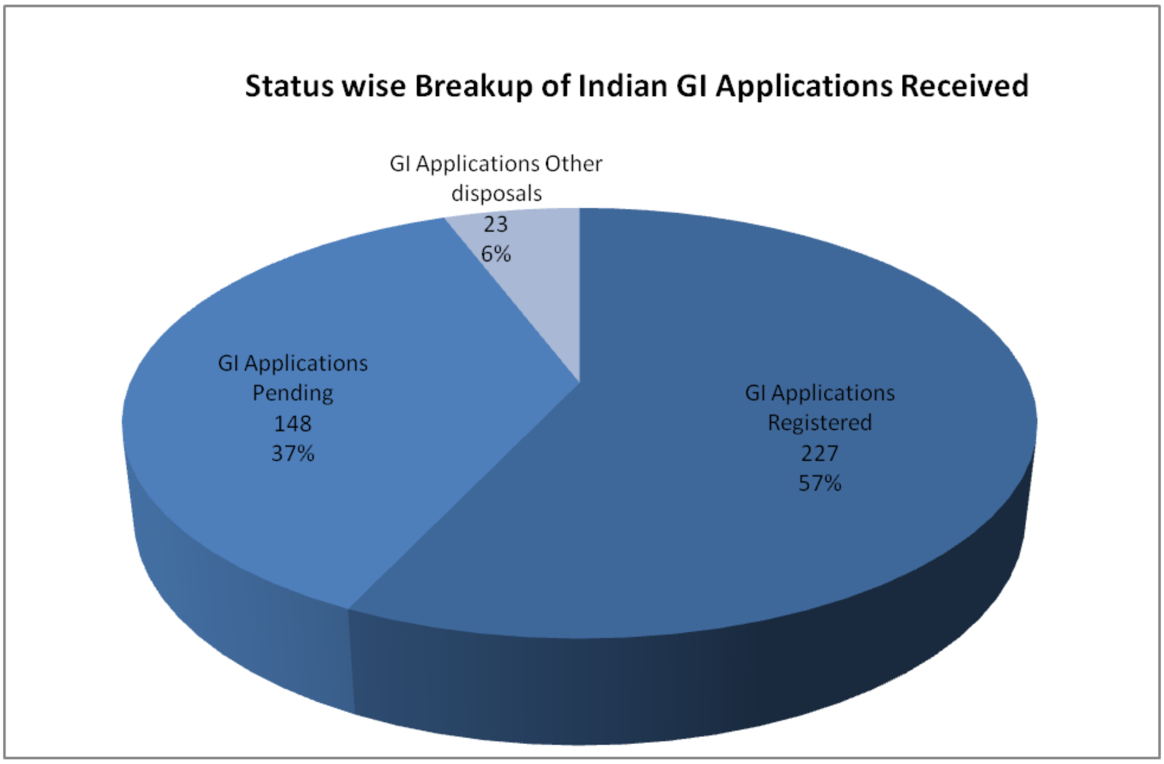

Break up of Filing of Indian GI Applications - Statewise
Arunachal Pradesh, 4
Meghalaya, 4
Haryana, 2
Pondicherry, 2
Punjab, 2
Karnataka & Maharashtra, 1
UttarKhand, 2
Mizoram, Jharkhand, Tripura, 1
Goa, 4
India, 4
Sikkim, 4
Chhattisgarh, 5
Jammu & Kashmir, 7
Bihar, 5
Nagaland, 6
Manipur, 6
Assam, 10
Rajasthan, 11
Madhya Pradesh, 12
Himachal Pradesh, 12
Telangana, 14
Gujarat, 18
Odisha, 18
West Bengal, 20
Andhra Pradesh, 20
Kerala, 29
Uttar Pradesh, 34
Karnataka, 42
Maharashtra , 42
Tamil Nadu, 55

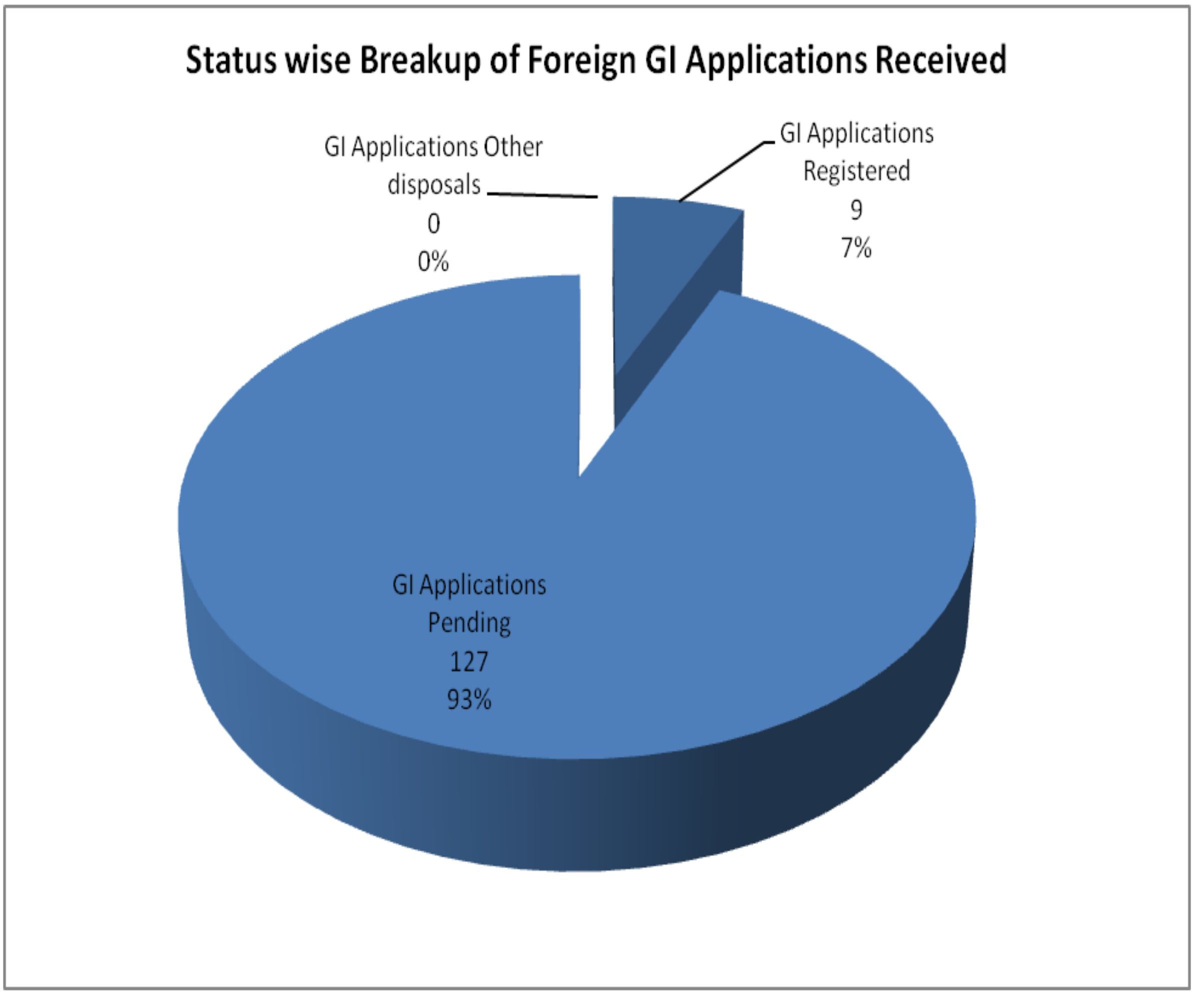

Break up of Filing of Foreign GI Applications - Country wise
Ireland, 2
Portugal, 2
Poland, 2
Thailand, 1
United Kingdom, 1
Czech Republic, 2
Peru, 1
Sweden, 1
United States of America, 1
Mexico, 1
Finland, 2
Cyprus, 2
Austria, 2
Hungary, 3
Germany, 11
Greece, 13
Italy, 25
Spain, 28
France, 36


Goods wise breakup of GI Applications Received
Foodstuff, 27
Natural, 6
Manufactured, 148
Handicraft (including Textiles), 249
Agricultural, 104


Goods wise breakup of GI Applications Received and Registered
Goods wise breakup of GI Applications No GI Applications Received
Goods wise breakup of GI Applications No GI Applications Registered
150
249
60
104
18
148
7
27
1
6
Handicraft (including Textiles)
Agricultural
Manufactured
Foodstuff
Natural


Status-wise breakup of GI Applications received
GI Applications Other disposals
23
4%
GI Applications Registered
236
44%
GI Applications Pending
275
52%


Status wise Breakup of Indian GI Applications Received
GI Applications Other disposals
23
6%
GI Applications Pending
148
37%
GI Applications Registered
227
57%


Status wise Breakup of Foreign GI Applications Received
GI Applications Other disposals
0
0%
GI Applications Registered
9
7%
GI Applications Pending
127
93%

INTELLECTUAL PROPERTY IN COLOMBIAN HANDICRAFTS

prepared by Wilson Alexander Parra Peña,
Attorney, Artesanías de Colombia, Bogotá

Since 2008, the Colombian government through “Artesanías de Colombia” and the Ministry of Commerce, Industry and Tourism, has been carrying out the project “***Intellectual Property Rights implementation in Colombian Emblematic Handcrafts***".

The main goal of this project is to *“Provide technical assistance to the Colombian Artisanal Sector in the application of the necessary legal tools to protect their handicrafts through the implementation of the use of collective marks, certification marks, designation of origin and marketing strategy for positioning the country's emblematic handcrafts in the domestic and international markets”.*

To date, the project has been implemented in 70 artisan communities that have been informed about their intellectual property rights and its potential application in each particular case. Twelve(12) crafts, mostly emblematic Colombian handicrafts (Wayuú weaving, Ráquira pottery, the Aguadeño hat, Mopa Mopa or Pasto varnish, Zenú Weaving, Carmen de Viboral ceramicsl, Suaza hat) and traditional snacks (Paipa Cheese, Huila´s Achiras/biscuits), obtained their Denomination of Origin, after fulfilling the geographical origin, natural and human factors and technical requirements which differentiate those particular products. **Colombia continues being the leader in Latin America with the highest number of Denominations of Origin granted in the artisanal sector.**

Moreover, the Vueltiao Hat, La Chamba black ceramic, Mompox filigree jewelry, Usiacurí weaving, Arhuaca and Kankuamo “mochila”, the Carriel made in Jerico, Antioquia, and the Werreregue of the Wounaan, among others, have obtained through their organizations more than fourty five collective marks. The use of their collective mark is ruled by a Regulation, which sets out minimum quality requirements and standards for each craft in order to consolidate its image in the market.

Thus, the use of distinctive signs gives the artisans the opportunity to differentiate their products in the market at the same time that it enables them to act against pirate copies which take advantage of the reputation of products with distinctive signs, through legal proceedings against copies of their products.

In addition, due to a special agreement between *“Artesanias de Colombia”* and the Superintendence of Industry and Commerce-SIC, Colombian craftsmen can register their individual marks for US$25, instead of the current price of US$375. During the period 2013 - 15, 739 artisan´s trademarks were registered throughout the country.

The Intellectual Property Project provides permanent advice to artisans in the use, promotion and all aspects of Law Protection related to certification marks as well as in associativity and the strengthening of organizations for the use of collective marks. Our work has been supported and sponsored by international cooperation: OVOP project "One Village One Product" (JICA) and COLIPRI (Switzerland) and expanded into the international registration of marks so that handicrafts can be sold internationally in Europe, United States and China.

The project continues working with the artisans using “DOP Seal” and Collective marks in academic and commercial events as well as, Branding, Marketing Territorial and Promotion

Development. Over the next few years we are planning to work on a study that assesses the economic impact of the use of DOP and Marks by Colombian Artisans.

More info:
www.artesaniasdecolombia.com.co/propiedadintelectual
http://www.sic.gov.co/drupal/productos-con-denominacion-de-origen

Video : https://www.youtube.com/watch?v=dEEGH8JiKCQ

PANEL ON FUTURE POLICY ON GEOGRAPHICAL INDICATIONS: THE PERSPECTIVE OF ECTA (EUROPEAN COMMUNITIES TRADE MARK ASSOCIATION)

prepared by Benjamin Fontaine,
Chair, Geographical Indications Committee, (ECTA) Brussels

ECTA is a trade mark oriented, though GI friendly, association. It advocates for a balanced relationship between GIs and Trade marks, at EU level. ECTA has instituted 5 years ago a committee which is especially dedicated to this task, and which is represented here in Budapest in this wonderful event.

GIs and trade marks are an odd couple, sometimes in love, sometimes fighting. More often fighting than in love, actually. These two are in love when they complement each other, assist each other. This is the case when trade marks are used as an alternative, or complementary, or initial, means of protection for geographical indications. And they fight when they cannot get along, they cannot coexist, and this happens each and every time that a trade mark tries to imitate, to evoke, a prior Geographical Indication.

In the EU the situation with respect to GIs is satisfactory overall. Europe has built a strong system of GIs in many fields of activity, and it succeeds in exporting this protection in many third countries, thanks to a number of bilateral agreements.

Now, ECTA is not here to simply say that all is well that ends up well. The European system can be criticized in a number of manners, and this is what we will do now, very shortly, and constructively I hope.

We will make it short, as all this constructive criticism fits in one set of initials, representing four words, which stand for four wishes: SCTE

S for Simplicity

The European scheme on GIs is too complex, and even too remote from the interested circles. The European system consists in no less than four dictinct schemes, each one with its own regulations : on wines, on spirits, om foodstuff, on aromatised wines. And soon to become five, with the expected adoption of a specific scheme for hand crafted goods. Not to mention, besides, the rules governing other signs such as Traditional Terms for Wines, or Traditional Specialties Guaranteed.

While ECTA understands the reasons underlying this separate approach, and the differences between some of these products, it advocates for a unification of the PDO and PGI system, with a single set of rules. This unification would not be detrimental to the preservation of peculiarities in each field.

C for Clarity

Is the EU scheme on GIs exhaustive or not ? Please clarify ! While the situation is clear with respect to PDOs and PGIs registered for foodstuff, or for non-agri products for which there is no EU scheme as of yet, this is not necessarily so for wines and spirits. ECTA worries that the member States may not have the same approach with respect to this question. This is particularly so for the member States which have undertaken obligations with third countries (France for BOURBON), which have ratified the Lisbon Agreement, or which have maintained their own GIs in some fields (France, Portugal and Spain, for wines, for example). This clarification has a huge practical impact.

T for Transparency

ECTA believes that the public does not have a proper access to GIs protected in the EU, either as a result of a PDO / PGI registration, or as a result of agreements concluded with third parties. For the last two years ECTA has asked for a more transparent system, through a single registry, or at least through a single database. It would seem as the European Commission is working on this issue, and we will review any initiative in this field with great interest.

E for Efficiency

In ECTA's view, The Administration of GIs could be attributed to an Intellectual Property Office which has achieved great results in its 20 years of existence: OHIM. This Office is probably the most suited to handle an efficient registry and database for GIs. Actually, OHIM is about to be re-named EUIPO, and that qualifies it for the administration of GIs.

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