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GEOGRAPHICAL INDICATIONS AND THE TERRITORIALITY PRINCIPLE

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I. INTRODUCTION

1. The Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) decided at its eighth session (Geneva, May 27 to 31, 2002) that the International Bureau should prepare a document devoted to the question of the territoriality in respect to geographical indications ("GIs").¹

2. This document addresses the following issues:

A. whether the definitional criteria for geographical indications (see document SCT/9/4) are determined by the country of origin or by the country where protection is sought; and

¹ See SCT/8/6, paragraphs 7 and 8.

B. How exceptions are applied, notably relating to the concepts of generics and grandfathering.

3. The recognition of a geographical indication in its country of origin deserves particular attention, since the geographical indication associated with a product signifies the link between the quality, reputation or other characteristic of the product and its geographical origin. As discussed in document SCT/9/4, various countries apply different definitional criteria for geographical indications. These differences may relate for example to the size of the geographical place of origin or to requirements concerning the localization of the production, processing, and/or packaging of the product associated with a geographical indication. However, what matters in essence is that the product is tied to a particular place, which implies that the same indication may not be used with a product of the same or similar kind produced elsewhere.

4. Geographical indications being territorial in nature, the “territoriality principle”² generally associated with the protection of intellectual property rights is also quite naturally referred to in the field of geographical indications as well. Indeed, geographical indications are established and protected (or are denied legal recognition) on the basis of the laws and regulations applicable in a given territory. However, by virtue of this territorial privilege, several international situations of conflict can arise. For example, identical geographical indications, i.e. homonyms, can come into existence in two or more territories. Or a given geographical name associated with a product may be protected as a geographical indication in one or more countries, but the same geographically significant term (or its linguistic equivalent) may be considered in a third country as a generic expression for that product, or as having acquired a secondary meaning under that country’s trademark law. Conversely, an individual trademark established in one country, based for example on a distinctive family name used in trade, might also have significance as a geographical indication in another country. Such resulting situations from the territoriality principle have given rise to trade conflict even before the advent of legal protections for intellectual property during the 19th century. Indeed, specific protections afforded in the Madrid³ and Lisbon⁴ Agreements aim at overcoming certain limitations of the territoriality principle. Moreover, the rapid expansion and globalization of international trade and communications in recent years, most notably as reflected by the non-territorial Internet,⁵ has magnified the extent of conflict over IP rights

² The principle of the territoriality of IP rights, of historical origin, is reflected in substantive laws to a significant extent. It goes beyond the scope of this document to describe the doctrinal debate amongst conflict of laws specialists over the content or utility of the “so-called” territoriality principle in the field of intellectual property law.

³ Article 4 of the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (“Madrid Agreement on Indications of Source”) contains a special provision for “*regional appellations concerning the source of products of the vine*” whereby such indications may not be considered as generic terms.

⁴ Article 6 of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (“Lisbon Agreement”) provides that: “*An appellation which has been granted protection in none of the countries of the Special Union pursuant to the procedure under Article 5 cannot, in that country, be deemed to have become generic, as long as it is protected as an appellation of origin in the country of origin.*”

⁵ For more information on this point, see, e.g., the paper on “*Geographical Indications and the Internet*” prepared by the International Bureau for the WIPO Symposium on the International

arising out of the territoriality principle. International means of overcoming the limitations of the territoriality principle in the field of geographical indications include efforts at harmonization of national laws as well as the establishment of international registration systems.

II. THE LOCUS FOR DETERMINING PROTECTION OF GEOGRAPHICAL INDICATIONS: COUNTRY OF ORIGIN OR COUNTRY OF PROTECTION?

5. In the absence of an international agreement (bilateral or multilateral) specifically resolving the matter through means of exchanged lists or international registration, this question is not subject to an either/or answer. Instead, the situation is that both the country of origin and the country of protection are concerned with the determination of geographical indications for purposes of protection. This can be seen from the provisions of existing international instruments, as summarized below.

6. Article 10 *ter* of the Paris Convention requires that member countries of the Union “assure to nationals of other countries of the Union appropriate legal remedies effectively to repress all the acts referred to in Articles 9, 10, and 10 bis .” Paris Article 9 provides for the seizure of goods unlawfully bearing a trademark or trade name. Paris Article 10 provides that any interested party, acting in conformity with the domestic legislation of each country of the Paris Union, may request the seizure of goods “in case of direct or indirect use of a false indication of the source of the goods...”. Paris Article 10 bis provides that member countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition. Articles 1 through 12, and article 19 of the Paris Convention are incorporated into the TRIPS Agreement, by virtue of its Article 2.1. Moreover, article 22.1 of the TRIPS Agreement refers explicitly to Article 10 *bis* of the Paris Convention.

7. Similarly, Article 1 of the Madrid Agreement on Indications of Source provides that “all goods bearing a false or deceptive indication by which one of the countries to which [the] Agreement applies, or a place situated therein, is directly or indirectly indicated as being the country or place of origin shall be seized on importation into any of the said countries .” However, Madrid Article 4 specifies that “the courts of each country shall decide what appellations, on account of their generic character, do not fall within the provisions of [the] Agreement, regional appellations concerning the source of products of the vine being, however, excluded from the reservations specified by this Article .” With the exception of regional appellations used for products of the vine, the determination of generic exceptions which may be made by the courts of the country of protection creates a counterpoint to – and potential conflict with – the determination made by the country of origin. The Madrid Agreement on indications of source has not been incorporated into the TRIPS Agreement by virtue of its Article 2.1.

8. Article 1 of the Lisbon Agreement provides that the participating countries undertake to protect on their territories the “appellations of origin” of the other countries of the Special Union that are registered at the International Bureau of WIPO. As long as the protected appellation of origin is maintained on the Lisbon register, and subject to maintenance of its

[Footnote continued from previous page]

Protection of Geographical Indications held in Montevideo, Uruguay in November 2001 (document WIPO/GEO/MVD/01/8).

recognition and protection in the country of origin, then the eligibility of the appellation of origin for international protection is objectively established, at least among the countries participating in the Special Union. However, Article 5(3) of the Lisbon Agreement provides for the right of a Contracting Party to refuse, within a period of one year, the effect of an internationally registered appellation of origin. The Lisbon Agreement for the protection of Appellations of Origin and their international registration has not been incorporated in the TRIPS Agreement, by virtue of its Article 2.1.

9. Bilateral agreements, on the basis of established lists of protected geographical indications and appellations of origin, determine the issue on an agreed basis for both the country of origin and the country of protection.

10. The international norm of protection for geographical indications as such is provided by Article 22.2 of the TRIPS Agreement, which reads as follows:

“2. In respect of geographical indications, Members shall all provide the legal means for interested parties to prevent:

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

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

The requirements of Article 22.2 of the TRIPS Agreement are supplemented by Articles 22.3⁶ and 22.4⁷ of the TRIPS Agreement. Additional protection for geographical indications for wines and spirits are also provided under Article 23 of the TRIPS Agreement. These obligations must also be read in conjunction with Article 1.1 of the TRIPS Agreement (*“Members shall be free to determine the appropriate means of implementing the provisions of this Agreement within their own legal system and practice”*), and Article 41 of the TRIPS Agreement (*“Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement”*).⁸

⁶ TRIPS Article 22.3 deals specifically with trademark registrations containing or consisting of a geographical indication for goods not originating in the territory indicated, if the use of such trademarks would be misleading as to the true place of origin of the goods. The refusal or invalidation of the trademark registration must be an available remedy, either *ex officio*, if the applicable law so allows, or at the request of an interested party.

⁷ TRIPS Article 22.4 stipulates that the protection afforded to geographical indications under Articles 22.2 and 22.3 must also be made available in respect of deceptive geographical indications, i.e., geographical indications that are literally true, although they falsely represent to the public that the goods on which they are used originate in a different territory.

⁸ The footnote to TRIPS Article 23.1 for wines and spirits stipulates that *“Notwithstanding the first sentence of Article 42, Members may, with respect to these obligations, instead provide for enforcement by administrative action.”*

11. Moreover, Article 24.9 of the TRIPS Agreement clarifies that there shall be no obligation under the Agreement to protect geographical indications which are not protected, or cease to be protected, in their country of origin, or which have fallen into disuse in that country. However, the TRIPS Agreement does not define the term “country of origin” in respect to geographical indications.⁹

12. The obligation for WTO Member states “*provide the legal means for interested parties*” to prevent (a) the use of misleading indications of geographical origin and (b) the use of geographical indications which constitute acts of unfair competition implies that “interested parties”,¹⁰ including from the country of origin, shall be provided with the legal means for protection of the geographical indications in the country of protection. The satisfaction of this enforcement obligation can involve reference to the existence of the geographical indications under the law of the country of origin. However, the determination of the relevance of the exceptions to the obligation to provide protection are based on a valuation to be made under the law of the country of protection, as will be discussed below.

III. THE APPLICATION OF EXCEPTIONS TO THE PROTECTION OF GEOGRAPHICAL INDICATIONS

13. Broadly speaking, there are two basic categories of exceptions to international obligations for the protection of geographical indications. These exceptions are (A) for “generics” and (B) for continuing use of “grandfathered” IP rights, such as pre-existing trademark rights or rights of use established in good faith.

14. Both types of exceptions stem largely from inherited situations based on trade practices established in relatively unregulated contexts, i.e. before legal norms in respect to indications of geographical origin took effect nationally or internationally.

A. Generic Designations

15. Generic terms are not considered to be distinctive. In other words, such terms are not understood to distinguish goods from different sources or to indicate a specific origin of goods. A term may be considered generic because it is descriptive of the kind of goods to which it is applied, or because it has lost over time its originally distinctive character. Whether or not a given term is considered generic is viewed as a matter of consumer perception within a specific legal framework. The genericisation of a geographical indication into a generic designation, if allowed to occur at all, may thus occur in different countries at different times. This can lead to situations where a specific geographical name is recognized

⁹ Article 2(2) of the Lisbon Agreement defines the term “country of origin” as: “*the country whose name, or the country in which is situated the region or locality whose name, constitutes the appellation of origin which has given the product its reputation*.”

¹⁰ The term “interested parties” is not defined in the TRIPS Agreement. Article 10, sub-paragraph 2 of the Paris Convention states that “*Any producer, manufacturer, or merchant, whether a natural person or a legal entity, engaged in the production or manufacture of or trade in such goods and established either in the locality falsely indicated as the source, or in the region where such locality is situated, or in the country falsely indicated, or in the country where the false indication of source is used, shall in any case be deemed an interested party*.”

and protected as a geographical indication in some countries (most notably in its country of origin), but is also used as a generic designation in another country or countries.

16. In the context of geographical indications, generic terms are understood to designate an indication or a name which, although related to the place where the product was originally originating, is or has become identical with the term customary in the common language as the common name used for such product.

17. As noted above, Article 4 of the Madrid Agreement on Indications of Source specifies that “*the courts of each country shall decide what appellations, on account of their generic character, do not fall within the provision of [the] Agreement, regional appellations concerning the source of products of the vine being, however, excluded from the reservation specified by this Article .*”

18. Of broader effect, Article 6 of the Lisbon Agreement stipulates that a protected appellation of origin cannot be deemed to have become generic, as long as it remains protected as an appellation of origin in the country of origin.

19. Article 24.6 of the TRIPS Agreement does not use the word “generic”, but it is commonly viewed as providing the exception for generic terms.¹¹ Article 24.6 of the TRIPS Agreement states:

“Nothing in this Section [Section 3, Part II of the TRIPS Agreement] shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to goods or services for which the relevant indication is identical with the term customary in common language as the common name for such goods or services in the territory of that Member . Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to products of the vine for which the relevant indication is identical with the customary name of a grape variety existing in the territory of that Member as of the date of entry into force of the WTO Agreement .” (emphasis added)

20. The phrase “*identical with the term customary in common language as the common name for such goods or services in the territory of that Member*” may be compared with a similar phrase contained in Article 6 *quinques* of the Paris Convention. Paris Article 6 provides in respect to trademarks an exception to the general requirement of recognition for registered trademarks from other countries, when the foreign trademark has become “*... customary in the current language or in the bona fide and established practices of the trade of the country where protection is claimed* .”

21. As can be seen, the three international instruments mentioned above give three different formulae for application of the “generics” exception. The Madrid Agreement on Indications of Source reserves the question for the courts of the country where protection is sought, except in respect to products of the vine, whereas the Lisbon Agreement precludes that a registered appellation of origin may become a generic term. The TRIPS Agreement excludes generics from the scope of the basic TRIPS obligations in respect to the protection of foreign geographical indications.

¹¹ See, for example, WIPO Publication No. 760, page 42.

22. Bilateral agreements typically exclude the possibility of degeneration in the country of protection so long as the geographical indications continues to be recognized as such in the country of origin.

B. “Grandfathering”

23. The Paris Convention and the Madrid Agreement on Indications of Source provide for the seizure of goods bearing false or deceptive indications of source. They do not address the issue of recognition and protection of geographical indications as such, nor situations of conflict with prior use.

24. However, Article 5, sub-paragraph 6 of the Lisbon Agreement stipulates in respect to its registration procedure for appellations of origin which have not been refused under sub-paragraph 4, that prior users of a term listed on the international register as a protected appellation of origin may be granted a transition period of up to two years to terminate their use of the henceforth protected appellation.

25. Under Article 24.4 of the TRIPS Agreement, WTO Members may allow continued and similar use of a particular geographical indication identifying wines or spirits, in connection with goods or services by any of its nationals or domiciliaries who have used that geographical indication in a continuous manner with regard to the same or related goods or services in the territory of that Member either for at least 10 years preceding April 15, 1994, or in good faith preceding that date.

26. Article 24.5 of the TRIPS Agreement provides that the implementation of WTO undertakings on geographical indications is without prejudice to the registration of trademarks identical with or similar to geographical indications, to the application for registration of such trademarks, or the right to use such trademarks, if the following conditions are fulfilled: An application for the registration of such a trademark must have been filed, or the trademark must have been registered, or, where the right to the trademark was acquired by use, that trademark must have been used, in good faith, in the WTO Member concerned, before the TRIPS Agreement became applicable in that Member, or before the geographical indication in question is protected in its country of origin.

27. It may also be noted that bilateral agreements typically resolve “grandfathering” issues by affording a phase-out period of several years duration before termination of competing uses of geographical indications granted protection under such agreements.

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