Geographical indications

Justinianus Primus, March 16, 2016
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Outline

• Today
  – What are geographical indications? Terminology
  – Rationale for protecting GIs
  – International framework of protection
  – European framework of protection
  – Bilateralism vs. Multilateralism

• Tomorrow
  – GIs in EU Bilateral Trade Agreements
  – GI protection in CETA
  – GI protection in TTIP
Part I
What are geographical indications?
What are GIs? Terminology

• Indications of source
  Madrid Agreement, Art. 1(1), Paris Convention, Art. 10

• Geographical indications
  Quality, characteristics or reputation essentially attributable to geographic origin
  TRIPS Agreement, Art. 22(1),
  Geneva Act Lisbon Agreement, Art. 2(1)(ii)

• Appellations of origin
  Quality or characteristics should be essentially or exclusively due to geographical environment, including natural and human factors
  Lisbon Agreement, Art. 2(1)(i)
Part II
Functions and Rationale
Functions of GIs

• Origin function
  – Physical geographic location: “a sign the product points to in the eyes of the consumer”

• Informative/quality function
  – Plethora of associations and quality

• Incentive function
  • Creates an **incentive** to promote and protect investment in continued **maintenance of the quality**
What are the functions of trademarks?

- Origin function?
  - YES: Guarantees origin – reduces search costs for consumers = signaling devices

- Informative/quality function?

- Incentive function?
  - YES: Information feedback loop – guarantee of quality of goods and services
  - Principal incentive to maintain quality

- Protecting investment, communication and advertising (L’Oreal v. Bellure)
Economic rationale of GI protection

- Resources of a region are reflected in **product qualities**
- Product qualities **differentiate** them from others
- Product differentiation can create **niche markets** in which the **added value** of product differentiation is transformed into an **economic rent**
  - Premium price
  - Restriction of supply and barriers to entry
Policy rationale

• Rural development
  – Most fundamental rationale in the EU
  – Preserve cultural heritage and conserve agricultural/biodiversity systems
  – Foster rural development (in disadvantaged areas)
    • Use both natural and human resources
    • Improve living conditions through increased incomes

success depends on institutional process

powerful rationale for developing countries
Part III

International framework of protection
International framework of protection

- Paris Convention (Art. 10.1)
  - False indications of source: seizure on importation

- Madrid Agreement (for the Repression of False or Misleading Indications of Source on Goods) (36 contracting states)
  - False indications of source: seizure on importation

- Lisbon Agreement (28 contracting states)
  - Registration system
  - Appellations of origin and geographical indications (NEW)

- TRIPS Agreement (162 WTO Members)
  - Geographical indications for all products
  - Negotiations on multilateral register
TRIPS Agreement

• Art. 22 TRIPS: Geographical indications for **all products** – protection against **deceptive use**
  - Paragraph 2a: Protection against use of any means in the designation or presentation of a good that indicates or suggests that the good in question **originates in a geographical area other than the true place of origin** in a manner which misleads the public as to the geographical origin
  - Paragraph 2b: Protection against **unfair competition** within meaning Article 10bis Paris Convention

• Art. 23 TRIPS: additional protection against **expressive use** for **wines and spirits**
  - = **imitation** of the indication of origin even where accompanied by terms such as ‘**kind’**, ‘**type’’, ‘**style’’, ‘**imitation’’ or the like
TRIPS Agreement (2)

• Exceptions (Article 24.4 – 24.9 TRIPS)

  Can you check what these six exceptions are about?

  – Article 24.4: continuous and similar use
  – Article 24.5: prior trade mark registered in good faith
  – Article 24.6: generic names
  – Article 24.7: grandfathering of trade marks
  – Article 24.8: right to use one’s own name in business
  – Article 24.9: no obligation to protect GI when ceased in its country of origin
International obligation to protect GIs?

- Yes, BUT
  - No obligation to install a *sui generis* system (strongest protection favoured by the EU)
  - Possibility to protect geographical indications through trade mark system

*Which types of trade marks are most akin to GIs?*

- **Certification marks**: given for compliance with defined standards but not confined to members

- **Collective marks**: may only be used by a specific group of enterprises, member of a certain association
Part IV

EU framework of protection
**EU framework of protection**

Regime structured according to *products eligible*

- **Agricultural foodstuffs**
  - EC Regulation 1151/2012
  - Agricultural products intended for human consumption
    - Meat, dairy, fish products, fruits and vegetables
  - Beers, pastas, bread, gums, mustard paste, salt
  - Agricultural products not intended for human consumption
    - Hay, essential oils, cork, cochineal, flowers, wool, scutched flax
  - Wine vinegar

- **Wines**
  - EC Regulation No. 1308/2013

- **Spirits**
  - EC Regulation No. 110/2008

What about non-agricultural products?
Terminology

- Indications of source (*Paris Convention, Madrid Agreement*)
- Appellations of origin (*Lisbon Agreement*)
- Geographical indications (*TRIPS Agreement and Lisbon Agreement*)
- Protected designation of origin (PDOs) (*EU*)
- Protected geographical indications (PGIs) (*EU*)

*Find out about the definitions of PDOs and PGIs and how they relate to international definitions!*
EU: PDOs vs. PGIs - definition

Protected designations of origin (PDOs)

- Originating in a specific place, region or country
- Whose quality or characteristics are essentially or exclusively due to a particular geographical environment with inherent natural and human factors
- All production steps take place in defined geographical area

Protected geographical indications (PGIs)

- Originating in a specific place, region or country
- Whose given quality, reputation or other characteristic is essentially attributable to this geographical origin
- At least one of the production steps takes place in geographical area
EU: PDOs vs. PGIs – main differences

Protected designations of origin (PDOs)
- Similar to appellation of origin (Lisbon Agreement)
- Strong **territorial link**
- Quality or characteristics must be essentially or exclusively due to geographical environment
- **Wines**: grapes come exclusively from geographical area

Protected geographical indications (PGIs)
- Similar to geographical indications (TRIPS and Lisbon Agreement)
- Sole **reputation** is sufficient
- Link with geographical origin must be essentially attributable, not essential or exclusive
- **Wines**: at least 85% of grapes come exclusively from this area
Can you find the logos that represent these protected indications?
EU: application procedure

- **Who?**
  - Producer groups or collective organizations

- **Where?**
  - Authorities of Member State in which area located
  - European Commission for areas in third countries

*Where do you need to apply in Macedonia?*
EU: application procedure (2)

• What? Art. 7 Reg 1151/2012
  - Product specifications
    • Name to be protected
    • Description of product (physical, chemical, microbiological or organoleptic characteristics)
    • Definition of demarcated area
    • Information on obtaining product and packaging
    • Details establishing the link quality and geographical origin
    • Controlling authorities
    • Labelling rules
EU: application procedure (3)

• Opposition?
  – National procedure:
    • Opposition after publication
  – EU procedure:
    • Commission reviews once again
    • Publication in OJ of EU
    • Three month term after publication: opposition procedure by any other Member State
    • Registration in register of protected PDOs and PGIs

Where do you find registered PDOs/PGIs in EU?
EU: protection afforded

- Identical protection for PGIs and PDOs
- Four levels of protection for all GIs
  1. against direct or indirect commercial use
  2. against misuse, imitation or evocation even if translated or accompanied by ‘kind’, ‘type’, ‘method’, ‘imitation’ or similar
  3. against false or misleading indication
  4. against misleading practice
EU: protection afforded (2)

1. against direct or indirect commercial use
   - of identical or similar names for comparable products
   - that exploits the reputation of the protected name

2. against misuse, imitation or evocation even if translated or accompanied by ‘kind’, ‘type’, ‘method’, ‘imitation’ or similar
   - Products and services

3. against false or misleading indication
   - Origin, nature or product qualities in packaging, advertising or other promotional materials

4. against misleading practice
EU: exceptions

- Generic names
  - I.e. Dijon mustard, Pils, Emmentaler, NOT feta
  - Ground for objection prior to registration
  - Once registered, PDOs/PGIs cannot become generic

- Plant varieties and animal breeds
  - If conflict with name and likely to mislead the consumer

- Homonymous names
  - Words having the same name or designation, i.e. Rioja, only allowed if due regard to local and traditional usage, equal treatment of producers and actual risk of confusion does not exist
EU: relationship with trademarks

1. **Posterior trademarks:** refused (Art 14.1)
   - Products of the same type
   - Falls under protected use

2. **Reputed and renown trademarks** (Art 6.4)
   - Reputation, renown and length of use + likelihood of confusion: **PDO/PGI will be refused**

3. **Coexistence** between prior trade marks registered in good faith and PDO/PGI (Art 14.2)
   - Priority to date of application of PDO/PGI
   - Applied for, registered or established by use in good faith
   - No grounds for invalidity
EU: enforcement

- **Ex officio** protection by Member States ([Article 13.3 Regulation 1151/2012](#))
  - Parmesan case

- Action at the border
  - Customs authorities have the authority to take action against goods suspected of infringing certain IPRs, including GIs ([Article 2(1)(c) Customs Regulation 1383/2003](#))

- Remedies ([Directive 2004/48](#))
  - Civil: destruction of goods and fines
  - Penal sanctions: varies from Member State to the other
Task: Split up in two groups

1. What kinds of geographical indications does Macedonia know?
   - Examples of GIs
   - Legislation protecting them

2. What does the agreement concluded between the EU and Macedonia say about GI protection?
Part V

Bilateralism vs Multilateralism
Bilateral trade agreements

- TRIPS-repetition
- TRIPS-elaborated
  - Elaborate on the particular means of implementation
- TRIPS-plus
  - new subject-matter
  - increased protection
  - reduced flexibilities
- Major actors: US, EU (since 2006)
TRIPS-plus provisions

• ‘General’ matters
  – international agreements to which each party must accede or comply with;
  – the entitlement of the parties to provide more extensive protection

• Individual IP regimes
  – Copyright (US & EU)
  – Patents, including data exclusivity (US)
  – GIs (EU)

• Enforcement (US & EU)
# US activity surrounding TRIPS (1995)

<table>
<thead>
<tr>
<th>Year of Agreement</th>
<th>Agreement</th>
<th>Number of pages in IP Chapter</th>
<th>Number of words in IP Chapter</th>
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<tr>
<td>1985</td>
<td>US – Israel FTA</td>
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<td>US-Jordan FTA</td>
<td>8 pages, plus a Memorandum of Understanding (approx. 1 page)</td>
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<td>US-Chile FTA</td>
<td>32 pages (no relevant side letters)</td>
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## US free trade agreements

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<th>Side Letters</th>
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## EU bilateral trade agreements

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<tr>
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<th>Partner Agreement</th>
<th>Pages</th>
<th>Annex</th>
<th>Articles</th>
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<td>Bilateral Agreements</td>
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<td>December 2008</td>
<td>CARIFORUM-EC EPA</td>
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<td>Draft EU-Thailand</td>
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<td>61 articles (EU)</td>
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<td>2013</td>
<td>Draft EU-India BTIA</td>
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<td>50 articles (EU)</td>
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</tbody>
</table>
Legal Method

- Very detailed and extensive provisions
- **Prototype chapter** is scaled up with every new agreement

- Legislation-like provisions or ‘**nanny approach**’
- US: **certification process** during the implementation of the FTA
Negotiation strategy: use of templates

- Reduction of costs
- Ensures approval by EP/Congress
- Required by law/policy:
  - USTR is required to ensure ‘that the provisions of any multilateral or bilateral trade agreement governing intellectual property rights that is entered into by the United States reflect a standard of protection similar to that found in United States law’ (2102(4)(A)(II), **US Trade Act of 2002**)
  - “In negotiating FTAs, the IPR clauses should as far as possible offer identical levels of IPR protection to that existing in the EU” (**Europe 2020**).
Rationale: forum-shifting as a strategy

• Forum-shifting: altering *status quo ante* by moving standard setting activities to another venue

• Rationale of industrialized countries:
  – Dissatisfaction with multilateral process
  – Stronger bargaining position
  – Security considerations
Problems for developing countries

- Negotiations outside established institutional and legal structures
- Bilateral standard becomes the *de facto* global standard
- TRIPS-plus standards reduce developing countries’ ability to protect public policy interests
To be continued...

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