Enhancement of Protection of Geographical Indications

Dharmendra Chatur
Enhancement of Protection of Geographical Indications

Should the additional protection granted to Wines and Spirits under TRIPS be guaranteed to all other Geographical Indications?

DHARMENDRA CHATUR

08D6015, 4th Semester, II B.A., LL.B. (Hons.)
# TABLE OF CONTENTS

INTRODUCTION ........................................................................................................................................... 3

RESEARCH QUESTION and LITERATURE REVIEW .................................................................................. 5

LEGISLATIVE HISTORY OF GEOGRAPHICAL INDICATIONS AND ARTICLE 23 OF TRIPS ................................................................. 6

CURRENT DEBATES REGARDING ENHANCEMENT OF PROTECTION OF GEOGRAPHICAL INDICATIONS ................................................................................................................................. 9

OPINION AMONG LEGAL ACADEMIA REGARDING ENHANCEMENT OF PROTECTION ......................................................................................................................... 12

CONCLUSION and RECOMMENDATION ........................................................................................................ 14
INTRODUCTION

International commerce has long placed significant importance upon geographical names. For many centuries, products have been advertised and sold based upon the name of the specific region in which they originated. Traditionally, products such as Bordeaux wine and Darjeeling tea have been in high demand, commanding premium prices. As international commerce continued to expand after the Industrial Revolution, businesses and developed countries' governments became concerned with the protection of GIs in international markets.¹

With the onset of the Trade Related Intellectual Property System (“TRIPS”), the old legal setup with regard to Geographical Indications (“GI”) underwent a sea change. Of contemporary debate in the world regarding levels of protection of geographical indications is the issue of enhancing protection provided by Article 23² of the TRIPS Agreement to GIs for Wines and Spirits. This issue currently represents the most promising approach for finding an appropriate solution at the international level for ensuring effective protection for geographical indications of all products while, at the same time, providing sufficient flexibility in view of its implementation at the national level.³

Keeping this in the background, this paper will aim to evaluate the demands and requests of various countries regarding an enhancement in the protection of all GIs on the same level as that of the wines and spirits. This paper is divided into three parts. Part I will discuss the legislative history of Article 23 of TRIPS and why the special protection was granted to Wines and Spirits specifically. Part II of the paper will look at various arguments and debates being exchanged in the world with regard to enhancement of protection of GIs under the TRIPS system. Also how the proponents and opponents of an enhancement in protection are

² Article 23 of TRIPS talks about Additional Protection for Wines and Spirits.
being motivated by their own considerations and how this is being exhibited in their respective debates. Part III will examine the current opinion in legal scholarship with regard to an enhancement of protection of GIs. The paper will conclude with the examination of all of the perspectives and will answer the question, in the author’s opinion, whether the protection of GIs should be enhanced on an equal level vis-à-vis wines and spirits.

SCOPE: This paper will not delve into the discussions of the nature of Geographical Indications as an intellectual property, the domestic legal considerations with regard to protection of geographical indications – whether in a sui generis legal system or a trademark related system. Also the discussions about the creation of a multilateral register for recording different GIs across the world, in compliance with the TRIPS Agreement, is beyond the scope of this paper.

OBJECT: The object of this paper is to examine the current debates and demands for enhancement of protection of GIs and whether this protection should be granted.

METHODOLOGY: The research for this paper was mainly restricted to primary and secondary sources. The Primary sources include documents and representations made by several countries in various WTO/WIPO setups. Also, various reports and position papers by these organizations were looked into. The secondary sources were books on Geographical Indications and legislative history of the TRIPS agreement. Apart from these, several articles published in peer-reviewed journals were looked at for opinions of legal scholars on the issue discussed in this paper.

LIMITATIONS: The limitations faced by the author while working on this paper were manifold. Firstly, due to restrictions of time and space, the opinions of all legal scholars on this issue were not looked into. Secondly, the lack of consensus among many countries in this regard was exhibited in the position papers and this was devoid of reasons for this disagreement. This made it difficult to gauge the reasons and vested interests of the countries and what reasons led them to believe, in their opposition or support of the enhancement of protection. Most of legal opinion in this regard was conjectural and not empirical in nature.
RESEARCH QUESTION and LITERATURE REVIEW

The research question identified for analysis in this paper is:

**WHETHER THE ADDITIONAL PROTECTION GRANTED BY ARTICLE 23 TO WINES AND SPIRITS SHOULD BE MADE AVAILABLE TO ALL GEOGRAPHICAL INDICATIONS? SHOULD THERE BE AN ENHANCEMENT OF PROTECTION OF ALL GEOGRAPHICAL INDICATIONS IN THAT REGARD?**

The background research and literature review for this paper comprised of:

1. For legislative history of TRIPS Agreement and Article 23 in particular, the books by Marsha A. Echols, Jacques Audier and Daniel Gervais were looked at. Especially, as to how the GI protection evolved over time from Paris Convention to TRIPS in 1994.
2. For information on the limits and extent of protection of Wines and Spirits and other GIs, journal articles of Stacy D. Goldberg, Justin Hughes were beneficial. They provided a complete overview of protection granted under Article 23 of TRIPS.
3. For GI under TRIPS and calls for enhanced protection, the works of Tunisia L. Staten, Irene Carboli, Addor & Grazoli, Dwijen Rangnekar, Jose Manuel Cortes Martin and Steven Bowers presented the details of the arguments for and against expansion in the WTO and also their opinion about the same.
LEGISLATIVE HISTORY OF GEOGRAPHICAL INDICATIONS AND ARTICLE 23 OF TRIPS

The International Conventions relating to geographical indications are as follows:

A. The Paris Convention for the Protection of Industrial Property of 20th March, 1883;
B. The Madrid Agreement for the Repression of False and Deceptive Indications of Source on goods of 14th April, 1891;
C. The Lisbon Agreement for the protection of Appellations of Origin and their International Registration, 1958; and

A. The Paris Convention for the Protection of Industrial Property:4

The Paris Convention, concluded in 1883, was the first multilateral agreement to cover GIs.5 Although the Paris Convention now has 172 contracting parties,6 its protection of GIs is limited.7 In modern terminology, a GI encompasses both indications of source and appellations of origin.8 However, a major deficiency of the Paris Convention is its failure to define indications of source and appellations of origin. Furthermore, the Paris Convention does not specify what makes a representation of origin false.9 However, the Paris Convention fails to provide remedies for infringement of the provisions.10

B. The Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods:11

8 Audier, supra note 4 at 17.
In 1891, just eight years after the Paris Convention, the Madrid Agreement expanded protection by prohibiting products with false and deceptive indications of origin. However, the Madrid Agreement does not protect generic terms and allows national courts to determine which indications of origin are generic. As a result, with the exception of wine, which is specifically excluded from generic treatment by article 4, national courts have been free to develop different approaches to the Madrid Agreement and often have provided limited protection for foreign GIs. Moreover, the small number of signatories (thirty-five) has limited the scope of the international GI protection the Madrid Agreement provides.

C. The Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration

The Lisbon Agreement, which was concluded in 1958, represented a significant advance of GI protection. Seventy-five years after the Paris Convention, the Lisbon Agreement finally defined an appellation of origin as "the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors." The Lisbon Agreement only protects GIs to the extent they are protected in the country of origin. As a result, the impact of the Lisbon Agreement's GI protection is limited because many national legislatures have been unwilling to enact legislation enforcing added GI protection. Despite having been open to membership worldwide, there are only twenty-six contracting parties to the Lisbon Agreement.

A. TRIPS PROVISIONS ON GIs

Article 22 limits the protection of geographical indications to situations which mislead the public as to the true geographical origin of the product with the geographical indication or

---

12 Id.
13 Audier, supra note 4 at 11.
14 Dinwoodie, supra note 9 at 318. See also, José Manuel Cortés Martín, supra note 10 at 124.
16 Audier, supra note 13.
17 923 U.N.T.S 205.
18 Audier, supra note 13.
19 Article 2 (1), Lisbon Agreement.
21 Dinwoodie, supra note 9 at 319.
22 Audier, supra note 13.
where the use of a geographical indication results in an unfair competition. This is known as the misleading test.

In addition, Article 23 provides an enhanced layer of protection for wines and spirits. Regardless of consumer confusion, an inaccurate indication of origin amounts to a per se violation of GI protection for wines and spirits. Article 23 also provides wines and spirits with GI protection against GIs in translated form and indications of origin paired with approximation terms.

Therefore, it becomes clear that there is an enhanced level of protection granted to Wines and Spirits by virtue of Article 23 of the TRIPS Agreement and that the level of protection provided to other GIs is lower than this. This has spurred major debates for reforming the legislative framework of Geographical Indications in the TRIPS setup. Heated exchanges between members who oppose and support the amendments to extend the protection to all other GIs have dominated the discussions at various WTO conferences and no consensual solution has been arrived at yet. The next chapter will provide an overview of the debates for and against extension of protection of GIs under the TRIPS regime.

24 Article 22 (2), TRIPS, Id.
25 Steven A. Bowers, Location, Location, Location: the Case Against extending Geographical Indication Protection under the TRIPS Agreement, 31 AIPLA Q. J. 124 (2003.)
26 Audier, supra note 4 at 22. For drafting history of Article 23, see Daniel Gervais, The TRIPS Agreement: Drafting History and Analysis 191 (2nd edn., 2003).
27 Article 23 (1), TRIPS, supra note 23.
CURRENT DEBATES REGARDING ENHANCEMENT OF PROTECTION OF GEOGRAPHICAL INDICATIONS

This chapter will, inter alia, look at the debates surrounding extension of enhancement in light of the effectiveness or rather ineffectiveness of Article 22 as a protector of GIs.

The disparate levels of the two-tiered system of protection under TRIPS, has been the reason for considerable amount of debate in the WTO.  

The divide has inundated the proposals for the expansion of Article 23 beyond wines and spirits. In June 2002, European and other "old world" countries tabled a proposal (European Proposal) that would significantly extend GI protection. The European Proposal also included a "claw back" clause that would allow countries to register GI terms that are currently generic or registered as trademarks in other countries, such as "feta" for cheese or "champagne" for sparkling wine. Because of its impact on generic words and on existing registered trademarks, the European Proposal has been fiercely criticized by representatives of "new world" countries who have argued that this proposal violates the grandfather clauses of Article 24, does not provide adequate protection for non-misleading geographical trademarks, and adopts an overbroad definition of GI that is per se inconsistent with Article 22.

---


31 Bruce A. Babcock & Roxanne Clemens, Geographical Indications and Property Rights: Protecting Value Added Agricultural Products (Midwest Agribusiness Trade Research & Info. Ctr. (MATRIC), Briefing Paper 04-MBP-7, 2004).

32 Id. For a clearer understanding of the two opposing schools of arguments regarding extension of protection under Article 23, see Tunisia L. Staten, Geographical Indications protection under the TRIPS Agreement: Uniformity not Extension, 87 J. OF. PAT. & TRADEM. OFF. SOC’TY, 221 (2005).
In October 2003, TRIPs member countries met in Cancun, Mexico to discuss the extension of GI protection as provided by Articles 23 and 24.\(^{33}\) Because of the deep divide on the issue that has plagued the international community pre-TRIPs, the Cancun negotiations collapsed without reaching any result. No progress has been reached by the international community as to the issue of post-TRIPs GI protection.\(^{34}\)

With the debates in the background, it is important now to discuss what the deficiency with Article 22 is and why there is a demand for greater protection for all GIs along with wines and spirits.

**EFFECTIVENESS OF ARTICLE 22:**

Those opposed to extension of protection have systems of protection of GI (through certification marks, for e.g. in the United States) which are adequate and safeguard the interests of the parties concerned without much complaint. The ones who are proposing the expansion of Article 22 have also not provided any evidence to suggest that a lower level of protection will affect the economic interests of the community.\(^{35}\)

Members advocating GI-extension make a contrasting presentation of the ‘effectiveness’ of protection under Article 22. Three broad issues are highlighted: the problem of ‘free-riding’, the risk of rendering GIs as generic terms, and the uncertainty of/and undue burden in enforcing GI-protection in comparison to Article 23.\(^{36}\)

The low standard of protection under Article 22 allows producers from other locales to use a GI and ‘free-ride’ on its reputation without infringement as long as the product’s true origin is stated.\(^{37}\) In particular, it is suggested that the requirements for establishing ‘unfair competition’ or that the ‘public has been misled’ erect a relatively higher threshold – in comparison to Article 23 – thus, making it relatively easier for other producers to use a reputable GI and ‘free-ride’. This is aggravated by the limited protection – in contrast to Article 23 – that does not prevent the use of a GI in a translated form, i.e. the indication


\(^{34}\) Martin, *supra* note 10 at 172.

\(^{35}\) Dwijen Rangnekar, Geographical Indications: A Review of proposals at the TRIPS Council-Extending Article 23 to products other than Wines and Spirits, UNCTAD-ICTSD Project on IPRs and Sustainable Development, Issue paper no. 4, June 2003.

\(^{36}\) IP/C/W/247; IP/C/W/308. See also, Tehemtan A. Daruwalla, Perspectives for Geographical Indications, paper presented at the International Symposium on Geographical Indications (Beijing, China; June 26-28, 2007). WIPO Doc. WIPO/GEO/BEI/07/12.

\(^{37}\) IP/C/W/247, paragraphs 10-11.
accompanied by expressions like ‘such as’, ‘type’, ‘kind’ or ‘imitation’. Consequently, there is an ever present risk of GIs becoming generic. This risk is considered by these Members as a ‘key reason’ for demanding GI-extension.

The exchange of views on the risk of GIs becoming generic makes interesting reading. Members opposing GI-extension contend that the risk is over-stated,

“[The risk of a GI becoming generic is] overstated: commercial experience clearly indicates that genuine, internationally recognised GIs will always command a premium on world markets. Indeed, far from detracting from the market value of a genuine GI, free and fair imitation of the product often enhances the intrinsic value (and premium) of the genuine GI.”

In response, Members advocating GI-extension state the following:

“… such a line of argument seems to lead to dangerous waters when applied to other fields of intellectual property rights. There is no valid argument why it should be different for geographical indications.”

Therefore, there is a clear mismatch between the members opposing and supporting extension as to the effectiveness of Article 22 in tackling the ostensible problem of enhanced protection and the inherent necessity of such a move. There is myriad opinion regarding the extension of GI protection in the legal academic, the next chapter will elucidate on that.

38 IP/C/W/247, paragraph 12.
39 IP/C/W/308, paragraph 18.
40 IP/C/W/289, pp 5-6.
41 IP/C/W/308/Rev.1, paragraph 18.
Tunisia L. States\textsuperscript{42} believes that extending Article 23 enhanced protection for wines and spirits to all products will not resolve the dispute in the WTO regarding GI protection and she advocates that, for the resolution of the dispute, both the warring factions of the WTO must reach an agreement consensually regarding the proprietary nature of geographical indications and then adopt a uniform system reflecting that agreement. The author has basically vouched for a more uniform system of protection of geographical indications than the status quo hierarchical protection standard. She also says that fundamentally, GIs are similar to trademarks and that the GIs should be protected under a trademark registration system as followed by the United States.

Addor and Grazioli\textsuperscript{43} believe that extension would lead to a satisfactory and balanced international minimal level of protection of GIs for all products. They also believe that such a step would increase quality and demand for more niche products in the markets and that this is in the best interests of all legitimate producers and consumers. They advocate a uniform system where there is adequate protection for all GIs and something that is beneficial to all parties involved. Addor and Grazioli go on to examine the costs and benefits of an extension of protection under Article 23 and they find:\textsuperscript{44}

1. Negligible potential costs of extension since the same mechanism used for implementation of Article 23 protections could be applied to other GIs. The only positive obligation on the members would be to enact legal measures to enable such a protection so that no negative advantage may be taken on a minimal process of protection.

2. The number of foreign geographical indications to be protected may increase substantially. But there would be no burden to protect these since, with passing of

\textsuperscript{42} Tunisia L. Statens, Geographical Indications protection under the TRIPS Agreement: Uniformity not Extension, 87 J. OF PAT. & TRADEM. OFF. SOC’TY, 221, 245 (2005).
\textsuperscript{44} Id at 880. See also, Justin M. Waggoner, supra note 1.
time, they will grow more popular with increased awareness of the consumers which will spur demand and better economic benefits.

3. The authenticity of a GI induces consumers to be more confident and socially responsible about the choices of their consumables. If such protection, granted to wines and spirits is extended to all other GIs, this would go a long way in providing better options to consumers and would in turn benefit trade.

4. This would also be beneficial to local and indigenous communities and farmers as their products would be protected and enable them to benefit from their traditional knowledge.

Irene Calboli\(^{45}\) believes that Like the Australian wine industry, "new world" countries can also benefit from adequate GI protection. In other words, an enhanced GI protection system in which countries would have to invest in building the reputation of their own GI could represent a new opportunity, rather than an obstacle for competition in the marketplace. Under this exact premise, at least partially developed countries have pushed for the implementation of intellectual property protection in developing countries.\(^{46}\) The recent agreement between the United States and the European Union seems to suggest, however, a possible realization that a reasonable expansion of GI protection could be more beneficial than detrimental for all interested parties. As this discussion has highlighted, such an extension could, in fact, foster agricultural interest in all TRIPs Members, benefiting not only Europe but also new world countries, as the booming Australian wine industry has shown. This expansion should neither affect the market or consumers nor undermine previous rights that have been acquired in good faith. Under these terms, the expansion of GI protection could represent a new opportunity for all TRIPs Members. Accordingly, it should be welcomed.


\(^{46}\) In addition to imposing intellectual property protection for the sale of their products in developing countries, developed countries have often observed that it would be beneficial for developing countries to invest in their industries rather than free riding on foreign trademarks, copyrights, and patents. See also, Mathias Schelli, Perspectives for Geographical Indications: Extension of the protection of Article 23 of the TRIPS Agreement to all products: A promising solution for developing an appropriate international legal framework for the protection of geographical indications, paper presented at the International Symposium on Geographical Indications (Beijing, China; June 26-28, 2007). WIPO Doc. WIPO/GEO/BEI/07/11.
CONCLUSION and RECOMMENDATION

The debates and opinion of legal scholars seems to have taken a contrasting direction from one another. Whereas, there is heated discussion among the two warring factions in the WTO conferences and meetings, there is an absence of any substantial empirical evidence that neither of the sides have provided for better protection of GIs or even advantages of maintaining status quo protection. The opposition has basically pushed for maintenance of status quo and the proposition has been pushing for a better protection. Legal scholars, on the other hand, has pushed for enhanced and uniform protection of all GIs on the same scale and have condemned the idea of disparate protection for wine and spirits and other GIs respectively.

There are many unanswered questions that these debates will have to answer to push forward a more uniform system of protection of Geographical Indications. Some of the questions which will need answering to enable a more rich and informed debate could be:

1. What are the common municipal law features of implementation of geographical indications? More so because many countries like India and China,47 have sui generis protection systems rather than being completely reliant on the TRIPS provisions. Can there be a normalization of all these systems to being about the universality of protection on an international level-playing field?

2. What are the costs associated with maintenance of a GI-protection system, and what are the legal and administrative costs in implementing any new change in the TRIPS regime? Could the costs be feasible? Are the benefits of implementation far ahead from the costs that a member state would incur?

3. With regard to the interests of the producers and consumers, can there be trends identified for better awareness and better overall welfare of both sides of the equation? If it is a win-win situation for all, the enhancement of protection should not prove to a herculean task.

Therefore, only once the debates take a shape of more reasoned and informative discussions than mere conjecture, could there be some clarity on what level of protection should be extended to geographical indications.