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## COMMENTS

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### **Geographical Indications of Origin: Should They Be Protected and Why? – An Analysis of the Issue From the U.S. and EU Perspectives<sup>‡</sup>**

**Lina Montén<sup>†</sup>**

#### INTRODUCTION

As a result of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), geographical indications of origin (GIs) are for the first time afforded international protection as a separate branch of intellectual property, and have simultaneously become one of the most hotly contested areas within the World Trade Organization (WTO). Currently, inequalities exist amongst products, as the protection for wines and spirits is greater than that provided for all other products. Adding to the inequality, it is up to the individual WTO members to enact laws that enforce the TRIPS standards, which has resulted in inconsistent levels of protection from one country to another. In fact, the WTO is split between the European Union (EU) and the “Old World” in favor of greater protection for GIs, on one side, and the United States (U.S.) and the “New World” opposed to greater protection, on the other side.

This article analyzes the GI debate that has ensued and examines whether GI protection, and particularly the extension thereof, is desirable from the perspectives of the U.S. and the EU. The article thereby specifically excludes the GI question with regard to developing countries. Section II defines GIs and explains why they

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need protection. Section III reviews the current state of the law, both international and national, focusing on the different approaches taken by Europe and the U.S. Section IV discusses the debate by exploring the various arguments presented by the respective sides. Finally, Section V finds that although GIs need protection, the current level of protection should not be extended.

## II. BACKGROUND

### *A. What are Geographical Indications of Origin?*

Today, Geographical Indications are an instrument of intellectual property, although prior to 1994, this was not the case.<sup>1</sup> In 1994, as part of the Uruguay Round, the Member states of the newly founded WTO signed TRIPS.<sup>2</sup> TRIPS affirms GIs as a separate branch of intellectual property, which are entitled to worldwide protection by virtue of the agreement.<sup>3</sup> TRIPS defines GIs as “indications which identify a good as originating in a territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.”<sup>4</sup> Alternatively, the World Intellectual Property Organization (WIPO), describes a GI as a “sign used on goods that have a specific geographical origin and possess qualities or a reputation that are due to that place of origin.”<sup>5</sup>

The place of production therefore determines the characteristic qualities of the product, and the product’s quality and reputation in

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1. See Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, LEGAL INSTRUMENTS – RESULTS OF THE URUGUAY ROUND, 33 I.L.M. 81 (1994) [hereinafter TRIPS].

2. See *id.*

3. See TRIPS, *supra* note 1, arts. 22-24; see also Dwijen Rangnekar, *The Pros and Cons of Stronger Geographical Indication Protection*, BRIDGES (Jan. 2002), available at <http://www.iprsonline.org/ictsd/docs/RangnekarBridgesYear6N3MarchApril2002.pdf> (last visited Oct. 23, 2004).

4. TRIPS, *supra* note 1, art. 22(1). Some WTO members distinguish between different types of GIs, such as “indications of source” and “appellations of origin,” but the term “geographical indication” includes all types of GIs. See Request for Action by the INTA Board of Directors, Protection of Geographical Indications and Trademarks, Sept. 24, 1997, available at [http://www.inta.org/policy/res\\_geointdms.html](http://www.inta.org/policy/res_geointdms.html) (last visited Oct. 23, 2004).

5. WIPO, What is a Geographical Indication?, [http://www.wipo.int/about-ip/en/about\\_geographical\\_ind.html#P16\\_1100](http://www.wipo.int/about-ip/en/about_geographical_ind.html#P16_1100) (last visited Oct. 23, 2004). The WIPO website further uses agricultural products as an illustration of products that “typically have qualities that derive from their place of production and are influenced by specific local factors, such as climate and soil.” *Id.*

fact depend on that place.<sup>6</sup> In other words, there is a “link” between the products and the place where they were originally produced.<sup>7</sup> Additionally, another significant feature is that a GI is not exclusive; a GI may be used by *all* producers whose products are produced in the area the GI indicates and whose products have the same typical qualities.<sup>8</sup> This non-exclusive feature makes it possible for producers in a given geographical region to claim a right to use a GI for that region, such as Bordeaux or Napa Valley for wine, or New Zealand for mussels.<sup>9</sup> Oftentimes a GI is simply the name of a product that is also the name of the place where the product originates.<sup>10</sup> Importantly, as will be further explained, a GI is neither a trademark with geographical significance, nor a generic term.<sup>11</sup>

*B. Why are GIs important and why do they need protection?*

GIs are significant for a number of reasons. First, they are important because they identify a product's source.<sup>12</sup> Second, they indicate a product's quality by informing consumers that “the goods come from an area where a given quality, reputation or other characteristic . . . is . . . attributable to their geographic origin.”<sup>13</sup> Third, they represent business interests because they only endorse the goods originating from that particular area.<sup>14</sup> Last, thanks to TRIPS, GIs are now officially recognized as granting intellectual property rights and thus qualify for protection and judicial relief in case of infringement or unfair competition.<sup>15</sup> In sum, it is important that GIs be protected because without protection consumers may be confused as to the origin or quality of a product. Similarly, in the absence of

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6. *Id.*

7. *Id.*

8. *Id.*

9. WIPO, *supra* note 5. See Request for Action by the INTA Board of Directors *supra* note 4. Other GIs that originate in an area in the U.S. include: “Florida” for oranges, “Idaho” for potatoes, and “Washington State” for apples. See United States Patent and Trademark Office, Geographical Indications, at

<http://www.uspto.gov/web/offices/dcom/olia/globalip/geographicalindication.htm> (last visited Oct. 23, 2004) [hereinafter Geographical Indications].

10. Geographical Indications, *supra* note 9.

11. An example of a trademark that is not a GI is BOSTON MARKET for restaurants. An example of a generic term that is not a GI is Swiss cheese. See Request for Action by the INTA Board of Directors, *supra* note 4.

12. Geographical Indications, *supra* note 9.

13. *Id.*

14. *Id.*

15. *Id.*

GI protection business operators might use GIs dishonestly, thereby taking unfair advantage of legitimate producers and potentially tarnishing their reputations and causing financial loss.<sup>16</sup>

### III. CURRENT STATE OF THE LAW

#### *A. International Law: The TRIPS Agreement*

##### 1. Article 22: Basic Protection

The 1995 TRIPS agreement provisions on GI protection took effect in developed countries on January 1, 1996, in developing countries on January 1, 2000, and will take effect in least developed countries on January 1, 2006.<sup>17</sup> With respect to GIs, in Part II, Section 3, Articles 22, 23, and 24, TRIPS sets forth standards for their international regulation and establishes international minimum standards.<sup>18</sup> Article 22(2) states that all signatories

shall provide the legal means . . . to prevent: (a) the use of any means . . . that indicates or suggests that the good . . . originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good; [or] (b) any use which constitutes an act of unfair competition within the meaning of Article 10b is of the Paris Convention.<sup>19</sup>

WTO members must also “refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication . . . is of such a nature as to mislead the public as to the true place of origin.”<sup>20</sup> Therefore, it is up to the individual countries to enact laws that implement the TRIPS provisions, making it a matter of national law whether a sign functions as a GI.<sup>21</sup> In sum,

16. WIPO, *supra* note 5.

17. Geographical Indications, *supra* note 9. See generally TRIPS, *supra* note 1.

18. TRIPS, *supra* note 1, arts. 22-24; see Geographical Indications, *supra* note 9.

19. TRIPS, *supra* note 1, art. 22(2). See also Sergio Escudero, *International Protection of Geographical Indications and Developing Countries*, TRADE-RELATED AGENDA DEV. & EQUITY, at 27-28, available at <http://www.southcentre.org/publications/geoindication/toc.htm> (last visited Oct. 23, 2004).

20. TRIPS, *supra* note 1, art. 22(3); see Leigh Ann Lindquist, *Champagne or Champagne? An Examination of U.S. Failure to Comply with the Geographical Provisions of the TRIPS Agreement*, 27 GA. J. INT'L & COMP. L. 309, 317 (1999).

21. See WIPO, *supra* note 5. Examples of agricultural products that are GIs and their respective national laws under which they are protected are: “Tuscany” for olive oil from an

Article 22 prohibits false designations of origin and geographically misleading trademarks as well as incorporates into TRIPS the Paris Convention's unfair competition provisions.<sup>22</sup>

## 2. Article 23: Additional Protection for Wines and Spirits

In addition to the above protections, Article 23 provides more extensive protection for wines and spirits.<sup>23</sup> According to this article, each member country must enact laws:

to prevent use of a geographical indication identifying wines [or spirits] for wines [or spirits] not originating in the place indicated by the geographical indication . . . , *even where* the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as 'kind', 'type', 'style', 'imitation' or the like.<sup>24</sup>

Thus, unlike the protection provided by Article 22 for all other goods, GIs that refer to wines and spirits are protected regardless of whether they are misleading to the public or are an act of unfair competition.<sup>25</sup> As a result, under Article 22 the corrective label "Roquefort cheese, produced in Norway" is allowed, but under Article 23, "Champagne, produced in Norway" is not permitted.<sup>26</sup>

With respect to trademarks, similar to Article 22, Article 23 also states that each country must make sure that "trademark [registration] for wines [or spirits] which contain[] or consist[] of a geographical indication identifying wines [or spirits] . . . shall be refused or invalidated."<sup>27</sup> Further, Article 23 also addresses the issue of homonymous GIs - that is, situations where two geographical regions are identically named and produce similar products. The issue of

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area in Italy with the same name is in Italy protected by Law No. 169 of February 5, 1992; "Roquefort" for cheese from a city by that name in France is in France and the entire EU protected under EC Regulation No. 2081/92 *and* in the United States the same cheese is protected as a GI under U.S. Certification Registration Mark No. 571.798." *Id.*

22. See Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 828 U.N.T.S. 305, revised by 21 U.S.T. 1583, July 14, 1967, art. 10bis; see TRIPS, *supra* note 1, art. 22(2); Lindquist, *supra* note 20, at 317.

23. See TRIPS, *supra* note 1, art. 23.

24. *Id.* art. 23(1) (emphasis added); see Lindquist, *supra* note 20, at 317; see also Escudero, *supra* note 19, at 28-31.

25. Felix Addor, Nikolaus Thumm & Alexandra Grazioli, *Geographical Indications: Important Issues for Industrialized and Developing Countries*, 74 THE IPTS REPORT 24 (May 2003), available at [http://www.ige.ch/E/jurinfo/pdf/IPTS-74\\_GIs\\_English.pdf](http://www.ige.ch/E/jurinfo/pdf/IPTS-74_GIs_English.pdf) (last visited Oct. 23, 2004).

26. See *id.*

27. TRIPS, *supra* note 1, art. 23(2); see Lindquist, *supra* note 20, at 317.

homonymous GIs pertains almost exclusively to wines.<sup>28</sup> To ensure they can co-exist, TRIPS provides protection for *both* GIs, by stating that “[i]n the case of homonymous geographical indications for wines, protection shall be accorded to *each* indication.”<sup>29</sup> An example is “Rioja,” because it is a region in both Spain and Argentina, both of which happen to produce wine.<sup>30</sup> The provision then continues by stating that it is up to each member to “determine the practical conditions under which the homonymous indications in question will be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled.”<sup>31</sup> This provision basically requires that the products be sufficiently differentiated from each other to make sure that both producers are treated “equitably” and that consumers are not misled.<sup>32</sup> Difficulties arise however, when the two products in question are marketed in the same market and one of the products has qualities that the other one lacks.<sup>33</sup> In such a situation, the use of the GI will be considered misleading and will be forbidden.<sup>34</sup>

### 3. Article 24: Negotiations and Exceptions

The third Article applicable to GIs is Article 24, which addresses international negotiations and expectations.<sup>35</sup> It is very future-oriented in that it makes clear that “Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23 . . . .”<sup>36</sup> Article 24(3) also reiterates the importance TRIPS places on GI protection by not allowing countries to reduce the protection GIs are given under domestic law: “a Member shall not diminish the protection of

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28. See Felix Addor & Alexandra Grazioli, *Geographical Indications beyond Wines and Spirits: A Roadmap for Better Protection of Geographical Indications of Origin in the WTO TRIPS Agreement*, 5 J. WORLD INTELL. PROP. 865, 879 (2002), available at <http://www.ige.ch/E/jurinfo/pdf/PDF-doku3.pdf> (last visited Oct. 23, 2004).

29. See *id.*; TRIPS, *supra* note 1, art. 23(3).

30. See Addor & Grazioli, *supra* note 28, at 879.

31. TRIPS, *supra* note 1, art. 23(3).

32. Addor & Grazioli, *supra* note 28, at 879.

33. See *id.*

34. *Id.*

35. TRIPS, *supra* note 1, art. 24; see also Escudero, *supra* note 19, at 31-32.

36. TRIPS, *supra* note 1, art. 24(1). Notably, this provision is not voluntary and it is therefore a requirement that all members enter into such negotiations. Lindquist, *supra* note 20, at 317-18.

geographical indications that existed in that Member immediately prior to the date of entry into force of the WTO Agreement.”<sup>37</sup>

Article 24 then lists exceptions to the protection requirements. First, a country need not protect GIs “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.”<sup>38</sup> The above description essentially refers to terms that have become “generic.”<sup>39</sup> For instance, many would argue that Dijon mustard is a generic name for a type of mustard, rather than a GI.<sup>40</sup> A similar rule also exists for wines and spirits: “[n]othing . . . shall require a Member to prevent continued . . . use of a particular geographical indication of another Member identifying wines or spirits . . . by any of its nationals . . . who have used [it] in a continuous manner . . . (a) for at least ten years preceding [April 15, 1994] or (b) in good faith . . .”<sup>41</sup> For instance, in the U.S. the word “Chablis” is used as a generic term for white wine and under Article 24 its use for white wine may therefore be continued even though it is also a GI.<sup>42</sup>

Another important exception pertains to trademarks; Article 24(5) makes clear that:

Where a trademark has been applied for or registered in good faith, . . . either: (a) before the date of application of these provisions; or (b) before the geographical indication is protected in its country of origin; . . . this Section shall not prejudice eligibility for or the validity of the registration of a trademark, or the right to

37. TRIPS, *supra* note 1, art. 24(3). Additionally, Article 24 also provides that the TRIPS Council will review the application of these provisions. *See* TRIPS, *supra* note 1, art. 24(2). Although the TRIPS Council plays a role in the implementation of the agreement, it nonetheless falls on the member countries to assure compliance. This is due to the fact that the TRIPS Council meets so infrequently and is often not involved in disputes. Lindquist, *supra* note 20, at 317-18.

38. TRIPS, *supra* note 1, art. 24(6).

39. Geographical Indications, *supra* note 9. *See also* WIPO, *Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Obtaining Effective Protection in other Countries*, WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, Sixth Session, Geneva, Mar. 12-16, 2001, at 24-25 available at [http://www.wipo.int/sct/en/documents/session\\_6/pdf/sct6\\_3.pdf](http://www.wipo.int/sct/en/documents/session_6/pdf/sct6_3.pdf) (last visited Oct. 2, 2004). The Article 24 exception for generic goods has for instance enabled Canada to classify 22 wine names and 15 spirit names as generic. Rangnekar, *supra* note 3.

40. *See* Tyler Cabot, *Naming Rights: Is America the Home of the Free but Not of the Brie?*, WASH. POST, May 21, 2003, at F01.

41. TRIPS, *supra* note 1, art. 24(4).

42. *See* Geographical Indications, *supra* note 9. It has been argued that “champagne” is also a generic term and that in the U.S. denotes any “light-colored wine with bubbles.” *See id.*



use a trademark, on the basis that such a trademark is identical with, or similar to, a geographical indication.<sup>43</sup>

In essence, this is a grandfather clause in favor of trademarks because it posits that a prior trademark takes precedence over a later GI, and thus “maintains its legal presumption of superiority, based on the principle of ‘first-in-time, first-in-right.’”<sup>44</sup>

TRIPS thus protects all products against uses that are misleading or amount to unfair competition, protects wines and spirits even without the showing of such effects, carves out specific exceptions, and obliges signatories to negotiate.<sup>45</sup>

### *B. National Laws*

With respect to national laws, this article focuses exclusively on the EU and the U.S. and excludes other countries and the unique issues developing countries face with respect to GIs. The EU and U.S. laws are of particular interest, however, because they are at opposite ends of the spectrum and have evolved into critical players in the GI debate.

#### 1. EU: A Separate Branch of Intellectual Property

Prior to the establishment of the EU in 1992, the countries that today make up the Union each had their own laws regulating GIs.<sup>46</sup> Since then, the EU has passed a series of regulations that address GIs, the most significant of which is Council Regulation 2081/92 “on the protection of geographical indications and designations for agricultural products and foodstuffs,” and its subsequent amendments.<sup>47</sup> Regulation 2081/92 provides GI protection for a

43. TRIPS, *supra* note 1, art. 24(5).

44. See Geographical Indications, *supra* note 9; see TRIPS, *supra* note 1, art. 24(5).

45. Addor, Thumm & Grazioli, *supra* note 25; Lindquist, *supra* note 20, at 317-18.

46. See generally European Union: Consolidated Version of the Treaty on European Union and Consolidated Version of the Treaty Establishing the European Community, 37 I.L.M. 56 (1998); Lindquist, *supra* note 20, at 321-22.

47. 1992 O.J. (L 208) 1, as amended by 535/97 of 17 Mar. 1997, O.J. (L 83) 3. See also Commission Regulation 1107/96 of 12 June 1996 on the Registration of Geographical Indications and Designations of Origin Under the Procedure Laid Down in Article 17 of Council Regulation 2081/92, 1996 O.J. (L 148) 1. See also *Geographical Indications*, The European Commission's IPR Helpdesk, available at [http://www.ipr-helpdesk.org/documentos/docsPublicacion/html\\_xml/8\\_GeographicalIndications\[0000003653\\_00\].html](http://www.ipr-helpdesk.org/documentos/docsPublicacion/html_xml/8_GeographicalIndications[0000003653_00].html) (last visited Oct. 2, 2004). Other Regulations of the European Council that are still in force are: Regulation 1493/1999, 17 May 1999 (on the common organization of the market in wine), O.J. (L 179) 16 (14 July 1999); Regulation 1576/89, 29 May 1989 (laying down general rules on the definition, description and presentation of spirit drinks), O.J. (L 275) 1 (25 April

number of different products, including fresh meat, meat-based products, cheese, eggs, honey, olive oil, fruits, vegetables, cereals, cider, beer, natural mineral and spring waters, cakes and pastry products, vinegars and fish.<sup>48</sup> The Regulation's stated objective is to "encourage the diversification of agricultural production and promote products having certain characteristics to the benefit of the rural economy," which hints at the high priority the EU gives to GI protection.<sup>49</sup> In fact, the GI provisions in TRIPS are largely the result of European efforts, so it is no surprise that the European GI laws are at least as strict, or stricter, than what is required by TRIPS.<sup>50</sup> Unlike TRIPS, the EU differentiates between designations of origin and GIs, though the distinction is not crucial for purposes of this article.<sup>51</sup> It suffices to say that Regulation 2081/92 contains very broad definitions of what qualifies as "designations of origin" and GIs.<sup>52</sup>

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1989). With an eye to the future, the regulation states: "[A] framework of Community rules on protection will permit the development of [GIs] since . . . such a framework will ensure fair competition between the producers of products bearing such indications and enhance the credibility of the products in the consumers' eyes." *Id.* The EU goal of GI protection is thus enhanced product credibility with respect to the consumers. *See id.*

48. Council Regulation 2081/92 "On the protection of geographical indications and designations for agricultural products and foodstuffs," *O.J. (L 208)* 1 (24 July 1992), as amended by 535/97 of 17 March 1997, *O.J. (L 83)* 3 (25 March 1997).

49. *See id.*

50. *See Escudero, supra* note 19, at 22-32.

51. Council Regulation 2081/92, *supra* note 48, art. 2(2). The question of what is registerable was addressed by the ECJ in Case 12-74, *Commission of the European Communities v. the Federal Republic of Germany* [1975] ECR 181, [1975] 1 CMLR 340), which involved an application by Germany to reserve "Sekt" and "Weinbrand" to domestic products and "Praedikatssekt" to wines produced in Germany from a fixed minimum proportion of German grapes. The Commission felt "Sekt" and "Weinbrand" were generic terms that the legislature was trying to transform into indirect GIs arguing that German consumers see "Praedikatssekt" as describing merely a certain type of "Sekt." It also argued that the requirement of use of a minimum proportion of German grapes was essentially imposing illegal quantitative restrictions. According to the court "an area of origin which is defined on the basis either of the extent of national territory or a linguistic criterion cannot constitute a geographical area capable of justifying an indication of origin," particularly as the products in question could be produced from grapes of indeterminate origin. So the court held that the products did not have the quality and characteristics to make them typically German, so the legislation did, indeed, have the effect of quantitative restrictions on imports. The European Commission's IPR Helpdesk, *supra* note 47.

52. In Article 2(2), Regulation 2081/92 defines "designation of origin" as a:

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

As under TRIPS,<sup>53</sup> Regulation 2081/92 provides that names that have become generic may not be registered as GIs.<sup>54</sup> However, unlike TRIPS, the EU does not allow correctives.<sup>55</sup> Further, the EU also does not have a grandfather clause in favor of trademarks the way TRIPS does, but instead allows for the co-existence of a trademark and a GI.<sup>56</sup> In 1993 and 1994 the EU enacted further regulations to assure compliance with TRIPS.<sup>57</sup> Nonetheless, as will be explained in detail below, some WTO Members, including the

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Council Regulation 2081/92, *supra* note 48, art. 2(2). In Article 2(2) of Regulation 2081/92 also defines "geographical indications" as a:

name of a region, a specific place or... a country, used to describe an agricultural product or a foodstuff: originating in that region, specific place or country, and which possesses a specific quality, reputation or other characteristics attributable to that geographical origin and the production and/or processing and/or preparation of which take place in the defined geographical area.

Council Regulation 2081/92, *supra* note 48, art. 2(2).

53. See TRIPS, *supra* note 1, art. 24(6).

54. See Council Regulation 2081/92, *supra* note 48, art. 3. Three factors are to be considered in determining whether a term has become generic, which are: (1) "the existing situation in the Member State in which the name originates and in areas of consumption;" (2) "the existing situation in other Member States;" (3) "the relevant national or Community laws." *Id.*

55. Registered names are to be protected against: "any misuse, imitation or evocation, even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as style, type, method, as produced in, imitation or similar." Council Regulation 2081/92, *supra* note 48, art. 13.

56. This fact can be derived from the Regulation's wording of what registered names are to be protected against:

any direct or indirect commercial use of a name registered in respect of products not covered by the registration in so far as those products are comparable to the products registered under that name or insofar as using the name exploits the reputation of the protected name... any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product... any other practice liable to mislead the public as to the true origin of the product.

Council Regulation 2081/92, *supra* note 48, art. 13.

57. See Council Decision 94/800/EC of 22 December 1994 Concerning the Conclusion on Behalf of the European Community, as Regards Matters Within its Competence, of the Agreements Reached in the Uruguay Round Multilateral Negotiations, 1994 O.J. (L 336) 1; Council Regulation 3288/94 of 22 December 1994 Amending Regulation 40/94 EEC on the Community Trademark for the Implementation of the Agreements Concluded in the Framework of the Uruguay Round, 1994 O.J. (L 349) 83; Council Regulation 40/94 of 20 December 1993 on the Community trademark, 1994 O.J. (L 11); Council Regulation 3288/94 of 22 December 1994 Amending Regulation 40/94 EEC on the Community Trademark for the Implementation of the Agreements Concluded in the Framework of the Uruguay Round, 1994 O.J. (L 349) 83. See Jaqueline Nanci Land, *Global Intellectual Property Protection Viewed Through the European Community's Treatment of Geographical Indications: What Lessons Can TRIPS Learn?*, 11 CARDOZO J. INT'L & COMP. L. 1007, 1018 (2004).

U.S., argue that the EU system is not in compliance with the requirements of TRIPS but favors EU producers.<sup>58</sup>

The highest court within the EU, the European Court of Justice (ECJ), has jurisdiction to enforce TRIPS, even though the court's first priority is to promote the basic values of the EU, particularly the free movement of goods.<sup>59</sup> This means the court has the authority to determine whether a given nation's legislation is consistent with the requirements of Articles 22, 23, and 24 of TRIPS.<sup>60</sup> An example of a case that reached the ECJ involved the question of whether a German soft cheese called "Cambozola" infringed upon "Gorgonzola" (Italy's GI) if the packaging bore a clearly visible indication of the country of manufacture - in essence a corrective.<sup>61</sup> The ECJ concluded that because the product was soft cheese similar to Gorgonzola and because the names ended in the same two syllables, it could reasonably be concluded that the name was "evoked," and thus constituted an infringing imitation under Regulation 2081/92.<sup>62</sup> This case demonstrates the EU's unwillingness to allow correctives as required by TRIPS.<sup>63</sup>

58. See discussion *infra* Part IV.A.

59. Land, *supra* note 57, at 1020. Article 133(5) of the Treaty Establishing the European Community empowers the European Council to extend commercial policies common to the European countries to international negotiations and agreements on intellectual property, when "based upon uniform principles . . . the achievement of uniformity in measures of liberalization, export policy and measures to protect trade." See Treaty Establishing the European Community, Nov. 10, 1997, pmbl., 1997 O.J. (C 340) 3 art 133(5). This provision was concluded by the ECJ to apply to TRIPS. When one reads Article 133 together with Article 94, which gives the Council the right to "issue directives for the approximation of such laws, regulations or administrative provisions of the Member States as directly affect the establishment or functioning of the common market," it becomes clear that the European Council has the ability to accept the TRIPS provisions and base its directives on TRIPS. Land, *supra* note 57, at 1016-17. In addition, in an advisory opinion the ECJ also held that "the Community and its member states are jointly competent to conclude the Agreement on the Trade-Related Aspects of Intellectual Property." Opinion 1/94 on Community Competence to Conclude Certain International Agreements, 1994 E.C.R. I-5276, [1995] 1 C.M.L.R. 205, 209.

60. See Land, *supra* note 57, at 1020.

61. See Case C-87/97, *Consorzio per la Tutela del Formaggio Gorgonzola v. Kumaserei Champignon Hofmeister GmbH & Co. KG*, 1999 ECJ LEXIS 1241, at 1 (opinion of Advocate General Jacobs); see Jenny Mosca, *The Battle Between the Cheeses Signifies the Ongoing Struggle to Protect Designations of Origin Within the European Community and in the United States in Consorzio per la Tutela del Formaggio Gorgonzola v. Kumaserei Champignon Hofmeister GmbH & Co. KG*, 8 TUL. J. INT'L & COMP. L. 559 (2000) (providing a detailed analysis of the Gorgonzola case).

62. *Gorgonzola*, 1999 ECJ LEXIS 1241, at 1.

63. See *id.* Another GI case that made it to the ECJ involved a brewery, Warsteiner Brauerei in the city of Warstein Germany, that used the trademark "Warsteiner" on beer brewed both in Warstein and in a second city named Padeborn. An organization that opposes unfair competition, called Schutzverband, sued the German government alleging that Warsteiner was a

## 2. U.S.: Certification Marks

Unlike GI protection in Europe, which in many countries is both “highly protective and firmly established,” in the U.S., GI protection “stems from a collection of unrelated laws and regulations which together govern use and protection.”<sup>64</sup> The certification mark, which is a type of trademark, is currently the principal method by which GIs can be protected under U.S. law. Thus, federal trademark law has the most influence on GIs, though regulations of the United States Bureau of Alcohol, Tobacco and Firearms (BATF), and other provisions in the Lanham Act also play a role.<sup>65</sup> Section 45 of the Lanham Act defines a “certification mark” as: “any word, name, symbol, or device, or any combination thereof . . . used . . . to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of . . . goods . . . .”<sup>66</sup>

In contrast to trademarks, the certifying entity, rather than the producer, owns the certification marks.<sup>67</sup> An example of a certification mark is Good Housekeeping’s seal of approval.<sup>68</sup> With respect to GIs, certification marks are used to “certify regional . . . origin.”<sup>69</sup> These certification marks do not identify a business source but instead inform consumers that a certain product has a particular characteristic and comes from a particular place.<sup>70</sup> Importantly, unlike trademarks, certification marks *may* be geographically

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GI indicating that all of its beer had to be brewed in Warstein and that the public was being misled. Warsteiner Brauerei’s response was that the name referred to the quality and reputation of the product, not its geographical origin. The case eventually made it to the ECJ because the Bundesgerichtshof (the German Constitutional Court) felt the case turned on the interpretation of Regulation 2081/92 and thus whether a GI which guarantees quality or reputation that is attributable to origin precludes a regulation that protects GIs without a link between the characteristics and the origin. The ECJ held that there were no common rules on the subject, but that it was the responsibility of the member states to individually regulate matters concerning marketing of a product in its territory. Hence, Regulation 2081/92 applied to GIs only where there is a link between the quality or reputation and the geographical origin, so without the link GIs are not covered by 2081/92 and national legislation on the issue was not precluded. *Schutzverband gegen Unwesen in der Wirtschaft eV v. Warsteiner Brauerei Haus Cramer GmbH & Co. KG*, Judgement 7 Nov. 2000, at 3141-48.

64. Lee Bendekgey & Caroline H. Mead, *International Protection of Appellations of Origin and Other Geographic Indications*, 82 TMR 765, 767 (1992).

65. *Id.*

66. 15 U.S.C. § 1127 (2004).

67. See Justin Hughes, *The Spirited Debate about Geographical Indications*, at 15-16 (2003) available at <http://www.chicagoip.com/Papers/A-IP09v1.0.pdf> (last visited Oct. 23, 2004).

68. *Id.*

69. *Id.*; see 15 U.S.C. § 1127.

70. Bendekgey & Mead, *supra* note 64, at 775-76.

descriptive because that exact descriptiveness is inherent in certification marks that protect GIs.<sup>71</sup> The owner also may not deny anyone from using it as long as that person maintains the characteristics that the mark certifies; discrimination may actually lead to the mark being cancelled.<sup>72</sup> This means that certification marks are not exclusive, but must be available to all.<sup>73</sup>

Certification marks must, however, be distinctive and must therefore meet the same requirement as trademarks in this regard.<sup>74</sup> In practicality, this amounts to the same requirement as for GIs under TRIPS, that a generic name that is geographically descriptive cannot be registered as a certification mark.<sup>75</sup> Examples of geographically descriptive names registered as certification marks are, "Idaho" for potatoes, "Washington" for apples, and "Parmigiano-Reggiano" and "Roquefort" for cheese.<sup>76</sup>

Furthermore, in response to the adoption of TRIPS, the U.S. Congress amended the Lanham Act.<sup>77</sup> First, to ensure consistency with Article 23, the Lanham Act now prohibits the registration as a trademark of "a geographical indication which, when used in connection with wines or spirits, identifies a place other than the origin of the goods."<sup>78</sup> However, the amendment does not provide that a GI will receive protection *even if* there is a lack of consumer confusion, as required by Article 23.<sup>79</sup> Second, instead of adopting the exact language of Article 24's grandfather clause for trademarks, Congress allows the registration of a GI as a trademark for "one year after the date on which the WTO Agreement . . . enters into force."<sup>80</sup> In addition, the BATF regulations categorize GIs for wines into three

71. *Id.*

72. 15 U.S.C. § 1054 (2004); *see, e.g.*, *Opticians Ass'n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187 (3d. Cir. 1990).

73. Arthur R. Miller & Michael H. Davis, *INTELLECTUAL PROPERTY: PATENTS, TRADEMARKS, AND COPYRIGHTS IN A NUTSHELL*, 241 (3d ed. 2000).

74. *Id.*

75. *See id.*

76. *See* *Roquefort v. William Faehndrich, Inc.*, 303 F.2d 494, 133 U.S.P.Q. (BNA) 633 (2d Cir. 1962) (*holding that "Roquefort" was not a generic term and allowing the Community of Roquefort to maintain their certification mark*); Hughes, *supra* note 67, at 16 available at <http://www.chicagoip.com/Papers/A-IP09v1.0.pdf> (last visited Oct. 23, 2004). Other certifications marks are "Swiss" for chocolate, "Stilton" for cheese, "Darjeeling" and "Ceylon" for tea, "Parma" for ham and "Florida" for oranges. *See* Rangnekar, *supra* note 3.

77. Paul J. Heald, *Trademarks and Geographical Indications: Exploring the Contours of the TRIPS Agreement*, 29 VAND. J. TRANSNAT'L L. 635, 650-51 (1996).

78. 15 U.S.C. § 1052(a) (2004).

79. Heald, *supra* note 77, at 651.

80. 15 U.S.C. § 1052(a) (2004).

categories on which their respective protection is based:<sup>81</sup> generic, including Vermouth and Sake;<sup>82</sup> semi-generic, including Chablis, Champagne, and Marsala;<sup>83</sup> and non-generic, including Napa Valley, French, and Spanish.<sup>84</sup> As part of the Taxpayer Relief Act of 1997, Congress now allows the use of correctives with respect to semi-generic wines and spirits.<sup>85</sup> These disparities between the U.S. laws and TRIPS have caused controversy and have led the EU to claim that the U.S. is not in compliance with TRIPS.

### *C. Geographical Indications Versus Trademarks*

So how is a GI different from a trademark? A trademark is generally thought of as a sign used to distinguish one product from others, which gives the owner a right to exclude others from using the mark.<sup>86</sup> The Lanham Act defines a trademark as: "any word, name, symbol, or device, or any combination thereof—(1) used by a person, or (2) which a person has a bona fide intention to use in commerce."<sup>87</sup> As explained, a GI, by contrast, is not exclusive and tells consumers that a product was made in a given place and as a result has certain characteristics.<sup>88</sup> However, when a term has geographical significance and is already protected as a trademark, there is a conflict.<sup>89</sup> In such a situation, which one should win and why? There are three options.

81. 27 C.F.R. § 4.24 (2004); see Philippe Zylberg, *Geographical Indication v. Trademarks: Lisbon Agreement: A Violation of TRIPS?*, 11 U. BALT. INTELL. PROP. J. 1, 16 (2003).

82. See 27 C.F.R. § 4.24(a)(2) (2004).

83. Other examples are Angelica, Burgundy, Chianti, Claret, Malaga, Madeira, Moselle, Port, Rhine Wine (syn. Hock), Sauterne, Haut Sauterne, Sherry, Tokay. See 27 C.F.R. § 4.24(b)(1) (2004).

84. Other nongeneric names which are *not* distinctive designations of specific grape wines are: American, California, Lake Erie, New York State. 27 C.F.R. § 4.24(c)(2) (2004). Nongeneric names which *are* also distinctive designations of specific grape wines are: Bordeaux Blanc, Bordeaux Rouge, Graves, Medoc, Saint-Julien, Chateau Yquem, Chateau Margaux, Chateau Lafite, Pommard, Chambertin, Montrachet, Rhone, Liebfraumilch, Rudesheimer, Forster, Deidesheimer, Schloss Johannisberger, Lagrima, and Lacryma Christi. *Id.*

85. See 26 U.S.C. § 5388 (2004).

86. WIPO, *supra* note 5.

87. 15 U.S.C. § 1127 (2004).

88. WIPO, *supra* note 5.

89. Request for Action by the INTA Board of Directors *supra* note 4; see also Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Obtaining Effective Protection in other Countries, WIPO Standing Committee on the Law of Trademarks, industrial Designs and Geographical Indications, Sixth Session, Geneva, Mar. 12-16, 2001, at 25-30, *available at*

First, some feel that a prior trademark should take precedence over a later GI.<sup>90</sup> They assert that otherwise the trademark owner will be faced with “global extinction of its brand equity.”<sup>91</sup> This did, in fact, happen to Miguel Torres, a Spanish wine producer, who lost his exclusive right to the trademark Torres for wine when Portugal allowed a new wine-growing region called Torres Verdes to use Torres as a GI for their wines.<sup>92</sup> Accordingly, proponents of trademarks argue that the only fair way to solve conflicts between GIs and trademarks is to use the principle of “first in time, first in right,” which means that “the sign that is protected first, whether it is a trademark or a GI, shall take precedence over (principle of priority) and prevent the use of (principle of exclusivity) any conflicting subsequent sign.”<sup>93</sup> The principles of priority and exclusivity are the essence of trademark law, and according to this view there is no reason to deviate from them now.<sup>94</sup> Not surprisingly, the International Trademark Association (INTA) supports this view.<sup>95</sup>

Second, there are those who feel GIs should take precedence over trademarks, even when there is a prior trademark in existence.<sup>96</sup> This view basically implies that the trademark owner whose

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[http://www.wipo.int/sct/en/documents/session\\_6/pdf/sct6\\_3.pdf](http://www.wipo.int/sct/en/documents/session_6/pdf/sct6_3.pdf) (last visited Oct. 2, 2004) (WIPO recognizes the intricacies involved in the conflict between trademarks and GIs); see generally Heald, *supra* note 77 (analyzing specifically the trademark and GI provisions of TRIPS and assessing the merits of the agreement).

90. See, e.g., Frank Z. Hellwig, *The Prior Trademark Right Takes Precedence over the Later GI*, INTA Special Report on Geographical Indications, Sept. 1, 2003, available at [http://www.inta.org/downloads/SpecialRpt\\_gis2003.pdf](http://www.inta.org/downloads/SpecialRpt_gis2003.pdf) (last visited Oct. 23, 2004).

91. Request for Action by the INTA Board of Directors, *supra* note 4. In fact, they often feel there is a “fundamental, philosophical conflict” between IP protection for trademarks and GIs. *Id.*

92. Miguel Torres, a Spanish wine producer had registered Torres as a trademark for wine all over the world and in Portugal since 1962. In 1989 Portugal recognized a new region as wine producing called Torres Verdes, which led some Portuguese producers to use only Torres on labels. Torres appealed to the European Commission (EC) as the producers’ use of Torres as a GI meant that he would have to cease using his trademark in 2002. The case led the EC to pass an amendment to allow the continued use of a trademark that has been registered for at least twenty-five years before the GI was recognized. Still, Torres lost the exclusivity to the name. See Zylberg, *supra* note 81, at 9.

93. See Request for Action by the INTA Board of Directors, *supra* note 4; Frank Z. Hellwig, *Why the Principles of Priority and Exclusivity Cannot Be Compromised – the Trademark Owner’s Perspective on Geographical Indication and First in Time, First in Right*, at [http://www.inta.org/articles/firstintime\\_firstinright.html](http://www.inta.org/articles/firstintime_firstinright.html) (last visited Sept. 11, 2004).

94. *Id.*

95. WIPO, *supra* note 5.

96. See, e.g., DG Trade, *The GI Takes Precedence of the Prior Trademark*, in INTA SPECIAL REPORT ON GEOGRAPHICAL INDICATIONS, Sept. 1, 2003, available at [http://www.inta.org/downloads/SpecialRpt\\_gis2003.pdf](http://www.inta.org/downloads/SpecialRpt_gis2003.pdf) (last visited Sept. 25, 2004).



trademark is also a geographic term has unfairly taken that term, and therefore the producers in the area the term denotes should be allowed to reclaim it as a GI.<sup>97</sup> Other arguments often relate to regional economics, quality assurance and consumer protection. Some arguments also pertain to the nature of GIs as collective marks; involving the situation where, where no party exclusively profits from the mark and individual producers have no resources to pursue litigation.<sup>98</sup> Additionally, they disagree with the result under current WTO rules, where trademarks that were in existence in one country before TRIPS, cannot be attacked by a foreign GI and can cause huge losses to holders of GIs.<sup>99</sup> Further, some feel that the real focus of debate lies in a misunderstanding as to the nature of GIs as a collective right.<sup>100</sup> They point to the fact that a trademark's goal is to distinguish itself from competitors, and in doing so it may be neither descriptive nor deceptive, while a GI is by definition descriptive since the name of a location describes the origin of the product.<sup>101</sup> They conclude that even when a product is produced only in a certain area, GIs are typically not registered as trademarks because such a name denoting the location is not distinctive enough.<sup>102</sup>

Third, some believe it is possible for a prior trademark and a later GI to coexist, though by default it means the trademark is no longer exclusive.<sup>103</sup>

As previously mentioned, TRIPS addresses the conflict between trademarks and GIs.<sup>104</sup> According to Article 22, the registration of a trademark must be "refuse[d] or invalidate[d]" if it "mislead[s] the public as to the true place of origin," and according to Article 23 for wines and spirits a trademark containing a GI must likewise "be refused or invalidated."<sup>105</sup> Article 24 also establishes a grandfather

97. See Hellwig, *supra* note 90.

98. See DG Trade, *supra* note 96.

99. *Id.* For instance, the name Parma was registered as a trademark in Canada before TRIPS was in force and the Italian producers of "Prosciutto di Parma" had to expend a enormous amount of money on litigation and re-labeling to preserve their GI. *Id.*

100. See, e.g., Addor & Grazioli, *supra* note 28, at 869-70.

101. *Id.* at 870-71; see also TRIPS, *supra* note 1, art. 15.1; Addor & Grazioli, *supra* note 28, at 871.

102. *Id.*

103. See, e.g., Hans Peter Kurz-Hallstein, *The Prior Trademark and the Later GI are Allowed to Co-exist*, in INTA SPECIAL REPORT ON GEOGRAPHICAL INDICATIONS, Sept. 1, 2003, available at [http://www.inta.org/downloads/SpecialRpt\\_gis2003.pdf](http://www.inta.org/downloads/SpecialRpt_gis2003.pdf) (last visited Oct. 23, 2004).

104. See Addor & Grazioli, *supra* note 28, at 869.

105. TRIPS, *supra* note 1, art. 23(2); see Lindquist, *supra* note 20, at 317.

clause in favor of trademarks already in existence.<sup>106</sup> Thus, currently, if a trademark is identical to a GI and existed when TRIPS came into effect, then the GI does not preclude the existence of the trademark, in accordance with the “first-in-time, first-in-right” principle.<sup>107</sup> Nonetheless, “[t]he relationship between trademarks and GIs is complex and the balance attempted by negotiators is tenuous and open to varied interpretations.”<sup>108</sup>

#### *D. Proposed Extension to the Protection of GIs*

Currently, it seems as though the WTO is moving toward increased protection for GIs.<sup>109</sup> In June of 2002, twenty-one members of the WTO tabled a proposal in the TRIPS Council that would significantly extend GI protection.<sup>110</sup> The proposal, strongly advocated by the EU, suggests two specific changes: (i) to extend the Article 23 protections currently granted to wines and spirits to all products, and (ii) to establish a global registry for GIs.<sup>111</sup> These extensions would not change Article 24’s exceptions.<sup>112</sup> However, the EU has also proposed a “claw back” clause that would allow countries to declare, as GIs, names that in other countries are currently produced as generic, or under a trademark.<sup>113</sup> Extending the

106. TRIPS, *supra* note 1, art. 24(5).

107. Geographical Indications, *supra* note 9.

108. Addor & Grazioli, *supra* note 28, at 869, quoting Dwijen Rangnekar, *Geographical Indications: A Review of Proposals at the TRIPS Council*, UNCTAD/IOTCSD Capacity Building Project on Intellectual Property Rights and Sustainable Development, June 2002.

109. See generally INTERNATIONAL TRADEMARK ASSOCIATION, INTA SPECIAL REPORT ON GEOGRAPHICAL INDICATIONS, Sept. 1, 2003, available at [http://www.inta.org/downloads/SpecialRpt\\_gis2003.pdf](http://www.inta.org/downloads/SpecialRpt_gis2003.pdf) (last visited Oct. 23, 2004) [hereinafter INTA SPECIAL REPORT].

110. These members were: Bulgaria, Cuba, Cyprus, the Czech Republic, the European Community Member States, Georgia, Hungary, Iceland, India, Kenya, Liechtenstein, Malta, Mauritius, Pakistan, Romania, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand and Turkey. See Council for Trade-Related Aspects of Intellectual Property Rights - Communication from Bulgaria, Cuba, Cyprus, the Czech Republic, the European Communities and their Member States, Georgia, Hungary, Iceland, India, Kenya, Liechtenstein, Malta, Mauritius, Pakistan, Romania, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand and Turkey: The Extension of the Additional Protection for Geographical Indications to Products Other than Wines and Spirits, IP/C/W/353 (Jun. 24, 2002), available at [http://commerce.nic.in/ip\\_c\\_w\\_353.htm](http://commerce.nic.in/ip_c_w_353.htm) (last visited Oct. 6, 2004), also available at [http://europa.eu.int/comm/trade/issues/sectoral/intell\\_property/wto\\_nego/intel4a.htm](http://europa.eu.int/comm/trade/issues/sectoral/intell_property/wto_nego/intel4a.htm) (last visited Oct. 17, 2004).

111. WIPO, *supra* note 5; see The Extension of the Additional Protection for Geographical Indications to Products Other than Wines and Spirits, *supra* note 110.

112. See *id.*

113. European Commission, *Intellectual Property: Why Do Geographical Indications Matter to Us?*, 30 July 2003, available at

protection of all GIs to the level currently enjoyed only by wines and spirits would no doubt dispose of the disparity that exists in the current system, arguably making it fairer and more balanced.<sup>114</sup> A global registry would make the system more predictable and perhaps “put the legitimate users in a better position in enforcement proceedings.”<sup>115</sup> Different plans are under consideration and, as of yet, there is no certainty as to whether such a registry will apply to wines and spirits only or whether it would cover all goods, and as to whether participation will be mandatory.<sup>116</sup>

With respect to the “claw back” proposal the EU has presented a list of as many as 41 items that it would like to declare as GIs.<sup>117</sup> These are names like “feta,” “champagne,” and “Chablis,” that are seen by many as generic, making this proposal the most controversial.<sup>118</sup> Due to the potential for conflicts between GIs and trademarks with geographical significance, some trademark owners now fear that the “claw-back” proposal may lead to a trademark not necessarily being grandfathered, as “claw backs” would effectively undermine Article 24.<sup>119</sup> Similarly, producers may need to be concerned about whether a term is in fact generic or whether there is a potential that someone might claim it as GI.<sup>120</sup> Consistent with its

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[http://europa.eu.int/comm/trade/issues/sectoral/intell\\_property/argu\\_en.htm](http://europa.eu.int/comm/trade/issues/sectoral/intell_property/argu_en.htm) (last visited Oct. 17, 2004).

114. See Addor, Thumm & Grazioli, *supra* note 25.

115. See *id.*

116. INTA SPECIAL REPORT, *supra* note 109.

117. See BRUCE A. BABCOCK & ROXANNE CLEMENS, GEOGRAPHICAL INDICATIONS AND PROPERTY RIGHTS: PROTECTING VALUE-ADDED AGRICULTURAL PRODUCTS (May 2004), available at <http://www.card.iastate.edu/publications/DBS/PDFFiles/04mbp7.pdf> (last visited Oct 23, 2004). These items the following wines and spirits: Beaujolais, Bordeaux, Bourgogona, Chablis, Champagne, Chianti, Cognac, Grappa di Barolo, Graves, Liebfraumilch, Malaga, Marsala, Madeira, Medoc, Moselle, Ouzo, Porto, Rhin, Rioja, Saint-Emilion, Sauternes, Jerez/Xerez. And the following other products: Asiago, Azafran de la Mancha, Comte, Feta, Fontina, Gorgonzola, Grana Padano, Jijona y Tourron de Alicante, Manchego, Mortadella Bologna, Mozzarella di Bufala Campana, Parmigiano Reggiano, Precorino Romano, Prosciutto di Parma, Prosciutto di San Daniele, Prosciutto Toscano, Queijo Sao Jorge, Reblochon, Roquefort. *Id.* tbl. 1, at 8.

118. See *id.* at 7-9.

119. See INTA SPECIAL REPORT, *supra* note 109; see also TRIPS, *supra* note 1, art. 24(5).

120. See INTA SPECIAL REPORT, *supra* note 109. The debate about the adequacy and/or appropriateness of the TRIPS standards have been examined and analyzed by other scholars, and need not be reiterated here as the focus of this article is not the TRIPS standard but rather whether geographical indication protection is desirable overall. See, e.g., Stacy D. Goldberg, *Who Will Raise the White Flag? The Battle between the United States and the European Union over the Protection of Geographical Indications*, 22 U. PA. J. INT'L ECON. L. 107 (2001) (arguing for strong standards that provide protection for geographical indications that is even greater than that provided for in the TRIPS agreement); Land, *supra* note 57 (discussing

view on how conflicts between trademarks and GIs should be solved, INTA opposes the extension proposal because it “confiscate[es] [a] trademark owners’ rights and is against the principles of territoriality, exclusivity and priority.”<sup>121</sup>

#### IV. THE DEBATE OVER THE GIS PROTECTION AND THE EXTENSION THEREOF: ARGUMENTS AND COUNTER-ARGUMENTS

##### *A. Introduction to the Debate: TRIPS Negotiations and the “Old World” – “New World” Divide*

In October of 2003, the WTO countries met in Cancun, Mexico to discuss the proposed extension of GI protection.<sup>122</sup> The talks, however, collapsed and no agreement was reached.<sup>123</sup> The current position of member-countries demonstrates the lack of agreement within the WTO with respect to GIs: the EU is a strong proponent of greater protection, whereas the U.S., Australia, and Canada, are very much opposed to extensions.<sup>124</sup> In fact, the U.S. and Australia not only oppose the proposal but also believe current EU law, specifically Regulation 2081/92, goes too far.<sup>125</sup> They brought their objections before the WTO Dispute Settlement Body, which agreed to investigate the EU laws in October of 2003.<sup>126</sup> Specifically, the U.S. asserted that the EU scheme is not in compliance with TRIPS on the grounds that it: (1) violates the national treatment principle of TRIPS, that is, “does not provide the same treatment to other nationals and products originating outside the [EU] that it provides to the [EU’s] own”; (2) violates the Article 24(5) grandfather clause; (3) does not provide adequate protection for trademarks; (4) defines GIs overly broadly, inconsistent with the Article 22(1) definition in TRIPS; and “is not sufficiently transparent, and does not provide adequate enforcement procedures.”<sup>127</sup> Australia’s arguments were similar.<sup>128</sup>

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geographical indication and TRIPS from the perspective of the treatment Europe has given geographical indications and seeking to determine whether the goals set out in TRIPS to harmonize international intellectual property laws are actually possible).

121. WIPO, *supra* note 5.

122. *See Trade Talks Put Place Marks on the Table*, LEGAL TIMES, Oct. 13, 2003.

123. *See id.*

124. BABCOCK & CLEMENS, *supra* note 117, at 1.

125. *See discussion supra* Part II B 1.

126. *See* BABCOCK & CLEMENS, *supra* note 117, at 1-2.

127. The European Commission’s IPR Helpdesk, *supra* note 47.

128. *See* The European Commission’s IPR Helpdesk, *supra* note 47. INTA agrees with the U.S. and Australia and feels “the EU Regulation ‘is seriously flawed and violates the WTO TRIPS Agreement. . . .’” *Id.*

In addition to this divide between the two major players in the GI debate, commentators have observed another more global divide emerge in the WTO.<sup>129</sup> Typically, TRIPS negotiations have resulted in a North – South divide, also equivalent to developing – developed countries divide.<sup>130</sup> On the subject of GIs however, which “were some of the most difficult to negotiate in the Uruguay Round,” there was dissention amongst the countries. As a result, factions formed which consisted of “countries like the [EU], India and Switzerland” on one side, and “countries like Argentina, Australia, Canada, Chile, and the United States” on the other.<sup>131</sup> Accordingly, instead of being divided along a North – South line, the GI debate can be characterized as having an “Old World” – “New World” divide, where, put briefly, the EU and its supporters view GIs as deserved protection for products of high quality; while the U.S. and its supporters disagree because their companies are threatened.<sup>132</sup>

So who is right and why? The following sections will explore the question of whether GIs should indeed be protected, and if so whether the current protection should be expanded. First, section IV B examines the arguments presented in favor of GI protection and its expansion, chiefly expressed by the EU. Second, section IV C examines the arguments presented against GI protection and its expansion, most vocally expressed by the U.S. And, third, section IV D discusses counterarguments by the EU to the arguments presented by the U.S.

### *B. EU: The Basic Arguments in Favor of GI Protection*

#### **1. Inferior Products Free-Ride on Superior Quality and Reputation**

The basic premise of the argument in favor of GI protection is that producers who make products identified by a GI deserve to have their GIs protected because the products they produce “have unique features that are the result of their geographical origin,” and because

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129. Addor & Grazioli, *supra* note 28, at 883.

130. *Id.*

131. *Id.*

132. *Id.*; see BABCOCK & CLEMENS, *supra* note 117, at 8-9. They also feel “[t]he abusive use of the [GIs] by an unauthorized third party with a view to exploiting its reputation is damaging for both consumers and legitimate producers.” Alexandra Grazioli, *The Protection of Geographical Indications*, 6(1) BRIDGES 15 (2002), available at <http://www.iprsonline.org/ictsd/docs/GrazioliBridgesYear6N1January2002.pdf> (last visited Oct. 23, 2004).

they were “developed at the cost of considerable investment and following a long tradition.”<sup>133</sup> It is then asserted that once a product is on the market, and gains in popularity and reputation, similar products will soon be produced in different regions, but under the same GI.<sup>134</sup> What follows is known as the “free-rider” problem where producers in other regions who use the same GI are “free-riding” on the reputation of the original by trying to pass their products off as being of the same quality as the original.<sup>135</sup> The conclusion of that argument is that such use of a GI should not be allowed because it damages the reputation of the original and leads to a loss of profits:<sup>136</sup> “in the absence of counterfeiting, legitimate producers can expand sales, allowing them to achieve economies of scale.”<sup>137</sup>

## 2. Consumers are Misled

With respect to consumers, this anti-free-riding argument emphasizes that “[c]onsumers are misled into thinking that they are buying an authentic product with specific qualities and features, whereas they are in fact merely buying an imitation.”<sup>138</sup> Hence, as producers from a particular region gain a reputation for producing high quality goods, it is the GI that then aids the consumers to differentiate that product from others that are inferior.<sup>139</sup> Put differently, “[t]rust in the [GI] is . . . why consumers may be willing to pay a premium.”<sup>140</sup>

Therefore, if free-riding on a good’s reputation is allowed and the reputation of the GI is damaged, then consumers may be willing to pay less for the quality good that originally bore the GI.<sup>141</sup> This will in turn lead to losses to the original producers who will consequently “under-invest.”<sup>142</sup> In contrast, if free-riding is not

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133. Grazioli, *supra* note 132.

134. *See id.*

135. *See* Addor, Thumm & Grazioli, *supra* note 25. “[L]egitimate producers . . . lose a considerable share of the market as a result of this pillage, since their typical products are reduced to the same level as dozens of other products bearing the same name and reaping the benefit of their reputation even though they do not have the same qualities or characteristics.” *See also* Grazioli, *supra* note 132.

136. *See* Grazioli, *supra* note 132.

137. Addor, Thumm & Grazioli, *supra* note 25.

138. Grazioli, *supra* note 132.

139. Addor, Thumm & Grazioli, *supra* note 25.

140. *Id.* (emphasis added).

141. *Id.*

142. *Id.*

allowed, producers with a reputation for producing high quality products will be more likely to continue to invest in upgrading their products to remain competitive, meaning that GI protection will encourage innovation.<sup>143</sup> Moreover, GI proponents contend that GIs benefit consumers as they contribute to product safety by making it easier to identify producers and hold them responsible for their products.<sup>144</sup>

### 3. Correctives are Ineffective to Combat the Free-Rider Problem

The anti-free riding argument further asserts that not only should the use of the exact GI be prohibited but that the same should apply to the use of correctives, such as "American type basmati rice," which are currently allowed under TRIPS for products other than wines and spirits.<sup>145</sup> "Products marked in this way cannot . . . offer the same qualities or characteristics as the original product, since they do not come from the region specified."<sup>146</sup> In addition, many argue that precisely these correctives actually contribute to the risk of a GI becoming generic, which again bears the risk of harming the original producers.<sup>147</sup>

### C. U.S.: Basic Arguments against GI protection

#### 1. Supposed GIs are really Generic Names

In contrast to the EU's position, the U.S. is very uncomfortable with the idea of stronger GI protection.<sup>148</sup> The idea is disconcerting for many American companies because many of the products they produce have names that were originally taken from place-names in Europe.<sup>149</sup> The same phenomenon also took place in other countries with European immigrants, such as Canada and Latin American countries, where "[i]mmigrant business owners of European [descent] were familiar with geographical names from their home countries that were associated with quality products and used them to promote their

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143. *Id.* citing C. Fink & S. Beata, Trademarks, *Geographical Indications, and Developing Countries*, in DEVELOPMENT, TRADE, AND THE WTO: A Handbook, 403-12 (2002).

144. Addor, Thumm & Grazioli, *supra* note 25.

145. *See* Grazioli, *supra* note 132; *see also* TRIPS, *supra* note 1, arts. 22, 23.

146. Grazioli, *supra* note 132.

147. Addor, Thumm & Grazioli, *supra* note 25.

148. *See* BABCOCK & CLEMENS, *supra* note 117, at 9.

149. Elizabeth Barham, *Translating Terror: The Global Challenge of French AOC Labeling*, 19 J. OF RURAL STUDIES 127, 128 (2003).

own products.”<sup>150</sup> Today, many such names, such as “feta” cheese, are seen as generic names for products, not indicators of origin, which implies that such names should be eligible to fall under the exception for generic terms stated in Article 24 of TRIPS.<sup>151</sup> In the words of Sarah Thorn, director of international trade for the Grocery Manufacturers Association of America, “[i]s it fair to claim after hundreds of years of fair use that these are ‘my products?’ . . . Nobody thinks of Dijon mustard as . . . coming from Dijon, France. No, it is a type of mustard.”<sup>152</sup>

In fact, many U.S. companies feel that instead of reducing the value of a particular good, imitation enhances the value of the original product.<sup>153</sup> As a matter of fact, Thorn feels that rather than criticize American companies the EU should thank them: “The only reason we now want Parmesan cheese is because [American] companies have made it, produced it, advertised it and distributed it. It doesn’t matter if you protect some rock in the middle of France, if nobody knows what the value of it is.”<sup>154</sup>

## 2. Re-naming Causes Consumer Confusion and is Costly

Coupled with the argument that many alleged GIs are in fact generic are two investment-related concerns: that American companies have invested enormous sums into promoting products with the brand names in question, and that American companies have themselves built up reputations as producers of such products.<sup>155</sup> As one reporter noted: “‘European-sounding’ products are . . . big business . . . producing billions of dollars in turnover. So it is unlikely that vested interests will be surrendered without due compensation, if at all.”<sup>156</sup>

If the EU proposal were to be adopted, the impact would be to force some American companies to completely change the names of their products.<sup>157</sup> Specifically, such re-namings could take place with respect to names previously believed to be generic and certain trademarks if the EU is able to successfully claw back as GIs the 41

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150. *Id.*

151. *See id.*

152. Cabot, *supra* note 40.

153. *See* Addor, Thumm & Grazioli, *supra* note 25.

154. Cabot, *supra* note 40.

155. *See* Barham, *supra* note 149, at 128-29; BABCOCK & CLEMENS, *supra* note 117, at 10.

156. Ilse du Plessis, *EU Wants to Have Its Feta and Eat It*, ALL AFRICA, Oct. 9, 2003.

157. BABCOCK & CLEMENS, *supra* note 117, at 10.



products it wants to.<sup>158</sup> First, many Americans feel that rather than consumers being confused under the current system, as argued by GI proponents, consumer confusion would instead result if existing products would have to be re-named.<sup>159</sup> Second, many feel that such re-namings and the resulting re-labelings would result in substantial administrative costs.<sup>160</sup> The amount of money American companies expend on advertising their products implies that they greatly value the names of their products.<sup>161</sup> They fear a name-change would cause a decrease in sales, which in turn would lead to financial losses:

If names were changed because of the adoption of the E.U. proposal, then presumably sales of these products would decrease, with resulting financial losses. The threat of the claw-back provision is magnified by the long list of products the European Union has already protected as GIs. If the 41 proposed products are accepted as WTO-sanctioned GIs, how many more products will the European Union attempt to retrieve?<sup>162</sup>

Such re-naming efforts would also be costly because new marketing campaigns would be necessary to promote the same product under a new name.<sup>163</sup> Thomas Suber, president of the U.S. Dairy Export Council, commented as follows on the economic effects of re-naming:

This would sharply disrupt . . . sales of U.S. cheeses, with a commensurately negative effect on their U.S. processors and the dairy farmers who supply them . . . These sales would only recover, if at all, through massive investments to make consumers familiar with new names for cheeses that are unchanged in taste and composition from what they have long known and appreciated. In a business with historically tight margins at both the wholesale and farm level, such unnecessary investments would be ruinous to processors and cooperatives alike.<sup>164</sup>

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158. *Id.* at 11, app. B, tbl. B.1, at 32-41. As an added concern, two commentators bring up the question: "If the 41 proposed products are accepted as WTO-sanction GIs, how many more products will the European Union attempt to retrieve?" *Id.* at 11.

159. Addor, Thumm & Grazioli, *supra* note 25.

160. Rangnekar, *supra* note 3.

161. BABCOCK & CLEMENS, *supra* note 117, at 11.

162. *Id.*

163. Cabot, *supra* note 40.

164. Stephen Clapp, *EU geographic indication initiatives condemned at House hearing*, 45 FOOD CHEMICAL NEWS 21, July 28, 2003. According to Michael Pellegrino, vice president in the Kraft Foods Cheese division, the re-naming would "likely require millions of dollars in packaging costs and an extensive, multimillion-dollar marketing campaign just to preserve,

The fear thus exists that, ultimately, the consumers would be the ones to suffer as the added costs would be passed down as higher prices, although it can also be argued that competition will prevent this pass-down from taking place.<sup>165</sup>

An example of an American company already affected is Kraft, which produces Parmesan cheese; parmesan gets its name from the classic Italian *Parmigiano Reggiano*.<sup>166</sup> As a result, even though Kraft has been producing Parmesan since 1945, due to the strict EU laws since 2002 Kraft is no longer permitted to sell the cheese under the name Parmesan within the EU but is now using the name *Pamessello*.<sup>167</sup> Although it appears too soon to tell whether the name change has impacted Kraft's sales, in the words of Michael Pellegrino, vice president in the Kraft Foods Cheese division, the effect of the European court's ruling that resulted in the name-change no doubt "has the risk of alienating our consumers and losing them."<sup>168</sup>

Another interesting example is the Budweiser case, where beer by the same name is produced in both the U.S. by Anheuser-Busch and in the Czech Republic by Budweiser Budovar, and Budweiser Budovar is claiming to be the original producer of Budweiser beer.<sup>169</sup> Given that the American brand is the best selling beer in the world, the company has clearly spent vast resources on promoting the product, and as one commentator noted: "It would be naïve to assume that Anheuser-Busch would relinquish the European name without a struggle."<sup>170</sup>

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rather than grow, our existing level of sales." Geographical Indications Proposal Poses Challenge to U.S. Cheesemakers,

[http://www.extraordinarydairy.com/c\\_1\\_kfeaturearticle\\_20040413.asp](http://www.extraordinarydairy.com/c_1_kfeaturearticle_20040413.asp) (last visited Dec. 21 2004).

165. See Addor, Thumm & Grazioli, *supra* note 25.

166. BABCOCK & CLEMENS, *supra* note 117, at 10.

167. *Id.*

168. James Cox, *What's in a Name?*, USA TODAY, Sept. 9, 2003, available at [http://www.usatoday.com/money/economy/trade/2003-09-09-names\\_x.htm](http://www.usatoday.com/money/economy/trade/2003-09-09-names_x.htm) (last visited Dec. 21, 2004).

169. Barham, *supra* note 149, at 129.

170. As evidence of the fact that Anheuser-Busch would, indeed, not be willing to give up without a struggle, their general counsel Frank Z. Hellwig is advocating the position that a prior trademarks should take precedence over a later GI. See Hellwig, *supra* note 90; see also Zylberg, *supra* note 81, at 39-58 (providing an analysis of the Budweiser case in Portugal, the United Kingdom, and Israel).

### 3. Protectionism, Monopolization, and Higher Costs

Next, those who disfavor GIs further argue that in essence the practice is protectionism that serves to “close off future market access opportunities for emerging industries.”<sup>171</sup> For example, GIs would be a reason for serious trade restrictions in emerging industries, such as dairy and processed agricultural industries.<sup>172</sup> Hence, allowing only certain products to carry a given GI will unfairly reduce competition and encourage monopolization, and arguably, sanctioning such monopolies will ultimately lead to higher prices for consumers for the products that are permitted to maintain that GI.<sup>173</sup>

### 4. Difficulty Determining who is Entitled to Use a GI

Another reason why many see extended GI protection as unwelcome is the difficulty in identifying who is entitled to use a GI, and the costs that would result from implementation of procedures that would make such identifications.<sup>174</sup> Such procedures would hence be yet another source of administrative costs.<sup>175</sup>

### 5. Conflicts Between Producers from Different Regions: Homonymous GIs

A further argument against the extension proposals has been raised not by the U.S., but by Latin American countries, along with Australia, and South Africa, and is related to the potential for conflicts between producers from different regions that arises out of homonymous GIs.<sup>176</sup> The heart of the problem is that there are regions in the “new” world that have names that are identical to those in the “old” world, leading to homonymous GIs.<sup>177</sup> These countries have raised this issue almost exclusively vis-à-vis wines, and as previously mentioned, TRIPS also addresses the issue only with

171. See Addor, Thumm & Grazioli, *supra* note 25.

172. See *id.*

173. *Id.*

174. See *id.* As one American expert argues, “it isn’t at all clear that extended protection would help to clarify whether a particular term is available for use,” and gives the following example: “the heightened protection for wines and spirits permits the owner of a GI to stop its use ‘in translated form.’ Supporters of extension like to point to Napa Valley, saying that extended protection would prevent the use of ‘Valley of Cactuses’ or ‘Valle de los Cactus.’” Her conclusion is however: “But what’s the benefit of that?” *Trade Talks Put Place Marks on the Table*, LEGAL TIMES, Oct. 13, 2003, at 6.

175. See Rangnekar, *supra* note 3.

176. *Id.*

177. *Id.*

respect to wines by declaring that both (old and new) are to receive protection.<sup>178</sup> The EU has, however, already banned South Africa from using the words ‘port’ and ‘sherry,’ despite South Africa’s long history of using these terms for its products.<sup>179</sup> If GI protection were to be extended as proposed, the outcome would inevitably be “trade/production disruption as well as constraints on market access.”<sup>180</sup> Are wine producers merely to accept this unfavorable outcome as a “‘cost’ of intellectual property protection”?<sup>181</sup> This issue is one of the most difficult that WTO members are currently facing with respect to GIs.<sup>182</sup>

#### 6. Failure to Protect a GI in the Country of Origin Removes Obligation to Protect it Elsewhere

A final argument often raised in opposition of extended GI protection stems from the fact that national laws govern GI protection, which means “failure to protect a GI in the country of origin removes the obligation to provide GI protection in external markets.”<sup>183</sup> This is clearly a significant obstacle for countries wishing to have their own GIs protected abroad but who are unable to do so at home.<sup>184</sup> This concern applies primarily to developing countries, which might have legitimate GIs, but due to their own inability to protect them, no other country is obliged to do so either. Unfortunately, not much is known about the status of GI regulation in the developing world.<sup>185</sup>

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178. *Id.*; see TRIPS, *supra* note 1, art. 23(3).

179. Rangnekar, *supra* note 3.

180. *Id.*

181. *Id.*

182. *Id.*

183. *Id.* “Geographical indications constitutes the only category of intellectual property rights defined so far which is unlimited in time and whose international protection depends – among others – on the fact that it shall be keep [sic] protected in the country of origin and shall not fall into disuse in that country.” Escudero, *supra* note 19, at 34.

184. Rangnekar, *supra* note 3.

185. *Id.* The economic impact of GIs on developing countries is difficult to assess, as a result it has been suggested that it is essential that “comprehensive economic impact assessments [be] undertaken before any new IP-related obligations are introduced for developing countries.” There is no doubt about the fact that international protection may adversely affect developing countries that at the moment are able to produce imitations of products that may gain GI protection. However, the argument has also been made that developing countries could potentially benefit from international GI protection, as having their own GIs protected abroad would lead to economic gains. The major problem with this proposition is however the fact that “prior to seeking protection abroad, it is necessary both to develop and protect the geographical indication in the country of origin,” which can be prohibitively costly. As a result, it is not at all certain whether developing countries will in fact

*D. EU: Counter-Arguments to U.S. Arguments against GIs*

The U.S. arguments against GI protection, and particularly the extension thereof, specifically the arguments that: (1) supposed GIs are really generic names for products; (2) monopoly positions would result, leading to higher consumer prices; (3) consumer confusion and increased administrative costs due to re-naming would result, resulting in higher prices; (4) determining who is entitled to use a GI would be difficult and costly; (5) conflicts between producers from different regions could arise; and (6) failure to protect a GI where it originates relieves others from the obligation to do so, appear convincing.<sup>186</sup> But how does the EU respond to them?

1. European Culinary Tradition is Tarnished when GIs are used as Generic Names

In response to calls that European product names are generic, the EU's reply is that for many European farmers a name is not just a name, rather it is "a tradition, a place, a way of life, and the quality of a product."<sup>187</sup> Justifying the outcome of the Kraft case, the argument is that the production of Parmigiano-Reggiano is possible only by joining together geography and traditional techniques used to produce it; "[t]he cheese can be made only in certain areas of Italy, during certain months to ensure that the milk comes from cattle that have fed on fresh grass, never fodder from other locations."<sup>188</sup> Many Europeans therefore feel it is impossible for a Kraft manufacturing

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be able to benefit economically from GI protection. *Integrating Intellectual Property Rights and Development Policy: Traditional Knowledge and Geographical Indications*, 90, available at [http://www.iprcommission.org/papers/pdfs/final\\_report/Ch4final.pdf](http://www.iprcommission.org/papers/pdfs/final_report/Ch4final.pdf) (last visited Oct. 2, 2004).

186. In fact, Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay and the United States, opposing extension, made these arguments in front of the TRIPS Council in TRIPS Council paper (IP/C/W/298):

[T]he costs of implementing new laws and administrative mechanisms that would be necessary to fulfill new TRIPS obligations; the administrative and financial burden of providing 'additional protection' to a large number of other Members' GI's' possible closing off of future market access opportunities for emerging industries, and uncertainty concerning the continued use of existing markets; differential impact on Members (and industry), particularly Members that do not already have elaborate TRIPS-plus systems in place; consumer confusion caused by re-naming and re-labeling of products; and heightened risk of disputes over GIs between WTO Members and producers in the WTO.

Grazioli, *supra* note 129.

187. Cabot, *supra* note 40.

188. *See id.*

plant to produce something similar.<sup>189</sup> According to Gerry Kiely, counselor of agriculture for the European delegation, “[t]his is a David and Goliath thing,” because this is a comparison between “small, rural area[s] [and] big multinational [companies].”<sup>190</sup> Kiely contends that the EU is merely protecting the interest of European farmers “whose economies are tied to their local products and who don’t have the resources to maneuver through the complicated U.S. trademark system.”<sup>191</sup> Hence, in addition to European farmers being unable to protect themselves in the U.S. trademark law maze, many argue that the issue is also about preserving European food culture.<sup>192</sup> Many would argue, in fact, that this tradition “is tarnished every time Americans shake a can of Kraft Parmesan over their pasta and call it Italian.”<sup>193</sup>

## 2. Re-naming would not be Wide-Spread and therefore not Costly

The EU asserts that the issue of re-naming and re-labeling would not be nearly as wide-spread of a consequence as American companies seem to fear, and point to the exceptions in Article 24.<sup>194</sup> In fact, they confidently state that the instances that require re-naming would be rare:

The exceptions contained in Article 24 would apply to ‘extension’ just as they currently do for GIs for wines and spirits today. They take due account of hitherto existing good faith use of GIs for products without the relevant origin. If, however, such use happened in bad faith with the intention to “free-ride” on the reputation of a GI, it would not qualify for an exception under Article 24. The obligation to re-label the product would be appropriate.<sup>195</sup>

As a result, they also assert that the administrative costs that many think would be associated with such efforts are exaggerated. Instead, they emphasize that such concerns pertain to any international law that is the result of multilateral negotiations.<sup>196</sup> In fact, it has been said that “[t]he costs of WTO Members for

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189. *See id.*

190. *Id.*

191. *Id.*

192. *See Cabot, supra* note 40.

193. *Id.*

194. *See Addor, Thumm & Grazioli, supra* note 25.

195. *Id.*

196. Rangnekar, *supra* note 3.

implementing additional protection for GIs for all products would be negligible in comparison with the costs of implementing the obligations of the Uruguay Round.”<sup>197</sup> In addition, it is necessary to “distinguish between fixed costs that will only have to be born once as the system is set up, and the costs that will result from actually running the system.”<sup>198</sup> In this regard, some stress that because WTO countries are already obligated to provide the means to prevent the misleading use of GIs for wines and spirits, extending the same protection should in reality not result in much of an administrative burden.<sup>199</sup> In essence, proponents feel that “[t]he economic long-term benefits of extending the more effective protection of GIs to all products would clearly in any case outweigh the costs for the few cases where re-labeling might be necessary.”<sup>200</sup>

### 3. Concerns about Monopolization are Exaggerated

The EU does not see the U.S. concerns of monopoly as serious. Instead, GI proponents feel such arguments are shortsighted, and contend “[w]hat matters are long-term effects and the guarantee of sustainable and fair competition.”<sup>201</sup> They call attention to the value of extending Article 23 protection to all goods, which they argue would “facilitate consumers’ choice since they would be assured that products using a GI actually originate from where the GI indicates.”<sup>202</sup> Rather than leading to monopoly, consumers would be free to choose between a product from a given region with a given GI, and a similar product that does not originate from the same region.<sup>203</sup> Proponents also assert that because a consumer can “trust” the GI, instead of monopoly, extended GI protection will lead to a pro-

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197. Addor & Grazioli, *supra* note 28, at 887.

198. See Rangnekar, *supra* note 3.

199. See *id.*

200. Addor, Thumm & Grazioli, *supra* note 25 (internal citation omitted).

201. *Id.*

202. *Id.* See, e.g., Addor & Grazioli, *supra* note 28, at 896.

[T]he improved protection of geographical indications for all products on the level similar to the one granted for wines and spirits, would promise trade and investment advantages . . . for . . . countries which depend on exports of primary commodities. Extension is thus an economical assert for countries wishing to maximize the benefits from the excellent reputation of many of their products in order to consolidate their markets and avoid illegitimate use by and identification of products manufactured outside their borders.

203. See Addor & Grazioli, *supra* note 28, at 896.

competitive result, where “products will compete on their own merits under their own name and their own geographical indication.”<sup>204</sup>

#### 4. GI Extension makes it Easier to Determine who is Entitled to Protection

With respect to difficulties in determining who is entitled to use a GI, proponents feel that extending GI protection will actually eliminate any legal uncertainty because “[a] simple test by the court of whether a product comes from the place and whether it has the quality designated by the GI will be sufficient.”<sup>205</sup> They thus argue that the proposal supports transparency and will actually lead to lower costs in the form of reduced litigation costs, because Article 23 protection, unlike Article 22, does not necessitate a showing of the public being misled, or unfair competition.<sup>206</sup> Additionally, applying the Article 23 protections to all products would eliminate the risk of different judges reaching different conclusions.<sup>207</sup>

#### 5. Homonymous GIs: No Clear Solution

The issue of homonymous GIs leading to conflicts between producers from different identically named regions is admittedly one of the most difficult to solve.<sup>208</sup> The TRIPS rule in Article 23(3) is merely a compromise and it is clear that it does not provide a lasting solution.<sup>209</sup> It cannot be denied that “the ‘old’ world – ‘new’ world impasse on GIs for wine remains a significant stumbling block” for the WTO.<sup>210</sup>

#### 6. Failure to Protect GIs in Country of Origin Removes Obligation to Protect it Elsewhere: No Clear Solution

Another fundamental obstacle that WTO members face in their negotiations stems from the fact that there is no obligation on the part

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204. Addor, Thumm & Grazioli, *supra* note 25.

205. *Id.*

206. *Id.*

207. *Id.*

208. See Rangnekar, *supra* note 3.

209. See *id.* Responding to the TRIPS solution which gives both GIs the right to exist even when they are identical, one scholar asks the following question: “If this kind of solution is accepted worldwide for some types of products with respect to homonymous geographical indications, is there any reason for not extending the same criteria to all other products?” Escudero, *supra* note 19, at 37.

210. *Id.*



of countries to protect a GI if it is not protected within its country of origin.<sup>211</sup> This is particularly heart breaking because the members that end up suffering as a result of this policy are essentially developing countries, which can least afford the loss. No proposed solution exists as of yet.

## V. WHAT CAN WE LEARN FROM THIS?

### A. *The Reality of the Situation*

As is clear from the foregoing discussion, both sides are firmly set on their positions, so it is hardly surprising that the Cancun negotiations collapsed. The foregoing discussion, however, also shows that the U.S. and the EU are not viewing the controversy through the same lens.

The EU and its supporters see GIs “as a way to change from quantity-based to quality-based exports” via a system where consumers can recognize products of high quality, made according to tradition, and produced only in the regions that the GI denotes.<sup>212</sup> As a result, to allow protection for a product that carries the name of the region from which it originates is no doubt an excellent idea, and to do so internationally is an even better idea, because in today’s global economy little else will do.<sup>213</sup> Still, although the EU strives for international protection for its GIs, it appears as though the EU is not viewing the issue from an international point of view but focuses on the benefits its member nations seek to reap. In particular, with regard to the proposed extension, the EU approach appears somewhat simplistic and seems to ignore the realities that such policies cause for “new world” countries.<sup>214</sup> Frankly, companies that currently use

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211. *Id.*

212. BABCOCK & CLEMENS, *supra* note 117, at 8.

213. See Carolyn Said, *The Label Police: Europeans Are Getting Snippy about Foreigners Using their Place Names for Food*, SAN FRANCISCO CHRONICLE, Aug. 17, 2003, available at <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2003/08/17/BU229698.DTL> (last visited Oct. 10, 2004). An EU position paper states: “GIs are key to the EU economy . . . GI products represent a considerable part of our agri-food exports already but more importantly, create a genuine niche for development of agri-food industries. . . . Overall, the importance of GI for EU exports is paramount.” *Id.*

214. The United States’ trade representative Robert Zoellick, who represents the U.S. in the WTO negotiations, phrased the U.S. stance as follows. “European countries spent 500 years colonizing us, and then we finally get free—and now they want to have us to pay for the names.” He continued by noting that: “I noticed a lot of the names are in English, too, and I thought that was my language, not some of theirs.” No doubt many Americans agree. *Id.* See

geographically descriptive names as generic, or have an exclusive right to use a name afforded by a trademark, are threatened by policies that propose giving a GI precedence because such policies could be financially disastrous for them.<sup>215</sup> Also convincing is the contention that many Americans would indeed be confused if what they are used to purchasing as Kraft Parmesan cheese is suddenly sold as Kraft Pamesello cheese.

*B. Pushing for Extended GI Protection is the Not the Correct Priority*

The reality of the situation is that regardless of how European producers may feel, numerous product names are indeed used as generic in the United States.<sup>216</sup> The correctives that are allowed under Article 22 are a sensible compromise between GI protection on the one hand, and allowing the continued use of names that have become generic in certain areas, on the other.<sup>217</sup> Although extending Article 23 protection may appear appealing and more equitable, in reality such a level of protection would be detrimental to many producers, as it would mean banning correctives. Although the EU argument that correctives contribute to the free-rider problem may have some merit, it still seems less convincing than the negative effect the adoption of such policies would have on producers who would have to re-name their products.<sup>218</sup> Therefore, it does not seem advisable to expand Article 23 protections to products other than wines and spirits.<sup>219</sup>

Similarly, the claw-back proposition has been the cause of a great deal of fear and resentment.<sup>220</sup> As already represented by the

also *Review of the Geographical Indications in the World Trade Organization Negotiations, Hearing of the House Agricultural Committee*, July 22, 2003.

215. See BABCOCK & CLEMENS, *supra* note 117, at 9.

216. See Cabot, *supra* note 40. See, e.g., Dwijen Rangnekar, *The Basmati Patent*, THE ECONOMIC TIMES OF INDIA, Aug. 4, 1999 (discussing the issue of whether Basmati rice is a GI or a generic term).

217. See TRIPS, *supra* note 1, art. 23(2).

218. See BABCOCK & CLEMENS, *supra* note 117, at 9.

219. See, e.g., Steven A. Bowers, *Location, Location, Location: The Case against Extending Geographical Indication Protection under the TRIPS Agreement*, 31 AIPLA Q.J. 129, 155-63 (2003).

220. Whether a term is generic was examined in Cases C-289/96, C-293/96 and C-299/96, where the issue involved the name "Feta" for cheese. Greece sought to register "Feta" as "salted white cheese traditionally produced in Greece, from sheep's milk or a mixture of sheep's milk and goats' milk" exclusively from seven Greek regions. Most of the EC Member States had requested that the name "Feta" be declared generic, but the Commission nonetheless concluded that it was not. Because the Commission had relied on a Greek survey which concluded that "Feta" was seen as a GI there, the European Court of Justice held that it was wrong to ignore

*Kraft* case, the fear that manufacturers have concerning re-naming if a generic name becomes a GI, is a real one.<sup>221</sup> Similarly, as represented by the *Torres* case, not even a trademark owner is safe, but could risk losing his exclusive right to the mark if a GI is allowed to take precedence.<sup>222</sup> As result, extending GI protection to the detriment of generic names, and especially to the detriment of existing trademarks, is very dangerous and unfair suggestion.

Further, homonymous GIs and the fact that the inability of developing countries to protect their own GIs relieves other countries of the obligation to protect them, are serious concerns yet to be resolved.<sup>223</sup> Despite the fact that TRIPS explicitly commits the signatories to negotiate to further the protection of GIs, it is hardly sensible to try to do so when the same parties are unable to fully implement or even agree on the meaning of what has already been agreed upon.<sup>224</sup>

Rather than argue over whether to extend the current level of protection, the WTO countries' immediate concern should instead be to concentrate on fully implementing the TRIPS provisions as they stand into their national laws, since ultimately GI protection is effected through domestic legislation.<sup>225</sup> Particularly in light of the fact that the EU and the U.S. are so far apart and the GI negotiations

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other Member States in addition to the State of origin. The European Commission's IPR Helpdesk, *supra* note 47.

221. See BABCOCK & CLEMENS, *supra* note 117, at 10.

222. See *supra* note 92 and accompanying text regarding the Torres trademark. INTA is of the opinion that trademarks and GIs can coexist but not to the detriment of the trademarks. The organization's position is expressed on its website and is the following:

While INTA supports the protection of geographical indications as an intellectual property right, INTA also firmly advocates that such protection must not prejudice other existing intellectual property rights, including trademarks. Harmonious co-existence of geographical indications and trademarks is possible as long as conflicts between these rights continue to be resolved pursuant to the well-established intellectual property principles of territoriality, exclusivity and priority.

223. See Rangnekar, *supra* note 3.

There is a strong case for responding to the demand for GI extension as the existing system is discriminatory . . . However the demandeurs must face up to two key points: (a) domestic protection of GIs is a crucial pre-requisite and (b) exploiting the GI option requires significant investments. Only some GIs are likely to result in economic returns. In addition, the impasse regarding homonymous GIs between the 'old' and the 'new' worlds remains a stumbling block for taking the negotiations forward.

*Id.*

224. TRIPS, *supra* note 1, art. 24(1).

225. See Bowers, *supra* note 219 at 152-53.

are more or less deadlocked,<sup>226</sup> the two factions should first and foremost ensure that their own domestic policies are TRIPS-compliant: the EU must assure that its protection is not too strict and the U.S. must assure that its protection is strict enough. Although it currently appears as though WTO involvement is necessary, starting domestically nonetheless appears to be the most logical next step. Perhaps bringing its policies closer to what it agreed under TRIPS will lead the EU to realize that in reality the current TRIPS standards are not so inadequate after all, which should enable the U.S. to breathe a sigh of relief.

## VI. CONCLUSION

GIs are an issue that has polarized the WTO in an unprecedented way: the “New World” reluctantly agreed to accept GIs as a separate branch of intellectual property as a compromise solution in the TRIPS negotiations, while the “Old World” is already pushing to significantly extend the TRIPS protections. GIs are hugely valuable, but of even more value when trying to get one’s way is the ability to see the situation from the perspective of the other side. In this case, the EU is not seeing the other side. The fear of names commonly seen as generic becoming GIs and the fear of losing a pre-existing trademark are legitimate concerns, as the resulting financial losses and confusion would be both real and considerable. GIs should be protected, and including them in the TRIPS agreement was the right decision, but extending the protection currently afforded to GIs under TRIPS is neither necessary nor advisable. Rather than squabble over extending GI protection, the WTO countries should concern themselves with homonymous GIs and the effect of GIs on developing countries, as well as assuring that domestic laws, which ultimately govern GI protection, are TRIPS-compliant.

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226. See also Kevin M. Murphy, Note and Comment: *Conflict, Confusion, and Bias Under TRIPs Articles 22-24*, 19 AM. U. INT’L L. REV. 1181 (2004) (arguing that the WTO’s failure to “account for vastly different conceptions of intellectual property, as applied to geographic indications, signals the likely collapse of [TRIPS]”).

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