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# Registered GI's: Intellectual property, agricultural policy and international trade

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## Registered GIs: Intellectual Property, Agricultural Policy and International Trade

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Controversy surrounds current proposals to increase global protection for registered GIs by way of multilateral negotiations under TRIPs.<sup>1</sup> Mooted expansion is twofold: by establishing a multilateral register of GIs for wines and spirits, with resulting protection in Member States; and by extending the higher level of TRIPs protection now enjoyed by wine GIs to other goods.<sup>2</sup>

Negotiations relating to registered GIs do not benefit from broad harmony about the universal need for, or the basic principles of legal protection. The European Union and some of its member countries have well-established high-level protection for geographical indications for food by way of registration. These systems impose strict norms, determined and enforced by statutory bodies, concerning both geographical origin and product standards (mandatory production methods).

The European Union favours what amounts to partial elevation of the EU regional GI framework to a global level.<sup>3</sup> Whereas the present proposals for a multilateral register only extend to wine GIs, there can be

little doubt that a multilateral GI register would ultimately comprise all goods, not just wine. Expansion is already a WTO agenda item,<sup>4</sup> and there is little inherent logic in maintaining distinct rules for wines and spirits. The EU TRIPs proposal calls for inclusion on the multilateral register of terms already found on national or regional registers without further substantive examination, but subject to a member country's right to challenge a term it considers ineligible for protection in its territory, on prescribed grounds.<sup>5</sup> Under present proposals, inclusion of a GI on the multilateral register would have the direct legal effect of affording it TRIPs protection (Art.23) in any Member State that has not challenged it.

Many member countries outside Europe have either no GI registration or only low-level systems of registration,<sup>6</sup> some requiring certification of geographical ori-

origin for agricultural products and foodstuffs ([1992] O.J. L208; below: "Regulation 2081/92"). More precisely, what is proposed by the European Union amounts to a system incorporating both Regulation 2081/92 elements and Lisbon elements into the WTO mechanisms (Lisbon Agreement for the Protection of Appellations of Origin and their International Registration).

<sup>4</sup> Although contentious: there was considerable disagreement as to whether the Fourth WTO Ministerial Meeting in Doha mandated negotiations for the extension of protection for GIs for products other than wine and spirits; see para.12 of the Doha Declaration.

<sup>5</sup> See the revised EU proposal for the multilateral register, IP/C/W/107/Rev.1, June 22, 2000: "Implementation of Article 23.4 of the TRIPs agreement relating to the establishment of a multilateral system of notification and registration of geographical indications" (Communication from the European Communities and their Member States). The grounds of opposition proposed are that the term does not conform to the TRIPs definition of a GI (see Art.22.1 of TRIPs); that the GI contains a false indication as to origin; that the GI is generic; and the absence of national protection. Controversially the EU proposal does not provide for opposition on the basis of a pre-existing registered trade mark incorporating a GI. By contrast, the Hungarian proposal provides for opposition on the basis of prior trade mark registrations also (see WIPO IP/C/W/255, May 3, 2001). See also Council of TRIPs, JOB (03)/75, "Draft text of Multilateral system of notification and registration of GI's for wines and spirits", April 16, 2003. Note that oppositions can only be lodged by states and not in any circumstance by owners of prior trade marks directly. However, under the Hong Kong proposal (see WTO TN/IP/W/8, April 23, 2003) the domestic courts would decide about the applicability of genericness or prior trade mark exceptions, rather than these issues being incorporated into the multilateral registration process itself.

<sup>6</sup> See for instance for Malaysia: Geographical Indications Act 2000, Geographical Indications Regulations 2001, and Geographical Indications (Amendment) Act 2002; New Zealand also has GI registration legislation but it has not yet entered into force; for Australia see the Australian Wine and Brandy Corporation Act 1980 (Cth). In Turkey, see Decree Law No: 555 Pertaining to the Protection of Geographical Signs, which entered into force on June 27, 1995; in India see the Geographical Indication of Goods (Registration and Protection) Act 1999 (as analysed in *Managing Intellectual Property*, Special Supplement to April 2003 issue, The India IP Focus: "GI's labour under unequal terms", pp.95 *et seq.*); see also S. Chaturvedi, "India, the EU and GI's: Convergence of interests and challenges ahead", Research and Information Systems for the Non-aligned and Other Developing Countries (RIS) (2002). The TRIPs definition of a geographical indication does not require that product standards apply, but only that characteristics or reputation are essentially attributable to geographical origin. If only reputation is derived from geographical origin, then observance of consistent product standards is arguably not essential.

<sup>1</sup> As of February 5, 2003 the WTO had 145 Member States. As of the same date the United Nations had 191 Member States. For a useful account of some of the WTO negotiations and proposals, and analysis of developing country interests, see D. Vivas-Eugui, "Negotiations on Geographical Indications in the TRIPs Council and their effect on the WTO Agricultural Negotiations, Implications for developing countries and the case of Venezuela" (2001) 4/5 *Journal of World Intellectual Property* 703-729. For an account of the negotiation process resulting in TRIPs, see D. Gervais, *The TRIPs Agreement: Drafting history and analysis* (2nd ed., 2003).

<sup>2</sup> Protection does not have to be limited to foodstuffs, but this article limits consideration to food. If not limited to foodstuffs, then protected products could include carpets, cigars, rice, coffee, fish, tea, porcelain (*e.g.* Limoges is a protected GI in France). If not to all products, the extension could be limited to handicrafts and artisanal items. See the EU proposal presented to the TRIPs Council: documents IP/C/W/107 and IP/C/W/107/Rev.1. In any case food forms the focal point of GI protection, industrial products only relatively rarely being registered as GIs. The EU system established under Regulation 2081/92 only covers food. For background on existing national systems, etc., see Standing Committee on the Law of Trademarks, Industrial designs and geographical indications, Eighth Session (SCT 8/4), Document SCT/6/3 Rev. on "Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Obtaining Protection in other Countries" (Prepared by the Secretariat).

<sup>3</sup> EU-wide registration in relation to foodstuffs other than wine was established by Council Regulation 2081/92 of July 14, 1992 on the protection of geographical indications and designations of

gin but not observance of separate product standards.<sup>7</sup> Some of these countries do not favour global expansion of the EU regional registration model, and question the universal applicability of the policy basis for the introduction of registered GI systems.<sup>8</sup> In terms of safeguarding reputation and preventing consumer deception, existing laws are seen as sufficient, and as a consequence, a multilateral register with direct legal effect is seen as unnecessary.

The absence of the broad-based consensus that underpins other areas of IP law results from the mixed status of GI registration: it is both an instrument of agricultural policy, and a form of intellectual property. Whereas the economic and policy basis for legal protection for reputation is widely accepted, the agricultural policy impact of various GI registration systems is the root cause of much of the current disagreement. Disparate national agricultural policy perspectives arguably cause more controversy within WTO than any other subject-matter. The difficult negotiations surrounding registered GIs reflect this once again, as does the lack of consensus concerning priority between trade mark rights and registered GIs.

Against this background, undecided WTO member countries find themselves compelled to assess their national interest and take a considered position in relation to registered GIs. If they are to benefit from the multilateral register, they must address three significant questions:

- (1) Will the *domestic* economy benefit from the introduction of a registration system for GIs which is compliant with TRIPS?
- (2) Will export trade performance be enhanced by the introduction of a registration system for GIs, given the TRIPS provisions relating to GIs?
- (3) What trade-offs can be obtained in the context of trade negotiations, in return for support for global expansion of GI protection?

This article will contend that a member country must primarily decide whether its *domestic* economy will ultimately benefit from the protection by registration of its own geographical terms, and the accompanying regulatory structures. The other questions, relating to the potential “recovery” of reputed geographical terms in export markets, or to concessions that might be gained in other areas of trade negotiation, are subordinate. The main question is whether GI registration is a beneficial

addition to a current domestic policy matrix, including both IP and agricultural policy.

But would adoption of current EU proposals actually compel Member States to introduce a registration system for *domestic* GIs? The proposals would allow member countries considerable latitude in determining how extensive a domestic regulatory framework for GIs should be. Countries without a registered GI tradition could theoretically comply by adopting rules geared solely to the protection of *foreign* terms, as is also an option for wines under the current TRIPs provisions, or amending existing rules to the same effect. This would obviate the need to set up the elaborate system required to register, control and enforce local GIs.

However, the proposed multilateral register differs considerably from the current structure in relation to wine GIs.<sup>9</sup> Presently a member country is TRIPs-compliant if it affords individual applicants, foreign or local, protection against misappropriation of a wine GI without the need to prove consumer deception.<sup>10</sup> This requires some form of *a priori* identification of the protected wine GIs, as the TRIPs protection goes beyond that normally afforded by general rules against unfair competition, or the action against passing off.<sup>11</sup> This can be achieved by making available to individual applicants the right to apply for inclusion of a term on a domestic GI register, or as a certification or collective mark,<sup>12</sup> or on some other *sui generis* register established specifically to receive individual applications for protection of foreign wine GIs.<sup>13</sup>

By contrast, under the EU multilateral register proposal a country would have to afford all names on the multilateral register some form of automatic domestic registration, which enabled the owner to claim the legal protection afforded under TRIPs.<sup>14</sup> Terms on the multilateral register would also—and very controversially—achieve precedence even over existing registered trade marks in Member States. For individual owners of registered GIs this has the clear intended advantage of

9 The current provisions in fact cover both wines and spirits.

10 This only applies to terms that comply with the TRIPs definition of GI, which requires proof of connection between region of origin and qualities or reputation of the product: see Art.22.1 TRIPs; see also Art.24.9 TRIPs.

11 More precisely, in terms of Art.23.1 TRIPs: “Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, 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”.

12 Arguably such marks would achieve the effect that Art.23 (see n.11 above) requires, *i.e.* a remedy without proof of consumer deception where the mark is used on similar goods.

13 Alternatively a state can go beyond affording individuals a right of application and enter into a bilateral agreement with another member for the mutual recognition and registration of registered GIs.

14 Unless a challenge has been lodged by a member country. The EU proposal provides: “Participating Members shall facilitate the protection of an individual registered geographical indication by providing the legal means for interested parties to use the registration as a presumption of the eligibility for the protection of the geographical indication”: see IP/C/W/107/Rev.1, June 22, 2000. The protection concerned is the protection afforded by TRIPs Art.23(1).

7 *e.g.* in Australia the Australian Wine and Brandy Corporation Act 1980 (Cth) provides for wine GI registrations but only requires proof of origin, not observance of product standards.

8 A lack of enthusiasm is perhaps also demonstrated by the low level of adoption of international treaties relating to GI registration, principally the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration. As to proposals that tend to counter the EU position, see *e.g.* IP/C/W/133/Rev.1 “Proposal for a multilateral system for notification and registration of geographical indications based on article 23.4 of the TRIPs agreement”, Revision (Communication from Canada, Chile, Japan and the United States), July 26, 1999; IP/C/W/289, June 29, 2001, (Communication from Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay and the United States): “Extension of the protection of geographical indications for wines and spirits to geographical indications for all products: potential costs and implications”.

obviating the need to lodge individual applications in foreign jurisdictions. But for member countries without established registered GI systems, it would impose far greater regulatory costs than the present wine GI obligations do. Even a minimal system directed solely at the protection of foreign GIs for wine would necessitate the establishment of public law mechanisms, *inter alia* to examine and reconcile inconsistencies with domestic trade marks—unless the EU proposal is adopted, not permitting opposition to prior trade mark grounds—and homonymous place names, and to determine whether to challenge the eligibility for protection within the territory on a prescribed basis such as genericness or inconsistency with the TRIPs definition.<sup>15</sup>

Furthermore, a minimal system with no or insignificant domestic registration would also prevent a member country from ever deriving the advantage of international protection from the proposed register, since inclusion of GIs on the multilateral register can only derive from prior domestic registration.<sup>16</sup> If the multilateral register applies to wine only, this may not be a major concern. But there is no reason in logic to maintain such distinct treatment, and one can only presume that the multilateral register will eventually come to cover all goods, or at least all foodstuffs. The result would be a skewed system, where only countries with already well-established GI registration systems would derive much benefit from the global protection resulting from the multilateral register. Other countries would suffer the regulatory costs of protecting foreign GIs, with no prospect of any great domestic or export benefit, in either the short or the long term. Only if they have their own national register from which terms can be uploaded to the multilateral register to achieve a level of global protection can they possibly derive some future benefit. But is it worth having a domestic registration system for GIs in the first place?

In other words, will GI registration benefit the domestic economy, in particular agricultural and rural incomes and production?<sup>17</sup> Answering this requires prior analysis of the merits and demerits of such systems, and also consideration of the broader policy settings of national agricultural and rural sectors. If the

15 The EU proposal (see nn.5 and 14 above) requires that a Member State challenges “in a duly justified manner”. The Chairman’s Note of April 16, 2003 (JOB(03)/75: “Draft of multilateral system of notification and registration of geographical indications for wines and spirits”), which contains various possible versions of a legal instrument establishing the Register, provides as one option that the grounds for a challenge would be specified, and would be: non-conformity with the TRIPs definition of Art.22(1); inherent falsity; genericness; and exceptions under Art.4(4) and (5) of TRIPs. As to the relationship between registered trade marks and geographical indications on the multilateral register, and the application of Art.2.3 concerning invalidation of trade marks containing a misleading geographical indication, the Chairman’s note is silent. About the relationship between trade marks and geographical indications in general, see WIPO SCT/5/3, “Possible solutions for conflicts between trade marks and geographical indication and for conflicts between homonymous geographical indications” (International Bureau, June 8, 2000).

16 Moreover, such domestic registrations would have to conform to the requirements of TRIPs if the registered terms are to be entered on to the multilateral register.

17 Again, as pointed out above, although GI registration can extend to all goods, foodstuffs, and not industrial goods, are the key to this debate; see n.2 above.

conclusion is that it makes sense to have a domestic system of protection for registered GIs, then the further question is what form it should take.

It is contended below that a high-level system, *i.e.* one which combines proof of geographical origin and adherence to product standards, has the greatest theoretical merit. However, such a system amounts to a pervasive intervention in patterns of agricultural production, with some detrimental economic impacts. It may thus hold few attractions to countries with incompatible agricultural industry structure and policies.

After an overview of current standpoints, the theoretical arguments relating to registered GI systems are considered below. Then some benefits that countries without a GI tradition might derive, in terms of international negotiations and trade, from support for current EU proposals, are considered.

## Europe and the New World: Division among Member States

### The European Union and other Member States

The European Union is the principal advocate of greater protection for GIs around the world, by way of bilateral negotiations, in the context of WTO/TRIPs or in the context of the WTO Agriculture Agreement negotiations.<sup>18</sup> The main thrust of the Union’s ambitions with regard to GIs is apparently threefold: first, to recoup as many “lost” GIs as possible, whether through multilateral or bilateral arrangements; secondly, to ensure that all registered European GIs *automatically* enjoy increased protection around the world; and thirdly, to achieve a uniform high level of protection for all GIs globally, whether for wine or all agricultural foodstuffs for human consumption. The “recoupment” of lost GIs has two elements: the phasing out of generic use and establishing the pre-eminence of GI registration over trade mark rights, even if prior registered. If all this comes to pass, the historical trend which saw the adoption in 1992 of regional EU GI registration, partly modelled on national laws, would be further extended to the global level.

The principal momentum behind the European Union’s appeals for greater GI protection comes from Mediterranean EU states, Italy, Portugal, Spain, and above all France, where traditional, specialised, small scale, non-commoditised agricultural practices remain relatively commonplace, with a fair degree of rural processing. In those countries registered GI systems are on the whole also well established.<sup>19</sup> Some Central European states also favour the “expansionist” agenda, such as Hungary (to join the European Union on May

18 Nonetheless a number of other member countries (so-called “Friends of GIs”) have joined in calling for greater GI protection: *e.g.* Switzerland, Sri Lanka, Pakistan, India, etc. As to the history of debate concerning GIs in the context of TRIPs, see *e.g.* also F. Addor and A. Grazioli, “Geographical indications beyond wines and spirits” (2002) 5/6 *Journal of World Intellectual Property* 865; and also Vivas-Eugui, n.1 above.

19 This is not the case for all EU countries. Before 1992 the northern Member States did not have registration systems, relying on legislation relating to misleading and deceptive conduct. This caused some difficulty, since these states did not dispose of established lists from which to notify names to the Commission when Council Regulation 2081/92 came into force.

14, 2004) and Bulgaria. Certain developing countries also favour extension of registered GIs to cover products other than wine, with some of the interest going beyond foodstuffs and into handicrafts and other forms of localised small-scale industrial production.

Farming and agriculture in the European Union are highly regulated, protected and subsidised activities. The level of state and Union involvement with agriculture naturally results in the Union giving considerable weight to agriculture-related issues in trade negotiations. However, currently there is a trend towards attempting to reduce European agriculture's reliance on forms of production and export subsidisation. One must be conscious, when considering the position taken by the European Union in relation to registered GIs, of the direct and indirect links that exist between registered GIs and wider agricultural policy. In terms of agricultural policy, high-level registered GI systems can be said to promote small-scale rural production, the elimination of overproduction, maintenance of artisanal production methods, and hence rural income and population, and existing environments. From this perspective, increasing protection of GIs in export markets around the world can be seen as promising ever greater returns to local producers.

On the other side of the debate stand certain "new world" countries that have agricultural sectors with some or all of the following characteristics: lower levels of agricultural subsidisation; export orientation; economies of scale in agri-industries; higher levels of corporate control of production; and common adoption of European geographical terms, in some cases as generic product descriptors. These states, among which Australia is prominent, tend to oppose expansion of the registered GI system.<sup>20</sup> They are concerned that increased GI protection has protectionist overtones, and that it will disadvantage them in the development of agricultural export trade into certain third country markets, as well as imposing onerous compliance obligations. They are also unconvinced of the inherent benefits in domestic economic terms of increased GI protection, pointing, *inter alia*, to the sufficiency of existing remedies for misuse of reputation, and the considerable regulatory and fiscal costs involved. Countries such as the United States also strongly advocate the maintenance of prior trade mark rights, both on the basis of the inviolability of private property rights and the need for compensation if prior trade marks were to be effectively expropriated because of subsequent GI registrations.

### The expansionist position

While agricultural policy related motives may remain largely in the background, the expansionist position openly invokes a combination of historical and theoretical arguments. Fundamental is the view that it is not

because others have over time "got away with" using geographical terms to describe products originating outside the relevant area that they should be entitled to continue to do so in the future. The whole history of the protection of GIs has been marked by a geographical expansion of the struggle to confine the right to use terms to the region designated: to recapture lost GIs. The TRIPs-related demands are simply the logical next step in the context of more integrated world trade, a step that will further repair historical wrongs.<sup>21</sup> But the protection for pre-existing trade marks and generics remains a perceived drawback which TRIPs negotiations concerning expansion and the multilateral register do not directly address. This continues to offend EU interests: geographical indications identify real and existing places, and inhabitants should not be deprived of their inherent right to use their place names in relation to their products. They should not become victims of their own success by the protection of others' rights to use European place-names under the guise of genericness. Moreover, the rights of foreign trade mark owners whose marks incorporate a regional name should not prevail over the rights of regional GI users.

Nonetheless, even if in theory all GIs should ultimately be "reinstated", the exigencies of international trade negotiations have compelled acceptance of a compromise. Hence certain exceptions (pre-existing registered trade marks, generic geographical terms)<sup>22</sup> have become established in the TRIPs context. This does not mean there is no room for "improvement" (*i.e.* circumventing TRIPs exceptions): to some degree within TRIPs through the mechanics of the multilateral register; through the agriculture negotiations; or through bilateral agreements, of which the EU–Australia Wine Agreement is an example. Therefore a two-pronged approach, on the one hand, striving for expansion of protection within TRIPs, and on the other hand, enhancing protection even beyond TRIPs standards through agriculture negotiations and country-specific agreements, is crucial to Europe's determined effort to regain comprehensive control of its geographic terms in agricultural trade in the future.

However, in the next stage of expansion of protection of registered GIs, more is required in a multilateral forum than determination and appeals to fairness or an obligation to repair historic injustices. As suggested above, one factor in gaining acceptance in the broad church of the WTO lies in the support that may be garnered for domestic registered GI protection from countries that do not already have it. Such countries would likely be less willing to support higher GI protection if the overwhelming beneficiary is only Europe, and if the domestic policy advantages of GI registration (going beyond wine) are not apparently universal.

20 See WTO IP/C/W/133/Rev.1: proposal from Canada, Chile, Japan, and the United States; and the proposal presented to the TRIPs Council's Special Session, September 2002, by 17 members including the United States and Canada, and Australia and New Zealand—see WTO IP/C/W/386 (relating to Art.23); see also WTO IP/C/W/360, Implications of Article 23 Extension (Communication from Australia, Canada, etc.), July 26, 2002.

21 This historical dimension particularly holds true for the European Union. Certain developing nations favour expansion for different reasons, mainly related to the opportunity to regain control of certain terms now commonly used, or otherwise related to perceived advantages for certain sectors (including traditional crafts) or the aspiration to use GI registration to protect traditional knowledge; see further Vivas-Eugui, n.1 above.

22 The exceptions of Art.24(4)–(9) are commonly referred to as the "acquired rights" exceptions.

## The minimalist position

The minimalist position turns the historical argument on its head and stresses that there is no point in closing the stable door now the horse has bolted. The use of European GIs in many of the immigrant countries of the new world is the result of historical accident, and not of deliberate misappropriation in bad faith. Many GIs and associated cropping and production processes were introduced by migrants naming colonial locations after their place of birth, or continuing to use customary geographical terms to describe certain products. In the perception of consumers in such countries, many GIs have lost their connection with a certain region in a country of origin.<sup>23</sup> Furthermore, for many years—although this is not universally the case: think of Champagne, for example—GIs remained largely unclaimed and unprotected outside Europe, so European countries are arguably estopped from claiming them back. *A fortiori* trade mark owners' private ownership rights should not be usurped or expropriated.

It is also argued that it is unconscionable to set up a global system of GI registration which is potentially so disproportionate in its benefits. In contrast with other IP regimes such as copyright or patents, registered GI systems are not widespread outside Europe—as is illustrated by low adherence levels to relevant international treaties, mainly the 1958 Lisbon Agreement. Member countries, to comply with international obligations, participate in the proposed multilateral register system, and derive domestic economic benefit, would *in effect* have to establish systems that protect both foreign and local GIs. This would in fact advantage Europe, with its long-standing investment in protection regimes and long tradition of rural branding and regulation. Other member countries would either never benefit, or only benefit after considerable investments have been made to internationally promote local GIs, as yet unknown, in export markets. Rather, in the newly found spirit of WTO and TRIPs, members should aim to establish a system that does not distribute benefits unevenly over Member States, but that holds genuine promise of trade liberalisation and domestic growth for all country members.

Opponents of registered GI systems point out that they are not without viable alternatives. If the essential task of GIs is as a vehicle for the promotion of value-added rural production, there are other options with marked advantages, whether it be certification or collective marks, or even ordinary trade marks (corporate branding).<sup>24</sup> These alternatives have many of the advantages of GI protection without some of the drawbacks.<sup>25</sup>

23 See e.g. the Spanish Champagne (Freixenet) decision in Australia: *Comité Interprofessionnel du Vin de Champagne v NL Burton Pty Ltd* (1981) 57 F.L.R. 434.

24 As to certification marks in general, see J. Belson, "Certification Marks, Guarantees and Trusts" [2002] E.I.P.R. 340.

25 In terms of public cost, rigidity and dependency on commensurate rural and agricultural policy settings. Much is made of the issue of cost in the WTO Communication emanating from Australia, Canada, etc. (WTO IP/C/W/360; see n.20 above), in particular, that a registered GI system tends to impose costs and administrative burdens on states rather than on private actors, as is the case with trade marks.

These arguments are inherently inconclusive, even if they generally point towards the need for synchronicity between decisions concerning registered GIs and broader agricultural policy. As argued above, ultimately the essential question is what the domestic advantages are of introducing a system of registered GIs, and furthermore what forms such a system should take. More progress can be made from attempting to identify the theoretical basis for introducing a registered GI system. This will assist in determining whether a country might wish to adopt such a system if it is not already established, and hence the position it might take in international negotiations.

## The Theoretical Case for GI Registration

### Registered GIs as intellectual property<sup>26</sup>

As a form of intellectual property, registered GIs constitute proprietary protection for reputation.<sup>27</sup> The goals of GI registration are thus analogous to those of trade mark registration. In other words, registration allows *a priori* determination of legal entitlement, with subsequent savings in terms of transaction costs, both in the context of licensing and assignment, and in the context of dispute resolution. Registration obviates the need, within certain parameters, to prove ownership when a dispute arises, as well as the need to prove reputation and deception of consumers. A registration system also presents search cost advantages for rival traders, who can more simply determine whether a certain sign is available for use as a promotional tool or not. Thus legal protection for signs promotes efficiencies in the industrial organisation of the production and promotion of goods.

26 As to general analysis of the policy issues underlying GI registration see, *inter alia*, D. Rangnekar, "Geographical Indications, A review of Proposals at the TRIPs Council: extending article 23 to products other than wines and spirits", UNCTAD/ICTSD, May 2003; OECD, Directorate for Food, Agriculture and Fisheries; Trade Directorate, "Appellations of origin and geographical indications in OECD member countries: Economic and Legal implications", OM/AGR/APM/TD/WP(2000) 15/FINAL; P. J. Heald, "Trademarks and Geographical Indications: Exploring the Contours of the TRIPs Agreement" (1996) 29 Vand J. Transnat'l L. 635; and WIPO Symposium on the International Protection of Geographical Indications in the Worldwide Context, Hungary October 1997; South Africa, September 1999; Montevideo November 2001. For more extensive consideration of policy issues relating to GIs see also W. van Caenegem, "Registered Geographical Indications: Between Intellectual Property and Rural Policy" (2003) J.W.I.P. Pt I Vol.6/5: 699; Pt II Vol.6/6: 861.

27 The analysis below is in part based on W. M. Landes and R. A. Posner, "Trademark law: an economic perspective" (1987) 30 J. of Law & Eco. 265; N. Economides, "The Economics of Trademarks" (1988) 78 *Trademark Reporter* 523; S.L. Carter, "The Trouble with Trademark" (1990) 99 *Yale Law Journal* 759; M. Davis, "Death of a salesman's doctrine: a critical look at trademark use" (1985) 19/2 *Georgia Law Review* 233; W. Moran, "Rural space as intellectual property" (1993) 12 *Political Geography* 263; W. Moran, "Wine appellations as territory in France and California" (1993) 83/4 *Annals of the Association of American Geographers* 694-717 at 695; and N. Dawson, "Locating geographical indications—perspectives from English law" (2000) 90 *Trademark Reporter* 590.

At a more general level, GI registration, like trade marks, may effect a search cost reduction for consumers. The information asymmetry between buyer and seller is overcome by the legal protection of the sign by which consumers can recognise the qualities of experience goods (*i.e.* goods whose characteristics cannot be tested on purchase) emanating from the owner of the mark. At a more basic level, registration promotes diversification in industrial production: in the absence of legal protection for reputed signs, producers of non-testable goods would not supply diversified and distinct products at higher cost, because of the inability to capture higher returns. Competitors would imitate the sign and attach it to goods of lesser quality produced at lower cost, so the incentive to produce differentiated goods in the first place would be reduced.

GI registration systems thus support investment in the production and promotion of diversified rural and agricultural products. This could also be done by way of ordinary trade marks, but there is a crucial distinction in this regard: GI registration protects the reputation of actual places as represented by their actual names, whereas trade mark registration is only available for fictitious or fanciful terms that do not describe any aspect of the goods, including their geographical origin. This renders a system of registered GIS less dynamic than registered trade marks. The law recognises that the latter potentially pass from the private domain into common language through the process of genericisation; this cannot be the case for registered GIS.

Another crucial distinction is that registered GIS are collectively rather than privately owned, which requires greater regulation to ensure that the behaviour of each owner will not damage the overall reputation of the relevant term. Furthermore, because geographical derivation alone does not necessarily guarantee consistency in product characteristics, registered GI systems, such as the European high-level model, additionally impose detailed product standards to guarantee such consistency. This ensures that consumers are not misled by the use of a GI, and assists in maintaining the value of a registered GI over time, in terms of consumer goodwill.

Finally, a claim to uniqueness is sometimes made in relation to agricultural products, to support the argument that mere reliance on general actions against misrepresentation is not adequate. From this perspective, the *terroir* and human characteristics of an area imbue a product with such unique and inimitable qualities that any use of the term in relation to products emanating from outside the area is *ipso facto* a misrepresentation. Such goods cannot, by definition, have the same characteristics. Sceptics dispute this and argue that most products associated with a certain region can in fact perfectly well be imitated and produced elsewhere: geographical characteristics are rarely truly unique, and production techniques are readily copied.

### Agricultural policy

Thus a legitimate system of registered GIS that is to fulfil its purpose of protecting local reputation and reliably informing consumers concerning product characteristics requires proof and preservation of a real connection with a geographic area, and arguably also

observance of product standards, as enshrined in express regulations and specifications.<sup>28</sup> However, a system that imposes the resultant strict controls on agricultural production is quite clearly an instrument of agricultural policy. It tends to prefer established, small-scale methods of rural production over alternative land uses and production methods. Thus it potentially results in detrimental rigidities of production and supply, and additional costs in terms of inflexibility to compete by innovation. Inconsistencies in agricultural production levels cannot be alleviated by admixture with produce from outside the delineated area, nor can fluctuations in demand be adequately met. Since product standards are set, *inter alia*, by requiring the application of certain production methods, there is a brake on innovation both at the level of production technology and at the level of experimentation with alternative crops or varieties.

As a result, the desirability of GI registration tends to depend on the industrial and agricultural policy context. As a general rule, the potential economic benefits of registered GIS are most apparent where established industries in rural areas adhere to traditional methods and established crop choices, have maintained geographic integrity and have an established reputation. If a government is intent on maintaining the rural status quo on the basis of territorial preferences, established ownership patterns and protection of established cropping and production methods, stringent GI registration may be one tool that can be used to this end. By contrast, the system is less attractive compared to the use of registered trade marks as corporate brands, or certification marks, where there is no such small-scale rural production, entrenched by tradition, regulation and fiscal policy. If general policy settings reflect the fact that the structure of rural industry fluctuates over time, crop choices are unsettled, innovation and flexibility are established tools of rural policy, private land ownership is not strictly controlled, and agriculture is not heavily subsidised or protected, then registered GIS make much less sense.

### Alternatives to registered GIS

GI registration is not the only tool available to promote rural goodwill, and the introduction of such a system will undoubtedly create significant costs, short-term dislocation, inefficiencies and disputes, as territories are delineated and production methods determined. In other words, maintenance of rural employment and value adding, together with limiting overproduction,<sup>29</sup> are well-accepted policy goals—but high-level registered GI systems are not necessarily the best way to

28 Arguably guaranteeing geographical origin alone is not sufficient to ensure consistent product quality. Some countries might wish to adopt the strategy of *ex officio* registration of certain well-known GIS. Note that under EU Council Regulation 2081/92 no *ex officio* registration is possible: applications must ultimately originate with producers.

29 Note that the link between GI protection and limiting overproduction has always been strong; it is expressed in relevant EU documents (*e.g.* in the Preamble to Council Regulation 2081/92: "Whereas, as part of the adjustment of the common agricultural policy the diversification of agricultural production should be encouraged so as to achieve a better balance between supply and demand on the markets").

achieve this goal in every country. It may also be the case that the approach in the European Union, which recognises registration of GIs as a method for the limiting of production levels, is not appropriate in other countries, where governments seek the expansion of rural production!<sup>30</sup>

For many it will be more effective to rely on corporate branding strategies, as well as combating consumer deception as to origin by way of actions against misrepresentation, and/or reliance on collective or certification marks. This will maintain the necessary flexibility in industrial organisation, and an ability to innovate and compete at a more limited cost to the community. Promoting reliance on corporate brands, registered trade marks and collective and certification marks for such industries is more in tune with a liberal market economy based on private rights; GI registration systems are public rather than private in nature.<sup>31</sup>

### Cost: delineation and enforcement

There is little doubt that the setting up of a domestic register of GIs is an expensive undertaking both for the public purse and for business. As was argued above, a legitimate GI registration system should ensure consistent product standards and a close geographical connection. This requires complex determination of specifications and enforcement.<sup>32</sup> Even the more simple system, requiring only geographic delineation without separate product standards, such as for wines in Australia, requires considerable resources. Bureaucracies at various levels are necessary to determine whether a GI should be registered and under what conditions, and furthermore to supervise adherence to the specifications underlying granted GIs. Organisation at the producer level is also required. The advantage, if any, gained by having a system of registered GIs is countered

30 See e.g. Council Regulation 823/87: (L84/59) which states that a framework of Community rules concerning quality wine production should be adopted, *inter alia* "to avoid an uncontrollable extension of the production of such wines . . .".

31 There are ample examples, for instance in the wine industry, where ordinary trade marks have been used to great effect to promote the sales of quality products and command a price differential, while maintaining consistent quality, high levels of innovation and flexibility in production and marketing strategies.

32 It should be noted, for instance, that appeals and judicial determination of disputes must be catered for. This is a cost that is partly spread across the community, but also falls heavily on the shoulders of the agricultural sector. The history of the making of determinations in France provides a salutary lesson: the process takes many years, in a variety of fora, and many disputes, are ongoing. Decisions about delimitation are commonly appealed (on this and other characteristics of the French system of GI registration; see N. Olszak, *Des appellations d'origine et indications de provenance*, Tec&Doc (2001)). The younger system in Australia has already engendered protracted disputes about delimitation (as to the Australian system in general, see S. Stern and C. Fund, "The Australian System of Registration and Protection of Geographical Indications for Wines" (2000) 5/1 *Flinders Journal of Law Reform*). On the other side of the ledger, it has been argued that GI registration will save legitimate users the considerable costs of proving reputation and misrepresentation in each case. However, this may be true if one compares registered GIs to common law marks; it is not the case if an ordinary, certification or collective mark is registered instead of a GI. So there is an establishment cost for the system as a whole, and transaction costs involved with the operation of the system.

by the financial cost of the system, borne by agricultural producers, but also by taxpayers at large. There is also the potential short-term readjustment cost to consider if international obligations require relinquishment of established uses of certain terms, as occurred in relation to feta cheese in the European Union.

### Cost: promoting registered GIs

Like other forms of intellectual property, registered GIs do not constitute their own reward. Investment is required to build their reputation, by way of protection, promotion and advertising. In a competitive market the cost will be considerable, and will offset the increased returns from differentiation. This is the case in the domestic market, and also at the international level. In countries without an established tradition of GI registration, it may well be that regional reputation is not a common marketing tool, or that regional names have become genericised and are in general or indiscriminate use. This may pre-empt registration in the first place, but if registration is still possible, it will require a considerable investment in consumer re-education.

In terms of exports, some terms that have an established reputation in export markets, or where registration via the mooted multilateral register offers a chance of regaining some control over goodwill, may benefit from increased protection in the future. However, where a country has few or no GIs with a foreign reputation, it faces the arduous and expensive task of building up such a reputation overseas. There is a considerable distinction between regaining some control over internationally well-known GIs, to whose recognition imitators may well have contributed over the years, and developing a profitable reputation for the future for relatively unknown or at present non-existent GIs.

Building goodwill is obviously expensive but will also take time. Benefits in increased returns from differentiation will be for the future and subject to considerable risk and uncertainty. There is thus a serious question whether the short-term costs of establishing the system should be traded off in favour of uncertain long-term benefits. Even for well-known GIs such as Champagne, the cost of promotion and protection of the name around the world is very considerable. A premium price may offset these costs, but developers of new GIs would have to invest heavily before any premium returns could be commanded. It will take a long time before the increased costs of product differentiation on the basis of GIs will be recovered by increased price differentials. In any case, is there any advantage in investing in promotion of such registered GIs rather than of corporate brands or certification marks?

### Existing trade mark rights and homonyms

A further cost that a member country adopting a registered GI system may face is the need to align new registered GIs with pre-existing rights, in particular trade mark rights. This would be the case both if inclusion on a multilateral register could be opposed on the basis of prior domestic trade marks—as Hungary has proposed, but not the European Union—or if GIs on the multilateral register came to prevail over domestic trade

marks. This is a complex process both at the domestic level and in relation to the implementation of potential multilateral obligations. A difficult issue arises in relation to existing trade marks which incorporate foreign registered GIs. Although TRIPs envisages exceptions in that regard, if under a future multilateral register system or now under the pre-emption proposals in the WTO agriculture negotiations, GIs came to prevail over certain domestic trade marks, there may be associated costs of expropriation and compensation.<sup>33</sup>

In countries with European languages and that have adopted certain European place-names, the further regulatory complication of homonyms must also be considered.<sup>34</sup>

### Opportunity cost: weighing up alternatives

The arguments advanced above must be considered in the light of the available alternatives. Even if one accepts that there are sufficient advantages in a proprietary system applying to rural reputation, rather than simply relying on actions for unfair competition and the like, a registered GI system along European lines is not the only option.

One alternative is a low-level version of GI registration, in particular, one that only requires certification of geographical origins, and not adherence to product standards. From the discussion above it will be clear that such a system arguably lacks legitimacy because consistency of product characteristics and qualities cannot be as reliably guaranteed, and there is a risk of dilution of overall reputation by the actions of one or more individual users of the GI. On the other hand, such a system still retains the advantage of reducing transaction costs by clearly delineating geographical boundaries *a priori* and *erga omnes*. Whether or not a producer from a contiguous location is entitled to use the name will not have to be determined in the context of litigation, with the associated costs and uncertainties. As well as having the advantage of lower costs of implementation and control, because of the absence of production standards, it is a ready way in which protected foreign registered GIs can be incorporated domestically, if multilateral international obligations so require.

Another alternative is reliance on certification marks. Various WTO Member States favour this approach, since it allows either or both geographical origin and product standards to be certified in a manner analogous to registered GIs. However, it is not a prescriptive state system, in that the adoption and regulation of such

marks is purely a matter for individual producers. Certification marks are not an instrument of state intervention in rural and agricultural production, and are more consistent with a private enterprise and private ownership philosophy. The principal distinction in terms of the scope of legal rights is that certification or collective marks are subject to the same rules as other marks, usually with the exception of rules relating to non-use. In other words, whereas registered GIs are not normally subject to such exceptions as genericness or use in good faith, certification (and collective) marks are.

### Trade Negotiations and the Introduction of Registered GI Systems

All the issues canvassed above are significant in assessing domestically benefits that might flow from instituting new or increased GI protection. National agricultural policies and conditions are a crucial factor. But Member States might also calculate that concessions on GIs could be traded off for increased access to foreign markets for agricultural products, a crucial international trade issue.<sup>35</sup> Furthermore, they might hope to regain control over some domestic geographical or associated terms whose use has spread around the world, and which enjoy consumer recognition, even if they are at present beyond the control of local claimants (either because of genericness or because of foreign unrelated trade mark registrations). Be that as it may, the consequences that may flow from adopting the EU proposals in the TRIPs Council need to be carefully considered. Some of those consequences are canvassed below, and the agriculture negotiations are considered subsequently.

### WTO/TRIPs negotiations: EU proposals

The model the European Union has advanced for a multilateral register for wines provides for what amounts to automatic inclusion by notification from national or regional registers. Legitimacy of incorporation on the multilateral register is derived from the underlying national or regional registration. Notified terms would not be re-examined for conformity with the TRIPs definition or inherent falsity. The onus in relation to eligibility for protection in a Member State rests on that Member State itself. Motivated challenges against incorporation on the multilateral register by member countries, if sustained, would mean the term concerned does not enjoy special protection in the challenging country, but would not affect its status in other countries. Challenges would have to be lodged within a very narrow time frame of 18 months.<sup>36</sup> This would

33 See in this regard, Addor and Grazioli (n.18 above), who argue that registration of a geographic name as a mark allows the mark owner a free ride on the reputation of the GI incorporating the geographic name concerned (at p.872). It should be remembered though that a trade mark could not be registered if it is confusing or deceptive. However, Addor and Grazioli argue that nonetheless GIs should be given preference over registered trade marks seemingly also if the GI did not have a reputation in the relevant jurisdiction at the time of registration of the mark. In other words, GIs should always trump registered trade marks, rather than a first in time rule applying.

34 The issue of homonyms is dealt with in TRIPs in Art.23(3), which sets up a conditional coexistence regime.

35 Some have argued that Australia's decision to abandon the use of European wine GIs was vindicated by improved access to European markets for products of the vine. However, others do not agree, arguing that the concessions in the EU (EC)—Australia Wine Agreement 1994, in terms of access to European markets, were small, consisting of relatively insignificant measures relating to oenological practices. New Zealand did not enter an analogous agreement with the European Union.

36 A fairly extensive and scaled dispute resolution mechanism would be provided, involving initial negotiations and arbitration if required, without altering the applicability of general dispute mechanisms in WTO/TRIPs.

create a processing bottleneck in Member States if a very large number of notifications from existing registers must be examined with a view to possible challenges on the initial establishment of the multilateral register, although it may be a reasonable time frame once initial notifications have been dealt with and the multilateral register has been consolidated.<sup>37</sup>

Absent a successful challenge, an obligation would arise in every member country to grant the wine GI the protection required by TRIPs.<sup>38</sup> This would have considerable repercussions in terms of domestic examination with a view to possible challenges, and compliance mechanisms. If what is proposed in relation to wine becomes the model applicable to all other foodstuffs or goods in the future, the implications grow exponentially.<sup>39</sup> As well, the resolution mechanism relating to disputed challenges is fairly onerous, costs being presumably borne by the states concerned.

Thus the case for adoption of a multilateral register without further examination and with a heavy onus on member countries to challenge within a narrow time frame is arguably questionable. A multilateral register will indeed have some benefits for member countries that can transfer GI registrations,<sup>40</sup> but given the multifarious nature of existing and mooted systems, any inclusion on the multilateral register should arguably be subject to examination in terms of its conformity with the TRIPs definition and requirements. This would be preferable to leaving the onus of disproving conformity on opposing members. It may be that, instead of every term being individually re-examined, each regional or country registration system should be examined for conformity with the TRIPs requirements before automatic notification of terms from that register to the multilateral register is accepted.<sup>41</sup> If a challenge is lodged by a member country on the basis that the GI does not conform to the TRIPs definition, the present EU proposal only requires that all Member States be

informed; maybe it should instead have some legal effect *erga omnes*, certainly where non-conformity with the TRIPs definition is concerned.<sup>42</sup> But the major alternative is far simpler: to leave it to domestic courts to determine in individual cases whether some ground of invalidity exists, rather than to require member countries to lodge and pursue oppositions to multilateral registration *a priori*.

Any proposal for a multilateral register should not pre-empt a Member State's freedom to consider its domestic interests in relation to GI registration. A country may opt not to participate because it concludes that a domestic registration system is not an attractive option for broader policy reasons, and without domestic registration it cannot benefit from the multilateral register. Alternatively, it may be because it sees little potential for gaining control over its geographical terms already in use in export markets, owing to TRIPs trade mark and genericness exceptions. If there is no clarity of choice in terms of participation, then the register should not have any direct legal effect, and be restricted to a database of relevant information.<sup>43</sup> Countries should be able to continue to comply by observing current TRIPs obligations, by providing options to individual foreign GI owners, *i.e.* the right to either obtain a *sui generis* foreign GI registration, a registered GI if such a register exists, or a certification or collective mark.<sup>44</sup>

## TRIPs and bilateral negotiations

For countries without an existing GI registration system or with no significant domestic GI registrations, support for a more minimalist position in WTO<sup>45</sup> might be combined with bilateral negotiations with other countries. In that way individual countries can assess the value of a bargain offered in terms of reciprocal protection of some specific geographic terms of their own. Whereas negotiated outcomes within the WTO TRIPs context will probably remain subject to genericness and trade mark priority (the European Union's contrary proposal notwithstanding), both sides might benefit

37 As to the grounds for a challenge, see nn.14 and 15 above.

38 There is a lack of clarity in the EU Proposal and in the Chairman's note in relation to the obligations that would fall on Member States that do not participate in the system. Although participation in the multilateral register is presented as optional in the EU proposal, this seems to apply wholly to the right to notify GIs to the multilateral register, but only partly to legal obligations on member countries, since some legal consequences would apparently result even for countries that did not participate.

39 After all, there can be little doubt that the model adopted in relation to the multilateral register for wines will be the model employed for all other foodstuffs if expansion of higher-level protection beyond just wine comes about: this is also the registration model that currently operates in Europe under Regulation 2081/92. There would be no logic, other than the logic of compromise, to permanently distinguish between wine and other agricultural products.

40 Notably in reducing costs of enforcement, and uncertainty for GI owners in foreign markets.

41 Arguably there would not be a difficulty with existing European regional and member country registration schemes. When it comes to registration models that other countries may be tempted to introduce, there may be more difficulty in establishing that the desire to regain control over certain terms in international markets is tempered by compliance with the actual TRIPs definitional requirements. A further question is whether certification marks registration should be a basis for inclusion in the multilateral register.

42 The EU proposal does not make it clear what happens if a challenge is not resolved by negotiation or is resolved in favour of the challenger (see nn.14 and 15 above). The Chairman's Note (see n.15 above) provides various options one of which requires that a successful challenge on the basis of non-conformity be notified to all member countries, whereas a successful challenge on another (country-specific) basis would result in an annotation of the register. See in this regard also the communication by Hungary IP/C/W/234 providing input on the opposition/challenge procedure in the multilateral register.

43 See the "Database" proposal put forward by the United States, etc.: WTO/IP/C/W/133/Rev.1: "Proposal for a multilateral system for notification and registration of geographical indications based on Article 23.4 of the TRIPs agreement" (Communication from Canada, Chile, Japan and the United States), July 26, 1999.

44 By *sui generis* GI registration is meant a system which provides only for the protection of foreign terms, in conformity with the requirements of some international agreement. *Sui generis* registration might run along Malaysian lines (see n.6 above), *i.e.* including a list with amendments to trade practices or fair trading legislation singling out listed GIs for preferential treatment in terms of proof of deception, etc.

45 *i.e.* the "Database proposal", see n.43 above.

from overcoming these restraints by bilateral agreements—which TRIPs allows.<sup>46</sup> Alternatively they could join in the haggling over terms in the agriculture negotiations.

However, there is a risk that bilateral agreements foreclose third markets to non-contracting countries, which would be contrary to the spirit of TRIPs, global trade liberalisation and a level playing field. Bilateral negotiations for higher levels of protection for GIs for food and wine should therefore, as a general rule, not result in unfairly constraining the entry into a contracting country of similarly named generic equivalents from a third country.<sup>47</sup>

### GIs, trade liberalisation and “ambit claims”

It is significant that TRIPs, as part of WTO, is intended as an instrument of trade liberalisation, and not of disguised protectionism. The harmonisation process which is TRIPs is aimed at enhancing trade in legitimate intangibles or goods incorporating intangibles. However, because of GI registration’s close association with agricultural trade, there is a risk, maybe greater than with other areas of intellectual property law, that creeping expansion of GI regulation will come to constitute a barrier to trade rather than levelling the playing field for legitimate commerce.

Analogising with trade mark law clarifies this point. Trade mark law comprises balancing mechanisms to ensure that registration does not become an obstacle to legitimate trade. For that reason, descriptive terms, or terms that have become generic, do not fall or remain within the monopoly power of a trade mark owner. Other traders are free to carry on legitimate business under them.<sup>48</sup> Courts have applied this principle in a fairly robust manner, developing techniques to distinguish between descriptive and distinctive terms.<sup>49</sup>

However, when it comes to registered GIs, geographical terms once registered cannot become generic or descriptive. The perpetual nature of the rights requires that stringent *a priori* conditions are imposed, because otherwise GI registration has the potential to disrupt legitimate trade.<sup>50</sup>

This means that ambit claims that do not relate to actual place names should be treated with caution; the

perpetual nature of the right cannot then be linked to the perpetual nature of a place and its name. It is therefore imperative that claims to monopolise “indirect GIs”, traditional expressions including container shapes, varietal names, label shapes and the like be treated as a very distinct category of case. While the case for universal strong registered GI protection for place names is already a difficult one to make out, it becomes almost impossible in all but the most irrefutable cases where indirect or associated terms and signs are concerned. *A fortiori* this applies in relation to “traditional expressions”.<sup>51</sup> It is also important that, as well as at the multinational level, in the context of bilateral negotiations countries assess very carefully whether it is in their interest to accept proprietary rights in such terms, signs or shapes for the future.

### The genericness exception in TRIPs

A country may well be tempted to favour GI registration because of the apparent prospect of regaining control over certain direct or indirect GIs that are well known in multiple jurisdictions. Notorious but speculative examples include Darjeeling tea and Basmati rice.<sup>52</sup> However, here the genericness exception found in TRIPs may well be to such countries’ detriment, even if domestic registration of the terms would accord with the TRIPs definition. Because of the genericness exception, domestic and consequent multilateral registration of a GI will have no effect in a potential export market where it is a generic term. This could be the case in significant export markets such as the United States and Australia, which show little inclination to surrender what they consider to be generic terms. The EU system does not allow for registration of generic terms, and at present does not accept non-EU registrations.<sup>53</sup> As well,

51 These concerns are also significant in the context of designing a system of international registration if it is based on a principle of automatic translation of entries on national or regional registers to the multilateral register. It must be the case that the more doubtful peripheries of legal protection should be excised from a multilateral register: only the clearest cases relating to actual geographical names should be included. We have seen that Greece has been successful in prohibiting descriptive use of the word “feta”, which is not a geographical name, but, under EU law, an “indirect GI” (*i.e.* in terms of Art.2.3 Regulation 2081/92: “Certain traditional geographical or non-geographical names designating an agricultural product or a foodstuff originating in a region or a specific place”). The impact of restraints on the use of Traditional Expressions (TEs) would be even greater. By way of example, the Czech Republic would like to see the term “pilsner” follow the same path, Italy the word “parmesan” and Spain “sherry”. Other examples are the terms vino, tawny, ruby, and oloroso. Note JOB(03)/51 Communication from Australia, “Traditional Expressions” (March 6, 2003). It should be noted, however, that the European Union has made it clear that it does not seek to see TEs included in the multilateral register: see WTO JOB(03)/76, Council for TRIPs Special Session, April 23, 2003, “Traditional Expressions: Communication from the EU”.

52 See D. Downes and S. Laird, “Innovative mechanisms for sharing benefits of biodiversity and related knowledge: Case studies on Geographical Indications and trademarks”, Prepared for UNCTAD Biotrade Initiative (1999).

53 See, however, n.46 above.

46 This could be combined with a demand for inclusion of foreign GIs on the EU Register, which is not currently possible, unless permitted under a bilateral agreement and on the basis of equivalence.

47 More specifically, if the geographic name is either generic or unknown prior to the entry into the bilateral agreement; and it is generic in the non-contracting country of export; and if the sale of the goods does not constitute a misrepresentation as to the true origin of the goods (or rules to the same effect), then arguably it should not be included in a bilateral agreement.

48 This does not apply only to word marks, but also to devices or to other signs.

49 The significance of the principle is underlined in the academic literature; see, *inter alia*, S. L. Carter and Landes and Posner, n.27 above. Some theorists have gone beyond the self-evident proposition that nobody should be allowed to monopolise ordinary descriptive language, and developed an “economics of language” framework, giving further theoretical support to this established legal principle.

50 This reflects a cardinal rule in IP law in general: the more absolute the form of protection, the higher the threshold to obtain such protection should be.

recovery of GIs in foreign markets may possibly be barred by prior trade mark rights.

There is a converse argument in relation to genericness: countries that may domestically benefit from a genericness exception in relation to foreign registered GIs (e.g. Australia would be able to continue to use the term feta in its domestic market as a generic term), may find that they do not benefit from it in third-country export markets.<sup>54</sup> In those markets the term might not be generic, or it might have been surrendered in a bilateral agreement. This could result in an important impediment to agricultural exports into such third countries.<sup>55</sup>

## WTO agriculture negotiations

Overcoming the TRIPs exceptions in relation to GIs is a long-standing ambition of the European Union, in particular in specific cases where foreign trade mark registrations are seen to preclude entry into markets by EU suppliers under their own regional names. The introduction of a demand for pre-emption of certain terms in the agriculture negotiations thus comes as no surprise.<sup>56</sup> TRIPs limitations are avoided by a forum shift. This some WTO members vigorously oppose. The move is not easily reconciled with the established and elaborate GI agenda within TRIPs. Be that as it may, it is attractive to the European Union, as it would see established markets for products now supplied by foreign trade mark owners or under generic GIs effectively transferred to European suppliers. The legitimacy of such transfers, certainly where goodwill or recognition has actually been built by the alleged imitators, is questionable. It smacks of allocation of markets rather than competition; and in some cases, of expropriation of private property rights in trade marks.

However, some developing and other countries might see the agriculture approach as holding some promise: a

54 See IP/C/W/289 June 29, 2001: "Communication from Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay and the United States: extension of the protection of geographical indications for wines and spirits to geographical indications for all products: potential costs and implications": "24. These industries may find potentially lucrative export markets closed to their products, as the government of the importing market or a third party may claim exclusive rights over the terms used to market those products. The TRIPs Council should be wary of the potential of GIs to be used as a protectionist instrument to restrict trade, particularly in the area of agriculture".

55 The question in terms of WTO/TRIPs rules remains untested; e.g. what would result under TRIPs if the United States imported Californian wine under the name Champagne into Australia, which has agreed with the European Union not to use that name on domestic wines?

56 See "WTO talks: EU steps up bid for better protection of regional quality products", IP/03/1178, Commission Press Release, Brussels, August 28, 2003. The EU's dispute with Canada concerning the registration in that country of the trade mark *Parma* for cured ham is an illustration of a case where prior trade mark registration is seen as constituting a trade barrier, in this case against imports into Canada of Parma ham by the Consorzio del Prosciutto di Parma: see European Commission, DG Trade, Report to the Trade Barriers Regulation Committee, TBA proceedings concerning Canadian practices affecting Community exports of Prosciutto di Parma, Brussels 1999.

chance to regain control in export markets of terms that have become generic or registered as trade marks. But it seems doubtful that many of the terms that those other countries would hope to see included on the pre-emptive list would ever obtain acceptance, even if negotiations descended into downright haggling. In any case, it may be that the proposal for total pre-emption of a specific list of terms, and the invitation for other countries to add to such a list, are more strategic than real. Many questions remain about the list: for instance on what basis terms would be included (if any); whether the list is static or dynamic; and what are the domestic repercussions of inclusion of some and exclusion of others?

## Conclusions

Registered GI systems are as much an instrument of agricultural policy as intellectual property.<sup>57</sup> There are arguably cogent arguments in favour of continuing reliance on registered GIs in the European Union and in other jurisdictions where the system is of long standing and supports the protection of traditional rural production methods, also providing guarantees of consistent product quality. In such countries the investment in establishing a system has already been amortised. Small-scale production is common and rural products are often marketed without further modifications to end users. There is a strong identification between food and place in Europe which is absent in much of the new world, such as Australia and the Americas.<sup>58</sup> It may also be justified that Europe "gets some of its GIs back", for now lost outside its borders.

But all Member States should be afforded the opportunity to consider whether GI registration systems are in their national economic interest. They may or may not fit within the wider domestic policy matrix. There may be little realistic prospect of regaining control over domestic GIs in foreign markets, because of existing TRIPs exceptions and the doubtful status and outcome of the agriculture negotiations proposals. The costs of a domestic GI register may outweigh its benefits, and even if such a register is geared only to the protection of foreign GIs on a multilateral register, compliance costs, both in terms of examination with a view to challenging, and in terms of enforcement, may be quite considerable. Other options, such as existing trade mark law branding strategies, which there is no reason not to employ in rural industries, or certification and collective marks, may present a cheaper, more flexible option, and come at little additional cost to the taxpayer.

57 The Preamble to Council Regulation 2081/92 illustrates this mix of policy motives, referring to diversification of rural production, growth of rural incomes and opportunities, etc., as well as consumer education and information, etc.

58 Vivas-Eugui points out that the United States "will always feel more comfortable with systems based on private ownership and will avoid the establishment of any intellectual property rights of a public or mixed nature": see n.1 above, at p.711.

Countries newly introducing GI registration would have to absorb considerable costs long before any tangible benefits are experienced. GIs require expenditure on international promotion as well as possible legal actions. Although some expenses might be spared by automatic multilateral protection through inclusion on a register, such inclusion does not bring commercial success in and of itself. It may also be that other barriers to exports into countries such as those of the European Union may substantially hamper trade, whether or not GI registration is in place. GI registration does not overcome difficulties that may exist in terms of quarantine, labelling, phyto-sanitary criteria and broader agricultural trade dynamics.

Nor is it proven that GIs would serve to indirectly protect traditional knowledge and technology in an

efficient manner.<sup>59</sup> In any case introduction of GI registration would not be warranted on the basis of such speculative collateral benefits alone.

If we accept that the key question is whether GIs are a desirable domestic policy instrument, above all else sufficient time is required for this question to be given detailed consideration in member countries. Proposals that unduly limit this time are questionable on that ground alone.

59 See Downes and Laird, n.52 above. It is principally indirect GIs that give rise to speculation about the use of GIs in this manner, a limited category of case in any event. And it seems that there will only be rare cases where GI registration fulfils this wider aim effectively, if at all. See also Final Report, Commission on Intellectual Property Rights, Chapter 4, Traditional Knowledge and Geographical Indications, September 12, 2002, available at [www.iprcommission.org/](http://www.iprcommission.org/).