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**EUROPAUDVALGET
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Medlemmerne af Folketingets Europaudvalg
og deres stedfortrædere

Astatisk Plads 2
DK-1448 København K
Tel. +45 33 92 00 00
Fax +45 32 54 05 33
E-mail: um@um.dk
Telex 31292 ETR DK
Telegr. adr. Etrangeres
Girokonto 300-1806

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Kontor
EU-sekr.

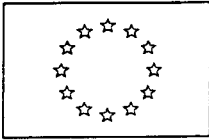
26. juni 2002



Til underretning for Folketingets Europaudvalg vedlægges konceptpapir vedrørende udvidelse af beskyttelse af geografiske betegnelser udover vin og spiritus, dokument 198/02 Rev. 1.

Materialet er sendt til WTO.

Anders Fogh Rasmussen



EUROPEAN COMMISSION

Directorate-General for Trade

Directorate F - Trade questions in the field of agriculture, biotechnology, standards and certification, and new technologies; investment; sustainable development; export credits
New technologies, intellectual property, public procurement

Brussels, 28/05/2002

Trade F.1 PV 41236

NOTE FOR THE ATTENTION OF THE MEMBERS OF THE 133 COMMITTEE

Subject: DDA - Extension of additional protection for geographical indications to products other than wines & spirits – Draft Communication to the TRIPs Council

Contact: Paul Vandoren
Antonio Berenguer, Directorate-General for Trade F.1
Tel: 02-296.70.30/02 Fax: 02-299.05.86

Purpose: For discussion

Attached: Revised Communication to the TRIPs Council on the extension of the additional protection for Geographical Indications to products other than wines and spirits.

133 COMMITTEE
MD : 198/02 REV 1
SOURCE : Commission
FOR : Discussion
DATE RECEIVED : 28-05-02

THE EXTENSION OF THE ADDITIONAL PROTECTION FOR GEOGRAPHICAL INDICATIONS TO PRODUCTS OTHER THAN WINES AND SPIRITS

Draft Communication from the European Communities and their Member States [...]

I. OBJECTIVE

1. According to paragraphs 12 and 18 of the Doha Ministerial Declaration and the decision of the Trade Negotiation Committee (TNC) of 1 February 2002, the issue of 'extension' of the protection of geographical indications for wines and spirits to geographical indications for other products (hereinafter referred to as 'extension') shall be addressed in the regular meetings of the TRIPS Council on a priority basis¹, leading to a recommendation to the TNC by the end of 2002 for appropriate action.

2. This communication discusses various aspects of the 'extension' by highlighting how it could be enshrined in Section 3 of the TRIPS Agreement, and formulates a proposal for appropriate action to be included in the report of the TRIPS Council to the TNC, by the end of 2002, pursuant to paragraphs 12 and 18 of the Doha Declaration.

3. This proposal is designed to have effects only for the future and would not affect existing uses of names that coincide with protected geographical indications to the extent that they have been in conformity with the TRIPS Agreement, along the lines of what is embedded in Article 24 of the TRIPS Agreement.

II. Protecting all geographical indications equally

4. Communications IP/C/W/275/Rev.1² and IP/C/W/308/Rev.1³ set out the rationale of 'extension' and, in particular, why the protection provided by Article 22 of the TRIPS Agreement, which is the only one available for geographical indications for products other than wines and spirits, is clearly insufficient, and how the protection provided for by Article 23 of the TRIPS Agreement for wines and spirits, if extended to other products, would solve this situation. The following reasons shall be, in particular, recalled here:

- There are today no economic or systemic reasons for protecting geographical indications for certain products differently from others. The risk of confusion between products originating in a specific region and having a special quality due to that origin, on the one hand, and products using the same denomination but not having the qualities derived from that specific region, on the other hand, is important and damaging for any product, not just for wines and spirits.
- The protection currently provided for geographical indications for products other than wines and spirits is inadequate. It does not prevent products whose names are ineligible for the geographical indication from free-riding on the reputation of genuine geographical

¹ See document TN/C/1 dated 4 February 2002, page 3

² IP/C/W/247/Rev.1, Proposal from Bulgaria, Cuba, the Czech Republic, Egypt, Iceland, India, Jamaica, Kenya, Liechtenstein, Mauritius, Nigeria, Pakistan, Slovenia, Sri Lanka, Switzerland, Turkey and Venezuela

³ IP/C/W/308/Rev.1, Communication from Bangladesh, Bulgaria, Cuba, The Czech Republic, Georgia, Hungary, Iceland, India, Jamaica, Kenya, the Kyrgyz Republic, Liechtenstein, Moldova, Nigeria, Pakistan, Slovenia, Sri Lanka, Switzerland and Turkey

indications: this harms legitimate producers and the marketing of their products actually originating from the place indicated by the geographical indication. 'Extension' will provide an adequate level of protection to geographical indications for all products.

- In particular, the condition that existing protection only applies to the extent needed to prevent "misleading the public", results in wide legal uncertainty. Judges may reach different decisions on whether the public is misled or not.
- Extended geographical indications protection facilitates product identification by the consumer. Consumer choice is enhanced.
- 'Extension' will open new market opportunities by preventing trade distortions. The benefits resulting from "extension" will foster development of local rural communities and encourage a quality agricultural and industrial policy. As is the case for products protected via trademarks, those benefiting from adequate geographical indication protection will be in a better position to benefit from an enhanced access to third country markets. As such, a geographical indications regime would bring economic benefits to producers worldwide, and not only to producers in countries where the local protection of geographical indications is already stronger than in the WTO.
- The administrative costs of 'extension' are negligible. Governments already apply this type of protection to wines and spirits, as required by Article 23 of the TRIPs Agreement. 'Extension' affects how the laws should protect geographical indications, so it is essentially a norm-setting issue that does not determine the form of implementation, which, according to Article 1.1 of the TRIPs Agreement, is left to be decided by each WTO Member. WTO members have the choice to leave enforcement to the right-holders. Trade-related technical assistance will continue to be instrumental in ensuring adequate implementation of the provisions of the TRIPs Agreement on GIs for developing and, especially, least developed countries.
- The creation of a comprehensive geographical indication protection is not incompatible with the smooth future development of business activities which take place today in one WTO member on the basis of denominations protected in some other WTO members on an exclusive basis. The same problem has been satisfactorily addressed in the context of wines and spirits as the TRIPs Agreement already provides enough elements of flexibility such as exceptions and transitional periods, ensuring that disruption of trade flows does not occur. Transitional periods and exceptions can accommodate the interests of producers and make relabelling unnecessary. Therefore, 'extension' as such will not affect production and exportation of products.

III. 'Extension' an analysis

A. Definition of geographical indications (Article 22.1 of the TRIPs Agreement)

5. Geographical indications are defined in Article 22.1 of the TRIPs Agreement as:

"indications which identify a good as originating in the 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".

6. According to this definition, a geographical indication is an indication or sign borne by **any** product: (1) identified by the geographical indication as originating in a territory, region or locality (2) where there is a specific quality, reputation or another characteristic inherent in these products, and (3) this quality, reputation or other characteristic is essentially attributable to the

geographical origin of the products. This could for example include local geographical factors (such as climate and soil) or human factors present at the place of origin of the products (such as certain manufacturing techniques or a traditional production method).

7. The definition of geographical indications is flexible enough as it may protect geographical names of localities, regions or countries or any name that evokes a geographical origin as long as it meets the above requirements, in particular, the link between the quality, reputation or other characteristics of a product and its geographical origin. At the same time, such definition clearly excludes rules of origin or indications of source which do not indicate any quality, reputation or other characteristic of the product but just the geographical origin of such product. In this vein, rules of origin are a tool for tariff classification and have to be distinguished from geographical indications within the meaning of the TRIPS Agreement.

8. 'Extension' has no implications on the definition of Article 22.1 of the TRIPS Agreement as this debate only concerns the different level of protection between geographical indications for wines and spirits and those for other products. However, it is important to note that the TRIPS definition of geographical indications does not distinguish between products and, therefore, constitutes both a premise and a precedent of harmonious, balanced protection of all geographical indications on all products alike.

B. Extending the Scope of Article 23.1 of the TRIPS Agreement

9. Article 23.1 of the TRIPS Agreement provides that:

"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."

10. The practical effect of this provision is to permit interested parties to prevent, without having to prove that the public is misled or that there is an act of unfair competition,

- the use of the geographical indication by others, generally, for products not originating in the place indicated by the geographical indication in question (e.g., unqualified use of Napa Valley by French producers in France);
- the use of the geographical indication even in conjunction with an additional indication in which the true place of origin of the products is indicated (e.g., Napa Valley of France);
- the use of the geographical indication even if the geographical indication is used in translation (e.g., Valle de los Cactus); and
- the use of the geographical indication if is accompanied by expression such as "kind", "type", "style", "imitation" or the like (e.g., type of Napa Valley).

11. This protection of Article 23.1 of the TRIPS Agreement is supplemented by that of Article 22.2 b) of the TRIPS Agreement, which seeks to prevent other illegitimate uses of the terms or signs that are not contemplated specifically by Article 23.1 of the TRIPS Agreement, covering also cases where a geographical indication denoting a special kind of products is used in the designation or presentation of another category of products.

12. The rationale of the 'extension' is that geographical indications for all products deserve the same level of protection, i.e. the one which applies currently only to wines and spirits. In order to establish such uniform protection for all products and extend the additional protection of Article 23.1 of the TRIPS Agreement to other products, it is proposed to remove the reference in Article 23.1 of the TRIPS Agreement to wines and spirits, and to prevent the use of a geographical indication "identifying products of the same category" not originating in the place referred to the geographical indication. With 'extension' the existing imbalance of Section 3 will disappear, providing the same level of effective protection to geographical indications for all products.

13. Advantages:

- TRIPS will ensure the same protection for all geographical indications, irrespective of the product.
- Legitimate producers of a product identified by a geographical indication will be better protected against illegal use of the geographical indication of such category of products. Competitors not producing such product within the indicated geographical area will be prevented from illegitimately using the geographical indication of such products. Hence all producers will have a clear view of the situations in which use of a geographical indication for products of the same category is lawful or not. Legitimate users of geographical indications will not have to undergo costly procedures to demonstrate that the consumer is confused as the applicable test of Article 23.1 of the TRIPS Agreement (e.g., whether the geographical indication is used on a product not originating in the place referred by the geographical indication) is easier to ascertain, than the one required by Article 22.2 of the TRIPS Agreement. The test is therefore made objective and judicial decisions will be uniform and harmonious as the final decision is not left to the judges appreciation on whether the "public" is actually misled.
- Illegitimate use of a geographical indication with a "*délocalisant*" (i.e., so-called semi-generics) indicating the true origin or use in translation or with expression such as "kind", "type", "style", "imitation" or the like will be prevented for all geographical indications alike and will help therewith prevent more geographical indications from becoming generic, thereby gradually losing all economic value.

C) The relationship between trademarks and geographical indications (Article 22.3 and 23.2 of the TRIPS Agreement)

14. Geographical indications and trademarks are two distinct categories of intellectual property rights which may enter into conflict. The TRIPS Agreement devotes articles 23.2 and 22.3 to those conflicts when they concern wines and spirits or other products respectively.

15. Article 23.2 of the TRIPS Agreement establishes that:

"The registration of a trademark for wines which contains or consists of a geographical indication identifying wines or for spirits which contains or consists of a geographical indication identifying spirits shall be refused or invalidated, ex officio if a Member's legislation so permits or at the request of an interested party, with respect to such wines or spirits not having this origin."

16. Article 22.3 of the TRIPS Agreement sets out a different rule for "non-wines & spirits" geographical indications by establishing that:

"A Member shall, ex officio if its legislation so permits or at the request of an interested party, 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 in the trademark for such goods in that Member is of such a nature as to mislead the public as to the true place of origin."

17. Article 23.2 of the TRIPS Agreement does not come into play in the case of the registration of a trademark which contains or consists of a geographical indication identifying another category of products as the one identified by the geographical indication. In such circumstances, the general standard protection of Article 22.3 of the TRIPS Agreement applies.

18. To sum up, the protection currently granted by Articles 22.3 and 23.2 of the TRIPS Agreement makes that registration and validity of registered trademarks containing or consisting of geographical indications be precluded when they are borne by wines and spirits and permitted when they are borne by other products, if they do not mislead the public.

19. 'Extension' would make Article 23.2 of the TRIPS Agreement apply to all products. Consequently, the reference in Article 23.2 of the TRIPS Agreement to wines and spirits would be no longer necessary and should be replaced by a reference to the "products of the same category not having that origin".

20. Advantages:

- It facilitates the examination of the trademarks by administrative authorities, trademark registrars or judges. They will refer to a simple, objective criterion (i.e., do the products identified by a trademark, which contains or consists of a geographical indication, really have the geographical origin referred by the geographical indication) when deciding whether or not to refuse the registration of a trademark, if their legislation so permits, or to invalidate the trademark for products not originating in the indicated region.
- The legitimate producers and other interested parties (e. g. legitimate producers from the geographical location, representative associations from those areas, or even associations of consumers) will obtain a more effective and less costly protection of their geographical indications against trademarks. Trademark holders and applicants will also have a clearer vision of whether a trademark containing a geographical indication can be used or not. This would also be instrumental in clarifying the relationship between trademarks and geographical indications.

**D) Homonymous geographical indications
(Article 22.4 and 23.3 of the TRIPS Agreement)**

21. Article 23.3 of the TRIPS Agreement sets out a specific rule for homonymous geographical indications for wines by establishing that:

"In the case of homonymous geographical indications for wines, protection shall be accorded to each indication, subject to the provisions of paragraph 4 of Article 22. Each Member shall 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."

22. Indeed, Article 23.3 of the TRIPS Agreement specifically covers the cases of homonymous geographical indications for wines, whose use does not falsely represent to the public that the good originate in another territory as provided in Article 22.4 of the TRIPS Agreement. In such cases, both indications must be protected and WTO Members concerned must determine the conditions necessary to differentiate homonymous wines. In doing so they must ensure that consumers are not misled and that the producers concerned are treated equitably.

23. The practical effect of this provision is that it prompts WTO Members to keep their markets open in cases of homonymous geographical indications and mandates that adequate solutions are found for the coexistence of products bearing the homonymous geographical indications.

24. Yet, this trade fostering solution is currently limited to wines, where it is clear that the same solution could benefit to other products including spirits and certainly to all other products benefiting from geographical indication protection.

25. With 'extension', the reference to wines of Article 23.3 of the TRIPS Agreement should simply be removed. This provision will apply to homonymous geographical indications for all products.

26. Article 22.4 TRIPS establishes a general rule for geographical indications for all products which, although literally true as to the territory in which the product originates, falsely represents to the public that this product originates in another territory:

"The protection under paragraphs 1, 2 and 3 shall be applicable against a geographical indication which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory."

27. Article 22.4 of the TRIPS Agreement envisages cases where the name of a territory, region or locality of a country or any name that evokes a geographical origin protected as a geographical indication is the same or similar to a known territory, region or locality of another country. This provision forbids the use of a geographical indication to designate a product, notwithstanding the legitimacy of the reference, should it give the public the impression that the products originate elsewhere. Currently homonymous geographical indications for products other than wines (i.e., where the name of two identical locations in different countries are both protected as geographical indications) only benefit from this provision and not from Article 23.3 of the TRIPS Agreement.

28. With extension, Article 22.4 of the TRIPS Agreement will also continue to apply in cases where two geographical indications of two WTO Members are similar but not identical, if one of these indications falsely represent to the public that the good which it designates originates in the territory of the other Member. Article 22.4 of the TRIPS Agreement would also apply where the name of a territory, region or locality of a country, protected as a geographical indication, enters into conflict with the same or a similar name that evokes a geographical origin in another country but does not correspond to an existing location within its territory.

29. Advantages:

- It offers a balanced solution granting protection for geographical indications of different countries for all products.
- The interests of producers lawfully using the same geographical indication in different WTO Members will be taken into consideration.
- The consumers will be protected as is currently the case against any misleading use of names of existing geographical locations protected as geographical indications.
- It promotes trade and keeps markets opened.

**E) Establishment of a multilateral system of notification and registration of geographical indications
(Article 23.4 of the TRIPS Agreement)**

30. Article 23.4 of the TRIPS Agreement provides for the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits⁴. Such a system is destined to facilitate the protection of geographical indications for wines and spirits.

31. The aim of 'extension' is to provide a level playing field of protection for geographical indications of all products by enlarging the more effective protection of Article 23 of the TRIPS Agreement to geographical indications for other products.

32. The multilateral system of notification and registration of geographical indications will contribute to the implementation of a more effective protection generally for geographical indications. A coherent approach to the protection of the geographical indications would suggest that the systems be open to all geographical indications alike.

33. Therefore, it seems necessary that nothing in Article 23.4 of the TRIPS Agreement prevents such a system of notification and registration of geographical indications from being open to any geographical indication which meets the definition of Article 22.1 of the TRIPS Agreement .

34. **Advantages:**

- A multilateral system will facilitate the protection of all geographical indications in international trade.
- It will ensure more predictability for the protection of geographical indications in WTO Members.
- It will facilitate the burden of proof of the plaintiffs and the workload of the judges when having to decide on the legitimacy of the use of a geographical indication. Such a register will provide helpful reference to civil and administrative authorities in that respect.

**F) Flexibility, exceptions
(Article 24 of the TRIPS Agreement)**

35. Article 24 paragraphs 4. to 9 of the TRIPS Agreement contain a number of exceptions destined at providing flexibility in implementing the level of protection contained in Articles 22 and 23 of the TRIPS Agreement.

36. These provisions generally apply to all products (i.e., including wines and spirits) alike, with the exception of Article 24.4 and, to a certain extent, that of Article 24.6 which may need to be adapted.

37. Extending the additional protection of Article 23 of the TRIPS Agreement to geographical indications also for products other than wines and spirits will therefore not have direct implications on these exceptions. They will continue to apply.

38. Article 24 of the TRIPS Agreement takes account of a number of pre-TRIPS instances that would have been prohibited subsequent to the entry into force of the TRIPS Agreement. If agreement is reached on the 'extension' of additional protection to all products, similar adjustments, along the lines of the existing provision of Article 24 may be needed

⁴ See Singapore Ministerial declaration (document IP/C/8, p. 34), which operated the extension of the discussion to spirits.

39. Whatever adjustments to Article 24 of the TRIPS Agreement may be necessary, if adequately justified, they should be guided by the following principles:

- They should not go to the detriment of the principle of 'extension' of additional protection to all products.
- They should be crafted restrictively and allow only for restrictive interpretations as inherent in the nature of "exceptions".
- They should enable a flexible solution taking into account the interest of the various market participants. Use in good faith, uses for a long period of time, not misleading the consumer should be key criteria when looking at the use of geographical indications qualifying for exceptions.
- They should not diminish the level of protection previously available to geographical indications.

IV. Proposal

40. The above attempts to describe the main elements for discussing the 'extension' of the additional protection to geographical indications for products other than wines and spirits.

41. In short, it is proposed that the TRIPs Council shall in its report recommend to the TNC that it takes a decision relating to the negotiating process leading to the following:

- a) the additional protection of Article 23 of the TRIPS Agreement shall apply to geographical indications for all products;
- b) the exceptions contained in Article 24 of the TRIPS Agreement apply *mutatis mutandis* ;
- c) the multilateral register to be established shall also be open for geographical indications for all products.