

## The Protection of Geographical Indications

By Alexandra Grazioli

Why is there so much discussion on the subject of protecting names such as Basmati, Darjeeling, Havana, Champagne and Tequila? What exactly are geographical indications? What lies behind these names? Why do some countries want them to be protected while others do not?

Internationally, the fiercest debates on the subject are currently happening at WTO. A number of countries, both developing and industrialised, are fighting to obtain truly effective international protection for geographical indications. Why are they doing it? In what way is the present protection inadequate? What does improving protection involve? The purpose of this article is to provide answers to these questions.

A geographical indication is a sign used on products that have a precise geographical origin and qualities or a reputation as a result of that place of origin. It often consists of the name of the place of origin of the products. The geographical indication may also serve to highlight the specific qualities of a product that are due to specific local geographical factors (such as climate and soil) and to human factors present at the place of origin of the products (such as certain manufacturing techniques or a traditional production method).

To gain an idea of the importance of these geographical indications, one need look no further than the names used to identify agricultural products such as tea (Darjeeling), cacao (Chua) and wines (Bordeaux, Chianti), as well as other products such as carpets (Bakhara, Kashmir), watches (Switzerland) and porcelain (“émaux de Limoges”). These few examples are enough to point out the enormous range of products for which the use of a geographical indication can have a role to play.

The purpose of the geographical indication is to identify a product. It also carries a message from the producer to the consumer about the features and qualities of the product to which it is attached. Properly used, a geographical indication can therefore constitute a very worthwhile marketing tool for producers. Furthermore, geographical indications may prove to constitute useful instruments for the protection of traditional knowledge, which is of great interest for many developing countries.

It is because of all these qualities inherent in geographical indications that it is necessary to ensure that they obtain sufficient protection. The development of a reputed geographical indication and its positioning on the market require considerable investments in human and economic terms that deserve proper protection.

The abusive use of a geographical indication by an unauthorised third party with a view to exploiting its reputation is damaging for both consumers and legitimate producers. Consumers are misled into thinking that they are buying an authentic product with specific qualities and features, whereas they are in fact merely buying an imitation. The legitimate producers, for their part, suffer by losing the benefit of lucrative commercial operations and because the reputation of their products is damaged.

The damage is not merely theoretical; accorded to today’s protection granted at international level, it happens frequently

that producers launch quality products on the market that are identified by geographical indications they have developed at the cost of considerable investment and following a long tradition. These products have unique features that are the result of their geographical origin.

Whether it is tea, rice or carpets, or indeed any other product, the problem remains the same – the product is put on the market and, if it becomes popular with consumers and gains in reputation, the range of products on offer rapidly expands to include similar products bearing the same geographical indication but produced in other regions. To allow such an improper use of the geographical indication, it is sufficient to add a corrective at the geographical indication (such as “*American type basmati rice*”). Consumers’ behaviour can be easily influenced by such an improper but nevertheless legal use of geographical indications.

Products marked in this way cannot, however, offer the same qualities or characteristics as the original product, since they do not come from the region specified. Consumers therefore cannot rely on the geographical indication shown on the product when making their choice. The legitimate producers, for their part, lose a considerable share of the market as a result of this pillage, since their typical products are reduced to the same level as dozens of other products bearing the same name and reaping the benefit of their reputation even though they do not have the same qualities or characteristics. The negative consequences of these commercial manoeuvres are considerable on the economies of every country, and perhaps particularly for developing countries, as they deprive countries that are already poor of a source of income.

Should such practices continue to be tolerated? Is there no way of preventing this form of pillage?

There are international treaties designed to protect geographical indications<sup>1</sup>. The most promising tool at the moment, which could, in future, make it possible to ensure effective protection at the international level for geographical indications is WTO’s Agreement on Trade-related Aspects of Intellectual Property Rights (the TRIPs Agreement). TRIPs already covers the international protection of geographical indications. It represents real progress compared with the situation that existed before it came into force. Nevertheless, at present it has the major disadvantage of providing two levels for the protection for geographical indications – a higher level of protection for wines and spirits (Article 23) and a lower one for all other products (Article 22).

The main difference between these two levels of protection – and it is an important one – is that, in order to prevent the incorrect use of a geographical indication under the ordinary protection, the party that considers itself wronged must furnish proof that the wrongful use of the geographical indication is misleading for the public or constitutes unfair competition. This results in different protection for the same geographical indication in different countries, thereby creating serious legal insecurity. All protection is thus based on the knowledge or ignorance of the consumers and the discretion of the judge...

Continued on page 16

**Wider geographical indications coverage would correct discrimination between wine-producing and other countries.**

*Geographical Indications, continued from page 15*

On the other hand, the situation is different for geographical indications for wines and spirits: according to Article 23 TRIPS Agreement, the incorrect use of geographical indications is simply prohibited, without the need to furnish the proof mentioned earlier. The use of a corrective is also prohibited (for example it is not possible to use 'Napa Valley wine, *produced in Argentina*'). Here, protection is automatic and objective, and this is a considerable advantage when trying to obtain real protection for a geographical indication and to enforce the right contained in it.

Although the TRIPS Agreement, because of this two-level-protection, is unable to provide truly effective protection for geographical indications for products other than wines and spirits, it does, however, already contain the key to the solution of this problem. Members provided already in the Uruguay Round for further work to be done on the improvement of protection for geographical indications by the TRIPS Agreement. In the Agreement (Article 24.1), the WTO's member states agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23.

Such an improvement of protection at international level could be achieved by simply extending the already existing level of protection for geographical indications of wines and spirits to other products as well. All countries, and not only those that produce wines and spirits, would thus at last have at their disposal an effective tool to ensure the protection of their geographical indications. The time has come for this imbalance to cease, and for the commercial strength of geographical indications for all products to be recognised and protected effectively.

It is to fight this incoherent, discriminatory situation that for some years now a number of countries, among others Bulgaria, Cuba, the Czech Republic, Egypt, Iceland, India, Jamaica, Kenya, Liechtenstein, Mauritius, Nigeria, Pakistan, Slovenia, Sri Lanka, Switzerland, Turkey and Venezuela, have been fighting at the WTO for the geographical indications of all products to have the benefit of the same level of protection.

The Ministerial Declaration, as adopted at the WTO Ministerial Conference, in Doha (9 to 14 November 2001) addresses the issue of extending the protection of geographical indications provided for in Article 23 to products other than wines and spirits. While many Members interpret the relevant text in the Declaration to be a clear cut mandate to launch negotiations on this in the TRIPS Council, other delegations are not in favour of such negotiations.

Next year's work of the TRIPS Council will show whether WTO Members will be able to agree on a more effective protection of geographical indications.<sup>2</sup>

*Alexandra Grazioli is a Swiss lawyer (lic. iur., LL.M.) specialising in intellectual property questions.*

## ENDNOTES

<sup>1</sup> In particular, the Paris Convention for the Protection of Industrial Property, the Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods and the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration.

<sup>2</sup> Geographical indications are on the agenda of the next TRIPS Council meeting scheduled for 5-7 March 2002.

**Objections to GI extension**

WTO Members disagree on whether the Doha Ministerial Declaration mandates negotiations on extending geographical indications protection (Bridges Year 5, No.9, page 6). While this is not essentially a North-South issue (there are developing and developed countries in both camps), a number of developing countries strongly oppose extension. Here are some of the main arguments they put forward.

At a fundamental level, many developing countries believe that intellectual property protection should not be part of the WTO's mandate, and extending the coverage of TRIPs would only serve to entrench it more firmly in the multilateral trading system.

More specifically, even if some developing countries could come up with products that would benefit from geographical indications protection, the cost might outweigh the benefits, as WTO Agreements carry obligations as well as rights.

GIs already enjoy 'ordinary protection' under TRIPs Article 22, which obliges Members to provide interested parties with the legal means to prevent the designation/presentation of a good's geographical origin in a manner that misleads the public or any use which constitutes an act of unfair competition within the meaning of the 1967 Paris Convention Article 10 bis. Geographical indications for wines and spirits are more strongly and specifically protected under TRIPs Article 23, which does not include the public policy criteria of not misleading the public or engaging in anticompetitive practices. To include more products under Article 23-type protection would enhance the role of TRIPs as a means to essentially protect private property and diminish the treaty's public policy dimension.

Furthermore, for most developing country products the trade value of enhanced GI protection remains theoretical rather than quantified, and the legal and administrative systems for such protection domestically are lacking. Only a few, mainly European, countries have such systems in place and can thus enforce geographical indications protection in their own territories. Should this become a worldwide obligation, developing countries would be likely to lose rather than gain.

The following arguments against extension were made in a TRIPS Council paper (IP/C/W/298) by Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay and the United States:

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

As one Southern expert summed up, for developing countries the extension of GI protection is 'much ado about' (a) nothing, (b) very little (c) theoretical/uncertain gains.