Extension of Stronger Geographical Indications Ptotection: Against the Interests of Developing Countries?

By Dara Williams

The issue of the extension to other products of the additional protection provided under the TRIPs Agreement for geographical indications (GIs) for wines and spirits has for some time been one of the most passionately debated topics in the WTO. Its characterization in the Doha Development Agenda Declaration as an 'outstanding implementation issue' necessitates a balanced assessment of issues related to extension in light of its potential impact on the interests of developing countries.

The aim of developing country extension *demandeurs* to protect from misappropriation terms describing products to which they attach a particular commercial, traditional, national or other significance is legitimate. However, the question that must be asked is whether extending TRIPs Article 23 would actually achieve the outcomes developing country *demandeurs* seek, or whether it would simply increase their TRIPs obligations without conferring any corresponding benefits. There is good reason to believe that the latter is the case.

Before turning to examine why this is so, it is important to address the assertion that TRIPs' 'discrimination' between GIs for wines and spirits and other products is reason in and of itself to extend Article 23 to other products. This argument is dangerously flawed and is rebuttable from two different angles. First, it is now well-known that the distinction resulted from an EC/US bilateral deal done at the end of the Uruguay Round, when the EC's interest in additional protection was limited to wine and spirits, as it did not yet have in place Community legislation for GIs for other products. Article 23's inclusion in TRIPs was the result of a last-minute trade-off between two individual WTO Members, and its objectives and content simply reflect the narrow vested interests of the European wine and spirit industry. The provision was not a negotiating goal of the wine and spirit sectors in other WTO Members nor does it reflect an acknowledgment that the balance struck in Article 23 is an ideal one for wine and spirits, let alone other products.

Second, it is not clear how many WTO Members differentiate in practice between the two different levels of protection, and, if so, the practical difference that any such differentiation has made to the effectiveness of protection. The lack of practical examples of failed attempts to enforce GI protection (let alone examples that distinguish between the two levels of protection) has made it difficult to evaluate whether there are in fact any shortcomings in the existing rules. Without this information, it is hard to judge whether extending Article 23 would deliver any of the benefits expected by *demandeurs*, further militating against the argument that elimination of the current 'discrimination' is by definition in developing countries' interests.

How is extension likely to impact on developing countries' interests?

The extension debate has often overlooked the practical operation of the rules on the eligibility for protection of certain terms. Yet this issue is absolutely central to determining whether extension would benefit developing countries. It is helpful to consider the rules in light of some practical examples.

Definitional issues

The TRIPs definition makes it clear that not every geographical term will qualify as a GI under TRIPs - there must also be a certain quality, reputation or other characteristic attaching to the product that is essentially attributable to its geographical origin. A Member claiming a term as a GI would bear the burden of proof to show that this was the case. While it seems that the definition may encompass terms that are not geographical place names, this has never been tested and cannot be assumed. Members seeking to protect terms such as 'basmati' and 'jasmine rice' would have to show that they fall within the definition, and are not simply names for a particular type of plant that can be grown in a variety of geographical locations.

In addition, certain WTO Members are of the view that country names do not generally qualify as GIs, raising questions as to whether terms such as 'Thai silk' and 'Colombian coffee' would be considered eligible for GI protection.

The exceptions

TRIPs provides a number of important exceptions to GI protection, the application of which can render a claimed GI ineligible for protection.

The first key exception concerns 'generics'. If a term has become 'customary in common language as the common name for [particular] goods or services' in a WTO Member, it is ineligible for protection. Many well-known indications that may originally have had a geographical connection, such as Ceylon or Darjeeling tea have been used for so long to describe a type of product that they may have become generic in many WTO Members.

The second important exception is the 'grandfathering' clause. The effect of this provision is that GIs that have been used by producers in other WTO Members for at least 10 years or in good faith will *not be eligible for protection* irrespective of whether they are protected in the country of origin. Terms such as Darjeeling tea and Colombian coffee could be affected.

Market access issues

In light of many countries' diverse production profiles, none would be assured of being only on the winning side of an extension of Article 23. For example, while India may, theoretically, gain exclusive use of 'basmati rice', it may lose the right to export 'mozzarella cheese' and other products with which its fledgling dairy industry has had export success. Such closing-off of market access opportunities for emerging and future export industries could be a serious and difficult to anticipate consequence of extension.

Nor would additional GI protection in and of itself guarantee access to export markets or increased sales. In particular, protection of a term as a GI will have no effect whatsoever on existing market access barriers, such as tariffs and technical regulations, which will still require compliance.

Continued on page 18

Protection of Geographical Indications, continued from page 17

Diffuse production models

The applicability of the current rules to products manufactured under a geographically diffuse production model is another issue. The rules appear to be most appropriate for goods for which the entire production chain (from the production of raw materials to packaging and labelling) occurs in the same location. In these circumstances, it is clear that the claimed 'quality, reputation or other characteristic' is essentially attributable to the product's geographical origin, and issues concerning the application of rules of origin do not arise. However, where, for example, tea grown in Sri Lanka is shipped to another country for blending with other tea varieties, and then labelled and packaged in a third country, it may not be legitimate to term the end product 'Ceylon tea'. In addition, trademarks for many well-known geographical terms may already be registered by multinational companies, which would prevent their use by local developing country producers.

Administrative burden

Demandeurs' arguments that extension would involve minimal additional administrative burden are a gross oversimplification. GIs are, at the multilateral level, a relatively new category of intellectual property right. Aside from Europe, where the concept originated, few countries have experience with GI protection and enforcement regimes and there has been little examination of the effectiveness of the various frameworks used by WTO Members to fulfil their GI obligations (including the status of implementation in many developing countries). However, wealthy countries with large commercial interests in GIs and established domestic methods of protection are likely to take a keen interest in assessing the effectiveness of trading partners' GI regimes. Given the lack of common understanding regarding appropriate methods for protecting GIs, this question may be left for determination under WTO dispute settlement proceedings. The bottom line is that it cannot be assumed that extension would involve minimal administrative burden. Some new world countries' experience in the area of wine GIs in fact suggests that it would be the opposite.

Conclusion

An examination of the practical application of the current TRIPs rules to the kinds of terms that developing country extension *demandeurs* would seek to protect suggests that they stand to gain very little. Definitional issues, application of the customary use and grandfathering exceptions, and the questionable applicability of the GI provisions to products manufactured under geographically diffuse production models – all of these may render the claimed GIs of interest to them ineligible for protection under TRIPs. At the same time, they may find that extension reduces their market access opportunities for certain products, and that compliance with the new TRIPs obligations that extension would involve requires them to invest considerable resources domestically in providing effective protection for the potentially thousands of GIs claimed by other WTO Members.

In light of the evidence that extension of additional GI protection is likely to have an overall negative impact on the interests of developing countries, demands to extend TRIPs Article 23, and thereby increase the level of obligations under an already much-criticised Agreement, should be handled with extreme caution. How unfortunate it would be for developing countries to sign on to new obligations only to discover, too late, that they have been sold another pup.

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The Award of Damages, continued from page 9

Some Thoughts on Implementation

This is a potentially divisive topic, not least because some WTO Members object to the applicability of principles of public international law to questions of breach of WTO Agreements. They are likely to argue that those principles were not part of the package they signed up for at the conclusion of the Uruguay Round. This is not an altogether untenable position.

A further reason why the proposal for damages may meet objection is the question of quantum. In our view, this unattractiveness could be circumvented if the damage award was packaged as some form of WTO-sanctioned development aid. The strict principles of assessment therefore should not be used to defeat the objective. Additionally, the award of damages should only feature as an alternative remedy in circumstances when a dispute involves a least-developed country as the complaining party. The underlying objective therefore should be seen to be an additional avenue of providing further assistance to poor countries.

Unlike voluntary development aid, once a panel or the Appellate Body recommends a damages award, satisfactory payment should be mandatory. To allow for the creation of an atmosphere of goodwill, the parties should be given the leeway to negotiate on the nature and period of payment. The panel that made the recommendation, or the Appellate Body, should provide the guidelines and oversee the process.

Conclusion

The success of the WTO's dispute settlement system is not in question, especially when one compares it with the former GATT or with other international tribunals. However, the fact that no African country has ever been involved in a dispute before the Appellate Body as an appellant or appellee should be enough to prompt trade experts and the WTO leadership into reflection. There is clearly a reason as to why this should be so. African countries should not be absent in the DSU review, an important legal process that clarifies and advances the institutional jurisprudence of the WTO. It behooves the rest of the global community to make an effort to integrate the African continent into the dispute settlement process by accepting damages as a remedy under WTO law.

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ENDNOTES

[1]See also Article 22.1 of the DSU.

[2]There is some disagreement as to whether the DSB can authorize the suspension of concessions on the basis of a unilateral assessment of non-implementation or whether this must be established through dispute settlement proceedings under Article 21.5 of the DSU. In *European Communities – Regime for the Importation of Bananas* (WT/DS27), the United States maintained that the DSB could authorize the suspension of concessions, even if the EC's implementation measures had not been reviewed by an Article 21.5 panel. In subsequent disputes the parties have agreed that, should it prove relevant, the implementation measures should be reviewed under Article 21.5 before authorization for suspension of concessions is requested from the DSB.

[3] Restitution in kind requires the author State, if requested by the injured State, to restore the situation that existed prior to the occurrence of the wrongful act.