

## Geographical Indications - Where now after Cancún?

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Given that no consensus was possible in Cancún, the 5<sup>th</sup> Ministerial Conference of the World Trade Organization (WTO) closed with a six-paragraph Ministerial Statement<sup>1</sup>. The Statement instructs Member governments’ officials to continue work on outstanding issues with a renewed sense of urgency, taking fully into account all the views expressed in the Cancún Ministerial Conference. The Ministers ask the General Council Chairman and the WTO Director General to coordinate this work and to convene a meeting of the General Council at senior official level no later than 15 December 2003 to take the necessary action. This paper is discussing two issues currently – and in future – under debate in the field of geographical indications in the WTO<sup>2</sup>.

### I. Extension of the more effective protection of Article 23 TRIPS Agreement to all products

#### A. The issue under debate

The TRIPS Agreement<sup>3</sup> reserves the more effective protection of Article 23 TRIPS Agreement to geographical indications (‘GIs’) for wines and spirits. Thus, it does not prohibit the usurpation and illegitimate use of GIs such as “*Geneva Watch made in China*”, “*Parma ham, made in Canada*”, or “*Ceylon Tea made in Malaysia*”. According to the present level protection under Article 22 TRIPS Agreement, it is sufficient to indicate on a product, even if in small print or at the back, its true origin in order for such illegitimate use of a GI said not to be misleading and therefore permissible. By contrast, the label “*Napa Valley type Red Wine, produced in Argentina*” or “*Swiss Tequila*” is unlawful. Thus, producers of rice, coffee, cheese, watches and carpets are clearly discriminated. The purpose of extension of the protection of Article 23 TRIPS Agreement to products other than wines and spirits (‘extension’) is to confer this more effective TRIPS level of protection to GIs of all products and to put thus all producers on an equal footing, independently from the category of products.

Unlike in many other instances in the WTO, GIs are an issue where the dividing line among Members is not congruent with the North – South divide. Much more it is an issue of controversy between ‘emigrant’ countries (Europe, Africa and part of Asia) and ‘immigrant’ countries (USA, Australia and Latin American countries). The issue of extension is of particular interest to developing countries because of the importance of the remunerative marketing of their

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<sup>1</sup> WTO Doc WTO/MIN(03)/W/24, of 14 September 2003.

<sup>2</sup> For more information by the same author on this subject, see: FELIX ADDOR/ALEXANDRA GRAZIOLI, Geographical Indications beyond Wines and Spirits – A Roadmap for a Better Protection for Geographical Indications in the WTO TRIPS Agreement, *Journal of World Intellectual Property* 2002, pp. 865-897, <<http://www.ige.ch/E/jurinfo/pdf/PDF-doku3.pdf>>; FELIX ADDOR/NIKOLAUS THUMM/ALEXANDRA GRAZIOLI, Geographical Indications: Important Issues for Industrialized and Developing Countries, The IPTS (= Institute for Prospective Technological Studies, Seville/Spain) Report No. 74, May 2003, pp. 24-31, <[http://www.ige.ch/E/jurinfo/pdf/IPTS-74\\_GIs\\_English.pdf](http://www.ige.ch/E/jurinfo/pdf/IPTS-74_GIs_English.pdf)>.

<sup>3</sup> WTO Agreement of 15 April 1994 on Trade-Related Aspects of Intellectual Property Rights.

agricultural, handicraft and artisan production. In addition, GIs have features that respond to the needs of indigenous and local communities and farmers. GIs are based on collective traditions and a collective decision-making process; they reward traditions while allowing for continued evolution; they emphasize the relationship between human efforts, culture, land, resources and environment; and they are not freely transferable from one owner to another<sup>4</sup>.

## B. The current state of discussion at the WTO

Pursuant to the Doha Declaration<sup>5</sup> and the decision of the Trade Negotiations Committee (‘TNC’) of February 2002, issues related to extension were first addressed as a matter of priority in the regular meetings of the TRIPS Council which should have recommended to the TNC, by the end of 2002, appropriate action<sup>6</sup>. Given the persistent divergence among WTO Members on whether there exists a mandate to launch negotiations on extension<sup>7</sup>, it was not possible to reach a consensus on this issue before the Ministerial Conference of Cancún. This, in spite of intensive consultations by the chair of the TNC since January 2003 and, at a second stage, by the Director-General himself (‘DG’). Therefore, the second Draft Ministerial Text submitted to the Ministers in Cancún refers to extension as an implementation issue, proposing simply continuation of the consultations of the DG on this issue. Indicating no specific deadline, the General Council is proposed to review progress and take any action deemed appropriate<sup>8</sup>.

*WTO Members advocating extension (‘Friends of GIs’)*<sup>9</sup> provided the TRIPS Council and the TNC with substantive elements in favour of extension, presenting the advantages of extension for producers and consumers, but also for sustainable development<sup>10</sup>. The common objective of the GI Friends was – and is – to get a clear mandate, confirming negotiations on extension as part of the Single Undertaking of the Doha Round<sup>11</sup>.

*WTO Members opposing extension*<sup>12</sup> contest that extension is part of the Doha Round mandate<sup>13</sup>. Their objective is to remove extension from the Doha Development Agenda. Their

<sup>4</sup> See FELIX ADDOR/ALEXANDRA GRAZIOLI, *supra*, pp. 893-895.

<sup>5</sup> WTO Doc WT/MIN(01)/DEC/1 of 20 November 2002, §12 and 18.

<sup>6</sup> WTO Doc TN/C/M/1 of 14 February 2002, in particular p. 4 and § 9-12.

<sup>7</sup> Delegations interpret § 12 and 18 of the Doha Declaration differently: for the EC and its Member States, Switzerland, many Middle and East European countries, Kenya, Mauritius, Nigeria, Pakistan, Sri Lanka, Thailand and Turkey, the text of §18 of the Doha Declaration provided a clear mandate to launch negotiations on extension (see WTO Doc WT/MIN(01)/11 of 14 November 2002). Other WTO Members, such as Argentina or Australia, argue that this issue, like other implementation issues, can only become negotiating subject if the TNC decides to include it in the talks, what it did not so far; see also WTO Doc WT/MIN(01)/8 of 12 November 2002.

<sup>8</sup> WTO Doc JOB(03)/150/Rev.1 of 24 August 2003, §12.

<sup>9</sup> Including, in particular, Bulgaria, China, Cuba, Cyprus, the Czech Republic, the European Communities and its Member States, Georgia, Hungary, Iceland, India, Jamaica, Liechtenstein, Kenya, Malta, Mauritius, Nigeria, Pakistan, Romania, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand and Turkey.

<sup>10</sup> Among the more recent and important communications submitted to the WTO are the following: IP/C/W/204/Rev.1; IP/C/W/247/Rev.1; IP/C/W/308/Rev.1; IP/C/W/353; TNC/W/7; TNC/W/14.

<sup>11</sup> For some Members, extension is part of the Doha Single Undertaking and therefore linked to other issues of the current WTO negotiations:

- for *Switzerland*, interested to assure general better market access for quality products, progress in the negotiation on extension - considered as a non trade concern in the negotiation on agriculture - is a condition to agree to a significant deal in agriculture (see Doc JOB(03)/100 of 28 August 2003 on market access and JOB(03)/116 of 17 September 2003 on domestic support);
- a *group of developing countries (such as India, Pakistan, etc.)* presented, end of August 2003, a new language on implementation issues for the Cancún Declaration, calling for a negotiating group to address *all* the remaining outstanding implementation issues – including extension - and requesting decisions by March 2004 (see Doc JOB(03)/179 of 28 August 2003).
- Following a parallel strategy with extension, the *European Communities and its Member States* submitted a list of geographical names currently used by producers for products other than those actually originating from the place indicated by the GI with the goal to prohibit such use in the future in its proposal for modalities on agriculture (see Doc JOB(03)/12/Rev.1 of 5 September 2003).

<sup>12</sup> Including, in particular, Argentina, Australia, Canada, Chile, Chinese Taipei, Colombia, the Dominican Republic, El Salvador, Ecuador, Guatemala, Honduras, New Zealand, Panama and the USA.

<sup>13</sup> Among the more recent and important communications submitted to the WTO are the following: IP/C/W/289; IP/C/W/360 & 386; IP/C/W/395.

opposition to extension increased even after the EU-submission of the list of geographical names in the negotiations on agriculture<sup>14</sup>. The latter was understood by those countries opposed to extension as confirming their concerns that the ultimate goal of extension is to achieve “roll back protection”.

### C. Possible way forward

In absence of any decision of Ministers in Cancún on the mandate on extension, consultations at DG level will continue without clear guidance.

Work that not only could contribute to a more effective protection of GIs in Member States but also to move things forward and eventually assist to break the deadlock in the WTO include:

- ⇒ Awareness campaigns on the usefulness and the economic, commercial and social benefits of GIs for a very large number of WTO Members, in particular for developing countries. In order to reap these benefits, however, many of these countries have to do their homework first:
  - (a) Need for action: identification of protectable GIs and protection at the national level in order to claim international protection (Article 24.9 TRIPS Agreement). National inventories of GIs need to be established, the most appropriate protection system evaluated and implemented<sup>15</sup>.
  - (b) Establishment of partnership between producers with a good experience in GI protection and producers interested to develop such a protection.
  - (c) Development agencies and development organisations should further study the pros and cons of extension, in particular from a developing country perspective.
- ⇒ Pro GI countries should actively combat usurpation of their GIs for products not originating from where indicated by the GI in order to prevent these GIs from becoming generic or grandfathered elsewhere.
- ⇒ Producers of GI products should lobby with their governments and authorities in order to push them to become proactive in the WTO negotiations on extension.
- ⇒ Pro GI countries should use the avenue of either bilateral or plurilateral agreements with a view to achieve a better protection of their GIs.
- ⇒ In the consultations of the DG and the General Council meeting to be convened before 15 December 2003 (and if necessary, at the next WTO Ministerial Conference), the Friends of GIs should insist on a specific mandate, resp. on a confirmation of the mandate for negotiations on extension.
- ⇒ For this mandate, the Friends of GIs should demand the establishment of a special negotiating body (Special Session of TRIPS Council) under the auspices of the TNC, as well as the adoption of the following guidelines for the negotiations on extension:
  - (a) the 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 shall apply *mutatis mutandis*;
  - (c) the multilateral register to be established shall be open for geographical indications for all products<sup>16</sup>.

<sup>14</sup> WTO Doc JOB(03)/12/Rev.1 of 5 September 2003.

<sup>15</sup> For further recommendations for the developing countries, see DAVID VIVAS EUGUI, Negotiations on geographical indications in the TRIPS Council and their effect on the WTO agricultural negotiations, *Journal of World Intellectual Property*, 2001, pp. 720-721. For more information on the Swiss experience in this regard, see UNCTAD-ICTSD Project on Intellectual Property Rights and Sustainable Development, *Intellectual Property Rights: Implications for Development*, August 2003, p.113, <<http://www.iprsonline.org/unctadictsd/projectoutputs.htm#policy>>.

<sup>16</sup> Doc IP/C/W/353 of 24 June 2002 and TN/C/W/7 of 29 November 2002.

- ⇒ It needs to be examined (→ question for debate) whether additional modalities should be worked out in Article 24 TRIPS Agreement and, by doing so, whether there is a need to also take into consideration some of the concerns of trademark owners.

## II. Multilateral register for geographical indications for wines and spirits

### A. The issue under debate

The multilateral register aims to facilitate the protection of geographical indications for wines and spirits as provided in Article 22 and 23 TRIPS Agreement. The registration of the GIs aims to facilitate protection against illegitimate use, by providing WTO Members’ authorities with a list of denominations which are recognised as GIs in the respective country of origin.

### B. Current state of discussions in the WTO

The negotiation on the establishment of a multilateral system of notification and registration of GIs for wines is part of the built-in agenda of section 3 of the TRIPS Agreement on GIs, more particularly of Article 23.4. At the Ministerial Conference in Singapore in 1996, it was decided to include also spirits in the system to be established. Pursuant to the Doha Declaration<sup>17</sup> and the decision of the TNC in February 2002, negotiations on the register have been held in special sessions of the TRIPS Council. Given the wide divergence on key questions (legal effects, participation) of such a register among WTO Members, it was not possible to complete negotiations by the 5<sup>th</sup> WTO Ministerial Conference of Cancún, the deadline provided for in the Doha Declaration. Accordingly, the first revision of the Draft Ministerial Text submitted to Ministers in Cancún proposed a new deadline for the conclusion of the negotiations – leaving the exact date for this deadline for Ministers to agree in Cancún – without giving any guidance on substantive matters (legal effects, participation)<sup>18</sup>.

*Delegations in favour of an effective protection of GIs* – with the European Union and Hungary in the lead regarding the register – advocate that participation in the multilateral system should be mandatory for all WTO Members and that registrations should have binding legal effect. The European Union and its Member States propose that the registration should establish a “presumption” that the GI deserves protection in all WTO Members. Under the EU proposal, once a term is registered, and provided there has been no challenge within 18 months, protection may not be refused<sup>19</sup>. Hungary submitted a slightly modified proposal, with an arbitration procedure deciding a dispute, if differences cannot be settled in bilateral consultations<sup>20</sup>. Switzerland, convinced of the usefulness of a legally binding register for all WTO Members and for all products, supports the EU<sup>21</sup> proposal, but also the Hungarian proposal. A multilateral arbitration procedure seems a particularly important element of such a system from a small country Member perspective. The objective of the Members in favour of an effective protection of GIs for the Cancún Ministerial Declaration was to include guidance on substantive matters (legal effects, participation) in order to make progress on the negotiation. They also called for an early deadline for negotiations to be concluded.

*Delegations opposed to an effective protection of geographical indications*, such as Australia, Argentina, Japan and the United States<sup>22</sup>, take a rather minimalist approach. They propose a system of voluntary participation by which notified GIs would be simply listed in a database. Only obligation on Members participating in the system: consultation of the database when taking decisions on the protection of a specific GI in their country. Non-participating Members

<sup>17</sup> WTO Doc WT/MIN(01)/DEC/1 of 20 November 2002, §18.

<sup>18</sup> WTO Doc JOB(03)/150/Rev.1 of 24 August 2003, §8.

<sup>19</sup> WTO Doc IP/C/W/107/Rev.1 of 28 July 1998.

<sup>20</sup> WTO Doc IP/C/W/255 of 3 May 2001.

<sup>21</sup> WTO Doc TN/IP/W/3 of 24 June 2002, also signed by Bulgaria, Cyprus, the Czech Republic, the EU, Georgia, Hungary, Iceland, Malta, Mauritius, Moldova, Nigeria, Romania, the Slovak Republic, Slovenia, Sri Lanka and Turkey.

<sup>22</sup> WTO Doc TN/IP/W/5 of 23 October 2002, also signed by Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Namibia, New Zealand, Philippines and Chinese Taipei.

would be “encouraged” but “not obliged” to consult the database for this purpose<sup>23</sup>. These countries supported the text of the first revised Draft of the Cancún Ministerial Text as it stood, suggesting an extended deadline to finish negotiations by the 6<sup>th</sup> Ministerial Conference.

*Hong Kong, China* proposes somehow a compromise text according to which registering a term would enjoy a more limited “presumption” in participating countries than under the EU proposal. It does not provide for an arbitration system to settle differences<sup>24</sup>.

### **C. Possible way forward**

In absence of any decision of Ministers in Cancún on guidance on substantive matters, it must be assumed that delegations will continue to repeat well-known positions in the negotiations on the register in the foreseeable future. That is why impetus to break the deadlock is needed; it may be given by either of the following bodies:

- ⇒ Members continue to try to reach agreement on the key points of the multilateral system in the Special Session of the TRIPS Council to be called to conclude negotiation on this basis in 2004.
- ⇒ The General Council meeting at senior official level no later than on 15 December 2003 will give guidance on key substantive points of the multilateral system (legal effects, participation, etc.) and on the deadline by which negotiations shall be concluded.
- ⇒ The Ministerial Conference to be convened in 2004 will adopt, in its Declaration, guidance on substantive key points of the multilateral system (legal effects, participation, etc.) and on the deadline by which negotiations shall be concluded.

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<sup>23</sup> WTO Doc IP/C/W/133/Rev.1, TN/IP/W/5 and TN/IP/W/6.

<sup>24</sup> WTO Doc TN/IP/W/8.