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Geographical Indication Protection in South Africa with Particular Reference to Wines and to the EU

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Based on the international legal framework as established by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the author discusses the approach to GI protection under South African law. While South Africa has not introduced a registration system with regard to GIs, it relies, amongst other approaches, on common law approaches to defending GIs. The author further explains that certain GIs that are now protected under the EU registration regime have long been used in the South African trade environment, to the effect of having become generic. It is against this background that the author argues that in light of the strong negotiating position of the EU, the Europeans, when negotiating the free trade agreement with South Africa, in fact coerced South African negotiators into accepting the terms of the EU with regard to certain GIs. The author concludes that it may be useful for jurisdictions like South Africa to associate with other New World economies to ensure a better bargaining position during negotiations, except where such negotiations deal with purely localized issues.

Keywords: Coercion, Common Law, European Union, Geographic Indicators, South Africa

Introduction

Indications of the geographical origin of goods are becoming increasingly important in the trade environment. This is especially the case where the association between goods and their origin carries a connotation of some or other uniqueness such as quality or characteristics. Geographical indications offer protection in so far as producers of associated goods can prevent producers of similar goods from outside the region from identifying their goods with the region via such indication.

As the association between goods and a region via a geographical indication becomes established only through long use, such indications have become particularly important in the case of agricultural produce, though their benefits are not limited to such use.

The particulars of the origin can and often do form part of an indication of geographical origin, but this need not be the case. As long as an association between a region and the goods involved can be derived, the indication suffices to become recognized as indication of geographical origin.

The basis for the protection of indications of geographical origin is found in international instruments. These instruments, however, require that the particulars of such protection be specifically enacted by the signatories of such instruments. While geographical indications of origin in the international sphere are briefly referred to below, the object of this article is to discuss in particular such protection in the South African context. In the process, the possibility of bilateral agreements between jurisdictions to extend protection to indications that have become generic will also be considered, with particular reference to wines and spirits and the South African and European Union connection. Finally, this article presents the argument that countries such as South Africa are being forced to accept demands for GI protection that are to a large extent unwarranted.

International Instruments for the Protection of the Geographical Origin of Goods

Under the Paris Convention,¹ indications of source and appellations of origin are included as matter that qualifies for protection. An indication of source does not require a unique connotation such as quality or reputation; therefore it will have a lesser impact in the field of commerce than an appellation of origin, which sources goods with regard to quality or some other characteristic tied with a specific geographical locality.

The TRIPS Agreement² in particular uses the term “geographical indication of origin” (GI). The term is defined as referring to a linkage between goods and a

geographical area, where quality, reputation or some other characteristic is attributable to such geographical origin.³ While the definition of “GI” is broader than the definition of “appellation of origin” the latter is also covered within the former. An appellation of origin is of lesser extent than a pure indication of source, though it forms part of the larger category, “GI”. TRIPS requires that signatories to the agreement provide legal means to prevent the misleading use of GIs; the agreement also requires protection of GIs from unfair (unlawful) competition.⁴ To accommodate previous use of a term or the like in a jurisdiction other than the jurisdiction where it developed as a GI, TRIPS provides in Article 24(6) that an indication will not be affected if it is identical to a term that is customary in the common language as a common name for the same goods or services.

While any kind of goods can become linked to a GI, particular provision is made for wines and spirits.⁵ The addition of words such as “kind” or “type” cannot serve as distinguishing features in conjunction with an established GI.⁶ Trademark protection can furthermore not be obtained for geographical indications for goods using such terms as “kind” or “type” in conjunction with an established GI, and even existing trademarks that use this form are subject to cancellation.⁷ A multilateral system for notification and registration is also envisaged.

In addition to particular provisions for wines and spirits, TRIPS also gives particular exceptions in the case of such goods. Previous use of a wine- or spirit-related GI⁸ in a jurisdiction other than that where it has developed as a GI is accommodated by TRIPS. Accordingly, the agreement specifies that an indication that is identical with the customary name of a grape variety that existed in the territory of a jurisdiction as of the date of entry into force of the World Trade Organization Agreement will not be affected.⁹ In addition, GIs that have been used for the same or related goods for a period of more than ten years prior to April 15, 1994, or in good faith prior to this date, by nationals or domiciliaries of a member other than that where the GI has become established, are also permitted to continue with such use except if otherwise negotiated between specific members.¹⁰ In such a case, the GI is said to have become generic.

The South African Legal Situation with Respect to GI Protection

As a member of TRIPS, South Africa must accordingly protect the use of GIs under law. No GI-specific statutory protection exists in South Africa; rather, such protection is found in a variety of statutes, each of which deals with related legal matter. In addition, the common law can be used to address conduct that would constitute unlawful competition.

A distinction must be drawn between protection that involves the conferring of rights and protection that forbids certain forms of conduct. With regard to protection that forbids certain forms of conduct, the Merchandise Marks Act,¹¹ amongst other provisions, makes it an offence to apply a false trade description to goods.¹² A trade description is defined as, amongst other specifications, an indication as to place or country of manufacturing or production of goods. It includes any mark or the like that according to custom in trade is taken to serve as an indication of place of manufacturing or production of goods.¹³ The term “mark” is very broadly defined, including a word and any graphical representation.¹⁴ Persons that are liable under such laws are, amongst others, those who knowingly participate in prohibited conduct or have reason to suspect that a trade description so used is not genuine.¹⁵ This protection corresponds with the protection of indication of source under the Paris Convention,¹⁶ as referred to previously. Being broader than pure GI protection, protection under the Merchandise Marks Act will, at least to a substantial extent, cover GI protection as required by TRIPS.

The Counterfeit Goods Act¹⁷ prohibits, amongst other conduct, the use of a mark involving intellectual property rights in relation to goods without the authority of the owner of the rights. A mark that is not a trademark or does not otherwise qualify for copyright protection is only regarded as having intellectual property rights attached if it has been positively dealt with under the Merchandise Marks Act.¹⁸ GI protection under the Counterfeit Goods Act will consequently require such positive notification.

The Agricultural Product Standards Act as amended¹⁹ prohibits the use of a mark, in whichever way set out, in connection with the sale of an agricultural product, that conveys or creates a false or misleading impression as to, amongst other attributes, the quality or place of production of such product.²⁰ A specific prohibition can be declared in connection with geographical and other names, including any use in conjunction with words such as “kind”, “type” or the like.²¹ While protection under this statute is not absolute, as it requires the sale of a product, it is at any rate clear that the value of a GI in fact lies in its commercialization.

In the case of alcoholic products the Liquor Products Act²² prohibits, amongst other conduct, the use of the name of any country or word or expression containing such name in relation to the sale of liquor products except for products originating from that specific country.²³

While it appears as though most circumstances that relate to the use of GIs are covered under the various statutes briefly referred to above, a definite prohibition is often required under these statutes.

In contrast to the regulatory regime of the European Union,²⁴ right-conferring protection for GIs under South African law must be obtained under the Trademarks Act.²⁵ Marks that consist exclusively of signs that may serve in trade to designate the geographical origin of goods can not be registered as trademarks;²⁶ however, marks that do not consist exclusively of such signs are registrable. This provision may permit the registration of GIs that are accompanied by graphics or other terms even though the GI may represent the main feature of such marks. But when so registered the use of such a mark will most likely be prohibited under one or more of the statutes discussed above, which will render the right under the trademark ineffective.

Provision is furthermore made for the registration of certification marks and collective marks.²⁷ Certification and collective marks under the Trademarks Act are in essence the same as those obtainable in comparable jurisdictions. A collective mark is most probably the best vehicle for obtaining rights to a GI under South African law. Such marks, in so far as they are distinctive, are available for the goods of persons that are members of an association, for the purpose of distinguishing those goods from similar goods of persons that are not members of such association.²⁸ Geographical names and other indications of geographical origin are specifically said to be registrable as collective marks.²⁹

Under South African common law, misleading or deceiving the public in respect of own performance, inclusive of as to the origin of goods, has been ruled an act of unlawful competition. The legal object in such a case is, however, not something akin to a mark but rather the right to attract custom that ties in with the goodwill of an enterprise.³⁰

As has been explained, South African law is less concerned with GI protection that takes the form of rights than with prohibitions. This distinction, however, does not necessarily lead to less protection of those benefiting from GIs. In as far as private parties can influence the enforcement of the prohibitions, pertinent provisions, in practice, become closer to rights. Thus, the distinction between rights and prohibitions matters in political terms, but less so in legal practice.

The Protection of SA Wines and the Coercive Actions of the EU

Particular provision is made under both TRIPS and South African statutory law for GIs that involve goods in the form of wines and spirits.³¹ South Africa is, in fact, no stranger to the concept of geographical indications. A long time prior to TRIPS, the South African authorities had already concluded a bilateral agreement with the French authorities with respect to, amongst others, the GIs “Champagne” and “Burgundy”.³²

Although not registrable under registration regimes other than the Wine of Origin scheme,³³ it is apparent that some local geographical names have become geographical indications in at least the local environment.³⁴ In addition, some names that are presently registered under the EU registration regime have been used in the South African trade environment for a very long time, to the effect of having become generic. Amongst these are the names “port”, “sherry”, “grappa” and “ouzo”.

As discussed above, prior use of a wine- or spirit-related GI in a jurisdiction other than that where it has developed as a GI is accommodated by TRIPS. The further unobstructed use of GIs that have accordingly been used for the same or related goods by nationals or domiciliaries of a member other than that where the GI has become established, for a period of more than ten years prior to April 15, 1994, or in good faith prior to this date, is consequently permitted under TRIPS. Use of the names “port”, “sherry”, “grappa” and “ouzo” in the South African context fits this exclusion.

In the normal course of events there would not have been any recourse to re-monopolize the use of names that have become generic for use only by producers in the areas where they originated. Under TRIPS this exclusion can, however, be renegotiated between specific members with the object of concluding bilateral or multilateral agreements to increase the protection of GIs.³⁵ The conducting of such negotiations is in fact obligatory even in the case of exclusions under Article 24(4).³⁶

The EU, being South Africa’s most important trading partner, some years ago commenced negotiating a trade agreement with South Africa dealing with aspects of science and technology, fisheries and wines and spirits.³⁷ The agreement included provisions addressing free trade between South Africa and the countries of the EU. Conclusion of the agreement was, amongst other conditions, coupled to acceptance on the part of the South African negotiators that the names “port”, “sherry”, “grappa” and “ouzo”, as protected GIs in the countries of the EU under a regulation of the European Commission, should be accepted as such also in the South African market. It was eventually agreed that the names were to be phased out of use in the South African local and export market, as the agreement was otherwise too important to permit it to fail on the basis of protection of these GIs. Being the embarrassed party in the negotiations owing to the strong negotiating position of the EU, the South African negotiators were in fact coerced into accepting the terms of the EU negotiators with regard to these names.³⁸

In defending the European position it can be argued that developing countries also benefit from strong GI protection, similar to their benefiting from strong IP protection in general. Given the fact that GI protection as such is beneficial, the process by which it is expanded internationally should be equitable. In this sense the EU with its large

and highly developed market should consider the effect of driving smaller countries into an opposing camp and even into the arms of larger jurisdictions, for example the United States, that view these matters in a different way from the EU. In the case of such jurisdictions, of which the size of the economy is comparable to that of the EU, the EU finds and will find it more difficult to achieve the same result as with South Africa or other countries with economies of similar size.³⁹

Conclusion

It appears as though South African law gives reasonable protection for geographical indications of origin even though it has no specific GI registration system. Such a system is at any rate not yet obligatory, as it is still being negotiated under Article 23(4) of TRIPS. Although not so limited, GIs are of particular value for smaller businesses such as individual farming enterprises.

But as is the case with other segments of IP law, once the subject of protection that originally had a GI connotation has become part of the public domain it should not be permitted to be re-monopolized.

As a primary object of GIs (similar to other forms of IP) has to do with financial benefit, steps will always be afoot to push the limits of protection. Where the setting of such limits depends on negotiations, the party that otherwise has more to gain from the negotiations will naturally be at a disadvantage with regard to issues such as the re-monopolization of GIs that have become generic. As discussed above, such a negotiating disadvantage will under certain circumstances put the opposite party in an unassailable position.

The re-monopolization of the names “port”, “sherry”, “grappa” and “ouzo” for the benefit of European producers in the South African market is a done deal. But in the case where such action is planned for other names, as is apparently the case for certain foodstuffs produced in the EU,⁴⁰ it may be useful for jurisdictions like South Africa to associate with other New World economies to ensure a better bargaining position during negotiations, except where such negotiations deal with purely localized issues. It will always be useful to cooperate with a jurisdiction with a large economy, such as the United States, to put forth a single approach for appropriate amendment of TRIPS. A common approach of this sort could prevent the unfair re-monopolization of alleged GIs that have become generic.

Perhaps a useful overall strategy can include the aspects of

- (1) diligently working in conjunction with other WTO members, and especially those of similar interest, on appropriate adjustments to TRIPS with respect to GIs;

- (2) ensuring together with other players, and especially those that have substantial power, that any GI-recovery actions by whichever body are fair; and most important of all
- (3) positively developing South Africa's own sources of GIs and actively pursuing their identity even to the extent of achieving their recovery.

Endnotes

1. Article 1(2) of the Paris Convention 1967 as found on the World Intellectual Property Organization Web site at www.wipo.int/treaties/en/ip/paris.
2. Agreement between the World Intellectual Property Organization and the World Trade Organization on Trade-Related Aspects of Intellectual Property (TRIPS).
3. TRIPS Art. 22(1).
4. TRIPS Art. 22(2).
5. TRIPS Art. 2.
6. TRIPS Art. 23(1).
7. TRIPS Art. 23(1).
8. Product of the vine.
9. TRIPS Art. 24(6).
10. TRIPS Art. 24(4) read in conjunction with Art. 24(1).
11. Merchandise Marks Act 17 of 1941, as amended (The Merchandise Marks Act).
12. Art. 6 of the Merchandise Marks Act.
13. Art. 1 of the Merchandise Marks Act.
14. Art. 1 of the Merchandise Marks Act; “mark”.
15. Art. 6 of the Merchandise Marks Act.
16. Art 1(2) of the Paris Convention.
17. Counterfeit Goods Act 37 of 1997 (The Counterfeit Goods Act).
18. Art. 1 of the Counterfeit Goods Act; the terms “counterfeiting” and “intellectual property right” taken in conjunction with Art. 15 of the Merchandise Marks Act, which gives authority for prohibiting the use of any mark or the like.
19. The Agricultural Products Standards Act 119 of 1990 (The Agricultural Product Standards Act) as amended by the Agricultural Products Standards Amendment Act 63 of 1998.
20. Art. 6 of the Agricultural Products Standards Act.
21. Art. 6A of the Agricultural Product Standards Act. Article 6A relates to TRIPS Article 23.
22. Liquor Products Act 60 of 1989 (The Liquor Products Act).
23. Art. 11 of the Liquor Products Act.
24. GI regulation 2081/92 of the European Commission for agricultural products.
25. Trademarks Act 194 of 1993 (The Trademarks Act).
26. Art. 10(2)(b) of the Trademarks Act.
27. Arts. 42 and 43 of the Trademarks Act.
28. Art. 43(1) of the Trademarks Act.
29. Art. 43(2) of the Trademarks Act.
30. See, for example, *William Grant & Sons Ltd and Another v Cape Wine and Distillers Ltd and Others* 1990 (3) 897 (C).
31. The Liquor Products Act and TRIPS Art. 23.

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32. The so-called Crayfish Agreement of 1935. See, amongst others, Van Wyk, “*The Legal Protection of Geographical Indications*”, *Codicillus* Volume 47 No. 2006 at 40 to 41.
 33. Under the Liquor Products Act.
 34. Such as “Rooibos” tea.
 35. TRIPS Art. 24(4).
 36. TRIPS Art. 24(1).
 37. The so-called Trade, Development and Cooperation Agreement (TDCA). See Craven and Mather, “Geographical Indications and the South Africa – European Union free trade agreement” *Area* (2001) 33.3 from 313.
 38. As additional benefit for giving up these names, the EU granted EU15M for the development of new names for the products previously sold under these names.
 39. See the views of the Office of the United States Trade representative, Doha Development Agenda Policy Brief –December 2005, found at www.ustr.gov.
 40. See in general Echols M., “*Geographical Indications for Foods, TRIPS and the Doha Development Agenda*” *Journal of African Law* 47, 2 (2003). There are apparently plans afoot by the EU to also recover or re-monopolize some 41 presently generic food and drink names as GIs. See the communication of the Law Society of South Africa of 19 September 2003 and a release by the same institution as found at www.veracityincorporated.com.

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