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# The Legal Protection of GIs in TTIP: Is There an Alternative to the CETA Outcome

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## Geographical Indications in TTIP The TransAtlantic Trade and Investment Partnership

Bernard O'Connor<sup>1</sup>

### Abstract

The protection of European Geographical Indications has been a point of conflict between the European Union and the United States for many years. The essential difference is in how GIs should be protected, if they should be protected at all. The US considers that they can be protected as a sub-set of Trade Marks. The EU considers that GIs are a distinct form of Intellectual Property requiring a distinct system of law. The practical issue today is the extent to which EU GIs can be protected in the US. The US seeks to limit the availability of protection on the basis that many EU food names are descriptive of types of foods rather than names specifically linked to a particular origin. For the EU, protection of GIs is a reflection of the EU's vast food culture and goes hand in hand with the reform of the Common Agricultural Policy. Protection of EU GIs in third countries is a quid pro quo for abandoning the management of production and protection of the EU market. It has not been possible to come to agreement in the WTO Doha Round. Can agreement be found in TTIP? This paper suggests that the solution must be rooted in intellectual property law rather than in agricultural policy.

### Introduction

Geographical Indications (GIs) and Trade Marks are different forms of intellectual property (IP).<sup>2</sup> The distinction between the two was recognised in the Paris Convention, the first pluri-lateral international agreement on IP from

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<sup>2</sup> But see Steve Stern: "Are GIs IP?", *European Intellectual Property Review*, 2007. This Author challenges the idea that GIs are intellectual property, saying: "calling GIs a form of IP, and dealing with GIs in IP treaties, does not make GIs a form of IP. Rather, one must ask the basic question as to whether GIs fit in the traditional description of IP". According to the author, they don't as GIs cannot be defined as the product of intellectual output.

1883.<sup>3</sup> Today they have their fullest expression in the 1994 WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs).

Geographical Indications are defined in TRIPs Article 22.1 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.*

Trade Marks are defined in Article 15.1 of the TRIPs Agreement as:

*Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of another undertakings, shall be capable of constituting a trademark.*

The *sine qua non* for the registration and protection of a sign as a Trade Mark is that it has “*distinctiveness*”. This means that it has to allow consumers to identify the commercial source of the product bearing the sign and distinguish it from any other similar product on the market. Usually proper geographic names cannot meet the distinctiveness test. In exceptional circumstances these proper names can merit protection when they acquire secondary meaning through use over time.

TRIPs does not set out the criteria to be applied for a sign to be considered distinctive: “*it is commonly accepted that, in order to be considered distinctive, signs used as trademarks must not be descriptive or deceptive*”.<sup>4</sup> Geographic names are inherently descriptive.

Geographical Indications (‘GIs’) also function as indications of source. But they are not the same as Trade Marks.<sup>5</sup> There are many differences.<sup>6</sup> For the purposes of this paper the key difference is that GIs can be proper geographic

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<sup>3</sup> Paris Convention for the Protection of Industrial Property of March 20, 1883 (“Paris Convention”)

<sup>4</sup> WIPO, Standing Committee on the Law of Trademarks, Industrial Design and Geographical Indications, Possible solutions for conflicts between trademarks and geographical indications and for conflicts between homonymous geographical indications, SCT/5/3, Geneva, September 11 to 15, 2000.

<sup>5</sup> Leigh Ann Lindquist, Champagne or Champagne? An Examination of U.S. Failure to Comply with the Geographical Provisions of the TRIPS Agreement, The Georgia Journal of International and Comparative Law, 1999.

<sup>6</sup> The differences are still being explored in legal literature. However the key differences can be summarised as: i) the use, or not, of proper names; ii) there is need to show a link between a Trade Mark and the reputation, characteristics and qualities of a product prior or registration; iii) Trade Marks are normally individual rights whereas GIs give rights to many producers i.e. one is an individual right while the other is a collective right.

names. These are the same proper geographic names, like the name of a country or a town, which cannot be distinctive for the purposes of protection in general Trade Mark law.

The key objective of a GI is to identify qualities, characteristics or reputation essentially attributable to a named geographic origin or environment. Distinctiveness is not an issue. In this sense there should, in general, rarely be conflicts between Trade Marks and GIs as proper names should not be registered as Trade Marks, while GIs are normally proper names.

This note attempts to address the question of the relationship between Trade Marks and GIs particularly in the light of the negotiations leading to the a possible TTIP, currently under way between the United States and the European Union.

The note will look at: i) the EU concept of GIs; ii) the US concept of GIs; iii) whether the US system for protecting GIs is compatible with TRIPs; iv) coexistence between GIs and Trade Marks; v) the way forward in TTIP.

### **The EU protects GIs by means of a *sui generis* GI system**

The EU provides GI protection for limited classes of products. These include: wines, aromatic wines, spirits, foodstuffs and products derived from the soil. There are four different legal instruments based on the same approach and principles. The key is that GIs are a separate form of IP with features different from Trade Marks. As GIs are different, it is necessary to have a stand-alone system for protection. This is usually referred to as a *sui generis* system. The rules for foodstuffs and products derived from the soil are set out in Regulation 1151/2012.<sup>7</sup> This is considered the template EU system.

Article 5 of Regulation 1151/2012 provides two definitions of geographical indications. The differences between them are in relation to the intensity of the link between the product and the origin.

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<sup>7</sup> Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs ("Regulation 1151/2012"). Regarding wine, aromatized wine and spirits see Council Regulation (EEC) No 1601/91 of 10 June 1991 replaced by Regulation (EU) N° 251/2014 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails (Aromatized Wine Regulation); Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks (Spirits Regulation); Council Regulation (EC) No 1234/2007 of 22 October 2007 replaced by Regulation (EU) N° 1308/2013 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation).

A 'designation of origin' ("PDO") is a name identifying a product:

- (a) originating in a specific place, region or, in exceptional cases, a country;*
- (b) whose quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors;*
- (c) the production steps of which all take place in the defined geographical area.<sup>8</sup>*

A 'geographical indication' ("PGI") is a name identifying a product:

- (a) originating in a specific place, region or country;*
- (b) whose given quality, reputation or other characteristic is essentially attributable to its geographical origin; and*
- (c) at least one of the production steps of which take place in the defined geographical area.<sup>9</sup>*

The essential feature of the EU system is that applicants must demonstrate positively that the characteristics, qualities or reputation of the product is essentially attributable to the geographic environment or origin. The proper geographic name can be registered if the link is proven.

This link is seen in Article 7(1)(f) of Regulation 1151/2012. Applicants must provide details establishing:

- (i) the link between the quality or characteristics of the product and the geographical environment referred to in Article 5(1); or*
- (ii) where appropriate, the link between a given quality, the reputation or other characteristic of the product and the geographical origin referred to in Article 5(2);*

Once the Commission approves registration, the name is protected by the means of Article 13 of Regulation 1151/2012 that prohibits both direct and indirect commercial use or evocation of the registered name, including imitation, translation, or the use of terms as "like" or "style".<sup>10</sup>

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<sup>8</sup> Article 5(1) of Regulation 1151/2012.

<sup>9</sup> Article 5(2) of Regulation 1151/2012.

<sup>10</sup> Article 13(1) of Regulation 1151/2012 provides that: "1. Registered names shall be protected against: (a) any direct or indirect commercial use of a registered name in respect of products not covered by the registration where those products are comparable to the products registered

Absent registration as a GI, proper geographic names are available for use by anyone. There can be no limitation on the right to say: *I'm going to Parma* or, *I was born in Parma*. However under EU GI law, the state restricts the use of the name Parma in relation to a cheese and a cured ham.

As such, the state is intimately involved in the restriction of the common right to use a name. For this reason<sup>11</sup> the state considers that it has an obligation to control that the producers comply with the rules for use of the protected name, and that there is no fraud in the market place. In other words, the state has an *ex officio* role in controlling compliance with GI law. This is in marked contrast to Trade Mark law which is based on the idea of giving a right to the Trade Mark owner to prevent the use of the Trade Mark by others.

### **The US protects GIs by means of Trade Mark law**

The US does not consider that GIs require a separate *sui generis* system for protection. It considers that GIs are a sub-set of Trade Marks. As a consequence, the protection of GIs in the US is based on the same criteria and rules applicable to Trade Marks.<sup>12</sup>

In general, the US Patent and Trademark Office (USPTO) considers that GIs can only be registered as Certification Marks as they lack the “*distinctiveness*” necessary for registration or protection as normal Trade Marks or Collective Marks. It is possible that over time and through extensive use, that GIs can acquire a “*secondary meaning*”. If this occurs they can denote a business source as well as a geographic source.<sup>13</sup> As a result, they will be entitled to be registered as Trade Marks or Collective Marks.<sup>14</sup>

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under that name or where using the name exploits the reputation of the protected name, including when those products are used as an ingredient; (b) any misuse, imitation or evocation, even if the true origin of the products or services is indicated or if the protected name is translated or accompanied by an expression such as ‘style’, ‘type’, ‘method’, ‘as produced in’, ‘imitation’ or similar, including when those products are used as an ingredient; (c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product that is used on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin; (d) any other practice liable to mislead the consumer as to the true origin of the product. Where a protected designation of origin or a protected geographical indication contains within it the name of a product which is considered to be generic, the use of that generic name shall not be considered to be contrary to points (a) or (b) of the first subparagraph.”

<sup>11</sup> As well as the fact that the protected name is communal property.

<sup>12</sup> United States Patent and Trademark Office, Geographical indication protection in the United States.

<sup>13</sup> Bernard O'Connor, *ibidem*, page 247, Cameron May, 2004.

<sup>14</sup> The US also protects European GIs that are not registered as Trade Marks or Certification

As the US itself sets out on the USPTO's website, the US considers that its approach to the protection of GIs brings a series of advantages.<sup>15</sup>

First, there would be a benefit in terms of costs as it allows the use of structures that are already committed to trade mark protection, with no need to employ additional resources.

Second, it would satisfy the TRIPs requirements without any need of further implementation, as "*in addition to fulfilling all of the requirements of Section 3 of Part II of the TRIPS Agreement, the use of the national trademark system meets the TRIPS requirement for national treatment and the obligations in Part III of the TRIPS Agreement regarding enforcement*".<sup>16</sup>

Third, this system can be defined as self-policing,<sup>17</sup> meaning that there is no need for governments to commit additional enforcement resources as private parties will undoubtedly raise issues and take action should rights be infringed.

Finally, the US claims that "*Article 7bis of the Paris Convention*<sup>18</sup> *requires that Members provide protection for collective marks. That obligation is incorporated into the TRIPS Agreement by Article 2.1*<sup>19</sup> *thereof, protecting geographical indications through registration as collective marks will use a system that is already required to exist.*"<sup>20</sup>

The US concern to marginalise GIs as a sub set of Trade Mark law appears to hide a deeper fear of a European monopoly of certain food or drink products. This is based on a misconception of the nature of GIs. GI law limits labelling, not competition. In fact "Geographical indications strengthen

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Marks, under the *aegis* of common law or as unregistered certification marks due to the general understanding of US consumers of the link between the product and its place of origin (for instance, the spirit wine Cognac originating from Cognac, in France). See generally: Bruce A. Babcock and Roxanne Clemens, *Geographical Indications and Property Rights: protecting value-added agricultural products*, MATRIC Briefing Paper 04-MBP 7, May 2004.

<sup>15</sup> United States Patent and Trademark Office, *ibidem*.

<sup>16</sup> Care should always be taken when a WTO member needs to declare, *ab initio*, that its legal provisions implementing WTO law are compliant with that law.

<sup>17</sup> United States Patent and Trademark Office, *ibidem*.

<sup>18</sup> Article 7bis of the Paris Convention provides that: "The countries of the Union undertake to accept for filing and to protect collective marks belonging to associations the existence of which is not contrary to the law of the country of origin, even if such associations do not possess an industrial or commercial establishment."

<sup>19</sup> Article 2.1 of the TRIPs Agreement reads as follows: "In respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967)."

<sup>20</sup> WIPO, Suggested method for domestic recognition of geographical indications for WTO Members to produce a list of nationally-protected geographical indications, IP/C/W/134, Fifth Session, 11 March 1999



competitiveness<sup>21</sup>: they can be used as an instrument to build a market where consumers are able to recognize quality products and are willing to pay a higher price to obtain them.

### **Does the US system meet its TRIPs obligations?**

It has been said that despite the benefits in terms of legislative-economy and auto-sufficiency of the US system, *“the use of a trademark regime has proved very complicated, costly and not always effective. The use of a trademark regime to protect a GI name does not provide for a protection as comprehensive as the one offered by a sui generis GI system.”*<sup>22</sup>

The present author observed that: *“questions can be raised as to whether the US system, is compliant with the TRIPs requirement to show a link or even to properly define the geographic origin”*.<sup>23</sup>

It will be recalled that Article 22(1) of the TRIPs requires the *essentially attributable* test, due to the need “to prevent use of misleading information that might confuse consumers about a product’s geographical origin and to prevent any unfair competition that may result from such a misunderstanding.”<sup>24</sup> There is no essentially attributable test in US Trade Mark law, whatever the class of mark being considered.

In certain circumstances there can be an examination in relation to the reputation of a product, but there is no provision for the examination of qualities or characteristics. And even in relation to the examination of reputation, USPTO guidelines for Trade Mark Examiners makes clear that the only purpose of that examination [into reputation] is not to determine compliance with essentially attributable test but to determine what the geographic delimitation of a certification mark containing a geographic name should be.<sup>25</sup>

In summary, as the US does not carry out an essentially attributable test, it can be concluded that its system for the protection of GIs is not compliant with its TRIPs obligations.

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<sup>21</sup> European Commission, IP/03/1178, *ibidem*, Brussels, 28 August 2003.

<sup>22</sup> WIPO and SAIC, International symposium on geographical indications, Beijing, June 26 to 28 2007.

<sup>23</sup> Bernard O’Connor, Some thoughts on the practice of the US Patent and Trademark Office and TRIPs, Global Newsletter, 1<sup>st</sup> Quarter, 2014.

<sup>24</sup> Bruce A. Babcock and Roxanne Clemens, *ibidem*, MATRIC Briefing Paper 04-MBP 7, May 2004.

<sup>25</sup> Bernard O’Connor, *ibidem*, Global Newsletter, 1<sup>st</sup> Quarter, 2014

## GIs in WTO dispute settlement

In 2004 the US brought a WTO challenge to the EU's system for the protection of GIs. The dispute settlement panel ruled in March 2005.<sup>26</sup>

The US alleged that the then EU rules<sup>27</sup> on the protection of agricultural and food GIs (Regulation 2081/92<sup>28</sup>):

i) did not comply with the principle of "national treatment" set out in Article 3.1 of the TRIPs<sup>29</sup> and Article III:4 of the GATT; and

ii) that Article 14(2)<sup>30</sup> of the Regulation was inconsistent with TRIPs Article 16.1 as it did not ensure that a Trade Mark owner may prevent the use of prior registered Trade Marks. In other words, the US claimed that Trade Mark law trumped GI law.

The Panel upheld the first claim in finding that the EU rules made it more difficult for third country GIs to be registered in the Union. The EU quickly remedied this defect by changing the rules for the registration of third country GIs.<sup>31</sup>

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<sup>26</sup> WTO Panel Report, *European Communities- Protection of trademarks and geographical indications for agricultural products and foodstuff*, WT/DS174/R, adopted in 15 March 2005, [https://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds174\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds174_e.htm)

<sup>27</sup> For the purposes of conflicts between trade marks and GIs there are no significant differences between Regulation 1151/2012 and the law applicable at the time of the WTO dispute.

<sup>28</sup> Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuff ("Regulation 2081/92")

<sup>29</sup> Article 3.1 of the TRIPs Agreement provides that: "Each Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property, subject to the exceptions already provided in, respectively, the Paris Convention (1967), the Berne Convention (1971), the Rome Convention or the Treaty on Intellectual Property in Respect of Integrated Circuits. In respect of performers, producers of phonograms and broadcasting organizations, this obligation only applies in respect of the rights provided under this Agreement. Any Member availing itself of the possibilities provided in Article 6 of the Berne Convention (1971) or paragraph 1(b) of Article 16 of the Rome Convention shall make a notification as foreseen in those provisions to the Council for TRIPS."

<sup>30</sup> Article 14(2) of Regulation 2081/92 reads as follows: "With due regard for Community law, use of a trade mark corresponding to one of the situations referred to in Article 13 which was registered in good faith before the date on which application for registration of a designation of origin or geographical indication was lodged may continue notwithstanding the registration of a designation of origin or geographical indication, where there are no grounds for invalidity or revocation of the trade mark as provided respectively by Article 3 (1) (c) and (g) and Article 12 (2) (b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks"

<sup>31</sup> By introducing Regulation 510/2005.

In relation to the second claim, the US argued that the terms of Article 16<sup>32</sup> of the TRIPs Agreement gave priority to trade marks over GIs. According to the US, this priority is to be found in the idea that the holder of a registered trade mark shall have the exclusive right to prevent others using similar or identical signs in respect of similar goods.

The EU argued that the rights of Trade Mark owners were not absolute. TRIPs Article 17 provides:

*Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.*

The Panel agreed with the EU. In legal terms the Panel found that Article 14(2) of Regulation 2081/92 was compliant with the TRIPs Agreement, on the basis of three arguments. First, a GI cannot be registered if it can be related to a prior Trade Mark thus mislead consumers. Second, the registration of a GI is subject to opposition by interested third parties. Last, the registered GI can only be used as it appears in the registration certificate, every use in a translated form can be prevented by the prior trademark owner if it conflicts with his right and is likely to cause confusion.

On this basis, the Panel found that Regulation 2081/92 only creates a “*limited exception*”, taking account of the legitimate interests of the owner of the Trade Mark within the meaning of Article 17 TRIPs Agreement.

Unusually, neither the US nor the EU appealed the Panel Report. This can be seen as an indication that neither party considered that an appeal would be successful.

It can be concluded that the Panel accepted that the TRIPs provides for two distinct forms of intellectual property and that the rights granted in relation to trade marks cannot always trump the right to register and protect geographical indications.

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<sup>32</sup> Article 16 of the TRIPs Agreement provides that: “1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.”

## Coexistence between trademarks and geographical indications

Even though the WTO Panel has led the way in considering that there must be coexistence between the two distinct systems of IP rights, there is still no explicit provision in international law crystallising the principle of coexistence. Other than the fact that both systems are part of TRIPs, and there are two systems in EU law,<sup>33</sup> Regulation 1151/2012 remains the only source of law “seeking to strike the right balance between both IP rights”.<sup>34</sup> However this balance is in relation to specific names which might conflict with each other rather than addressing the consequences of the conflict of systems of IP law.

Article 14 of Regulation 1151/2012 only sets out how to address the presence of similar names under the Trade Mark and GI systems for the purposes of EU law. The Article in essence provides:

- i) once a GI is registered an application to register the name as a Trade Mark must be refused;
- ii) where there is a pre-existing Trade Mark, applied for and registered or established by use, in good faith, by the date of application for protection as a GI, it may continue to be protected and the registration renewed.

In other words, EU GI law makes specific provision for the co-existence between specific GIs and Trade Marks and sets out the principles to be followed. The EU Court of Justice has endorsed these coexistence rules in a number of rulings<sup>35</sup> therefore adopting a position that “is significant as it alters the dynamic of a venerable conflict between trademark and GI regimes, which has been locked in the language of trumps for several decades”.<sup>36</sup>

The EU addresses GIs in its Trade Mark law. Registration of a sign as a Trade Mark should be refused where it is:

*[of] such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service,<sup>37</sup>*

And registration shall be revoked where:

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<sup>33</sup> It is a given of EU law that there are two systems of law and that they need to coexist. Article 14 of Regulation 1151/2012 deals with the problem of conflicts in relation to specific names.

<sup>34</sup> Elena Tiberti, *Geographical indications and trademarks: space for coexistence as an equitable solution*, Rivista di diritto alimentare, Anno VII, No 3, Luglio-Settembre 2013

<sup>35</sup> See Case C-100/02, Gerolsteiner Brunnen, judgment of 7 January 2004 and Case C-343/07, Bavaria NV and Bavaria Italia S.r.l v Bayerischer Brauerbund, judgment of 2 July 2009.

<sup>36</sup> Dev Gangjee, *Quibbling siblings: conflicts between trademarks and geographical indications*, Chicago-Kent Law Review Vol.82, No. 2, 2007.

<sup>37</sup> See Article 7(1)(g) of Regulation 207/2009, the EU's Trade Mark Regulation.

*if, in consequence of the use made of it by the proprietor of the trade mark or with his consent in respect of the goods or services for which it is registered, the trade mark is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.*

There is no equivalent approach in general or US Trade Mark law.<sup>38</sup> Conflicts in relation to signs to be registered as Trade Marks are resolved on the basis of three principles:

- i) the principle of territoriality implying that identical signs for the same product can coexist as long as they are used in different geographical areas;
- ii) the principle of speciality allowing the coexistence of similar signs when used for different goods and there is no likelihood of confusion between the signs;
- iii) the “first in time, first in right” rule (or priority principle) attributing the exclusive right to whomever has first registered or used the sign.<sup>39</sup>

It seems possible that the principles of territoriality and speciality could be adapted to address the coexistence of Trade Marks and Geographical Indications. However, the “first in time, first in right” principle is less adaptable.<sup>40</sup> The first in time, first in right principle is the official U.S. position in relation to conflicts between Trade Marks and GIs.

Goebel and Groeschl note: *“the real conflict between trademarks and geographical indications is, therefore, the conflict of two conflict resolution mechanisms. The issue is which one will prevail: the trademark rules firmly built on priority, exclusivity, and territoriality or the sui generis rules built on the assumption that the “common good” geographical indication is somehow superior to the private property right trademark and could therefore destroy its existence, or at least its exclusivity, irrespective of priority and territoriality.”*<sup>41</sup>

The resolution of this conflict requires careful thought. And the first question to be asked is whether the debate, to date, has been clouded by concerns in relation to individual names or signs and in relation to competition in agricultural trade.<sup>42</sup> Most often the examination of the conflict resolution systems is not in relation to the other IP system but in relation to internal conflicts within each different system: Trade Mark law does it this way; GI law does it another way.

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<sup>38</sup> Harmonised Member State and EU Trade Mark law provides that trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service shall not be registrable or should be subject to revocation.

<sup>39</sup> Bernard O'Connor, *ibidem*, Pg. 119, Cameron May, 2004.

<sup>40</sup> WTO Panel Report, *ibidem*, WT/DS174/R, adopted in 15 March 2005, paragraph 7.515

<sup>41</sup> Burkhardt Goebel and Manuela Groeschl, *ibidem*, The trademark reporter-The law journal of the International Trademark Association, July-August 2014.

<sup>42</sup> And in particular in relation to dairy products and certain cured hams.

So, is the issue not first and foremost an issue of the co-existence of systems rather than conflicts over specific names protected either as GIs or Trade Marks? Can resolution be found on that basis?

### **Proper geographic names cannot be 'distinctive'**

GIs are most often proper geographical names:<sup>43</sup> Trade Marks should not, in general, be proper names. In the absence of a strong system for the protection of GIs,<sup>44</sup> both in the EU and elsewhere, there has been a creeping dilution of the principle that proper names should not be protected as Trade Marks. This can be seen in the registration in the EU of proper names as Trade Marks.

The availability of a comprehensive GI system allowing for the protection of proper geographic names could halt or begin to reverse this creeping dilution of the concept of distinctiveness. This can begin to be seen in in the EU where there is a closer examination of the distinctiveness test where registration is sought for proper names.

If there are two distinct and functioning systems for the protection of GIs and Trade Marks then issues in relation to the conflicts of specific signs or indications becomes clearer.

Proper geographic names such as *Parma* or *Champagne* should, in general, not be registrable as Trade Marks, whether registration is sought as an ordinary Trade Mark, a Collective Trade Mark or a Certification Trade Mark. This would require a tighter implementation of the distinctiveness test. In a situation where distinctiveness is rigidly applied there is less concern with the first come first served test as few proper geographic names would be registered in the first place. And where proper geographic names have been registered they are still subject to revocation where the public is misled.

A proper geographic name, un-registrable as a Trade Mark, in any of its forms, could be protected and registered as a GI if it meets the criteria for registration. In other words, if a particular characteristic, quality or reputation of a product is essentially attributable to the geographic environment or origin. If the essentially attributable test cannot be met then the proper geographic name remains

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<sup>43</sup> In exceptional circumstances the EU allows registration as GIs of non-geographic names where the name is strongly linked to a specific territory. Examples include Feta or Hellim/Halloumi which are linked to specific origins (Greece and Cyprus respectively) but are not geographic terms in themselves.

<sup>44</sup> Other than for wines and spirits, the EU did not introduce Community wide GI protection for foodstuffs and products of the soil till 1992. To this day the EU system does not protect non-agricultural GIs, something that might be considered a breach of the EU's TRIPs commitments.

available for use by all and cannot be the subject of protection under either system of intellectual property.

This clear demarcation between Trade Marks and GIs and the appropriate application of the principles already inherent in those systems already begins to clean out some of the current problems in relation to specific points of conflict between the US and the EU.<sup>45</sup>

Recognising the distinction between the two IP systems removes another problem, namely that geographical indications do not necessarily identify a single producer source of goods. Indeed, more typically, GIs are used by many producers of the product so long as they product according to the specifications in the defined geographical area. Thus, GIs should not be registered as Trade Marks not only because of the distinctiveness problem but also because of the ownership problem.<sup>46</sup>

EU GI law uses the term 'generic' to describe names which cannot be registered as GIs because they are not considered to be specific to a particular geographic environment or origin. This concept of specific/generic is similar to, but different from, the concept of distinctiveness in Trade Mark law. Because of the differences any one name could be specific or generic for the purposes of GI law and distinctive or not distinctive for the purposes of Trade Mark law. This is particularly so in different jurisdictions.

There are two distinct consequences of this distinction. One, a specific name registrable as a GI in the EU, because it is not considered generic, may or may not be considered un-registrable as a Trade Mark in the US for lack of distinctiveness. Two, a name which is considered generic in the EU and thus unregistrable, may or may not be distinctive in other jurisdictions for the purposes of Trade Mark law. In other words, the concept of genericity and distinctiveness are different concepts in law and the use of the same criteria for determining whether a name is or is not generic or distinctive is not appropriate. Account must be taken of the key difference that GIs are normally proper names.

### **The EU negotiating strategy with Canada**

The EU has completed the Free Trade Agreement negotiations with Canada. The agreement is known as the Comprehensive Economic and Trade

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<sup>45</sup> The main points of conflict concern - *inter alia* - the private or collective nature of the protection, the requirement to show a link with the geographical origin, and the question whether a certain name is to be considered generic or specific.

<sup>46</sup> Peter M. Brody, Geographical indications and dilution: reinterpreting 'distinctiveness' under Lanham act, *The Trademark Reporter*, Vol. 100, July-August 2010

Agreement. CETA includes a chapter on IP including provisions on GIs. Essentially CETA provides that Canada will protect a limited number of specific EU GIs to a some degree with many exceptions, allows the coexistence of others GI protected names on the Canadian market despite possible Canadian Trade Mark protection of similar names, but does not protect all EU GIs or mandate a system that would allow for the protection of GIs in Canada.

Political and commercial interests in the United States<sup>47</sup> have indicated that they do not consider that the CETA approach would work in TTIP. There is no indication that the EU is considering anything other than a CETA approach<sup>48</sup>

The EU's CETA approach is rooted in agriculture. The EU will accept increased EU market access for some US agricultural products on the basis that the US will accept to protect certain EU GIs in the United States. This is how it worked for CETA.

It is not clear that this approach will work. Firstly, there is the political opposition to this approach in the US. But secondly, and more significantly, it reduces the protection of GIs to an agricultural issue rather than addressing it as an intellectual property issue. GIs are intellectual property. And an adequate system for their protection must be ensured in all WTO countries. In addition, GIs are not limited to the limited number of food and drink categories currently available for protection through registration in the EU. What about non-agricultural GIs? Is marble from Carrara, in Italy, or Slate from the Ardennes in Belgium any less a GIs than white sparkling wine from Champagne in France? Stone is inherently a product of *terroir*. But just as pies from Melton Mowbray in England are protected why not knives from Solingen in Germany, pottery from Limoges in France, glass from Murano in Italy or Waterford in Ireland.

### **The background issues facing the TTIP negotiators**

Given the time limits that have been declared for the completion of the TTIP negotiations, it is unlikely that it would be possible to find agreement on a radically new approach to the negotiating of GIs within the TTIP. Both sides seem set up for some old-fashioned mercantalistic arm-wrestling over specific names and overall agricultural market access. If successful, the US would give

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<sup>47</sup> 55 senators delivered a letter to U.S. Trade Representative Michael Froman and Agriculture Secretary Tom Vilsack recommending to defend common names: "*We urge you to make clear to your EU counterparts that the U.S. will reject any proposal in the [TTIP] negotiations now underway that would restrict in any way the ability of U.S. producers to use common cheese names*"; View also 'The Consortium for Common Food Names', the mission of which is to oppose any attempt to monopolize names that it claims are part of the public domain.

<sup>48</sup> EU Trade Commissioner Malmström told the European Parliament Trade Committee (INTA) on 3 December 2014 that CETA would be the negotiating starting point for TTIP.



limited protection to, for example, Parmigiano cheese while the EU would give, for example, EU market access to 100,000 tonnes of hormone free US beef.

However, this approach is doomed to limited, if any, success. To ensure better protection of EU GIs in the long term, an approach that recognises the inherent differences between the two IP system is necessary.

Following the entry into force of the TRIPs Agreement, there cannot be any doubt that GIs are independent IP rights and that "there is neither superiority of trademarks over GIs, nor superiority of GIs over trademarks"<sup>49</sup>. Trade Marks and geographical indications are unique devices that can and must be simultaneously protected.

Nor can there be much doubt that the US does not comply with its TRIPs commitments on GIs. The current Trade Mark system does not carry out an essentially attributable test nor does it cater for the collective nature of the property right. The adaptation or development of the US Certification Mark system does not remedy these problems.

In addition, there appears to be a growing economic interest of the US in protecting its domestic industries entails that "the likelihood that the United States will seek GI protection for its unique and distinctive products increases. Just as the United States benefits from the use of generics, foreign competition may soon use US appellations in an effort to take advantage of the growing reputation of American wines."<sup>50</sup>

Napa Valley vintners<sup>51</sup> have started fighting in order to have their geographical indication recognized and protected both at home and abroad.<sup>52</sup>

### **The essential elements for a new approach**

The EU must root its negotiation strategy on GIs in Intellectual Property law and not in agriculture. TRIPs Article 22(1) refers to goods, not agricultural goods. So TRIPs indicates the proper approach.

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<sup>49</sup> Dietrich C. Ohlgart, *Geographical indications and trademarks: war or peace?* ECTA, 25<sup>th</sup> Annual meeting in Warsaw, 2006.

<sup>50</sup> Stephen M. Jurca, *What's in a Name?: Geographical Indicators, Legal Protection, and the Vulnerability of Zinfandel*, Indiana Journal of Global Legal Studies, 2013.

<sup>51</sup> The Napa Valley Vintners is a non-profit trade association devoted to promote, protect and enhance the Napa Valley appellation.

<sup>52</sup> The "Napa Valley" indication has recently been recognized among others, in Brasil(2012), China(2012), Thailand(2011) Europe(2007).

The EU must address the extent to which the US complies with its TRIPs commitments, and if necessary, threaten to use the stick of dispute settlement, not so much for the purpose of imposing a WTO defeat on the US, but for the purpose of getting agreement on the fundamental differences between the two forms of IP and the consequences of these differences for the differences in relation to specific names.

The EU or EU producers should not seek the protection of specific EU GI names as Trade Marks or within the context of Trade Mark law, but as GIs in the context of a separate system for the protection of GIs.

On this basis the EU should not seek the protection, as Trade Marks, of names which the US considers do not have distinctiveness. Rather it should seek the protection of GIs which have been proven, under EU law, to meet the criteria for registration.

This implies a recognition of coexistence: coexistence between the two distinct forms of intellectual property and the coexistence of protected GI products and other non-protected or non-protectable names on the market place.

How would this work for the coexistence of specific names, for example, Parmisan or Parmigiano or Parmigiano Reggiano. Firstly there would have to be some form of a register or recognition for these names as GIs. Secondly there would have to be the means to distinguish between the GI and the non-GI. This could be done by labelling. Thirdly there would have to be acceptance that the non-GI should not, in general, be labelled so as to evoke the GI.

This new approach would not be easy. However it would be more rooted in intellectual property law rather than agricultural law and thus be more theoretically coherent allowing for a long terms solution.

The short term might well be a CETA type agreement, albeit more limited in scope. But a switch in approach is now needed to ensure a long-term solution.