

Future Solutions for Protecting Geographical Indications Worldwide

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Introduction

European law and policies on geographical indications (GIs) has come into conflict with those of 'New World' nations such as the US and Australia. This conflict has come to a head in two areas. First, the USA and Australia have brought actions under the WTO dispute resolution mechanism claiming that the national treatment principle of the TRIPS Agreement is violated by the EU's legislation on GIs. Second, the US has taken the position in the TRIPS Council that the additional operation of the TRIPS Agreement in relation to wines and spirits ought not to be extended to other products, whereas the EU takes the position that a Multilateral Register in relation to agricultural products and handicrafts needs to be established.

In view of the 2004 WTO Ministerial Conference, this conflict profoundly dominates not only the TRIPS, but also the agricultural agenda.

This contribution aims to analyse the points of view underlying the two conflict areas, the future solutions for protecting GIs internationally, as well as alternatives to GI protection.

The protection of Geographical Indications

GIs may indicate a country, region, locality, city, or even an address from which a product or service emanates. Like a trade mark a GI is a sign whose function¹ is to provide information and protect its owner. GIs indicate the precise geographical origin, and denote a quality or reputation that results from that place of origin of a product. The definition of what

¹ On the functions of trade marks see Spyros M. Maniatis and Anselm Kamperman Sanders, 'A Consumer Trade Mark: Protection based on Origin and Quality', [1993] 11 *EIPR* 406.

exactly constitutes a GI is not uniform. The Paris Convention² covers two notions of GIs: “indications of source or appellations of origin”,³ which are further defined by the 1891 Madrid Agreement⁴ and the Lisbon Agreement. It is of importance to realise that, the notion of ‘appellation’ covers names, whereas ‘indication’ also comprises drawings, national emblems, flags, or even symbolism.

The Madrid Agreement indicates that ‘indications of source’ denote that a product or service originates from a certain area, country, region or locality. According to the Lisbon Agreement, ‘appellation of origin’ covers a “geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors”.⁵ The European Court of Justice has defined the ‘indications of source’ and ‘appellation of origin’ in similar terms in the *Exportur* decision of 1992.⁶

Furthermore in the EC GIs are protected on the basis of Regulation 2081/92/EEC,⁷ which offers protection to geographical indications of agricultural products and foodstuffs. It employs other definitions. Whereas the definition of designation of origin⁸ corresponds largely with those of

² Paris Convention for the Protection of Industrial Property of March 20, 1883, as revised at Brussels, 1900, Washington, 1911, The Hague, 1925, London, 1934, Lisbon, 1958, and Stockholm, 1967, and as amended on October 2, 1979.

³ Art. 10 Paris Convention, on False indications of source of goods.

⁴ Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods of April 14, 1891, as revised at Washington 1911, The Hague, 1925, London, 1934, and Lisbon, 1958.

⁵ Art. 2 Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of October 31, 1958, as revised at Stockholm, 1967, and as amended on September 28, 1979.

⁶ ECJ C-3/91 of 10 November, 1992.

⁷ Council Regulation on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (2081/92/EEC) No 2081/92 of 14 July 1992, as amended by Council Regulation 692/2003.

⁸ Regulation 2081/92/EEC Art. 2(2)(a) designation of origin: means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country, and
- the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and the production, processing and preparation of which take place in the defined geographical area.

the Lisbon Agreement, the definition of ‘geographical indication’⁹ raises the threshold for appellations of origin.

The TRIPS Agreement of 1994 has yet another definition in Art. 22, which defines geographical indications as “indications which identify a good as originating in the territory of a Member, or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographic origin”.

Although similar to the definition in Regulation 2081/92/EEC, the notion of ‘indication’ is wider than that of ‘name’, and its overall scope is somewhat wider.¹⁰

For the purpose of understanding the present stand-off in the TRIPS Council over the future protection of Geographical Indications, the diverging notions of what GIs are, and which level of protection ought to be offered accordingly.

Article 22(2) TRIPS provides: [i]n respect of geographical indications, Members shall provide the legal means for interested parties to prevent:

- (a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good;
- (b) any use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention (1967).

Under Article 23 GIs for wines and spirits are offered enhanced protection, which raises the threshold of situations where misuse would not cause the public to be misled. The enhanced protection is limited by the fact that such an indication should not have become generic, or registered as a trade mark.

⁹ Regulation 2081/92/EEC Art. 2(2)(b) geographical indication: means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country, and
- which possesses a specific quality, reputation or other characteristics attributable to that geographical origin and the production and/or processing and/or preparation of which take place in the defined geographical area.

¹⁰ D.J. Gervais, *The TRIPS Agreement. Drafting History and Analysis* (1998, London, Sweet & Maxwell) at 123-5; T. Stewart, *The GATT Uruguay Round, A Negotiating History* (1993, Kluwer Law International) 2245-2313

At the heart of the conflict, however, lies the additional protection of geographical indications for wines and spirits¹¹ and the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits. The obligation to engage in further negotiations to increase the protection of individual geographical indications under Article 23¹² has furthermore increased tensions. The EU's position of GIs for the Cancun Ministerial Conference consisted of three steps for reform, that was seen by some, most notably the US and Australia, as three steps too many. The EU's objectives¹³ can be summarised as follows:

1. Establishment of a multilateral register of GIs for wines and spirits, based on the Art. 24(4) TRIPS and Doha mandates;
2. Extension of the current wines and spirits' protection to other goods, thus extending Art. 23 TRIPS protection and opening the multilateral register to all goods;
3. Enter into market access negotiations based on Art. 24(1) to:
 - a. Extend and register GIs;
 - b. Table a list of EU names in the context of market access negotiations on agriculture; and
 - c. To do so in keeping with Art. 24 exceptions.

The second step has brought about a mixed reaction;¹⁴ with countries such as Bulgaria, China, the Czech Republic, the EU, Hungary, Liechtenstein, Kenya, Mauritius, Nigeria, Pakistan, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand and Turkey favouring an extension, whereas countries such as Japan, Chinese Taipei, and some Southeast Asian countries as well as the US, Canada, Australia, New Zealand, Argentina and a number of other Latin American countries consider Art. 23 protection to be too high. It is clear from the positions that various members have taken that the difference of opinion on the protection of GIs does not coincide with the 'Old World – New World' dichotomy. It is clear though that developing nations have more problems with the –'EU-only demand'- third step in

¹¹ Art. 23 TRIPS.

¹² Art. 24(1) TRIPS.

¹³ For the EU proposal see WTO document IP/C/W/107/Rev.1, and for supportive statements see document TN/IP/W/3, signed by Bulgaria, Cyprus, the Czech Republic, the EU, Georgia, Hungary, Iceland, Malta, Mauritius, Moldova, Nigeria, Romania, the Slovak Republic, Slovenia, Sri Lanka, Switzerland and Turkey, available at the WTO website <http://docsonline.wto.org>

¹⁴ For a compilation of positions see WTO documents TN/IP/W/7/Rev.1 and TN/IP/W/7/Rev.1/Corr.1, available at the WTO website <http://docsonline.wto.org>

the EU approach, since the tie with agricultural negotiations is considered to be inappropriate.¹⁵

Generally, though, criticism of GI protection as pursued by the EU boils down to the notion that the benefits from such protection will accrue in European countries, that a register will place undue administrative burdens on developing countries, and that GI protection is bereft of incentive structures that underly the patent, copyright and trade mark systems.¹⁶

GIs or Certification Marks

Many, but not all,¹⁷ of the nations opposing the EU's proposal offer protection by means of a certification marks as an alternative to specific GI protection. Certification marks are a subset of trade marks capable of indicating that the goods or services on which it is used are certified by the proprietor of the mark in respect of geographical origin, material, method of manufacture of goods, standard of performance of services, quality, accuracy, or other characteristics. Typically an applicant for a certification mark must also supply a copy of the regulations governing the use of the mark, which must indicate: 1) who is authorised to use the mark, 2) the characteristics to be certified by the mark, 3) how the certifying body is to test those characteristics and supervise the use of the mark, 4) the fees (if any) to be paid in connection with the operation of the mark, and 5) the procedures for resolving disputes. Commonly owners of certification marks do not themselves trade in the goods covered by the registration,¹⁸ but set the terms under which producers may trade under the certification mark.¹⁹

¹⁵ See the joint paper, WTO documents N/IP/W/5 from Argentina, Australia, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Japan, Namibia, New Zealand, the Philippines, Chinese Taipei and the US, and TN/IP/W/6, available at the WTO website <http://docsonline.wto.org>

¹⁶ J. Hughes, 'The Spirited Debate Over Geographic Indications' [unpublished, but made available at the eleventh Fordham Annual Conference on International Intellectual Property Law & Policy, April 24-25, 2003 and the Queen Mary Intellectual Property Research Institute and Fordham University Law School Dialogue on Geographical Indications, November 21, 2003] at 51.

¹⁷ China amended its Trade Mark Law in 2002, making their certification and collective mark system similar to that of the US. See Chian Ling Li, 'New Chinese Trademark Law', 143 *Trademark World* (2002) 37.

¹⁸ N. Dawson, *Certification Trade Marks* (1988, London, IPP)

¹⁹ Examples of certification marks registered in the US, but foreign to the USA: 'Banshu Somen' for noodles originating from Banshu in Japan (U.S. Trademark Registration No.

A certification mark has the scope of protection on par with Art. 22(2) of the TRIPS agreement and protects against deceptive use of the certification mark.²⁰

The benefit of a system based on certification marks is that the existing national trade mark regime²¹ can be relied upon for applications, registrations, oppositions, cancellations, adjudication and enforcement and would meet the requirement for national treatment and TRIPS enforcement requirements in tandem with the national trade mark regime. The disadvantage, however, is clear to see. Although such multiple registration may not be a problem for strong entities or regions which have considerable economic power,²² the smaller the region or municipality, the greater the difficulty and cost of undertaking the task of registering in numerous countries. Whereas the criticism of the GI protection system is one of Eurocentricism, the criticism of the certification mark system is one of Multinationalcentricism.

2,238,960); 'Darjeeling' for tea, certifying that the tea contains at least 100% tea originating in the Darjeeling region in India and that the blend meets other specifications established by the certifier (U.S. Trademark Registration No. 2,685,923); 'Jamaica Blue Mountain Coffee', certifying that the coffee in respect of which the mark is used is grown in the Blue Mountain Area of Jamaica by a person registered to grow coffee in that area pursuant to the coffee industry regulations 1953 of Jamaica (U.S. Trademark Registration No. 1,414,598); 'Columbian' for coffee, certifying that the coffee was grown in the Republic of Columbia (U.S. Trademark Registration No. 1,160,492); 'Parmigiano Reggiano' for cheese, as used by persons authorised by the certifier, certifies that the goods originate in the Parma-Reggio region of Italy, specifically the zone comprising the territory of the provinces Parma, Reggio Emilia, Modena and Mantua on the right bank of the river Po and Bologna on the left bank of the river Reno (U.S. Trademark Registration Nos. 1,754,410; 1,892,496; 1896,683; 2,320,595)

²⁰ See for example the US Lanham Act (15 U.S.C. § 1127) and the case of *Community of Roquefort v. William Faebndrich Inc.* United States Court of Appeals, Second Circuit 303 F.2d 497 (1962). 'Roquefort' for cheese is the certification mark used upon goods to indicate that the same has been manufactured from sheep's milk only, and has been cured in the natural caves of the Community of Roquefort, Department of Aveyron, France (U.S. Trademark Registration No. 571,798).

²¹ See L. Bengedkey and C. Mead, 'International Protection of Appellations of Origin and Other Geographical Designations of Regional Origin Under the Lanham Act', 82 *Trademark Reporter* 765 (1992); and L. Pollack, 'Roquefort – An Example of Multiple Protection for a Designation of Regional Origin Under the Lanham Act', 52 *Trademark Reporter* 755 (1962); see also J. McCarthy, *McCarthy on Trademarks and Unfair Competition* (3d ed 1993) at 19.32.

²² *Vide* Champagne or indeed Roquefort.

The scope of protection – Deceptive use or ‘expressive’ use

The scope of protection for GIs found in the TRIPS Agreement encompasses two levels of protection that tailor for the protection of GIs as indicators of consistent quality and an enhanced protection enabling product differentiation.

Integrity of information

The prohibited acts described in Art. 22 (2) of TRIPS encompass misleading use of GIs ‘by any means in the designation or presentation of a good that indicated that the good in question originates in a geographical area other than the true place of origin’ and acts of unfair competition as defined under Art. 10*bis* of the Paris Convention.²³ Art. 22 (4) extends this protection to a case of use of GIs that, although correct, do not correspond with the geographical indication commonly understood to produce the goods with the special qualities in question, or although factually correct do not correspond with consumer expectations about origin and quality. Usually this situation arises in those cases where the same name exists in different territories,²⁴ or when a description is used that is likely to confuse the consumer as to the geographical area from which the product is commonly understood to come from, like: “Parma cheese produced in America”.

Art. 22 (2) not only covers misleading allusions to or connotations of origin by use of both words and graphics, but through Art. 10*bis* of the

²³ Paris Convention, Article 10*bis* – Unfair Competition

(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.

(2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.

(3) The following in particular shall be prohibited:

1. all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;
2. false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;
3. indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

²⁴ The ‘Old World, New World’ conflict comes into view once more. Many cities, towns, regions or localities were named after the world the new settlers used to inhabit. See L. Baeumer, ‘Protection of Geographical Indications under WIPO Treaties and Questions Concerning the Relationship between those Treaties and the TRIPS Agreement’ in *Symposium on the Protection of Geographical Indications in the Worldwide Context*, WIPO publication Nr. 760 (E), (1999, Geneva, WIPO) at 17.

Paris Convention also covers the use of a GI on goods of low(er) quality emanating from the proper geographical area.

Article 22 (2) protection is designed to safeguard that the consumer receives accurate information that enables him to differentiate between products emanating from the designated area from substitute products from outside the designated area.²⁵ As indicators of quality GIs provide information that help consumers make choices and reduce risk. When the integrity of this information is tampered with, so as to render it incomplete or deceptive, this leads to market failure²⁶ and welfare loss. Article 22 (2) and 22 (4) therefore also leans against allusions to a geographical indication or connotations in writing and image that distort the conveyance of correct information.

Product differentiation

Article 23 TRIPS is limited in application to wines and spirits, but offers a wider scope of protection. There is no need for the consumer to be misled or proof that certain behaviour constitutes an act of unfair competition. The burden of proof is not as high. For wines and spirits this additional protection translates into the possibility to protect GIs even when the consumer is not confused. A prohibition of use of expressions such as 'kind', 'type' or 'style' in relation to a GI reflects that the purpose for the protection lies in the safeguarding of a particular production technique or product characteristic and may even be used to protect a GI against the dilution of a reputation for superior quality. As such Article 23 protection may be used to facilitate product differentiation and would ideally enable producers in a designated geographical area to set higher prices, produce more, and preserve those traditional methods of production and levels of high quality that result from sustained investment, enable start-up industries to develop innovative production techniques, or enable producers to make the transformation from local to global markets.

Still, it is important to realise that there are limitations to Article 23 protection. Through Art. 24 (4) existing use of a GI is preserved and

²⁵ See W. Cornish and J. Phillips, 'The Economic Function of Trade Marks: An Analysis with Special Reference to Developing Countries', [1982] 13 *IIC* 41-64 at 43: 'If he [the consumer] is interested in origin, it is normally because origin imports an expectation about some quality'.

²⁶ See G. Akerlof, 'The Market for 'Lemons'', 84 *Quarterly Journal of Economics* (1970) 488-500, who succinctly depicts the breakdown in the market when the consumer cannot trust the information about the product he wishes to purchase. The consumer will then prefer to buy goods of lower quality until –as in a vicious circle– the only goods available will be those of the lowest quality.

generic terms are excluded from protection. Apart from formal limitations there is also a real-life limitation in economic terms. For a GI to derive real benefit from this level of enhanced protection, investment in advertising and marketing is a must. Reputation needs time to develop.²⁷

Even with these limitations enhanced GI protection can enable nascent industries to obtain easy market access to world economies without the uncertainty of having to face copycats: 'Indeed, the ease of entry by competitors (i.e., imitators or copycats) is normally judged to be an important indicator of how well markets function – the lower the barriers to entry, the better. Free entry makes the nonappropriability problem worse, and undercuts the incentive to invest in discovering what a country is good at producing'.²⁸ It is commonly accepted that intellectual and industrial property rights are decisive in the success of R&D dependent industries. The same is true for developing nations that are still 'learning' and are trying to find opportunities in the global marketplace.²⁹ In order to promote sustainable export trade based on GIs, building a reputation is a prerequisite. Trade barriers and protectionism are not desirable to bring about such economic development, as these measures do not discriminate between innovators and copyists.³⁰ Similarly export subsidies, now illegal under the WTO framework, may stimulate better performance on world markets, but they do not foster innovation. Temporary public sector credit or guarantees through investment banks, specifically targeted at innovative initiatives, are mooted as a way to stimulate self-discovery and increase economic performance. The patent system is similarly recognized as a public policy instrument to foster R&D. The question is whether GI protection can be

²⁷ R. Hausman and D. Rodrik, 'Economic Development As Self-Discovery', *National Bureau of Economic Research Working Paper 8952* (2002), available at <http://ksghome.harvard.edu/~drodrik.academic.ksg/papers.html>, who emphasise that the key to economic development is learning what one is good at producing.

²⁸ *Ibid* at 6.

²⁹ *Ibid* at 32, where Hausman and Rodrik conclude that 'laissez-faire leads to underprovision of innovation and governments need to play a dual role in fostering industrial growth and transformation'.

³⁰ *Ibid* at 33 : '[T]emporary trade protection is far from an ideal instrument. It may increase expected profits of innovators, but it does so only for firms selling in the local market. Moreover, since it does not discriminate between innovators and copycats, it promotes early entry, thus lowering the expected payoff to innovation while inefficiently channeling resources to copycats. Moreover, as protection gets extended to intermediate goods, it will make downstream activities less competitive. As a consequence, innovation will tend to focus on domestic markets, instead of new export activities. Since domestic markets are small relative to world markets, the social returns to innovation will be likewise diminished. Hence, trade protection is not an efficient way of promoting self-discovery'.

classified as a similar instrument, since Article 23 protection may also function similar to trade protection mechanisms, such as tariffs, quotas or other trade barriers.³¹ Therefore, the economic effects of GI protection and the appropriate scope of protection need to be considered with caution. Economic research suggests that GI protection may very well be used as a public policy instrument to foster development in superior production techniques and world market share. In a study on the economic effects of GI protection for the Tequila market, Hardwick and Kretschmer conclude that:

1. “The GI protection may help to create a virtual ‘country’ or ‘regional’ monopoly for a particular brand...;
2. The GI protection may help to create a segregated market, with the ‘superior’ GI-protected commodity in one part of the market, and ‘inferior’ lower-priced substitutes in another...; and
3. The GI protection may help to create a monopolistically competitive market of many brands, each with its own established reputation and GI protection, and each competing vigorously with the others for a share of the world market...”

Extension of Art. 23 TRIPS protection to products other than wines and spirits

When considering an extension of Art. 23 protection to products other than wines and spirits,³² development economics should be a decisive factor in establishing the appropriate scope of protection. Most of the discussion has, however, gone another way. To advocates of extension the special status offered to wines and spirits is simply not tenable. It is seen as a historical anomaly favouring producers of certain agricultural products who had the good fortune of being at the right place at the right time when international agreements were forged. Indeed of the Lisbon Agreement indications, 84% of the indications come from four product categories: wines (61.4%), spirits (9.5%), agricultural products (6.7%) and cheese (6.5%), where France accounts for 82% of wine indications.³³ With

³¹ P. Hardwick and M. Kretschmer, ‘The Economics of Geographical Indications’ (as yet unpublished).

³² D. Rangnekar, *Geographical Indications, a review of proposals at the TRIPS Council: extending article 23 to products other than wines and spirits*. UNCTAD-ICTSD project on IPRs and Sustainable Development, Issue paper No.4 (2003).

³³ S. Escudero, ‘International protection of geographical indications and developing countries. TRADE working papers no. 10, (2001, Geneva South Centre), available at: <http://www.southcentre.org/publications/geoindication/toc.htm>.

Australia, South Africa, the US and South America also competing heavily on the world wine market, it is clear that the economic interests of ‘Old World’ and ‘New World’ producers are at the forefront of the discussion, overlooking the interests of developing nations with agricultural traditions, as well as developing nations with handicraft traditions that are trying to find their footing on the ladder of economic development that the WTO promises.

Another key word in this debate is ‘genericism’. Whereas opponents of extended protection make the case that there is no economic data to suggest that Art. 22 protection is insufficient,³⁴ advocates of extended protection argue that many ‘once famous’ GIs are now generic. Since Art. 22 does not prevent the use of a GI in translated form, accompanied by expressions like ‘such as’, ‘type’, ‘kind’ or even ‘imitation’, these GIs may be subject to dilution to the point where they become generic.³⁵ With the burden of proof on the right holder under Article 22, the argument is that this allows for “wide juridical discretion leading to inconsistent decisions and legal uncertainty”,³⁶ which undermines international trade. The counter-argument that this risk is overstated, because: “commercial experience clearly indicates that genuine, internationally recognised GIs will always command a premium on world markets. Indeed, far from detracting from the market value of a genuine GI, free and fair imitation of the product often enhances the intrinsic value (and premium) of the genuine GI.”³⁷

If this argument were to be raised in respect of trade marked goods or any other intellectual property right, many would find the notion that gray-market goods, or counterfeits enhance the value of the genuine product anathema.

It is true that in a perfectly transparent market the consumer benefits from enhanced choice and lower prices, it is not the case that investment in the economic success of a GI in terms of advertising and marketing

³⁴ This discussion also concerns Certification Mark, as alternative to GI protection. Whereas it is true that Certification Mark protection offers protection on par with Art. 22 TRIPS, there are other drawbacks to the Certification Mark regime as an international standard that seem to be obscured by this debate.

³⁵ See F. Schechter, ‘The Rational Basis for Trade Mark Protection’, 40 *Harvard Law Review* (1927) 813. GIs that have suffered this fate –Arabica Coffee, Indiarubber, chinaware, Cheddar cheese, and kiwifruit.

³⁶ WTO document IP/C/W/247, para. 13, available at WTO website <http://docsonline.wto.org>

³⁷ WTO document IP/C/W/289, at 5-6, available at WTO website <http://docsonline.wto.org>

is safeguarded by the fact that imitations can be made. Also, it would appear that no recourse is given to the potential for development of a nascent GI through sustained investment in the reputation and marketing and the preservation or commercial articulation of local tradition. The fact that a GI can function in the same way as any other intellectual property right that enables a rightholder to achieve a return on investment free from copyists trying to capitalise on the message and reputation that a GI conveys and encapsulates should not be discarded because of the fear that, especially European, nations wish to reclaim words or (fallaciously) methods of production that settlers to new worlds bought with them.³⁸ This only muddles the debate over what is appropriate for world trade, economic development or even preservation of cultural diversity. The discussion on the extension of article 23 protection should therefore not focus on whether extension is justified, but on how it may be achieved. With all the limitation of Article 23 and 24 in place, it is also more fruitful to see how a multilateral register for GIs may be established that is not polluted by generic GIs and which provides low-cost equal access for all members of the WTO.

The sensitive area of genericism is, however, also overtaking the multilateral registry discussion, in the sense that many nations seeking GI protection face the fact that some countries without a strong GI traditions (most notably the US and Canada) already deem many GIs generic or semi-generic.³⁹ The poignant example of the market capture⁴⁰ since the introduction in 1994 by RiceTec's genetically engineered rice derived from Basmati rice lines,⁴¹ initially under descriptions such as 'Texmati, Long Grain American Basmati Rice' illustrates the impact of a "free and fair imitation of the product" as opposed to the interest that India and Pakistan have in Art. 23 protection. The only way forward appears to lie in WTO ministerial

³⁸ J. Hughes, 'Surrendering Words to the EU' at 4: 'Persuant to the recen EU-South Africa trade treaty, South Africa had to surrender hundreds of European terms – the treaty annex reads like an atlas of quaint European villages and hamlets. The GI debate is one in which the EU continues to pursue a bureaucratic outlook that centralized control is better than markets in preserving traditional agriculture'.

³⁹ J. Watal, *Intellectual Property Rights in the WTO and Developing Countries* (2001, The Hague, Kluwer Law International) at 273.

⁴⁰ US imports of Basmati rice from India and Pakistan fell from 22,449 metric tons in 2000 to 15,319 metric tons in 2002, see <http://www.riceonline.com>.

⁴¹ On the contentious patents, such as RiceTec's, that form the basis of 'biopiracy', see V. Shiva, 'Intellectual Property Protection in the North/South Divide', in Heath and Kamperman Sanders (eds.), *Intellectual Property in the Digital Age* (2001, The Hague – London – Boston, Kluwer Law International) 113.

negotiations on which GIs that are in danger of becoming generic can be 'reclaimed' and protected under Article 23, and which ones are beyond redemption. The Czech Republic's quest to reclaim 'Budweiser'⁴² shows just how entrenched positions can be.

Lowering the costs of the GI system

Whereas the patent regime is usually out of reach for innovative industries in developing countries, GI protection may not be, provided that there is a low-cost, easily accessible multilateral registry for GIs. In this light the administrative burden on, especially developing, nations may be high in view of the enactment of new legislation and the fact that some WTO member seek to export a large number of domestic geographical indications. It is for this reason that an extension of Article 23 protection can only be as wide as possible in respect of products, so as to lower the relative costs that are presently exclusively put towards the protection of wines and spirits.

Another issue of raised costs can be exemplified by the Texmati example. If producers of Texmati rice were obliged to remove the descriptive Long Grain American Basmati Rice, or even change their mark to something not ending in mati, search and transaction costs for consumers will be increased,⁴³ albeit probably only for a while. In the long run consumers will be able to rely on the authenticity of the GI used in relation to a product.⁴⁴

The Budweiser case raises yet another problem of cost, namely that of trade disruption. In the unlikely event that the Czech Republic would be allowed to reclaim the GI Budweiser for beer, if only in a number of jurisdictions, Anheuser-Bush would lose trade.

The argument of increased cost raised against the multilateral register, however, touches upon the European Union proposal of notification of GIs, possibly leading to automatic (extended) protection. Any WTO member would be able to notify the WTO of a GI for which protection is claimed. The proposal then envisages an 18-month period for examination or opposition by other WTO members. If the GI is challenged, the members

⁴² On the saga of Bud versus Bud, see W. Keegan and M. Green, *Global Marketing* (1999, Prentice Hall) at 202-3.

⁴³ WTO Document IP/C/W/289 at 7, available at WTO website <http://docsonline.wto.org>

⁴⁴ WTO Document IP/C/W/308/Rev.1, para 14, available at WTO website <http://docsonline.wto.org>

will have to enter into bilateral negotiations, which may lead to a waiver of an obligation to protect the GI in that WTO member. This approach leaves unaffected the fact that right-holders remain responsible for enforcement, and the application of existing obligations in all members. The system also enables potential right-holders to obtain protection in all WTO members at low cost. The system of object or protect is, however, burdensome for developing countries that may have to sift through large numbers of applications at an expense they cannot afford. The cost may thus be displaced from the potential beneficiary of GI protection to member states that have to set up a bureaucratic system dealing with objections to GI notifications. It would therefore make sense to exempt the least developed countries from the obligation to protect newly registered GIs for a certain period of time or to extend or defer the period for opposition for these WTO members. Also, limits on the number of GI applications may be imposed on all members so as to allow objections to be raised.

Conclusion

Concerns over the protection of GIs through a multilateral register are primarily concerns over costs and may be resolved. The debate over Article 23 extension to goods other than wines and spirits is, however, not so easily resolved. The 'Old World / New World' divide and the all-pervasive issue of 'genericism' is in danger of overshadowing the benefits of GI protection and opportunities for economic and regional development, especially for economies that are oriented towards the production of agricultural products or handicraft items. Whereas the opposition procedure envisaged by the EU proposal for the establishment of a multilateral register, as well as the limitations contained in Article 23 and 24 itself may take away the opposition to the Old World / New World stand-off over genericism, it will not take away the fundamental objections to the extension of Article 23 protection to goods other than wines or spirits.

Annex – TRIPS Agreement, Art. 22-4*GEOGRAPHICAL INDICATIONS**Article 22**Protection of Geographical Indications*

1. Geographical indications are, for the purposes of this Agreement, 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.
2. In respect of geographical indications, Members shall provide the legal means for interested parties to prevent:
 - a. the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good;
 - b. any use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention (1967).
3. A Member shall, ex officio if its legislation so permits or at the request of an interested party, refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that Member is of such a nature as to mislead the public as to the true place of origin.
4. The protection under paragraphs 1, 2 and 3 shall be applicable against a geographical indication which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory.

*Article 23**Additional Protection for Geographical Indications for Wines and Spirits*

1. Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, even

- where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like.
2. The registration of a trademark for wines which contains or consists of a geographical indication identifying wines or for spirits which contains or consists of a geographical indication identifying spirits shall be refused or invalidated, *ex officio* if a Member’s legislation so permits or at the request of an interested party, with respect to such wines or spirits not having this origin.
 3. In the case of homonymous geographical indications for wines, protection shall be accorded to each indication, subject to the provisions of paragraph 4 of Article 22. Each Member shall determine the practical conditions under which the homonymous indications in question will be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled.
 4. In order to facilitate the protection of geographical indications for wines, negotiations shall be undertaken in the Council for TRIPS concerning the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those Members participating in the system.

Article 24

International Negotiations; Exceptions

1. Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23. The provisions of paragraphs 4 through 8 below shall not be used by a Member to refuse to conduct negotiations or to conclude bilateral or multilateral agreements. In the context of such negotiations, Members shall be willing to consider the continued applicability of these provisions to individual geographical indications whose use was the subject of such negotiations.
2. The Council for TRIPS shall keep under review the application of the provisions of this Section; the first such review shall take place within two years of the entry into force of the WTO Agreement. Any matter affecting the compliance with the obligations under these provisions may be drawn to the attention of the Council, which, at the request of a Member, shall consult with any Member or Members in respect of such matter in respect of which it has not been possible to find a satisfactory solution through bilateral or plurilateral

- consultations between the Members concerned. The Council shall take such action as may be agreed to facilitate the operation and further the objectives of this Section.
3. In implementing this Section, a Member shall not diminish the protection of geographical indications that existed in that Member immediately prior to the date of entry into force of the WTO Agreement.
 4. Nothing in this Section shall require a Member to prevent continued and similar use of a particular geographical indication of another Member identifying wines or spirits in connection with goods or services by any of its nationals or domiciliaries who have used that geographical indication in a continuous manner with regard to the same or related goods or services in the territory of that Member either (a) for at least 10 years preceding 15 April 1994 or (b) in good faith preceding that date.
 5. Where a trademark has been applied for or registered in good faith, or where rights to a trademark have been acquired through use in good faith either:
 - a. before the date of application of these provisions in that Member as defined in Part VI; or
 - b. before the geographical indication is protected in its country of origin; measures adopted to implement this Section shall not prejudice eligibility for or the validity of the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with, or similar to, a geographical indication.
 3. Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to goods or services for which the relevant indication is identical with the term customary in common language as the common name for such goods or services in the territory of that Member. Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to products of the vine for which the relevant indication is identical with the customary name of a grape variety existing in the territory of that Member as of the date of entry into force of the WTO Agreement.
 4. A Member may provide that any request made under this Section in connection with the use or registration of a trademark must be presented within five years after the adverse use of the protected

indication has become generally known in that Member or after the date of registration of the trademark in that Member provided that the trademark has been published by that date, if such date is earlier than the date on which the adverse use became generally known in that Member, provided that the geographical indication is not used or registered in bad faith.

5. The provisions of this Section shall in no way prejudice the right of any person to use, in the course of trade, that person's name or the name of that person's predecessor in business, except where such name is used in such a manner as to mislead the public.
6. There shall be no obligation under this Agreement to protect geographical indications which are not or cease to be protected in their country of origin, or which have fallen into disuse in that country.