

## Geographical Indications beyond Wines and Spirits

### *A Roadmap for a Better Protection for Geographical Indications in the WTO/TRIPS Agreement*

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#### I. INTRODUCTION

Like trademarks or commercial names, geographical indications (GIs) are distinctive signs which permit the identification of products on the market. If they are used in the proper way and are well protected, they can become an effective marketing tool of great economic value. GIs indeed convey the cultural identity of a nation, region or specific area. They make it possible to add value to the natural riches of a country and to the skills of its population, and they give local products a distinguishable identity.

GIs can be applied to every sort of product. To understand their importance for the trade value of a product, we need only think of “Parmigiano-Reggiano” for cheese (Italy), “Basmati” for rice (India and Pakistan), “Malbuner” for meat products (Liechtenstein), “Ulmo” for honey (Chile), “Curuba” fruit (Colombia), “Phu Quoc” for fish sauce (Vietnam), “Antigua” (Guatemala) or “Mocha” (Yemen) for coffee, “Chuo” for cacao (Venezuela), “Ceylon” (Sri Lanka) or “Long Jin” (China) for tea, “Champagne” for sparkling wine (France), “Bordeaux” for wines (France), “Pisco” for grape brandy (Peru), “Havana” for tobacco (Cuba), “Bukhara” (Uzbekistan) or “Hereke” (Turkey) for carpets, “Talavera” (Mexico) or “Arita” (Japan) for ceramics, “Limoges” for porcelain (France), “Malaysia” for palm oil, “Geneva” for watches (Switzerland) or “Bobo” for masks (Burkina Faso).

Regrettably, the protection of GIs at the international level is far from being adequate. Except for wines and spirits, it is all too easy to misuse GIs. Although a number of countries have developed effective legislation to protect GIs for all products, national regulations which only apply in one country are not sufficient in a global

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economy. Products often travel beyond national borders, which is why satisfactory protection of GIs must be granted at the international level without further delay.

Convinced of the economic benefit and great trade potential inherent in GIs, many countries around the world, among them developed, developing and least-developed countries, are actively working within the World Trade Organization (WTO) to have the existing protection granted by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) to GIs for wines and spirits extended to cover GIs identifying all products. These countries are no longer willing to tolerate their GIs being illegitimately used by producers and manufacturers who are not located in the designated region, as it means a considerable loss of reputation and long-term income for the producers and manufacturers within their territories.

WTO Members are currently engaged in a new Round of trade negotiations, the Doha Round. Listed as an issue of particular importance in the Doha Ministerial Declaration is the extension of the additional protection, currently provided for in the TRIPS Agreement only for GIs for wines and spirits, to GIs for all other products in cases where GIs are used to identify products of the same product category (hereinafter "extension"). The issue of extension is of particular interest not only to developed but also to developing countries because of the importance of the remunerative marketing of their agricultural, handicraft and artisan production. In addition, GIs have features that respond to the needs of indigenous and local communities and farmers. GIs:

- are based on collective traditions and a collective decision-making process;
- reward traditions while allowing for continued evolution;
- emphasize the relationship between human efforts, culture, land, resources and environment; and
- are not freely transferable from one owner to another.

Extending the additional protection under the TRIPS Agreement for GIs beyond wines and spirits would ultimately lead to a satisfactory and balanced international minimal level of protection of GIs for all products. Such a step would increase the value of GIs and encourage more quality and niche products to be put on the world's markets. This is not only in the interests of legitimate producers and manufacturers in all countries, but also in consumers' interests because they are very keen to see labels that clearly identify traditional quality products. That is why a better protection of GIs is in the interest of everyone.

In this article, Section II will explain the differences between indications of source, appellations of origin and GIs, and Section III, the differences between GIs and trademarks. Section IV focuses on the important question of the economic value of GIs. Section V discusses the inherent problems of the protection currently granted to GIs at

the international level, with particular focus on the TRIPS Agreement. Section VI describes the current status of the discussions in the WTO/TRIPS Council, the arguments in favour of and against extension, and the proposals of the various countries, and Section VII discusses the actions needed to be taken at national level in order to take advantage of GI protection. Section VIII discusses the possible impact the extension of the full scope of the TRIPS GI regime could have on the protection of traditional knowledge and, finally, Section IX presents the conclusions.

## II. DEFINITION OF GEOGRAPHICAL INDICATIONS

GIs are intellectual property rights. Like trademarks and commercial names, they are used to identify products. They do not, however, protect products or production methods as such, but rather confer to all producers from a given geographical area the exclusive right to use a distinctive sign to identify their products. If they are used properly and are well protected, they can become a particularly worthwhile marketing tool, as they enable the producers to convey a considerable quantity of information to the consumers.<sup>1</sup> To understand how and why GIs are of interest, it is important to compare the elements and characteristics of this intellectual property right with those of “indications of source” and “appellations of origin”.

### A. INDICATIONS OF SOURCE

At the multilateral level, there are two Agreements which deal with indications of source: the Paris Convention of 20 March 1883 for the Protection of Industrial Property, and the Madrid Agreement of 14 April 1891 for the Repression of False or Deceptive Indications of Source on Goods. These Agreements, however, do not define the term “indication of source”. Nevertheless, Article 1.1 of the Madrid Agreement contains elements that clarify what is meant by this term:

“All goods bearing a false or deceptive indication by which one of the countries to which this Agreement applies, or a place situated therein, is directly or indirectly indicated as being the country or place of origin shall be seized on importation into any of the said countries.”

Based on this, an indication of source can be defined as:

*Any expression or sign used to indicate that a product or a service originates in a country, region or a specific place, without any element of quality or reputation.*

Indications of source, like GIs, relate to the geographical area from where the product originates, and not to another kind of origin such as the product

<sup>1</sup> A study by the Swiss Institute IHA shows that consumers pay a great deal of attention to the geographical origin of products at the time of purchase. When buying wine, for example, the place of origin remains the most important purchasing criterion; it accounts for 45 percent of the decision to purchase, compared with 25 percent for the price, 11 percent for the vintage, 10 percent for the type of grape, 4 percent for the label, 4 percent for the producer and 1 percent for the shape of the bottle; see Norbert Olszak, *Droit des appellations d'origine et indications de provenance*, Editions TEC & DOC, Paris, 2001, p. 5.

manufacturer, as is the case for trademarks. The definition of indications of source does not imply any special quality, characteristic or reputation of the identified product attributed to its place of origin; this distinguishes them from GIs. Indications of source may be words that directly indicate the origin of the product—examples of such are the names of countries or of regions and cities therein. They may also be figurative or written symbols or emblems that evoke indirectly the geographical origin of the product (examples of such are the image of the Statue of Liberty to identify products of the United States or the name of “William Tell” for Swiss products).

#### B. APPELLATIONS OF ORIGIN

The Lisbon Agreement of 31 October 1958 for the Protection of Appellations of Origin and their International Registration is the international reference for appellations of origin. Article 2.1 of the Lisbon Agreement states:

“In this Agreement, ‘appellations of origin’ means the 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.”

This definition goes far beyond that of indications of source, because the product which is identified with an appellation of origin must not only originate from a specific place but must, in addition, have the quality and characteristics which are due exclusively or essentially to the geographical environment, including natural and human factors, from where the product originates. This is similar to GIs, but the definition of appellation of origin has higher requirements with regard to the following two main points. First, for appellations of origin, mere “reputation” of the product is not sufficient to get protection by an appellation of origin; specific qualities or characteristics need to be expressed in the particular product. Second, appellations of origin must be direct geographical names of countries, regions or localities; mere symbols or emblems evoking indirectly a geographical origin are not sufficient. Examples of appellations of origin are “Jaffa” for oranges from Israel, “Habanos” for tobacco from Cuba and “Veracruz” for coffee from Mexico.

#### C. GEOGRAPHICAL INDICATIONS

The TRIPS Agreement of 15 April 1994 is the first multilateral Agreement dealing with GIs as such. Article 22.1 of the TRIPS Agreement states:

“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.”

The definition of GIs in the TRIPS Agreement also includes appellations of origin, since the Lisbon Agreement limits appellations of origin to the criteria of quality and characteristics of a product attributable to its geographical origin, whereas the TRIPS Agreement also mentions the reputation of the product. The definition of GIs in the TRIPS Agreement, however, does not cover all indications of source because the product identified with a GI must not only originate from a specific geographical place, but must also have a quality, reputation or other characteristic which is essentially attributable to its geographical origin; not all indications of source fulfil these requirements. To sum up, under the TRIPS Agreement, quality, reputation and other characteristics are each in their own right a sufficient but indispensable condition for the existence of a GI.

Under the TRIPS Agreement, GIs can be applied to all types of products. A GI is any designation which points to a given country, region or locality. It may be a geographical name—such as “Napa Valley” for wine from United States, or “Blue Mountain” for coffee from Jamaica—or it may be a denomination that is not a geographical name—such as “Basmati” for rice from the sub-Himalayan region of the Indian sub-continent, or “Dôle” for wine from the Canton of Wallis in Switzerland. A GI can also be a symbol or an emblem—such as the “Taj-Mahal” to designate Indian products of that region, or the “Eiffel Tower” for products from the region of Paris.

The above definitions are set out in *Table 1*.

### III. NATURE AND RELATIONSHIP BETWEEN GEOGRAPHICAL INDICATIONS AND TRADEMARKS

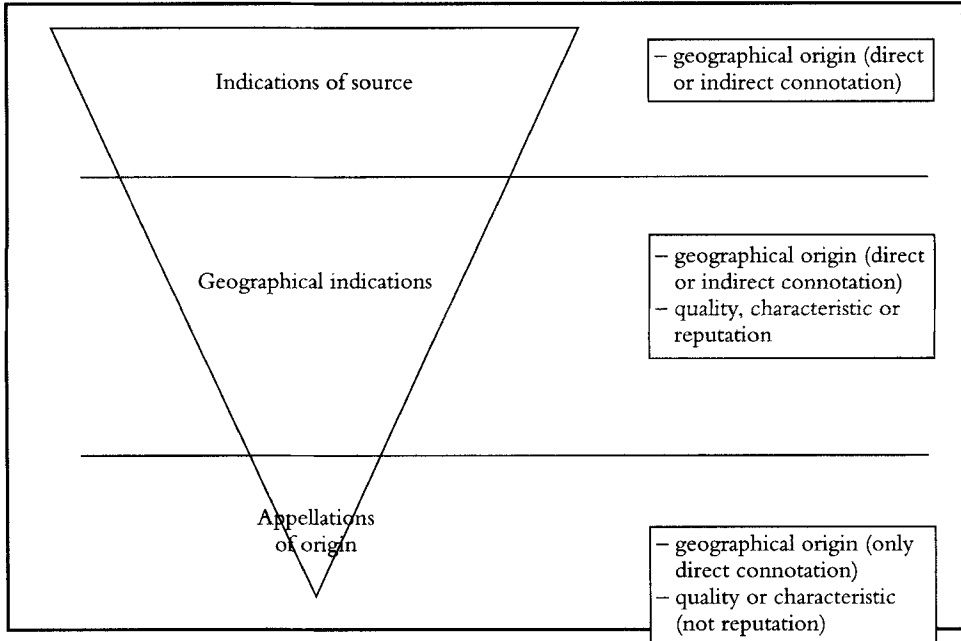
There are two main ways of implementing TRIPS standards on GI protection at the national level: either through a system of specific protection for GIs, which meets the “collective” approach inherent to a GI,<sup>2</sup> or through the system of trademarks, which bears an “individual ownership” approach. The differences of these two implementation concepts have important consequences on the perceptions of Members, according to their legal traditions, in relation to the benefits and risks associated with the actual discussion in the Council for TRIPS on improving international protection of GIs. It is not the aim of this article to take a stance on this particular issue, but it is important to highlight at least the main differences between these two concepts in order to bring light into this debate.

The misunderstandings and worries about GIs are probably to a large part due to the particular nature of this intellectual property right; GIs are based on collective traditions and they are owned and exercised collectively:

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<sup>2</sup> See Section II.C, *supra*.

TABLE 1: DEFINITION OF INDICATIONS OF SOURCE (MADRID AGREEMENT), GIS (TRIPS AGREEMENT) AND APPELLATIONS OF ORIGIN (LISBON AGREEMENT)



Source: Compiled by the authors.

“The main advantage of geographical indications as a means of protection for informal innovation is the ‘relative impersonality’ of the right, i.e. the protected subject-matter is related to the product itself (its attribute or definition) and is therefore not dependent on a specific right holder. In fact, while other IPRs are necessarily attached to a single and clearly distinguishable right holder, geographical indications are not.”<sup>3</sup>

This is likely the main characteristic which distinguishes GIs from other intellectual property rights. However, they are not that different: GIs confer on their legitimate users—the producers located in the area identified by the GI and producing the particular product—the exclusive right to use this distinctive designation, which grants it additional economic value.

A trademark aims at distinguishing products or services of one competitor from those of other competitors, as provided for in Article 15.1 of the TRIPS Agreement. In order to distinguish a product or service, a trademark must not be descriptive or

<sup>3</sup> See R. Silva Repetto and M. Cavalcanti, *Multilateral Trade Negotiations on Agriculture: A Resource Manual, IV, TRIPS Agreement, Module 3: Provisions of the TRIPS Agreement Relevant to Agriculture (Part One)*, Food and Agriculture Organization (FAO), Rome, 2000, Chapter 3.4.1.

deceptive. However, when we look at a GI, it is by definition descriptive because a geographic name denotes the geographical origin of the product it identifies. In many countries, therefore, a GI will normally not be registered as a trademark for a product, although the product is produced exclusively in the specific geographical area of the GI, because a geographic name is considered to be insufficiently distinctive. Thus, for example, the courts in Australia refused to permit the registration of “Michigan” as a trademark for earthmoving equipment;<sup>4</sup> similar decisions were taken, for example, in the United Kingdom with regard to “Glastonbury” for sheepskin slippers,<sup>5</sup> in the United States with regard to “Kentucky” for whisky, “Canada” for maltless brevieries, “Green Mountain” for grapes, or “Montserrat” for lime.<sup>6</sup> In Switzerland, there are similar decisions with regard to “Alaska” for beverages, in particular mineral water, and “CUSCO” for sweets, in particular chocolate; the courts ruled that the said geographical names cannot be monopolized as a trademark and that they must remain at the disposition of already established or future competitors in the region designated by the geographical name.<sup>7</sup> A recent decision of the Court of Justice of the European Communities examining the condition of registrability of a trademark containing a geographical name clearly confirms this view. In its decision on the trademark “Chiemsee” for windsurfing equipment, the European Court ruled that:

“[Article 3(1)(c) of the Directive 89/104/EEC of 21 December 1988] does not prohibit the registration of geographical names as trade marks solely where the names designate places which are, in the mind of the relevant class of persons, currently associated with the category of goods in question; it also applies to geographical names which are liable to be used in future by the undertakings concerned as an indication of the geographical origin of that category of goods; where there is currently no association in the mind of the relevant class of persons between the geographical name and the category of goods in question, the competent authority must assess whether it is reasonable to assume that such a name is, in the mind of the relevant class of persons, capable of designating the geographical origin of that category of goods; in making that assessment, particular consideration should be given to the degree of familiarity amongst the relevant class of persons with the geographical name in question, with the characteristics of the place designated by that name, and with the category of goods concerned; it is not necessary for the goods to be manufactured in the geographical location in order for them to be associated with it.”<sup>8</sup>

Legitimate producers who want to access the markets of third countries may be prevented from doing so because, on these new markets, there are already products identified by trademarks consisting of, or containing, the GI, although not coming from

<sup>4</sup> *Clark Equipment Co. v. Registrar of Trade Marks*, (1964) 111 C.L.R. 511, cited from Michael Blakeney, *Proposals for the International Regulation of Geographical Indications*, 4 J.W.I.P. 5, September 2001, pp. 629–652, at 635.

<sup>5</sup> *Bailey v. Clark*, (1938) 55 R.P.C. 253, cited from Blakeney, *id.*

<sup>6</sup> *Glenmore Distillers Company v. National Distillers Products Corporation*, Section 1051, U.S.C. Annotated Title 15, Trade and Commerce; *In re Canada Dry Ginger Ale*, 86 F.2d 830; *Hoyt v. J.T. Lovett Company*, Section 1052, U.S.C. Annotated Title 15, Trade and Commerce; *Evans v. Von Lear*, Section 1052, U.S.C. Annotated Title 15, Trade and Commerce: all citations made from Ashwath U. Rau, *Texmati, Texbasmati, Chicdarjeeling: Need for the Protection of our Geographical Indicators*, available at: [http://www.iprindia.org/law/contents/geo\\_appel/articles/texmati.html](http://www.iprindia.org/law/contents/geo_appel/articles/texmati.html), footnotes 16–19.

<sup>7</sup> Swiss Federal Court, 26 January 1971, *Cusco*, B.G.E. 97 I 79; Swiss Federal Court, 2 August 1994, *Alaska*, P.M.B.I. 1994 76.

<sup>8</sup> ECJ, 4 May 1999, *Windsurfing Chiemsee*, Joined Cases C–108/97 and C–109/97.

the indicated region or not having the required characteristics to legitimately carry the GI. In this way, trademark holders free-ride on the quality, reputation or other characteristics of the GI and, by doing so, prevent the entry of the original product into the market. Countries which do practise the “first in time, first in right” rule with regard to GIs can prevent products legitimately identified by a GI from entering these markets. Acquiring the rights of an existing trademark may be complicated and expensive and therefore not feasible for some producers, especially small producers, and those coming from developing countries. When solving conflicts between trademarks and GIs, the question should therefore be: “who is entitled to use a GI?” rather than “who was the first to use the GI?” This illustrates that trademarks are probably not in all instances an ideal instrument to ensure an effective and comprehensive protection of GIs. A specific protection system for GIs would seem more apt to provide adequate and suitable protection for this intellectual property right.<sup>9</sup>

A comparison of the GI and trademark systems is shown in *Table 2*.

Because of the potential conflicts which may arise between trademarks and GIs, the TRIPS Agreement contains specific provisions in this respect: Article 22.3, which provides the basic provision on the relationship between trademarks and GIs, and Article 23.2, which specifically deals with trademarks for wines and spirits that contain or consist of a GI identifying wines and spirits.<sup>10</sup> Article 24.5, finally, establishes a grandfather clause<sup>11</sup> in favour of trademarks that are identical with or similar to GIs if they have been acquired in good faith either before the date of application of the national provisions as defined in Part VI of the TRIPS Agreement, or before the GI is protected in its country of origin.<sup>12</sup> However, as Rangnekar correctly states:

“The relationship between trademarks and GIs is complex and the balance attempted by negotiators is tenuous and open to varied interpretations.”<sup>13</sup>

#### IV. TRADE VALUE OF GEOGRAPHICAL INDICATIONS

In an increasingly globalized economy, GIs have become much more than a mere category of intellectual property rights. They play an important economic role. They serve to protect intangible assets such as market differentiation, reputation and quality standards. They enable linking a specific product (or its production) to the territory from which it originates. GIs are not designed to be sold as commodity goods or to have

<sup>9</sup> For further information on “geographical trademarks”, see Olszak, *supra*, footnote 1.

<sup>10</sup> See *infra*, Section V.E.1. (a) and (b).

<sup>11</sup> The TRIPS provision which allows right holders to maintain certain acquired rights—even if TRIPS-inconsistent.

<sup>12</sup> For further details on the provisions of the TRIPS Agreement on the relationship between GIs and trademarks, see Dwijen Rangnekar, *Geographical Indications: A Review of Proposals at the TRIPS Council*, UNCTAD/ICTSD Capacity Building Project on Intellectual Property Rights and Sustainable Development, June 2002, pp. 15–16.

<sup>13</sup> *Ibid.*, pp. 21–22.



TABLE 2: COMPARISON OF THE GI AND TRADEMARK/CERTIFICATION MARKS SYSTEMS

Geographical Indications (GIs)	Trademarks (TMs)/Certification Marks (CTMs)
<ul style="list-style-type: none"> <li>- Collective right.</li> <li>- Public function; vectors of national, regional and local cultural identity.</li> <li>- There is no owner of a GI → each producer established in the geographical area designated by the GI has the right to use the GI for the products of the specific geographical area.</li> <li>- Recognition, administration and control use of GIs are shared by public and private bodies (depending on the system of protection).</li> </ul>	<ul style="list-style-type: none"> <li>- Individual right if not explicitly registered as CTM, collective or guaranty marks.</li> <li>- There is a (registered) owner of a TM/CTM: property and administration belong to the right holder(s) of the trademark to the exclusion of all non-registered persons (even if they are legitimate producers established in the geographical area of the GI).</li> </ul>
<ul style="list-style-type: none"> <li>- Designed to identify the geographical origin and its link with the quality, characteristics or reputation of a product.</li> </ul>	<ul style="list-style-type: none"> <li>- Designed to identify the product manufacturer. A CTM, however, may also be designed to certify quality, characteristics, origin, materials, etc.</li> </ul>
<ul style="list-style-type: none"> <li>- The link between the product and its geographic origin cannot be broken → no delocalization of the production possible—for example “Honduran bananas”, as a GI, can only be used on bananas from Honduras.</li> </ul>	<ul style="list-style-type: none"> <li>- The link with the geographical origin is not a <i>sine qua non</i> condition of the trademark (it may be for a specific CTM) → delocalization of the production is possible—for example, “Chiquita Banana”: a trademark can be used on bananas whatever origin.</li> </ul>
<ul style="list-style-type: none"> <li>- Protection is afforded as soon as, and as long as, the particular link between the product and the specific quality, characteristic or reputation due to the geographical origin exists (in certain systems, registration is needed).</li> </ul>	<ul style="list-style-type: none"> <li>- TMs/CTMs have to be renewed after a certain period of time. Fees have to be paid for each renewal.</li> </ul>
<ul style="list-style-type: none"> <li>- Protection of GIs is based on <i>ex officio</i> or private actions (depending on the system of protection).</li> </ul>	<ul style="list-style-type: none"> <li>- Protection of TMs/CTMs is based on private actions only.</li> </ul>
<ul style="list-style-type: none"> <li>- There are regulations for homonymous GIs.</li> </ul>	<ul style="list-style-type: none"> <li>- There is only one right holder (the person/persons registered) of the TM/CTM.</li> </ul>
<ul style="list-style-type: none"> <li>- Most of the time, GIs come into existence before a trademark, whether or not the designation is recognized in all countries as a GI.</li> <li>- The decisive question is: “who has the better right in a GI”, not “who used the GI first”.</li> </ul>	<ul style="list-style-type: none"> <li>- “First in time, first in right” rule applies → who uses the TM/CTM first gets the protection to the exclusion of all others.</li> </ul>
<ul style="list-style-type: none"> <li>- Triple function: protection of producers against misuse of GIs; of consumers against misuse of GIs; and of the public good, if GIs serve as a tool of planning policy.</li> </ul>	<ul style="list-style-type: none"> <li>- Main function: protection of producers against unauthorized use of TMs/CTMs.</li> </ul>

Note: See also David Vivas-Eugui, *Negotiations on Geographical Indications in the TRIPS Council and their Effect on the WTO Agricultural Negotiations—Implications for Developing Countries and the Case of Venezuela*, 4 J.W.I.P. 5, September 2001, pp. 703–728, at 709–711; and Ashwath U. Rau, *Texmati, Texbasmati, Chicdarjeeling: Need for the Protection of our Geographical Indicators*, available at: [http://www.iprlawindia.org/law/contents/geo\\_appel/articles/texmati.html](http://www.iprlawindia.org/law/contents/geo_appel/articles/texmati.html).

Source: Compiled by the authors.

a hegemonic preponderance in the market; they usually represent high-quality goods in the market. In addition, they convey the cultural identity of a nation, region or locality, and add a human dimension to goods which are increasingly subject to standardized production for mass consumption. A United Nations Conference on Trade and Development (UNCTAD) study clearly identifies the advantages:

“... geographical indications and trademarks reward producers that invest in building the reputation of a product. They are designed to reward goodwill and reputation created or built up by a producer or a group of producers over many years or even centuries. They reward producers that maintain a traditional high standard of quality, while at the same time allowing flexibility for innovation and improvement in the context of that tradition ... Geographical indications and trademarks represent legal mechanisms that producers can use to differentiate their products, according to criteria such as the sustainability or traditional nature of production, and thus appeal to consumers. As such, they have great relevance to developing countries dependent on primary commodity exports ...”<sup>14</sup>

Faced with the on-going transformation in the agri-food industry weakening the products’ land-based association and with problems such as the “mad cow” disease, consumers have found new purchasing criteria and have become more demanding. They are looking for quality products—in other words, authentic products with a solid tradition behind them—and they are influenced by their social conscience when choosing products. This point is raised in the above-mentioned UNCTAD study which concludes that:

“On the demand side, there are some indications that consumers might find Andean quinoa more attractive than quinoa from non-native sources such as Colorado. Consumers, and often retailers, in the relevant health-food markets tend to prefer environmentally sound or socially responsible products.”<sup>15</sup>

This clearly illustrates the important role GIs can play in trade today for all sectors of the economy. The information conveyed by GIs makes it possible to meet the new consumer criteria by identifying products with added-value and specific qualities due to their origin. GIs give consumers confidence in the origin of a product, synonymous with quality and special characteristics, something they are ready to pay more for.

The advantages of ensuring effective protection for GIs are obvious, and this applies to all products. There are today no economic and objective reasons for treating GIs for certain products differently to others as far as the level of protection is concerned. Yet, if we look at current international regulations, we realize that GIs for wines and spirits are better protected than GIs for all other products. This is particularly true in the TRIPS Agreement and, to a lesser degree, in the Madrid Agreement. Such a two-tiered system,

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<sup>14</sup> See David R. Downes and Sarah A. Laird, *Innovative Mechanisms for Sharing Benefits of Biodiversity and Related Knowledge: Case Studies on Geographical Indications and Trademarks*, paper prepared for the UNCTAD Biotrade Initiative, 1999, p. 6.

<sup>15</sup> *Ibid.*, pp. 28–29. Quinoa is a drought-resistant food crop native to the Andes.

based mostly on historical reasons,<sup>16</sup> is no longer justified. Having identified the economic potential of protecting the rights of their producers and enhancing economic development via the protection of GIs, many countries are interested in a better protection of GIs without distinguishing according to product.

An example that GIs indeed offer great opportunities and benefits for the development and prosperity of national and local economies can be found in the Report by the WTO Secretariat published for the Trade Policy Review of Mexico in Spring 2002, relating to the GI “Tequila”, a Mexican spirit:

“Mexico’s alcoholic beverages industry, an intensive user of trademarks and geographical indications, has developed into one of the country’s most dynamic export activities. Mostly due to beer and spirits sales, which account for almost 64 percent and 26 percent of beverage exports, Mexico enjoys a wide and growing trade surplus in this product group. This is, in part, the result of concerted efforts by the authorities to ensure that Mexican denominations of origin receive adequate protection in foreign markets ... Mexico’s experience with regard to Tequila is a prime example of the considerable financial benefits that can arise from the exclusive rights granted through geographical indications: increased Tequila exports combined with the production monopoly inherent in geographical indications have increased the price of domestic inputs sharply (notably that of agave) and, thus generated considerable windfall profits (economic rents) for Mexican producers.”<sup>17</sup>

In order to fully exploit the economical potential of this intellectual property right, it is of utmost importance that:

- countries provide, at the national level, adequate protection for their own GIs; and
- the protection granted at the international level is effective for GIs identifying all products.

The current legal status of the denomination “Basmati” illustrates the risks awaiting poorly protected producers. Everybody must be aware of these problems, especially developing countries, since they have a good possibility of benefiting from GI protection, too. The *Annex* to this article summarizes the current position of the *Basmati* case.

<sup>16</sup> Producers and traders in the wine sector were indeed the first to realize the economic advantages behind GIs and fought to obtain effective protection during the negotiations of the TRIPS Agreement: see Robert Tinlot, *La valorisation des terroirs viticoles par les indications géographiques et les appellations d’origine, 1er colloque international des terroirs viticoles*, INRA, Angers, France, 1996, p. 523; *idem*, *Les indications géographiques des vins*, presentation made at the World Intellectual Property Organization (WIPO) Symposium on the International Protection of Geographical Indications, Wiesbaden, Germany, October 1991, WIPO Doc. OMPI/GEO/WI/i1/2, Geneva, 1991, p. 2; Jim Keon, *Intellectual Property Rules for Trademarks and Geographical Indications: Important Parts of the New World Trade Order*, in Carlos M. Correa and Abdulqawi A. Yusuf (eds.), *Intellectual Property and International Trade: The TRIPS Agreement*, Kluwer Law International, London, 1998, pp. 165–178, at 174.

<sup>17</sup> WTO Doc. WT/TPR/S/97 of 15 March 2002, para. 226–227. All WTO documents, as far as they are de-restricted, can be found under <<http://www.wto.org>>.

## V. INTERNATIONAL PROTECTION FOR GEOGRAPHICAL INDICATIONS

At present, there are a number of international Agreements regulating the protection of GIs. However, apart from the TRIPS Agreement, none of them addresses the issue from a global perspective. The regulations ensure protection only in cases of misleading consumers or unfair competition, or they are too limited in scope or in the number of countries covered to have any real impact on the global protection of GIs.

### A. BILATERAL AND PLURILATERAL AGREEMENTS

Bilateral and plurilateral agreements may serve the purpose of protecting GIs at a transnational level. There are even regional systems of GI protection, such as in Member States of the African Intellectual Property Organization, in the European Community and in the Andean Community.<sup>18</sup> These agreements all aim at increasing the level of protection for the countries' respective GIs on the basis of mutual recognition. They may even provide for the extraterritorial application of the other countries' national laws concerning the protection of GIs. The latter may be important in cases where a given GI does not only indicate the geographical origin of certain products, but also certain qualities that are due to that origin, as is the case with GIs and appellations of origin.<sup>19</sup>

### B. THE PARIS CONVENTION

The 1883 Paris Convention for the Protection of Industrial Property does not introduce an international standard for protecting GIs. According to its Article 1.2, indications of provenance or appellations of origin are considered objects of intellectual property and thus guaranteed certain protective measures at the borders, such as seizure—where possible—upon importation of goods bearing false indications of their source, under the national law. If not, such measures are replaced by others through which the country concerned ensures equitable treatment of their nationals (Articles 9 and 10). Article 10*bis* of the Paris Convention applies equally to indications of provenance and appellations of origin and provides protection against acts of unfair competition.<sup>20</sup>

### C. THE MADRID AGREEMENT

The 1891 Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods includes indications of source but does not afford them a higher

<sup>18</sup> For further details, see WTO Doc. IP/C/W/85/Add.1 of 2 July 1999.

<sup>19</sup> See Sergio Escudero, *International Protection of Geographical Indications and Developing Countries*, TRADE Working Paper No. 10, South Centre, Geneva, 2001, also available at: <http://www.southcentre.org/publications/geoindication/geoindications.pdf>, pp. 14–15.

<sup>20</sup> Included under the definition of unfair competition are any acts which create confusion, or allegations the use of which in the course of trade are 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 (Article 10.3, Paris Convention).

international standard of protection. It indirectly defines the concept of indications of source (Article 1.1) and, like the Paris Convention, limits itself basically to border measures. However, it goes a step further in that it also applies to “false” and “deceptive” indications of source. Deceptive indications of source are those that are literally true, but nevertheless misleading.

This Agreement treats the “regional appellations concerning the source of products of the vine” in a privileged manner compared to appellations of other products. While it grants the courts of each Member State the power to decide what appellations are exempt from the provisions of the Agreement because of their generic character, indications of source of products of the vine are exempt from this restriction (Article 4). The Madrid Agreement gives a better protection for indications of source for products of the vine, and thereby discriminates against other products.

#### D. THE LISBON AGREEMENT

The 1958 Lisbon Agreement for the Protection of Appellations of Origin and their International Registration is a step towards effective protection for appellations of origin; it represents the first concerted effort to find a global solution for protecting them. Regrettably, in view of the small number of signatory States,<sup>21</sup> the ambit of its protection remains limited. Nevertheless, it does have the advantage in that it contains a clear definition of “appellation of origin” (Article 2); furthermore, it extends protection against all usurpation or imitation, including cases where the true origin of a product is indicated, or where the appellation is used in translated form or accompanied by terms such as “kind”, “type”, “make”, “imitation”, or the like (Article 3). The appellations are listed in an International Register administered by the World Intellectual Property Organization (WIPO).<sup>22</sup>

Despite the fact that these three Agreements are open to all countries, there are shortfalls which render the protection of GIs at the international level insufficient. This is due in part to the relatively restricted standards of protection afforded and the limited number of signatory States. Other efforts have been made to improve the protection of GIs. WIPO has arbitrated some of these efforts notably in 1974, 1975 and in 1990.<sup>23</sup>

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<sup>21</sup> As at 15 April 2002, the Lisbon Agreement had only 20 Member States.

<sup>22</sup> As at January 2001, the Register contained 766 appellations.

<sup>23</sup> For further information on WIPO initiatives, see Robert Tinlot, *Indications géographiques: perspectives d'avenir: développement de la protection*, presentation made at the WIPO Symposium on the International Protection of Geographical Indications, Montevideo, Uruguay, November 2001, WIPO Doc. OMPI/GEO/MVD/01/10, Geneva, 2001, pp. 6–7; and Marcus Höpferger, *International Protection of Geographical Indications—The Present Situation and Prospects for Future Developments*, presentation made at the WIPO Symposium on the International Protection of Geographical Indications, Somerset West, Cape Province, South Africa, September 1999, WIPO Publication No. 764(E), WIPO, Geneva, 2000, p. 15.

## E. THE TRIPS AGREEMENT

1. *Protection of GIs in the TRIPS Agreement*

At this stage, the 1994 TRIPS Agreement offers the greatest potential for improving international protection for GIs, thanks to the standards of protection it offers and the number of its signatory States.

Part II, Section 3, of the TRIPS Agreement deals with GIs and consists of three Articles:

- Article 22 deals with the definition of GIs and sets out the general standards of protection that must be available to all GIs;
- Article 23 addresses the additional protection for wines and spirits; and
- Article 24 outlines the requirements for future negotiations aimed at increasing the protection of individual GIs under Article 23, but also indicates exceptions to obligations on GI protection.<sup>24</sup>

(a) *The general standard of protection of GIs for all products (Article 22)*

The TRIPS Agreement mainly provides a negative protection, in the sense that the scope of the protection is limited to the prohibition of the use of the GIs by producers not located in the region designated by a particular GI. A country's decision to exceed TRIPS' requirements by establishing a positive protection of GIs at the national level by a registration system and by appointing authorities which may control their use is usually done for political and strategic reasons; such a system is often considered to be an incentive for local producers to develop quality products.

Under Article 22.2, WTO Members have the obligation to provide legal means for interested parties to secure protection of GIs against all uses that mislead the public or that constitute an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention.

The TRIPS Agreement also provides for the *ex officio* refusal or invalidation of trademarks which contain or consist of a GI if the use of the GI in the trademark misleads the public as to the true place of origin of the product (Article 22.3).

The protection of Article 22.2 and 3 also applies to indications which are literally true, but which falsely represent to the public that the product identified by this GI originates from another territory (Article 22.4).

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<sup>24</sup> For further information on Articles 22–24 of the TRIPS Agreement, see J. Audier, *TRIPS Agreement, Geographical Indications*, European Communities, Luxembourg, 2000; and Daniel Gervais, *The TRIPS Agreement, Drafting History and Analysis*, Sweet & Maxwell, London, 1998, pp. 119–138.

(b) *The additional protection for geographical indications for wines and spirits (Article 23)*

The additional protection in Article 23—providing protection for GIs identifying wines and spirits in cases where they are used to identify wines and spirits not originating in the place indicated by the GI—goes beyond the general protection provided by Article 22.2 to 4 of the TRIPS Agreement. Similarly to the principle established in the general protection, this protection is also mainly a negative protection. However, it has the advantage of protecting GIs identifying a special product where used on the same product against their incorrect use independently of whatever risk there is of misleading the public or the presence of an act of unfair competition, even when the true origin is indicated or the GI is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like (Article 23.1).

The key difference between the two levels of protection is that with additional protection it is prohibited to use a designation such as “sparkling wine in the style of champagne, produced in Chile” or “Napa Valley Wine of France”. In contrast, according to the general standard of protection of Article 22, designations such as “Roquefort cheese, produced in Norway” or “Bukhara carpets, made in U.S.A.” are permissible. In the latter cases, a judge would probably consider that these designations do not mislead the public, since the true origin of the product is actually indicated.

Under additional protection, refusal or invalidation are equally provided for trademarks which contain or consist of a GI identifying wines and spirits, for wines or spirits where the product is not of the indicated origin, regardless of whether the public is misled regarding the product’s true origin (Article 23.2).

Measures are also provided for under Article 23.3 to ensure the co-existence of homonymous GIs, subject to the provision of Article 22.4. “Homonymous indications” are two geographical names which are spelled and pronounced alike, but which designate the geographical origin of products stemming from different countries. For example “Rioja” is the name both of a region in Spain and a region in Argentina, and the designation is used on wines produced in both countries. The products basically need to be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled. Conflicts arise where both products are sold on the same market, and where the products of one country have specific qualities and characteristics which are non-existent in the products originating from the other country. In such a case, the use of the homonymous GI is considered to be misleading and will be forbidden.

Finally, to facilitate the protection of GIs for wines and spirits,<sup>25</sup> Article 23.4

<sup>25</sup> The Singapore Ministerial Declaration extended the negotiation to spirits, see WTO Doc. IP/C/8 of 6 November 1996, para. 34.

provides for negotiations for the establishment of a multilateral system of notification and registration of such GIs.

(c) *Negotiations and exceptions (Article 24)*

The TRIPS Agreement contains one other provision on GIs reflecting the lack of agreement regarding the way and level of protection of geographical indications existing at the time when the provisions of Part II, Section 3, were negotiated. Article 24, in its paragraphs 4 to 9, contains exceptions and concessions taking into account the concerns of some WTO Members that protection of GIs would challenge what they consider “acquired rights”. These exceptions are designed, in particular:

- to recognize use in good faith, or use of more than ten years standing (Article 24.4);
- to legitimize rights acquired through trademarks (Article 24.5);
- to recognize the existence of generic names or the use of the names of a grape variety with a geographical significance (Article 24.6); and
- patronymic geographical names (Article 24.8).

Paragraph 1 of Article 24 provides for further negotiations, leaving a window open for all countries which aspire to increase GI protection.

It is important to recall at this point that the TRIPS Agreement leaves it up to the Member States to determine the appropriate method of implementing the provisions of the Agreement into their own legal framework (Article 1.1). The review process in the TRIPS Council has shown that Members have chosen various avenues to implement the obligations of the GI Section of the TRIPS Agreement.<sup>26</sup> In fact, it is perhaps in this field of intellectual property where the differences in national implementation are the biggest. This, obviously, does not facilitate efforts to improve protection of GIs at international level.

## 2. *Disadvantages of the General Protection of Article 22*

The basic protection provided for in Article 22 of the TRIPS Agreement presents a number of disadvantages.<sup>27</sup> Producers who wrongfully use a GI do so in order to exploit the reputation of the geographic origin of a particular product. This is harmful both to

<sup>26</sup> See WTO Doc. IP/C/W/253 of 4 April 2001.

<sup>27</sup> For further details, see WTO Doc. IP/C/W/247/Rev.1 of 17 May 2001, proposal from Bulgaria, Cuba, the Czech Republic, Egypt, Iceland, India, Jamaica, Kenya, Liechtenstein, Mauritius, Nigeria, Pakistan, Slovenia, Sri Lanka, Switzerland, Turkey and Venezuela (see <http://www.wto.org> or [http://www.ige.ch/d/jurinfo/pdf/ip\\_c\\_w\\_247\\_rev1\\_e.pdf](http://www.ige.ch/d/jurinfo/pdf/ip_c_w_247_rev1_e.pdf)). The document presents the view of the proponents of extension (see *infra*, Section VI.C and D) on the disadvantages of the protection afforded by Article 22 of the TRIPS Agreement, the unjustified nature of the two levels of protection and the need to extend additional protection to geographical indications of all other products.



legitimate producers and to consumers: producers are cheated out of the results of the investments they put into developing and promoting the products identified by the GI, and the reputation of their products is damaged; and consumers are misled into thinking that what they are buying is an authentic product with well-specified qualities and characteristics when in fact they are buying an imitation.

The general protection cannot be invoked unless the public is being misled by the illegitimate use of the GI or unless the use of the GI constitutes an act of unfair competition. However, simply adding an indication such as “made in ...” justifies, for example, the use of the GI “Manchego” on cheese, for example made in Argentina; “Ceylon” on tea which, for example, comes from Malaysia and not from Sri Lanka; “Murano” on glass produced, for example, in Turkey (instead of Italy); or “Hereke” on carpets made, for example, in Pakistan (and not in Turkey), because the public is not being misled as to the true origin of the product since this origin is indicated—although it is one not corresponding to the geographical indication. The basic protection provided by Article 22, therefore, enables competitors from outside the region identified by the GI to usurp the reputation of a GI, thereby dividing a considerable share of the market away from legitimate producers and manufacturers. Since Article 22 authorizes such use, GIs run the risk of being turned into generic names with the consequence that they could be used freely by anyone. If a GI has become a generic name, legitimate producers and manufacturers will definitively be deprived of their identifying sign for their products. This fate reached, for example, GIs such as “Frankfurter sausages”, “kiwi fruit”, or “Bermuda shorts”, which are today considered to be generic indications.

The general protection of Article 22, in cases of litigation leads, to the onerous situation that the legitimate producers needs not only prove that there is illegitimate use of the GI, but—in addition—that such a use misleads the public or constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (1967). Relating to the proof of the existence of an act of unfair competition, it is interesting to see a WIPO document’s explanation in this respect:

“In order to be successful in such an action, the plaintiff must show that the use of a given geographical indication by an unauthorized party is misleading and, as the case may be, that damages or a likelihood of damages results from such use. An action against the unauthorized use of a geographical indication based on unfair competition can only be successful if the geographical indication in question has acquired distinctiveness or, in other words, if the relevant public associates goods sold under that geographical indication with a distinct geographical origin and/or certain qualities. Since lawsuits based on passing off or unfair competition are only effective between the parties of the proceedings, the distinctiveness of a given geographical indication must be shown every time that geographical indication is enforced.”<sup>28</sup>

The proof required under Article 22 allows wide, if not to say arbitrary, judicial discretion, particularly in terms of the test to demonstrate that the public is misled. This

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<sup>28</sup> See WIPO Doc. SCT/5/3 of 8 June 2000, para. 44.

wide discretion leads to inconsistent decisions, since consumer perception differs from country to country and so does the appreciation of that perception by the different national courts. The legal uncertainty resulting from this insufficient protection is a considerable impediment for the export of the legitimate products. Litigation is time-consuming, complicated and costly, and the chances for legitimate producers to finally enforce protection of GIs for products other than wines and spirits are thus very low. That is why litigations based on Article 22 of the TRIPS Agreement are rare. However, these impediments and the legal insecurity will make legitimate producers hesitant to make investments.

### 3. *Advantages of Additional Protection under Article 23*

The protection of Article 23 is an additional tool for the producers of wines and spirits, complementing the protection they enjoy under Article 22, which applies if their GIs identifying wines and spirits are abusively used on products other than wines and spirits. This would be the case if, for example, the French GI “Bordeaux” identifying wine was used on biscuits from Chile.

Since GIs identify designations with respect to a specific product category (e.g. wine), it is when a GI is used for the same product category that the free-riding of the reputation of a GI is particularly attractive and has become common, and results in the biggest economic losses of the legitimate producers. In these cases, the additional protection of Article 23 ensures a much more effective protection than that provided under Article 22 of the TRIPS Agreement, since it protects GIs identifying a product where used on another product of the same product category from all illegitimate use, regardless of whether the public is being misled or whether there is an act of unfair competition present; for example, “Bordeaux” used for wine produced in Switzerland, or “Tequila” used for spirits produced in Venezuela. In other words, to prevent the illegitimate use of a GI under Article 23, the legitimate users of the GI only have to prove that the product on which the GI is used does not originate in the geographic area identified by its indication. It is not necessary to prove that the public is being misled or that the use constitutes unfair competition; the distinctive sign constituting the GI is thus protected *per se*. Producers located outside the geographical area in question are prohibited from using the GI on products that this GI identifies, provided the exceptions in Article 24 of the TRIPS Agreement do not apply. The impediments linked to the proof of illegitimate use are thus considerably reduced. Protection under Article 23 is more effective, more easily available and cheaper to enforce.

Additional protection increases the value of the GI as a marketing tool. This is of particular interest to countries where production costs are high, such as in small countries or in the emerging economies of developing countries. It provides better protection for legitimate producers and manufacturers against the commercial

manœuvres of competitors located outside the designated geographic area, thus ensuring market shares for products which have the sole right to be identified by the GI. Finally, consumers can be certain that they are buying a product that indeed originates from the region referred to by the GI and that represents specific qualities, characteristics or reputation attributable to its origin.

## VI. MAIN PROPOSALS AND POSITIONS PRESENTED TO THE TRIPS COUNCIL ON EXTENSION

### A. FROM THE URUGUAY ROUND TO THE DOHA ROUND

The TRIPS negotiations are often described as pitting the interests of the North versus those of the South—or developed *versus* developing countries. From the start though, negotiations on GIs, which were some of the most difficult to negotiate in the Uruguay Round, saw the formation of different factions: on the one side there were countries like the European Communities and their Member States, India and Switzerland; and on the other side countries such as Argentina, Australia, Canada, Chile and the United States.<sup>29</sup> The issue of protecting GIs adequately was—and still is—not a conflict of interests between developed and developing countries, but rather between “old world” and “new world”.

The current imbalance in the TRIPS Agreement regarding the protection of GIs stems from the Uruguay Round. During that period, the debate concentrated on the concerns of the European wine sector which, in conjunction with the spirits sector, ultimately benefited from additional protection beyond the general standards that were established for GIs for all products. It was pursuant to the TRIPS Council’s 1996 Annual Report,<sup>30</sup> in which it was agreed that the review under Article 24.2 would permit delegations to contribute to the debate with inputs on the issue of the scope of the provisions of the Section on geographical indications, that some WTO Members seized the opportunity to suggest that the scope of Article 23 should be extended to cover products other than wines and spirits.<sup>31</sup>

<sup>29</sup> While the European Communities and their Member States in its proposal for the Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, proposed principles for GIs ensuring better protection for “appellations of origin for products of the vine” (see WTO Doc. MTN.GNG/NG11/W/26 of 7 July 1988), Switzerland provided, in its proposal, a uniform protection for geographical indications, including appellations of origin, for all goods and services (see WTO Doc. NTN.GNG/NG11/W/73, Article 220). The United States also made a proposal including the protection of GIs via certification marks and provided specific provisions for “non-generic appellations of origin for wine” (see WTO Doc. MTN.GNG/NG11/W/70 of 11 May 1990). For further details of the negotiation history, see also Keon, *supra*, footnote 16, p. 174.

<sup>30</sup> See WTO Doc., *supra*, footnote 25, para. 34.

<sup>31</sup> See in particular the communications to the TRIPS Council from Switzerland (Informal Paper No. 4152, 31 July 1997), from the Czech Republic (Informal Paper No. 4486, 4 August 1997), and from India that expresses its concerns in relation to the limited scope of Article 23, which was affecting compliance with obligations under Part II, Section 3, of the Agreement (Informal Paper No. 5023, 16 September 1997). For more information see Matthijs Geuze, *Protection of Geographical Indications under the TRIPS Agreement and Related Work of the World Trade Organization*, Symposium on the International Protection of Geographical Indications in the Worldwide Context, Eger, Hungary, October 1997, WIPO Publication No. 760(E), WIPO, Geneva, 1999, pp. 49–51.

Even though a new Round of negotiations was not launched in Seattle in 1999, the Ministerial Conference nevertheless gave a new opportunity to both developed and developing Members to indicate their interest in more effective protection of GIs for products other than wines and spirits.<sup>32</sup> After the Seattle Conference, the discussion on GIs in the TRIPS Council became more structured and several points on the Agenda were devoted to this issue. These were: implementation of Article 24.1 corresponding to the issue of extension; implementation of Article 23.4; and review under Article 24.2.

During the period between the Seattle and the Doha Ministerial Conferences, different WTO Members—such as Bangladesh, Bulgaria, Cuba, the Czech Republic, Egypt, Georgia, Hungary, Iceland, India, Jamaica, Kenya, the Kyrgyz Republic, Liechtenstein, Mauritius, Moldova, Nigeria, Pakistan, Slovenia, Sri Lanka, Switzerland, Turkey and Venezuela—joined forces to advocate the extension of the additional protection to GIs for products other than wines and spirits. These countries argued that the general standard of protection of Article 22 allows producers from other regions to easily usurp a GI and free-ride on its reputation without rendering any possibility to the legitimate producers to stop such actions as long as the true origin of the product is stated. According to these Members, not only producers of wines and spirits, but also producers of beer, tea, rice or cheese as well as manufacturers of certain ceramics, glass, watches and textiles etc., have a legitimate interest in obtaining an effective protection for their GIs if these are illegitimately used for goods of the same product category. In consequence, GIs identifying all products should be protected under both levels of protection (Articles 22 and 23), which are complementary. The proponents of extension submitted to the TRIPS Council three Communications: one explaining the mandate for these negotiations,<sup>33</sup> another

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<sup>32</sup> In WTO Doc. WT/GC/W/206 of 14 June 1999, the Czech Republic proposes that the General Council recommend to the Third Ministerial Conference to continue the work on extending the scope of Article 23 of the TRIPS Agreement, and to complete it within a given time-frame agreed by Ministers. In WTO Doc. WT/GC/W/208 of 17 June 1999, Cuba, the Dominican Republic, Egypt, Honduras, India, Indonesia, Nicaragua and Pakistan request that the additional protection of Article 23 of the TRIPS Agreement be extended to products other than wines and spirits. In WTO Doc. WT/GC/W/225 of 2 July 1999, India proposes that additional protection for GIs must be extended for products other than wines and spirits. In WTO Doc. WT/GC/W/249 of 13 July 1999, Turkey proposes that the General Council submit a recommendation to the Third Ministerial Conference to extend the scope of Article 23 of the TRIPS Agreement to products other than wines and spirits. In WTO Doc. WT/GC/W/302 of 6 August 1999, Kenya, on behalf of the African Group, requests that the scope of the system of notification and registration envisaged under Article 23.4 of the TRIPS Agreement be extended to other products such as handicrafts and agri-food products.

<sup>33</sup> See WTO Doc. IP/C/W/204/Rev. 1 of 2 October 2000, Communication from Bulgaria, the Czech Republic, Egypt, Iceland, India, Kenya, Liechtenstein, Pakistan, Slovenia, Sri Lanka, Switzerland and Turkey, available at: <<http://www.wto.org>> or <[http://www.ige.ch/d/jurinfo/pdf/ip\\_c\\_w\\_204\\_rev1\\_e.pdf](http://www.ige.ch/d/jurinfo/pdf/ip_c_w_204_rev1_e.pdf)>. The communication explains why the extension of additional protection to products other than wines and spirits is part of the built-in Agenda of the TRIPS Agreement. It concludes that as a consequence, the negotiation platform of the TRIPS Council on issues pertinent to the protection of GIs must include the issue of extending protection to products other than wines and spirits. This would allow a satisfactory solution at a global level to be found, one which conforms to the spirit and objectives of the TRIPS Agreement and to the interests of all Members.

presenting a list of arguments in favour of extension,<sup>34</sup> and the third responding to the arguments of the opponents of extension.<sup>35</sup>

The opponents of extension include, in particular, Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay, Uruguay and the United States. The main reasons that they give for their opposition are the following:<sup>36</sup>

- they claim that implementing extension would incur extra costs for governments (administrative and financial burden of implementing extension), producers (costs due to trade and production disruption) and consumers (costs associated with consumer confusion);
- they see an imbalance in the number of GIs to protect for certain countries compared to others;
- they fear that the products manufactured by immigrants and their successors who use skills which they had brought from their home countries in order to produce similar goods under the GI used in their countries of origin could no longer be possible;
- all in all, they perceive a better protection of GIs as a barrier to trade because ensuring better protection of GIs would close markets or affect the producers' activities since certain products would have to be relabelled.

Moreover, they fear that extension will result in the disappearance of terms customarily used to identify products which will increase search and transaction costs for consumers, at least in the short to medium term.<sup>37</sup>

## B. THE DOHA ROUND

In the Declaration adopted at the end of the Ministerial Conference in Doha in November 2001, the Ministers included a specific reference to extension by noting, in

<sup>34</sup> See *supra*, footnote 27, WTO Doc. IP/C/W/247/Rev. 1. In this paper the proponents bring forward arguments: (1) why the level of protection of GIs as granted in Article 22 of the TRIPS Agreement is insufficient; (2) why providing a more effective level of protection only for GIs for wines and spirits is not justified; and (3) why extension should ensure the same protection for GIs for all products in order to conform with Section 3 of Part II to the goals of the TRIPS Agreement and general WTO principles.

<sup>35</sup> See WTO Doc. IP/C/W/308/Rev. 1 of 2 October 2001, Communication from Bangladesh, Bulgaria, Cuba, the Czech Republic, Georgia, Hungary, Iceland, India, Jamaica, Kenya, the Kyrgyz Republic, Liechtenstein, Moldova, Nigeria, Pakistan, Slovenia, Sri Lanka, Switzerland and Turkey, available at: «<http://www.wto.org>» or «[http://www.ige.ch/d/jurinfo/pdf/ip\\_c\\_w\\_308\\_rev1\\_e.pdf](http://www.ige.ch/d/jurinfo/pdf/ip_c_w_308_rev1_e.pdf)». In this Communication, the proponents of extension explain why they are convinced that extension would be beneficial to all Members as well as to all consumers and to trade in general.

<sup>36</sup> Some arguments why the presumptions and fears of those who up until now have opposed an extension can be found below under C.

<sup>37</sup> For further details on the arguments of the opponents to extension see WTO Doc. IP/C/W/289 of 29 June 2001, Communication from Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay, Uruguay and the United States; WTO Doc. IP/C/W/211 of 19 October 2000, Communication from Australia; and WTO Doc. IP/C/W/205 of 18 September 2000, Communication from New Zealand. These Communications are available at: «<http://www.wto.org>». Moreover, see Dara Williams, *Extension of Stronger Geographical Indications Protection: Against the Interests of Developing Countries?* BRIDGES, Year 10, No. 4, Geneva, 2002.

paragraph 18, that “issues related to the extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits will be addressed in the Council for TRIPS pursuant to paragraph 12 of this Declaration.”<sup>38</sup> Pursuant to the Doha Declaration, WTO Members decided at the first meeting of the Trade Negotiations Committee (TNC) in February 2002, that “issues related to extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits” would be addressed as a matter of priority in the regular meetings of the TRIPS Council, which should report to the TNC by the end of 2002 and make a recommendation for appropriate action.<sup>39</sup>

At the first two sessions of the TRIPS Council in 2002, the proponents of extension repeated their call for immediate substantive discussions on that matter. Many of them claimed that advances in that area would benefit trade and development, in particular for the developing world, by allowing countries to market their products better and obtain higher revenues.

“The subject of geographical indications is of particular interest to developing countries because of the importance to those countries of the remunerative marketing of their agricultural production. The expansion of the full scope of the TRIPS geographical indications regime to those products is an effective demonstration of the relevance of the Agreement to their economic circumstances. Resistance to this extension may communicate an unfortunate message to those countries about the political realpolitik of the international intellectual property rights regime.”<sup>40</sup>

In order to provide the TRIPS Council with substantive elements for discussion, the proponents of extension submitted a new, fourth, Communication in the June 2002 TRIPS Council meeting, presenting in a detailed manner how extension should be implemented under Part II, Section 3, of the TRIPS Agreement. Additionally, this Communication presents a proposal for appropriate action to be included in the report the TRIPS Council will have to make to the TNC by the end of 2002.<sup>41</sup> Among the thirty-seven co-sponsors of this Communication figure, for the first time, Cyprus, Estonia, the European Communities and their fifteen Member States, Malta, Romania, the Slovak Republic and Thailand. At the end of the June 2002 Council meeting, the Chairman proposed to elaborate an annotated Agenda for the next Council meeting on the basis of which it should be possible to address the main elements of the extension of the additional protection of Article 23 to all other products in a focused and structured manner. In this respect, of course, any duplication of work already carried out both by the TRIPS Council under other Agenda items, notably the Article 24 review of the application of the provisions of Section III of the TRIPS Agreement on GIs, and by other

<sup>38</sup> See WTO Doc. WT/MIN(01)/Dec/1 of 20 November 2001.

<sup>39</sup> See WTO Doc. TN/C/M/1 of 14 February 2002, in particular paras. 9–12.

<sup>40</sup> See Blakeney, *supra*, footnote 4, p. 652.

<sup>41</sup> See WTO Doc. IP/C/W/353 of 24 June 2002, Communication from Bulgaria, Cuba, Cyprus, the Czech Republic, Estonia, the European Communities and their fifteen Member States, Georgia, Hungary, Iceland, India, Jamaica, Kenya, Liechtenstein, Malta, Mauritius, Pakistan, Romania, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand and Turkey, available at: <<http://www.wto.org>> or <[http://www.ige.ch/e/jurinfo/pdf/ip\\_c\\_w\\_353\\_e.pdf](http://www.ige.ch/e/jurinfo/pdf/ip_c_w_353_e.pdf)>. For further details see below under D.1.

international organizations, in particular the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) needs to be avoided. *Table 3* illustrates that certain proposals made by WTO Members as regards the specific items they want to discuss in the context of extension would, however, lead to an overlap of work.

### C. COSTS AND BENEFITS OF THE EXTENSION OF THE PROTECTION OF GEOGRAPHICAL INDICATIONS TO ALL PRODUCTS

To predict the concrete economic, financial and administrative (positive or negative) consequences of the outcome of a negotiation for each and every WTO Member—producers and consumers—at a stage at which the outcome is everything but clear is hardly possible. Moreover, the consequences will ultimately depend upon the way in which extension will be implemented by a Member. According to Article 1.1 of the TRIPS Agreement, Members are free to determine the appropriate method of implementing the TRIPS obligations within their own legal system and practice. There are, however, arguments why the presumptions and fears of those Members which, up until now, oppose an extension<sup>42</sup> are most likely not justified.<sup>43</sup>

#### 1. *Potential Costs of Extension*

The costs of WTO Members for implementing additional protection for GIs for all products would be negligible in comparison with the costs of implementing the obligations of the Uruguay Round.<sup>44</sup> Extending the scope of protection for products other than wines and spirits does not entail the setting up of any new mechanism or scheme of protection, but would mean that a GI could only be used for products actually originating from the place indicated by the GI. In fact, the existing scope of protection for GIs for wines and spirits required by the TRIPS Agreement already today would be simply extended to GIs for other products. Therefore, the same protection system or mechanism chosen by a Member in order to implement Article 23 could also be used to grant the extended product coverage protection.

It must be recalled, too, that the TRIPS obligations on GIs mainly refer to negative protection, i.e. WTO Members are obliged only to provide legal measures to prevent misuse of GIs.<sup>45</sup> However, Members are not directly obliged under Article 23 to enforce protection for GIs, but simply to ensure that the legal means to do so are available. Therefore, even under Article 23, producers wishing to enforce protection of a certain GI could be “told” to do so via recourse to the available legal and/or administrative

<sup>42</sup> See *supra*, at the end of Section VI.A.

<sup>43</sup> The proponents of a GI extension presented these and more arguments to the TRIPS Council in WTO Doc. IP/C/W/308/Rev.1; see also *supra*, footnote 35.

<sup>44</sup> See Blakeney, *supra*, footnote 4, pp. 649–650.

<sup>45</sup> See *supra*, Section V.E.1(a).

TABLE 3: COMPARATIVE TABLE ON WORK ON GIS IN THE TRIPS COUNCIL AND THE WIPO STANDING COMMITTEE ON THE LAW OF TRADEMARKS, INDUSTRIAL DESIGNS AND GEOGRAPHICAL INDICATIONS (SCT)

Negotiations on Extension		Review of National Legislation (TRIPS Article 24.2)		WIPO SCT Work <sup>a</sup>
Opponents Proposals <sup>b</sup>	Proponents 4th Communication <sup>c</sup>	Opponents Proposals	Issues under Review <sup>d</sup>	
1. Definition: application of TRIPS Article 22.1.	1. Extending the level of protection of Article 23.1.	None.	1. Definition and criteria for recognition.	1. Terminology and definition of GIs.
2. Impact of principle of territoriality on TRIPS Part II, Section 3.			2. Overview of means of protection available.	2. Existing approach for the protection of GIs.
			3. Procedure for recognition.	3. Protection of the GI in its country of origin
			4. Foreign GIs.	4. Protection of the GI abroad.
				5. Territoriality: determination of the criteria for eligibility for protection in the country of origin or in the country where the protection is sought.
3. Interaction between trademarks/GIs in light of relevant TRIPS provisions such as TRIPS Articles 16 and 24.	2. Relationship trademarks/GIs: Articles 23.2 and 22.3.		5. Relationship to trademarks	6. Conflicts between trademarks and GIs.
4. Cost differential between Article 22 <i>v.</i> Article 23 protection.			6. Enforcement of Articles 22 and 23: available means and national experiences including cost-benefit analysis.	
	3. Homonymous geographical indications: Articles 23.3 and 22.4.		7. Homonymous GIs.	7. Conflict between homonymous GIs.
	4. Multilateral Register: Article 23.4.			
5. Article 24 exceptions.	5. Flexibility and exceptions under extension.		8. Generic terms and other factors justifying non-protection.	8. Exceptions: grandfathering <sup>e</sup> and generic terms.
			9. Maintenance.	
			10. Scope of rights and use.	
			11. Enforcement.	

*Source:* Compiled by Antonio Berenguer, Administrator, Unit for New Technologies, Intellectual Property and Public Procurement, Directorate-General for Trade, European Commission, and Alexandra Grazioli.

*Note:* <sup>a</sup> List of issues based on WIPO documents SCT/5/3 of 8 June 2000, SCT/6/3 of 25 January 2001, SCT/8/4 of 2 April 2002, and SCT/8/5 of 2 April 2002.

<sup>b</sup> From an oral statement of the delegation of Australia during the meeting of the TRIPS Council of June 2002.

<sup>c</sup> See WTO Doc. IP/C/W/353 of 24 June 2002.

<sup>d</sup> List of issues based on WTO documents IP/C/13 of 14 May 1998, IP/C/13/Add. 1 of 11 August 1998, and IP/C/W/253 of 24 June 2002.

<sup>e</sup> Referring to the TRIPS provision which allows right holders to maintain certain acquired rights—even if TRIPS-inconsistent.



mechanisms. Members are, of course, free to decide to go beyond this obligation of negative protection and to establish a system of positive protection of GIs with a procedure of recognition and the control of their use. While such a system can indeed further improve and facilitate protection, it is not a prerequisite to comply with the additional protection under Article 23.

When looking at the cost issue, it is important to recognize that if protection were to be extended, those entitled to prosecute the misuse of a GI would no longer have to establish the time-consuming and costly legal proof that by the use of a certain GI for a product of the same product category, the public is actually misled as to the true origin of the product, or that such use constitutes an act of unfair competition. As in the case of GIs for wines and spirits today, it would be sufficient to prove that the products illegitimately identified by the GI for the same product category do not come from the area indicated. This would clearly facilitate the procedures of enforcing the protection of GIs and ultimately result in a reduction of the workload of the judicial and administrative authorities, linked with cost advantages for both the competent authorities and the parties of the litigation.

## 2. *The Number of "Foreign" Geographical Indications to be Protected*

As regards the number of GIs, there are countries that have a long tradition in GI protection. At the end of 2001, already sixty-three countries had developed special regulations and systems of protection for the use of GIs to identify products.<sup>45</sup> Correspondingly, more GIs have developed over time in these countries than in countries which have just started to make use of and benefit from GIs. However, it is important to recognize that it is not the number of GIs per country that should be taken into consideration when assessing the merits of a better GI protection, but rather the economic potential of each well-protected GI. This potential may still be small today, because the GI is known neither at the national nor at the international level; but it may grow with the increasing awareness of the producers of the potential that GIs can have for the marketing of their products, especially if GIs will get better protection at the international level. In addition, given the ever more demanding taste of consumers, a product gone unnoticed by consumers for years may be transformed into an international "hit" due to the use of a GI and its distinctiveness on the market.

## 3. *The Issue of "Existing Use"*

Some countries have a long tradition in manufacturing products which were brought by immigrants with special knowledge and skills from their old to their new home countries and which then were produced under the same geographical name as the one used in their country of origin. With regard to the question whether such use

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<sup>45</sup> See Tinlot, *supra*, footnote 23, p. 9.

will be possible in case of extension, it is important to recall that this is not a new problem. When additional protection was negotiated for wines and spirits, a favourable solution for “immigrants” was found. The exceptions set out in Article 24.4 of the TRIPS Agreement now safeguard the acquired rights of such producers of wines and spirits, who have had a long tradition in using a particular GI not originating from that country in a continuous manner with regard to the same or related goods for at least ten years. In case of extension, this solution as well as all other exceptions set out in Article 24 of the TRIPS Agreement could also apply *mutatis mutandis* to products other than wines and spirits.

#### 4. *Potential Effects on Trade and Consumers*

The protection of GIs rewards producers that invest over a long period of time in building up the quality, reputation or other characteristics of a product which are essentially attributable to the product’s geographical origin. The current international level of protection for GIs does not adequately prevent the risk of the use of the GI’s reputation in an exploiting manner. The consequences of this are considerable for the economies of the countries which produce the respective original products. Small and developing countries are particularly hard hit as they are deprived of a substantial amount of trade revenue. In consequence, better protection for GIs of all products on a level similar to that granted at present for wines and spirits by Article 23 of the TRIPS Agreement would not create a barrier to trade, but would instead promise trade and investment advantages, in particular for all these developing and developed countries which depend on exports of primary commodities.<sup>47</sup> Extension is thus an economical asset for countries wishing to maximize the benefits from the excellent reputation of many of their products in order to consolidate their markets and avoid illegitimate identification of products produced outside their borders.

With extension, some products illegitimately using a GI may well have to be relabelled, but this only applies where the same product category is concerned and where these products do not qualify for one of the exceptions provided for in Article 24. It seems, moreover, to be a rather daring argument to maintain that consumers might be confused by correct labelling and use of GIs, i.e. the use of a GI only for those products actually originating from the geographic area indicated by the GI. There is a growing consumer interest in environmentally sound or socially responsible quality products—in other words, authentic products with a solid tradition behind them. The actual level of protection attributed to GIs for wines and spirits gives consumers confidence in the true origin of a product, which has added-value and specific qualities due to its geographical origin.<sup>48</sup> There is no doubt that consumers would also benefit if the scope of Article 23 is extended to products beyond wines and spirits.

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<sup>47</sup> See the examples given *supra*, Section IV, with regard to “Tequila” and “Basmati Rice”.

<sup>48</sup> See *supra*, Section IV.

#### D. PROPOSAL OF MAIN ELEMENTS FOR ADDRESSING THE ISSUE OF EXTENSION

The latest Communication which the proponents of extension tabled in the June 2002 session of the TRIPS Council describes the main elements for addressing the issue of additional protection to GIs for all products. It provides answers from a technical and legal perspective on how extension could be implemented under the relevant Section of the TRIPS Agreement.<sup>49</sup> Three proposals were made.

##### 1. *The Protection of Article 23 of the TRIPS Agreement should apply to GIs for all Products*

Technically, the scope of Article 23 of the TRIPS Agreement could be extended to GIs covering all products by simply eliminating in this provision the reference to wines and spirits and replacing it with the more general reference to “products of the same category”. Such an amendment would have the advantage that, in the future, GIs identifying all products would, in addition to the unchanged protection of Article 22, also benefit from the additional protection provided by TRIPS Article 23.

Consequently, the protection of Article 23 would apply irrespective of the product concerned, if a GI identifying a specific kind of product is used on the same kind of product; in contrast, if the GI is used on products different to the ones the GI normally identifies, the protection of Article 22 would apply. For instance, if the GI “Antigua” which is a GI for Guatemalan coffee, was used on coffee from Brazil, the additional protection of Article 23 would apply. In contrast, if the GI “Antigua” was used on any product other than coffee, for instance on clothes from China or on tea from India, the general protection of Article 22 would continue to apply. In the latter case, very few consumers make a link with the product normally identified by the respective GI. If they do so, the conditions of misleading the public or of constituting an act of unfair competition are adequate conditions to determine whether the illegitimate use might be forbidden or not.

##### 2. *The Multilateral Register to be Established should be open for GIs for all Products*

According to Article 23.4 of the TRIPS Agreement, in order to facilitate the protection of GIs, negotiations shall be undertaken in the TRIPS Council with regard to the establishment of a multilateral system of notification and registration of GIs for wines and spirits eligible for protection in those Members participating in the system.

There is no reason why such a system should not be open to any GI fulfilling the definition of Article 22.1 of the TRIPS Agreement. The establishment of such a system could, indeed, become a valuable tool for facilitating the protection of all GIs in international commerce. By that, it would ensure increased predictability, reverse the

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<sup>49</sup> See WTO Doc.IP/C/W/353, *supra*, footnote 41.

burden of proof and put the legitimate users in a better position in enforcement proceedings. Moreover, it would reduce the workload of the courts and provide helpful information to the administrative authorities concerned.

3. *The Exceptions contained in TRIPS Article 24 should apply Mutatis Mutandis*

Extension is a tool of the future. It does not affect the current use of names which coincide with protected GIs, provided that such use conforms with the TRIPS Agreement. Because TRIPS Article 24 generally applies to all products (except as under Article 24.4, and to a certain extent Article 24.6), extension would not have any direct (either negative or positive) effect on exceptions which thus would continue to apply. Certain adjustments might be necessary. In particular, exceptions should permit flexible solutions, taking into account the various market participants. Use of the GIs in good faith, the possibility of continued long-term use of the GIs, and avoidance of the misleading of consumers, should be key criteria when looking at the use of GIs qualifying for exceptions. Furthermore, exceptions should not diminish the level of protection previously available to GIs.

VII. ACTIONS NEEDED AT THE NATIONAL LEVEL TO TAKE ADVANTAGE OF GI PROTECTION

All countries have products with a given quality, reputation or other characteristics which are essentially attributable to their geographical origin. Their domestic and international marketing could greatly benefit from the use of GIs. However, in order to fully benefit from this intellectual property right protection, authorities and producers in WTO Members, especially in developing and least-developed countries, need to be pro-active.

All WTO Members must already offer legal means to prevent abusive use of GIs within their territory in accordance with Article 22 or 23 of the TRIPS Agreement. It is crucial that WTO Members are aware of the key role that the establishment of a national system of protection for their own GIs plays, in order to be sure that their GIs are recognized and protected internationally under the TRIPS Agreement. In this respect, it is important to take a close look at Article 24.9 which reads as follows:

“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.”

As in the case of other intellectual property right protection systems, establishing a system for protecting GIs may take some effort and requires resources to maintain it. Many countries, however, have already developed special regulations or systems of

protection for the use of GIs to identify products;<sup>50</sup> others are considering establishing a system for protection.

Moving to an effective protection of GIs at the national level will require a number of steps. One is the creation of a flexible institutional framework supporting regional co-operation. Within this framework, producers, government officials and those involved in export, distribution and marketing, can co-operate. Ultimately, a more formal institutional structure may be desirable to maintain and develop standards as well as a system for granting certification, monitoring and enforcing compliance among producers and sellers. David Vivas-Eugui, recognizing that many developing countries have a very good potential to benefit from GI protection, recommends to them to draw a clear action-plan at the national and international level in order to consolidate the benefits of their own GIs.<sup>51</sup>

Developing such a system of protection has the advantage of structuring production methods and marketing in order to guarantee consistent product quality and specific characteristics of the products. The risk with the growth in demand for emerging products is that producers move away from traditional methods to more automated techniques, which may change the intrinsic quality of the product. If specific production methods are fixed without prohibiting the improvement of traditional techniques and continued respect for traditional production methods, GIs can offer the framework for harmonised and controlled production development and growth, without losing the intrinsic original qualities of the product. If such conditions are met, consumer demand for such products is high, even if prices to be charged are higher than for mass-manufactured products.<sup>52</sup>

#### VIII. RELATIONSHIP BETWEEN GIS AND INDIGENOUS AND LOCAL COMMUNITIES AND THEIR TRADITIONAL KNOWLEDGE

For the past years, ways and means have been discussed to better support and compensate the efforts of indigenous and local communities and farmers to preserve and sustainably use biological diversity and genetic resources. One of the key topics in these discussions has been the protection of the knowledge for the production of food, seeds, medicines and other products, such as handicrafts, that indigenous and local communities and farmers in various countries have created and continuously improved over the centuries. Several international fora have been dealing with this issue, including the Convention on Biological Diversity (CBD) of 5 June 1992, the Intergovernmental Committee on Intellectual Property Rights and Genetic Resources, Traditional

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<sup>50</sup> At the end of 2001, sixty-three countries had regulations on the use of GIs to identify products: see Tinlot, *supra*, footnote 23, p. 9.

<sup>51</sup> For more information see David Vivas-Eugui, *Negotiations on Geographical Indications in the TRIPS Council and their Effect on the WTO Agricultural Negotiations—Implications for Developing Countries and the Case of Venezuela*, 4 J.W.I.P. 5, September 2001, *Recommendations for Developing Countries*, pp. 720–721.

<sup>52</sup> See *supra*, at the end of Section VI.C.4.

Knowledge and Folklore of the World Intellectual Property Organization (WIPO IGC), the United Nations Conference on Trade and Development (UNCTAD), and, more recently, the TRIPS Council. One of the approaches proposed in this regard is the application of existing forms of intellectual property rights; among them, GIs have been identified as being especially promising.<sup>53</sup>

It is, however, often claimed that the existing intellectual property rights primarily serve the industrial and commercial needs and interests of the private industry in the developed countries. Furthermore, focusing on private ownership, intellectual property rights are often said to conflict with the collective and common ownership traditions of indigenous and local communities. Additionally, it is argued that traditional knowledge generally evolves outside of the formal system of innovation and has particular characteristics which prevent it from being protected by the existing forms of intellectual property rights. Based on this, it is concluded that indigenous and local communities would not be able to benefit from these rights.

With regard to GIs, this conclusion does not apply; GIs are essentially owned and exercised collectively, the main characteristic distinguishing GIs from other intellectual property rights<sup>54</sup> that renders them particularly attractive for indigenous and local communities and farmers. They confer on their legitimate users—the producers located in the area identified by the GI producing a particular product—the “relative impersonal” exclusive right to use this distinctive sign when marketing products that are produced from natural resources with the use of traditional methods and processes. GIs reward collective traditions while allowing for continued evolution; they emphasize the relationship between human effort, culture, land, resources and environment, and they are not freely transferable from one owner to another. If GIs were to identify products originating from indigenous and local communities and farmers that owe their characteristics essentially to their geographical location (understanding that both natural and human factors are involved), they would give those communities and farmers an exclusive right to use the designation to identify their particular products. A study prepared for the UNCTAD Biotrade Initiative recognizes this asset of GIs:

“More than other major types of intellectual property, geographical indications have features that respond to norms for use and management of bioresources and traditional knowledge that are characteristic of the culture of many indigenous and local economies.”<sup>55</sup>

One very important area where GIs could be applied is the protection of plants or plant-based products. Several designations of plants such as fruit, vegetables and cereals are protected in the European Union as geographical indications. Examples include the “Riso Nano Vialone Veronese” for rice from Italy, and the “Arroz de Valencia” and the

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<sup>53</sup> See, in particular *Review on Existing Intellectual Property Protection of Traditional Knowledge*, WIPO Doc. WIPO/GRTKF/IC/3/7 of 6 May 2002, paras. 13 and 40; Silva Repetto and Cavalcanti, *supra*, footnote 3, Chapter 3.4.1; Downes and Laird, *supra*, footnote 14.

<sup>54</sup> See *supra* Section III; and Silva Repetto and Cavalcanti, *id.*

<sup>55</sup> See Downes and Laird, *supra*, footnote 14, p. 10.

“Arroz del Delta del Ebro” for rice from Spain. The successful application of these designations to plants shows that GIs could serve as a useful tool for indigenous and local communities and farmers to protect their plants or to enhance the marketing value of their plant-based products which are produced in a specific region and have specific characteristics due to their geographical origin. To illustrate this, one may cite the examples of “Basmati” rice grown in India, “Cava”, which is cultivated on the islands of the South Pacific based on a long history of empirical experimentation and experiences, and “Quinoa”, the diverse qualities of which depend on the regions where it is grown and the methods of production used.<sup>56</sup> Other examples include “roiboos tea”, substances derived from the “neem” tree, “enola” and “Andean nuna beans”, and “Peruvian yacon”. All these plants are produced according to traditional methods giving them a quality, reputation or other characteristics that are essentially attributable to their geographical origin. These products are, therefore, destined to benefit from the use of geographical indications.<sup>57</sup>

These examples clearly show that extending the scope of protection of Article 23 of the TRIPS Agreement to GIs for all products could enable indigenous and local communities and farmers to benefit from this legal instrument for the protection of certain products resulting from their traditional knowledge, namely those with a clear geographical origin.

## IX. CONCLUSION

The WTO TRIPS Agreement provides two levels of GI protection: the standard protection of Article 22.2 to 4 for GIs identifying all products, and a higher level of protection in Article 23, the additional protection, for GIs identifying wines and spirits in cases where they are used to identify the same products (i.e. wines and spirits), but not in cases where they are used for other products (such as cheese or coffee).

The goal of extension is that, in the future, geographical indications identifying all products receive these two, complementary, levels of protection. Extension means that the protection of Article 23 will apply, irrespective of the product concerned, if a GI identifying a specific kind of product is used on the same kind of product, whereas the protection of Article 22 will apply should the GI be used on products other than the ones it normally identifies. The joint application of Articles 22 and 23, not only to wines and spirits but to all GIs, under the TRIPS Agreement would be a major progress for the international protection of this intellectual property right:

- legitimate producers and manufacturers in developed and developing countries alike would have much to gain from such an improved protection of GIs in the TRIPS Agreement. It would prevent the risk of the use of the

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<sup>56</sup> For more information, see *ibid.*, pp. 26–29.

<sup>57</sup> For more information see *ibid.*, pp. 17–40; and Blakeney, *supra*, footnote 4, p. 647.

reputation of the GI in an exploitable manner and, at the same time, it would clearly facilitate the procedures of enforcing the protection of GIs. Thus, it would ensure better opportunities for the commercialization of the relevant products;

- extending the scope of protection of Article 23 to all GIs could be particularly attractive for indigenous and local communities and farmers. Giving them collectively the exclusive right to use a specific designation would enable them to benefit from this legal instrument for the protection of certain of their traditional products, particularly those that owe their characteristics essentially to their geographical origin;
- finally, an improved protection of GIs is in the consumers' interests, because it would give them more confidence in the true origin of a product, which has added-value and specific qualities due to its geographical origin.

In consequence, the improved protection of geographical indications for all products on a level similar to the one granted at present for wines and spirits, would promise trade and investment advantages, in particular for all these developing and developed countries which depend on exports of primary commodities. Extension is thus an economical asset for countries wishing to maximize the benefits from the excellent reputation of many of their products in order to consolidate their markets and avoid illegitimate use by and identification of products manufactured outside their borders.

WTO Members are now engaged in a new Round of trade negotiations. Let us hope that they seize the opportunity to create a new equilibrium within the TRIPS Agreement with regard to geographical indications; they are an issue that is in the interest of all of us!



*Annex**The Basmati Case\**

“Basmati” is perfumed long-grain rice originating in the sub-Himalayan region of the Indian sub-continent. In September 1997, the U.S. Patent and Trademark Office granted a patent (No. 5,663,484) to the U.S. company Rice Tec Inc., for an invention entitled “Basmati Rice Lines and Grains”, a new variety of rice which was a cross between American long-grain rice and Basmati rice. This new variety has been the most successful attempt so far to grow Basmati outside the Indian sub-continent. Rice Tec markets its product under the trademarks “Texmati” and “Kasmati” under the label “American-type Basmati rice”.

India and Pakistan disputed the patent claims; they alleged, among other things, that “Basmati” is a GI. Rice Tec claimed that it is a generic name and that it therefore cannot be protected as a GI. There are, indeed, good arguments to estimate that “Basmati” is a non-generic GI according to the definition given in the TRIPS Agreement (Article 22.1). “Basmati” is not the name of a geographical area, but the product’s reputation is inextricably linked to its region of origin, the Indian sub-continent. Basmati rice grown in this region has an aromatic, very tasty flavour which is different to that of rice grown elsewhere due to a unique combination of the particular plant varieties cultivated, the climatic and soil conditions and the cultivation practices indigenous to northern India and Pakistan. These characteristics and the reputation linked to the geographical origin of the product are each, in their own right, a sufficient condition for the grant of a GI. That is why, according to the Code of Practice for Rice, established by the Grain and Feed Trade Association in the U.K. and the U.K. Local Authorities Co-ordinating Body on Trading Standards (LACOTS) and used by companies which operate in the rice market, “Basmati” may only be used for the long-grain rice grown in the Indian sub-continent. Similarly, Saudi Arabia, the world’s largest importer of Basmati rice, permits, under its labelling regulations, only Basmati rice from Northern India and Pakistan to be marketed as Basmati rice.

Although the legal situation of Basmati seems to be clear, India and Pakistan faced two problems: first, the indication “Basmati” was not protected as a GI in its countries of origin, and second, the TRIPS Agreement does not prohibit the use of expressions such as “American-type Basmati Rice”. Currently, it only prohibits such expressions for GIs identifying wines and spirits to be applied to wines and spirits, and not for GIs identifying other products (Article 23). In order to obtain GI protection for GIs identifying rice, it must be proven that the wrongful use either misleads the public or constitutes unfair competition (Article 22.2-4) which can be a very tricky thing to do.

At stake are exports of Basmati rice which amount to US\$ 350 million for India and US\$ 250 million for Pakistan; these exports might be affected if the U.S. version gets a market permission and establishes itself in third-country markets.

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\* For further information on this case see Jayashree Watal, *Intellectual Property Rights in the WTO and Developing Countries*, Kluwer Law International, The Hague, 2001, pp. 272–273; and Ashworth U. Rau, *Texmati, Texbasmati, Chidrarjeeling: Need for the Protection of our Geographical Indicators*, available at: [http://www.iprlawindia.org/law/contents/geo\\_appel/articles/texmati.html](http://www.iprlawindia.org/law/contents/geo_appel/articles/texmati.html), Chapter entitled *The Basmati Controversy*.