

## Geographical Indications: A Discussion on the TRIPs Regulation After The Ministerial Conference of Hong Kong

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## ARTICLES

# GEOGRAPHICAL INDICATIONS: A DISCUSSION ON THE TRIPS REGULATION AFTER THE MINISTERIAL CONFERENCE OF HONG KONG

STEFANIA FUSCO\*

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\* J.S.D. Candidate, Stanford Law School. For many producers and consumers, GIs are more than mere economic tools as in many cases they also represent the historical and social identity of particular communities located in a particular territory. However, other interested producers and consumers, because of differing historical and economic backgrounds, do not share the same understanding of GIs and, to a certain extent, consider their protection as a form of unjustified protectionism. For this reason, I decided to study these identifiers through an analysis that disregards the specific interest of individual parties and tries to determine whether, from an objective and uniform point of view, these different positions can somehow be reconciled. Therefore, despite the recognition of the existence of other significant factors involved in the investigation of this topic, I developed this research through an economic approach, which allowed me to understand the problems underlying the international negotiations in a more dispassionate manner.

I have many people to thank for their contribution in this project. I have significantly benefited from the cooperation with my advisor, Prof. Mark Lemley, whose comments helped me to carefully rethink and refine my positions on the discussed issues. I have also benefited from the discussions with Roland Vogl. I am grateful to Prof. Anthony Reese for his patience and alternative points of view, which greatly helped me to better develop my arguments. Finally, thanks go to my family, for the constant support during this year of research, and to my husband, for his encouragements and infinite understanding.

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## INTRODUCTION

The international regulation of Geographical Indications (GIs) on products is one of the most contentious issues in the international negotiations among World Trade Organization (WTO) member states. The discussion revolves mainly around three issues: (i) the creation of a multilateral register for wines and spirits, (ii) the extension of the higher level of protection already existing for wines and spirits to other products, and (iii) the European Union (EU) initiative to regain the exclusive use of certain GI names. The United States and the EU are the two main trading blocks that have set forth the opposing arguments that define the scope of this active debate. The purpose of this paper is to provide a thorough analysis of the most significant arguments presented by WTO delegates and scholars in support of or against the aforementioned issues. This project also represents an attempt to propose a policy recommendation for the solution of the conflict. This recommendation takes into consideration, to the largest extent possible, the interests of all the parties involved.

The regulation of GIs in the Trade-Related Aspects of Intellectual Property Rights (TRIPs) Agreement was the result of a significant compromise among the WTO member states in which the political and economic interests of each of the members was taken into account. The result was a hybrid discipline in which identifiers for similar products are treated in significantly different ways for no apparent logical reason. As part of this compromise, the WTO member states agreed in Article 23 of the TRIPs Agreement to negotiate the establishment of a multilateral system of notification and registration for wines and spirits. Several proposals have been presented over the years on this subject, and they can be generalized into two main themes of argument: one theme proposed by the EU and the other by the United States. The former proposes the creation of a multilateral register, whereas the latter supports the establishment of a voluntary database. From reading the TRIPs Agreement and the available unrestricted documents prepared during the negotiations, it is clear that the WTO member states, in entering the agreement, settled on the establishment of some kind of multilateral register for wines and spirits, and therefore, the EU proposal on this subject is more in line with the signatories' expectations. This multilateral register should not be forgone unless a more efficient system that serves the TRIPs purposes can be identified.

The extension of the level of protection of Article 23 of the TRIPs Agreement to products other than wines and spirits is a more delicate

issue. Such an extension could severely affect competition in these new markets, and thus, could reduce consumer well-being. Therefore, such an extension should be provided only in the presence of a significant economic justification, such as the producers' abilities to meet the relatively recent consumer demand for varied and high-quality products. Given this fact, it is possible to conclude that such an extension would be warranted only when the extra protection under consideration is related to the production of varied and high-quality products, as in the case of wines and spirits. In these regards, the concept of *terroir* provides significant guidance because it helps to identify those elements that, because of their strict connection with the territory, are unique and make the products in consideration unique as well. Indeed, it is this intrinsic characteristic of the products in consideration that has to be preserved to meet the consumer demand for variety and quality.

The EU initiative of reclaiming the exclusive use of certain GIs has no basis other than a retaliatory response for the deadlock of the negotiations over GIs that preceded the 2003 Cancun meeting. Indeed, the presence of pre-existing rights to these terms and the fact that many of these geographic terms are generic in other WTO member states cannot be overcome by "historical arguments" that define the use of certain GIs by producers that are not located in the specific geographical area as a form of usurpation. Therefore, no extension should be granted for the identifiers included in the EU list because no legal or economic justification can be identified to support a different conclusion.

Part I of this paper consists of a brief informational background of GIs with particular attention given to their historical development and to the most important international treaties addressing them, such as the TRIPs Agreement which is at the heart of this controversy. Part II discusses the creation of a multilateral register for wines and spirits. In order to facilitate a full understanding of the debate, the existing proposals are jointly summarized with a thorough analysis of the relevant portion of the TRIPs Agreement and the preceding negotiations. This section also presents plausible alternative solutions for the implementation of the relevant portion of TRIPs. Part III is dedicated to the analysis of the extension of Article 23 of the TRIPs Agreement to GIs on products other than wines and spirits. Particular attention will be provided to the economic rationale for such an extension and its limits. It also presents a complete overview of the most important scholarly arguments presented during the negotiations in support of or against the extension. Finally, the chapter will explore

why wines and spirits deserve a higher level of protection and will propose an empirical extension of Article 23 of the TRIPs Agreement only to those products that are similar to the products already included in the scope of Article 23. In conclusion, Part IV will briefly discuss the EU initiative to reclaim the exclusive use of certain GIs and will explain why such an initiative should be rejected.

## I. HISTORICAL BACKGROUND, DEFINITION, AND INTERNATIONAL REGULATION

GIs “were the earliest types of trademark.”<sup>1</sup> Indeed, GIs have been part of product identity through history. Even at the very beginning of wine production in Italy, for example, indications of origin were applied to containers as a means of classification. Those efforts to protect the product’s identity shared the same basic motivations of modern day efforts to provide legal recognition to GIs: economic and consumer protection.<sup>2</sup> In other words, protection of GIs tends to support “the creation of a distinctive product identifier and the assurance to the consumer of the authenticity of products bearing that identifier.”<sup>3</sup>

### A. Historical Background

As international trade started to develop during the eighteenth century, it became clear that, because of their particular qualities, some products from a specific region had a much higher success rate on the international market than others coming from a different region.<sup>4</sup> This trend led merchants to apply marks, which indicated the place of origin of the products, to the products themselves.<sup>5</sup> “These brands were tantamount to a warranty of the quality of these goods,”<sup>6</sup> and local

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1. Michael Blakeney, *Proposal for the International Regulation of Geographical Indications*, 4 J. WORLD INTELL. PROP. 629, 629 (2001).

2. Michael Maher, *On Vino Veritas? Clarifying the Use of Geographical References on American Wine Labels*, 89 CAL. L. REV. 1881, 1885 (2001).

3. *Id.*

4. See Blakeney, *supra* note 1, at 629 (“The superior quality resulted either from natural geographical advantages, such as climate and geology (e.g. Seville oranges, Kentish hops, Burgundy wine), recipes and food processing techniques local to a region (e.g. Kyoto bean cakes, Malmesbury mead, Frankfurter sausages) or indigenous manufacturing skills (e.g. Toledo steel, Delft ceramic ware, Korean celadon ware).”).

5. Sometimes these brands were also accompanied by depictions of local animals, landmarks, buildings, heraldic signs or well-known local personalities. Some examples are: Panda for beer, Mount Fuji for sake, Pisa’s tower for silk, *fleur de lys* for butter, Napoleon for brandy, and Mozart for chocolate. *Id.*

6. *Id.*

authorities started to provide protection for the commercial reputation of these products by passing laws aimed to prevent their adulteration.

Even though a modern system of private trademarks emerged in Britain as a consequence of the Industrial Revolution, its development did not cause, particularly in Europe, the disappearance of GIs.<sup>7</sup> To the contrary, GIs continued to be associated with those traditional products for which they were initially created. The continuous success of those traditional and high-quality products has allowed the survival of GIs until today. Ultimately, large-scale industrial production developed much more in the United States than in Europe where well-established traditional methods of production resisted the aforementioned Industrial Revolution in many areas.<sup>8</sup> As a consequence, a system of privately owned trademarks that could allow individual producers to be identified as the exclusive source of their goods came to be of extreme importance, compared to other identification forms, in what has become the highly-competitive U.S. market.

Hence, the origin of today's international conflict regarding the regulation of GIs can be traced, at least partly, to the different methods of production, the development of the markets, and the underlying economic, historical and social background in the "old world" versus the "new world."

### *B. Definition*

GIs are generic descriptions that can be used by all the producers in a particular geographic location for particular goods which are produced in that region. Most commonly, GIs are place names (in some countries they are also words associated with that place) or signs that are used on goods with a specific geographical origin. More specifically:

[T]he term "geographical indication" encompasses both "indications of source" and "appellations of origin." "Indications of source" is commonly understood to mean a word or other symbol that indicates that a product originates in a specific geographic region. "Appellation of origin" refers to a word or symbol that indicates both that the product originates

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7. *Id.* at 630.

8. Several reasons can be identified for such a "resistance" to the Industrial Revolution in some areas of the old continent. Such reasons range from the particular social and cultural context in Europe to the development of the local markets. A full analysis of them, although of extreme importance, goes far beyond the purpose of this paper.

from a specific geographic region and that it possesses the qualities or characteristics for which the place is known.<sup>9</sup>

GIs are, therefore, used to identify a wide variety of products, such as Tequila, Scotch, Grappa, Gorgonzola, Parmigiano Reggiano, and Idaho potatoes and onions, with particular characteristics because they come from specific places. These products are protected in accordance with national laws via a wide variety of legal instruments including specific GI laws, trademark law, consumer protection law, and common law.

In general terms, the most important characteristic of GIs protected by a *sui generis* law as compared to those that are protected by trademark law is the lack of private ownership<sup>10</sup> that makes it possible for all the producers of a particular region to use and enjoy the right to protect GIs against misappropriation.<sup>11</sup> This element, coupled with the required essential relationship between the user and the geographic region, causes GIs to not be freely transferable or licensable to other producers outside the specific region. Finally, in order to benefit from this form of identifier, GIs normally require compliance by producers to specific quality standards of production.<sup>12</sup>

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9. GRAEME B. DINWOODIE, WILLIAM O. HENNESSEY & SHIRA PERLMUTTER, *INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY* 315 (2001). It is worth mentioning that, “[b]ecause of the diverse ways in which the protection of [GIs] has evolved under national laws, there is no generally accepted terminology,” and that therefore, the aforementioned expressions (“indication of source,” “appellation of origin,” and the “geographical indications” itself) represent the most conventional definitions which can be found in the literature. See Blakeney, *supra* note 1, at 630. Also, in April 2001, the WTO Secretariat adopted in this regards the term “indications of geographical origin.” *Id.* at 631.

10. As mentioned above, GIs pertain to all the products of a particular geographical location. See *supra* Part I.B. It is also useful to mention here that in those systems in which geographic marks are regulated by trademarks instead of a *sui generis* GIs law, these kinds of marks receive significant protection from certification marks whose ownership does not vest in the producers, but in a private third-party. Indeed, the main difference between certification marks and GIs in this regard is given by the different ownership, which in the first case vests in a private subject whereas in the second case pertains to all the producers located in a certain area.

11. However, in general, GIs are monitored and protected by the producer association of the particular region.

12. The reason for this requirement is related to the goodwill conveyed by the GIs and its lack of private ownership. Indeed, in order to protect this goodwill, consistency in the level of quality of the relative products is required, and thus, producers associations normally create standards of production that must be respected by all the local producers in order to benefit from the use of the specific GI. See, e.g., the requirements for production of Chianti Classico DOCG and Olio Extravergine d’Oliva “Riviera Ligure – Riviera dei Fiori” DOP (Table 1) *infra* at p. 56.



*C. The International Regulation of GIs*

While a number of attempts to institute the international protection of GIs have been made, many interested producers and observers are still awaiting a break-through. The most notable treaties addressing this issue are the Paris Convention of 1883,<sup>13</sup> the Madrid Agreement of 1891,<sup>14</sup> and the Lisbon Agreement of 1958,<sup>15</sup> as well as a number of bilateral agreements.<sup>16</sup> The basic concepts developed under these agreements have been incorporated into the World Trade Organization's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) of 1994, which became effective on January 1, 1995.<sup>17</sup>

More specifically, the Paris Convention was the first multilateral agreement to prohibit the use of false GIs.<sup>18</sup> Subsequently, in response to a request presented by a number of nations to provide a more comprehensive regulation, the Madrid agreement expanded the scope of protection by also including a prohibition against the use of misleading indications.<sup>19</sup> Yet, these provisions failed to gain the support of important trading nations, such as the United States, Germany and Italy.<sup>20</sup> The Lisbon Agreement, on the other hand, succeeded in "establish[ing] an international system of registration and protection of appellations of origin," but it was only signed by a few nations.<sup>21</sup> The

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13. See Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as last revised July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305, available at [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html) [hereinafter Paris Convention].

14. Madrid Agreement Concerning the International Registration of Marks, Apr. 14, 1891, as revised July 14, 1967, 828 U.N.T.S. 389, available at [http://www.wipo.int/madrid/en/legal\\_texts/trtdocs\\_wo015.html](http://www.wipo.int/madrid/en/legal_texts/trtdocs_wo015.html) [hereinafter Madrid Agreement].

15. Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, Oct. 31, 1958, as last revised Jan. 1, 1994, 923 U.N.T.S. 205, available at [http://www.wipo.int/lisbon/en/legal\\_texts/lisbon\\_agreement.htm](http://www.wipo.int/lisbon/en/legal_texts/lisbon_agreement.htm) [hereinafter Lisbon Agreement].

16. See e.g., Council Decision 94/184, *EU-Australia Agreement on Trade in Wine*, 1994 O.J. (L 86) 1; *Agreement Between the European Community and Canada on Trade in Wines and Spirit Drinks*, 2004 O.J. (L 35) 3; *Agreement Between the European Community and the Republic of South Africa on Trade in Spirits*, 2002 O.J. (L 28) 113; *Agreement Between the European Community and the Republic of South Africa on Trade in Wine*, 2002 O.J. (L 28) 4.

17. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments—Results of the Uruguay Round, 33 I.L.M. 1125, 1197 [hereinafter TRIPs Agreement].

18. Blakeney, *supra* note 1 at 637.

19. *Id.* at 638.

20. *Id.*

21. *Id.*

TRIPs Agreement is the first such agreement to combine the broad support of important trading nations and a more significant international regulation of GIs.

The TRIPs Agreement is binding upon all the member states of the WTO and thereby includes almost all the relevant markets in the world.<sup>22</sup> It is certainly one of the most, if not the most, important international agreements on intellectual property protection, and GIs have particularly benefited from its enactment. In fact, prior to the enactment of TRIPs, it was not possible to talk about a comprehensive global system of protection for GIs. Both the Paris Convention and the Madrid Agreement covered only a small portion of the subject, and the Lisbon Agreement, although broader in its scope, suffered from limited membership, which also hobbled the relevant bilateral agreements. TRIPs, on the other hand, established a worldwide minimum standard of protection for GIs.

The following articles define the protection required under the TRIPs Agreement:

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22. TRIPs Agreement, *supra* note 17, art.1.

- Article 22 of the TRIPs Agreement<sup>23</sup> covers all products for which a relationship between quality, reputation<sup>24</sup> or other characteristics and geographical origin can be shown, and establishes a standard level of protection according to which GIs have to be protected in order to avoid misleading the public and to prevent unfair competition.<sup>25</sup>

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23. *Id.* art. 22.

*Protection of Geographical Indications*

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

*Id.*

24. It should be noted that because Article 22 provides protection for goods that derive only their reputation from a particular location and not necessarily also their qualities, the TRIPs Agreement expands the scope of protection that was established in the Lisbon Agreement, and includes “indication of origin” together with “appellation of origin.” See *supra* Part I.B.

25. The concept of unfair competition relevant in this context is defined by Article 10bis of the Paris Convention.

- Article 23 of the TRIPs Agreement<sup>26</sup> provides a higher level of protection for GIs for wines and spirits compared to the standard established for other products by Article 22 of the TRIPs Agreement.<sup>27</sup> Therefore, subject to a number of exceptions,<sup>28</sup> GIs for wines and spirits have to be protected even if misuse would not cause the public to be misled. Also, Article 23 of the TRIPs Agreement provides stipulations for homonymous GIs<sup>29</sup> on products sold in the same markets. In this case, the rule allows for co-existence so long as some kind of specification is included to help the consumer distinguish the homonymous marks. Finally, Article 23(4) of the TRIPs Agreement prescribes that WTO member states should undertake negotiations to create a multilateral system of

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26. TRIPs Agreement, *supra* note 17, art. 23.

*Additional Protection for Geographical Indications for Wines and Spirits*

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

*Id.*

27. *See id.*

28. *See id.* art. 24.

29. Homonymous GIs are indications, which are spelled and pronounced in the same way, but refer to locations situated in different countries. An example could be the term “Rioja” for wines coming from Spain or Argentina. *See* Blakeney, *supra* note 1, at 643.

notification and registration of GIs on wines.<sup>30</sup> A full discussion of this point will be the subject of the next Part.<sup>31</sup>

- Article 24 of the TRIPs Agreement identifies a number of exceptions that limit the applicability of articles 22 and 23.<sup>32</sup> In particular, the implementation of Articles 22 and

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30. TRIPs Agreement, *supra* note 17, art. 23(4).

31. See *infra* Part II.

32. TRIPs Agreement, *supra* note 17, art. 24.

*International Negotiations; Exceptions*

1. Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23. The provisions of paragraphs 4 through 8 below shall not be used by a Member to refuse to conduct negotiations or to conclude bilateral or multilateral agreements. In the context of such negotiations, Members shall be willing to consider the continued applicability of these provisions to individual geographical indications whose use was the subject of such negotiations.

2. The Council for TRIPs shall keep under review the application of the provisions of this Section; the first such review shall take place within two years of the entry into force of the WTO Agreement. Any matter affecting the compliance with the obligations under these provisions may be drawn to the attention of the Council, which, at the request of a Member, shall consult with any Member or Members in respect of such matter in respect of which it has not been possible to find a satisfactory solution through bilateral or plurilateral consultations between the Members concerned. The Council shall take such action as may be agreed to facilitate the operation and further the objectives of this Section.

3. In implementing this Section, a Member shall not diminish the protection of geographical indications that existed in that Member immediately prior to the date of entry into force of the WTO Agreement.

4. Nothing in this Section shall require a Member to prevent continued and similar use of a particular geographical indication of another Member identifying wines or spirits in connection with goods or services by any of its nationals or domiciliaries who have used that geographical indication in a continuous manner with regard to the same or related goods or services in the territory of that Member either (a) for at least 10 years preceding 15 April 1994 or (b) in good faith preceding that date.

5. Where a trademark has been applied for or registered in good faith, or where rights to a trademark have been acquired through use in good faith either:

(a) before the date of application of these provisions in that Member as defined in Part VI; or

(b) before the geographical indication is protected in its country of origin; measures adopted to implement this Section shall not prejudice eligibility for or the validity of the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with, or similar to, a geographical indication.

6. Nothing in this Section shall require a Member to apply its provisions in

23 “shall not prejudice eligibility for or the validity of the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with or similar to,” an existing GI, if the trademark has been acquired in good faith either: 1) before the date of application of these provisions in the member state, or 2) before the GI is protected in its country of origin.<sup>33</sup>

The following Parts will provide a full description of the main issues surrounding the scope and applicability of the aforementioned articles together with the relevant policy discussion.

## II. THE MULTILATERAL REGISTER FOR WINES AND SPIRITS

The international regulation of GIs on products was one of the most contentious TRIPs related issues at the international negotiations of the World Trade Organization Ministerial meeting in Cancun, Mexico.<sup>34</sup>

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respect of a geographical indication of any other Member with respect to goods or services for which the relevant indication is identical with the term customary in common language as the common name for such goods or services in the territory of that Member. Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to products of the vine for which the relevant indication is identical with the customary name of a grape variety existing in the territory of that Member as of the date of entry into force of the WTO Agreement.

7. A Member may provide that any request made under this Section in connection with the use or registration of a trademark must be presented within five years after the adverse use of the protected indication has become generally known in that Member or after the date of registration of the trademark in that Member provided that the trademark has been published by that date, if such date is earlier than the date on which the adverse use became generally known in that Member, provided that the geographical indication is not used or registered in bad faith.

8. The provisions of this Section shall in no way prejudice the right of any person to use, in the course of trade, that person's name or the name of that person's predecessor in business, except where such name is used in such a manner as to mislead the public.

9. There shall be no obligation under this Agreement to protect geographical indications which are not or cease to be protected in the country of origin, or which have fallen into disuse in that country.

*Id.*

33. *Id.*

34. The Fifth WTO Ministerial Conference was held in Cancun from September 10-14, 2003. More information about the meeting is *available at* [http://www.wto.org/english/thewto\\_e/minist\\_e/min03\\_e/min03\\_e.htm](http://www.wto.org/english/thewto_e/minist_e/min03_e/min03_e.htm) (last visited Feb. 24, 2005) [hereinafter Cancun Conference].

The November 2001 Declaration of the Fourth Ministerial Conference in Doha provided the mandate for negotiations on a range of subjects, including two TRIPs issues.<sup>35</sup> Among these issues was the protection of GIs, whose debate played “a politically and ideologically divisive role in the furtherance of TRIPs’ goals to protect intellectual property and global economic interests” and to promote global trade.<sup>36</sup>

The discussion, which evolved as a component of the larger debate on global agricultural policy, mainly revolves around three points of contention: (i) the creation of a multilateral register for wines and spirits, (ii) the extension of the higher level of protection of Article 23 of the TRIPs Agreement to products other than wines and spirits and (iii) the EU initiative to regain the exclusive use of certain geographical indication names.<sup>37</sup>

### *A. Background and Proposals*

#### 1. Background

The negotiations regarding the creation of a multilateral register for wines and spirits began in July 1997 following the enactment of Article 23(4) of the TRIPs Agreement and continued until the Fourth Ministerial Conference in Doha, which included a mandate for additional negotiations about the protection of GIs in its Declaration.<sup>38</sup> Since November 2001 some progress was made, but on September 14, 2003, due to the objective impossibility of reaching an agreement on this and several other issues covered by the meeting, the Cancun Ministerial collapsed.<sup>39</sup> The talks, however, never really ended as the delegates have continued to negotiate back in Geneva, looking for solutions that could finally bring them to a binding agreement before the Hong Kong Ministerial meeting of December 2005.<sup>40</sup>

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35. World Trade Organization, Ministerial Declaration of 14 November 2001, WT/MIN(01)/DEC/1, 41 I.L.M. 746 (2002), available at <http://www.wto.org/> [hereinafter Doha Ministerial Declaration].

36. Stacy D. Goldberg, *Who Will Raise the White Flag? The Battle Between the United States and the European Union Over the Protection of Geographical Indications*, 22 U. PA. J. INT’L ECON. L. 107, 110 (2001).

37. *Id.* at 125-26.

38. Doha Ministerial Declaration, *supra* note 35.

39. It should be noted, however, that this result certainly was not unexpected to the WTO delegates, particularly if we consider that none of the intermediate deadlines established for the negotiations in Doha had been met before Cancun. See Cancun Conference, *supra* note 34.

40. See Minutes of the General Council, WT/GC/M/87 (Oct. 4, 2004), available at

Unfortunately though, the Hong Kong Conference did not produce the desired results. To the contrary, the six days of talks did very little to resolve the conflicts among the WTO member states.<sup>41</sup> In late July, 2006, the WTO Director General, Pascal Lamy, announced the suspension of the Doha Round.<sup>42</sup> Without much warning, the negotiations resumed in February 2007<sup>43</sup> and included informal talks within the TRIPs Council about GIs.<sup>44</sup> To better understand the debate in question and the arguments that have been presented, a brief description of the most important proposals presented follows.

## 2. The Proposals for the Multilateral Register

Two main sets of proposals on the creation of a multilateral register for wines and spirits have been submitted over the years, and they represent the two primary arguments in the negotiations.<sup>45</sup> The first line of arguments, known as the TRIPs-plus proposal,<sup>46</sup> endorsed by the

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<http://docsonline.wto.org/DDFDocuments/t/WT/GC/M87.doc>.

41. See, e.g., Gerald P. O'Driscoll, *The Terms of Trade: A Coalition of the Willing?*, WALL ST. J., Dec. 15, 2005, at A18; Scott Miller & Greg Hitt, *Farm-Aid Pact Averts Failure in Global Trade Talks*, WALL ST. J., Dec. 19, 2005, at A3; Guy De Jonquieres & Frances Williams, *WTO Deal Fails to Heal Rifts*, FIN. TIMES, Dec. 19, 2005, at 1.

42. See, e.g., Juliane von Reppert-Bismarck & Greg Hitt, *Talks for Global Trade Deal Collapse*, WALL ST. J., July 25, 2006, at A3; Alan Beattie, *Several Suspects in Frame for Doha Murder*, FIN. TIMES, July 26, 2006, at 5.

43. BRIDGES Weekly Trade News Digest (Int'l Ctr. For Trade and Sustainable Dev.), Feb. 7, 2007, *Doha Round Negotiations "Fully" Resume; Lamy Sees Favourable Conditions for Deal*, available at <http://www.ictsd.org/weekly/07-02-07/story1.htm> (last visited Feb. 27, 2008).

44. BRIDGES Weekly Trade News Digest (Int'l Ctr. For Trade and Sustainable Dev.), Feb. 21, 2007, *Brief TRIPs Council Gives Way to Informals*, available at <http://www.ictsd.org/weekly/07-02-21/story1.htm> (last visited Mar. 3, 2007).

45. The proposals here mentioned have been revised several times over the years and also have been joined to other proposals presented by other WTO countries. Therefore, the present analysis is just a schematic summary of the relevant concepts.

46. This proposal represents the final version of a number of prior attempts to provide a possible solution to the implementation of Article 23(4) of the TRIPs Agreement. Special Session of the Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from the European Communities: Geographical Indications*, WT/GC/W/547/TN/C/W/26/TN/IP/W/11 (June 14, 2005). In July 1999, the EU submitted for the first time a proposal on the issue of the creation of a multilateral register for wines and spirits. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from the European Communities and their Member States: Proposal for a Multilateral Register of Geographical Indications for Wines and Spirits Based on Article 23.4 of the TRIPs Agreement*, IP/C/W/107 (July 28, 1998). This proposal was then revised in June 2000 to accommodate the considerations presented by the other WTO Member states on the 1999 version. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from the European Communities and their Member States: Implementation of Article 23.4 of*



European Community, proposes that the registration at the WTO level would establish a “presumption” (that can be challenged on certain grounds) that the GI is to be protected in all other countries.<sup>47</sup>

Under this proposal, each WTO Member state seeking international protection of its GIs would have to notify the WTO Secretariat. Once all relevant notifications have been collected, the WTO Secretariat would publish and communicate them to other WTO Member states, which would have eighteen months to examine the publication and present related questions. During that period the WTO Member states also have the right to challenge the other states’ GI registrations thereby undertaking bilateral negotiations to solve possible disputes. The GI in question will not be officially registered until the settlement of such negotiations, and, in the event of a successful challenge, it will be permanently excluded from the system.<sup>48</sup> Opposition to the registration

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*the TRIPs Agreement Relating to the Establishment of a Multilateral System of Notification and Registration of Geographical Indications*, IP/C/107/Rev. 1 (June 22, 2000). Subsequently, Hungary further developed the EU proposal and submitted its own version in 2001. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Hungary: Opposition/Challenge Procedure in the Multilateral System of Notification and Registration of Geographical Indications*, IP/C/W/234 (Dec. 11, 2000). Then, the EU incorporated the modifications proposed by Hungary in its May 2001 version. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Hungary: Incorporation of Elements Raised by Hungary in IP/C/W/234 into the Proposal by the European Communities and Their Member States on the Establishment of a Multilateral System of Notification and Registration of Geographical Indications*, IP/C/W/255 (May 3, 2001). Finally, the version which is summarized here in its most significant aspects has been prepared and circulated in preparation of the Hong Kong Ministerial. Special Session of the Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from the European Communities: Geographical Indications*, WT/GC/W/547/TN/C/W/26/TN/IP/W/11 (June 14, 2005). The aforementioned documents are available at <http://www.wto.org/> under the “Official Documents” link.

47. See TRIPs: GEOGRAPHICAL INDICATIONS, available at [http://www.wto.org/english/tratop\\_e/TRIPs\\_e/gi\\_background\\_e.htm](http://www.wto.org/english/tratop_e/TRIPs_e/gi_background_e.htm) (last visited Feb. 15, 2005).

48. Special Session of the Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from the European Communities: Geographical Indications*, WT/GC/W/547/TN/C/W/26/TN/IP/W/11 (June 14, 2005). This provision is the result of a modification added by Hungary to the 2000 version of the EU proposal. In that particular version, the EU suggested a system in which once the eighteen months elapsed all the notified GIs would be inserted in the multilateral register no matter if they were subject to challenges by some states. The only legal effect of the opposition would be the consequent lack of protection of the challenged GI in the territory of the state that presented the opposition. All the other states would still be under the obligation to provide the protection established by Article 23 of the TRIPs Agreement to the registered GIs no matter if challenged by other states. As underscored by the proposal presented by Hungary, the need for certainty in the international trade and uniformity of treatment in all the WTO Member states would make this system quite ineffective, as the same GI would receive different levels of protection in different states with the possibilities of consequent distortions of trade (which

of a certain GI can only be brought by a WTO Member state on certain grounds, such as non-compliance with the definition of GIs in Article 22 of the TRIPs Agreement or the fact that the GI is a generic name.<sup>49</sup> Thus far, the EU proposal is endorsed by “Bulgaria, Cuba, Egypt, Georgia, Hungary, Iceland, India, Jamaica, Kenya, Liechtenstein, Mauritius, Nigeria, Pakistan, Slovakia, Sri Lanka, Switzerland, Turkey, and Venezuela.”<sup>50</sup>

The second main set of proposals known as the “joint paper,” was initially submitted by the United States and Japan in February 1999,<sup>51</sup> revised by Canada and Chile in July 1999,<sup>52</sup> and further refined in September 2002<sup>53</sup> and April 2004<sup>54</sup> with the support of a number of other countries. The final version submitted on April 2005 consists of a voluntary system in which each WTO Member state would initially communicate the list of GIs protected in its territory to the WTO, which would then register these GIs in a database maintained by the WTO

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is exactly what the TRIPs Agreement was aimed to avoid). Hungary therefore proposed a system whose effects would be *erga omnes* and, as explained in the text, would determine the rejection of registration of all successfully challenged GIs. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Hungary: Incorporation of Elements Raised by Hungary in IP/C/W/234 into the Proposal by the European Communities and Their Member States on the Establishment of a Multilateral System Notification and Registration of Geographical Indications*, IP/C/W/255 (May 3, 2001).

49. TRIPs Agreement, *supra* note 17, art. 24(6).

50. The support by these countries has been conditioned on a *bona fide* undertaking of the negotiations on the extension of the level of protection of Article 23 of the TRIPs Agreement to other products of their interest. BERNARD O’CONNOR, *THE LAW OF GEOGRAPHICAL INDICATIONS*, 396 (Cameron May 2004).

51. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Japan and the United States: Proposal for a Multilateral System for Notification and Registration of Geographical Indications for Wines and Spirits Based on Article 23.4 of the TRIPs Agreement*, IP/C/W/133 (Mar. 11, 1999).

52. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Canada, Chile, Japan and the United States: Proposal for a Multilateral System for Notification and Registration of Geographical Indications Based on Article 23.4 of the TRIPs Agreement*, IP/C/W/133/Rev.1 (July 26, 1999).

53. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Argentina, Australia, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Japan, Namibia, New Zealand, Philippines, Chinese Taipei, and the United States: Proposal for a Multilateral System for Notification and Registration of Geographical Indications for Wines and Spirits Based on Article 23.4 of the TRIPs Agreement*, TN/IP/W/5 (Oct. 22, 2002).

54. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Argentina, Australia, Canada, Chile, Ecuador, El Salvador, New Zealand and the United States: Joint Proposal for a Multilateral System of Notification and Registration of Geographical Indications for Wine and Spirits*, TN/IP/W/9 (Apr. 13, 2004)

itself.<sup>55</sup> In turn, the participating governments would have to consult the database when making GI protection decisions in accordance with their national law, whereas non-participating members would be encouraged, but not obliged, to consult the database.<sup>56</sup> Given that there are no legal repercussions connected to the insertion of a GI in the proposed database, which is merely a source of information for participating countries, no opposition procedure has been included in the “joint paper” proposal. This system is supported by Argentina, Australia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, New Zealand, Philippines, and Chinese Taipei.<sup>57</sup>

Both proposals suffer from major weaknesses and, in an attempt to overcome them, Hong Kong and the International Trademark Association (INTA) submitted an additional proposal and a position paper in April 2003. Their proposals represent a middle ground between the two major trading blocks described above. The Hong Kong proposal brings the protection of GIs back to the national courts of WTO member states.<sup>58</sup> Hong Kong proposes a registration system at the WTO level in which member states may communicate their respective GIs. Notifications will only be examined on formal grounds at the WTO level and entry into the Register will create *prima facie* evidence of ownership, conformity to the definition included in Article 22 of the TRIPs Agreement, and existence of the protection of the specific GI in the country of origin.<sup>59</sup> This presumption may then be overcome in proceedings before national courts, tribunals, or administrative bodies whose decisions would be based on domestic law, and thus, would only have territorial effects.

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55. Council for Trade-Related Aspects of Intellectual Property Rights, *Submission by Argentina, Australia, Canada, Chile, Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, New Zealand, Chinese Taipei and the United States: Proposed Draft TRIPs Council Decision on the Establishment of a Multilateral System of Notification and Registration of Geographical Indications for Wine and Spirits*, p. 3, TN/IP/W/10 (Apr. 1, 2005).

56. *Id.*

57. O’CONNOR, *supra* note 50, at 397; *see also* Council for Trade-Related Aspects of Intellectual Property Rights, *Communication by Paraguay: Addendum to Proposed Draft TRIPs Council Decision on the Establishment of a Multilateral System of Notification and Registration of Geographical Indications for Wine and Spirits*, p. 1, TN/IP/W/10/Add.1 (Nov. 18, 2005).

58. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Hong Kong, China: Multilateral System of Notification and Registration of Geographical Indications Under Article 23.4 of the TRIPs Agreement*, pp. 6, 7, TN/IP/W/8 (Apr. 23, 2003).

59. *See* TRIPs Agreement, *supra* note 17, art. 24(9).

Similarly, INTA's position paper recommends a system of intellectual property rights protection that includes a notification/registration system based on the existence at the national level of application/registration and refusal/opposition procedures. The national courts would examine each registration while particularly taking into account the existence of prior rights. The final communication of successfully registered GIs at the domestic level to other WTO Member states would be made through an international body created by the WTO for this purpose.<sup>60</sup>

### *B. The TRIPs Agreement*

WTO Member states are divided on the issue of the creation of a multilateral register for wines and spirits. A number of states, particularly developing countries, support the EU proposal and have expressed to the TRIPs Council a desire that the registration system and the higher level of protection provide by Article 23 of the TRIPs Agreement should be extended to many other products.<sup>61</sup> The other side of the debate has been presented by the United States, Australia, Japan, the Republic of Korea, Argentina, Canada, Chile, and others. These countries believe that the system of registration proposed by the EU will be expensive<sup>62</sup> and that there is no evidence that the actual level of protection provided by Article 22 of the TRIPs Agreement does not confer the benefit that the other countries expect to achieve through a more stringent protection of GIs.<sup>63</sup>

In order to increase the level of understanding of the international debate on this issue, it is necessary to refer to the TRIPs Agreement itself and to provide an analysis of its relevant portions as well as a brief overview of the negotiations that led to its enactment. This will elucidate both what the WTO Member states agreed upon by entering the TRIPs Agreement and the way in which such an agreement came

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60. See International Trademark Association, *Establishment of a Multilateral System of Notification and the Registration of Geographical Indications for Wines and Spirits Pursuant to TRIPs Article 23(4)*, available at [http://www.wto.org/english/forums\\_e/ngo\\_e/inta\\_e.doc](http://www.wto.org/english/forums_e/ngo_e/inta_e.doc).

61. Felix Addor & Alexandra Grazioli, *Geographical Indications Beyond Wine and Spirits. A Roadmap for a Better Protection for Geographical Indications in the WTO/TRIPs Agreement*, 5 J. WORLD INTELL. PROP. 865, 866 (2002).

62. *Id.*

63. Steven A. Bowers, *Location, Location, Location: The Case Against Extending Geographical Indication Protection Under the TRIPs Agreement*, 31 AIPLA Q.J. 129, 154 (2003).

about, allowing the gathering of useful information on how the present controversy should be addressed.

### 1. The Negotiations on the Protection of GIs before the TRIPs Agreement

As with many other issues subject to international agreements, the regulation of GIs in TRIPs was the result of a compromise among conflicting economic, political, and legal interests. Nevertheless, what can be considered unique to this particular “compromise,” as compared to the one reached over other forms of Intellectual Property (IP) in the TRIPs Agreement, is the size of the gap that the different negotiating countries had to fill in order to agree to the present regime of international regulation of GIs. Indeed, many countries at the beginning of the negotiations, which started with general discussions about the objectives to be reached and principles of international law to be applied,<sup>64</sup> did not have a clear understanding of the nature, specific characteristics, and relevance of GIs and, quite openly, questioned whether it was “appropriate to deal with this particular form of IP in the Negotiating Group.”<sup>65</sup> In their opinion, there were no trade-related aspects connected with them or, at least, none that could not be resolved through the international regulation of trademarks.<sup>66</sup>

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64. This initial stage, which started in April 1987, was then followed by the submission of proposals by the different delegations, both on specific issues and on more general subjects, which constituted the basis for the subsequent discussions made by the Negotiating Group in 1988 and 1989. The final draft agreement of 1991 was the result of such discussions and of the additional proposals submitted in 1990. Minutes of the Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods (“TRIPs Negotiating Group Minutes”), MTN.GNG/NG11/1.

65. TRIPs Negotiating Group Minutes, MTN.GNG/NG11/9 (Oct. 13, 1988).

66. In particular the delegation from Japan at this early stage of the negotiations expressed concerns about this issue and explained that its proposal did not include GIs, as this form of IP was still under study by its government. It is important to keep in mind in these regards that the negotiations leading to the TRIPs Agreement developed within the General Agreement on Tariffs and Trade (GATT) framework (and in particular within the Uruguay Round which was launched at Punta del Este in 1986) as a measure to eliminate trade distortion caused by the excessive, insufficient, or absence of protection of IP. Indeed, as made clear by the Chairman (Ambassador Lars E.R. Anell from Sweden) in the March 25, 1987 meeting,

the protection of [IPR], including the way in which such protection was accorded and enforced, was an issue of significant and growing importance in international trade and economic relations. International trade in goods increasingly involved the international exchange of technologies, creative activity and other subjects of [IPR]. Some of [the] participants stressed the importance they attached to satisfactory results in this area, which were necessary in order to achieve an acceptable overall balance of results of the Uruguay Round.

On the other side of the spectrum were other countries, such as the EU and Switzerland, for which the protection of GIs was of extreme significance given the long-term establishment of GIs in their economies and legal tradition. They underscored the importance of this particular form of IP for their governments and noted on more than one occasion that they “could not see the logic in accepting that GATT could deal with some substantive standards [of IP] . . . and, at the same time, claiming that other intellectual property rights could not be discussed.”<sup>67</sup> Indeed, according to them, “geographical indications were only one category among a number of types of intellectual property rights.”<sup>68</sup>

In between these two positions were those countries, such as Australia, Chile, and the United States, which although familiar with GIs, had a different legal tradition. These countries provided protection for these geographic terms through trademark law, unfair competition and certification marks and not through a *sui generis* GI law. Many of them had significant economic interests in these kinds of identifiers that, in their territory, consisted either of trademarks or generic terms, and thus considered the position held by the EU and Switzerland to be overreaching.<sup>69</sup> Indeed, these countries’ main objection to the EU proposal was the issue of how to deal with generic terms and trademarks incorporating geographic terms originating from other countries.<sup>70</sup>

These concerns were made clear by Australia in 1989 when one of its representatives, while comparing the EU and Australian proposals, said that “his delegation supported the protection of [GIs] including appellations of origin and could agree widely with the proposal of the

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TRIPs Negotiating Group Minutes, MTN.GNG/NG11/1 (Apr. 10, 1987). Nevertheless, some other participants, particularly from the developing countries, pointed out that the goal of the negotiations was not to provide a substantive international regulation of IP (which was instead an issue on which at that time WIPO was working) that could harmonize the domestic law of the different WTO Member states, but only to agree upon a uniform solution to those issues that indeed had an impact on the international trade. In other words, it was clear since the beginning that the TRIPs Agreement had to deal *only* with those negative effects on trade that resulted from “anomalous” protection of IPR. See Meeting of March 25, 1987, TRIPs Negotiating Group Minutes, MTN.GNG/NG11/1 (Apr. 10, 1987); TRIPs Negotiating Group Minutes, MTN.GNG/NG11/8 (Aug. 29, 1988). Notwithstanding this initial objective, the negotiations had the result to provide the world’s most compressive and substantive international agreement on IPR.

67. TRIPs Negotiating Group Minutes, MTN.GNG/NG11/9 (Oct. 13, 1988).

68. *Id.*

69. This was particularly true for wine producing countries, such as Australia and Chile whose economic interest in specific GIs was equal to one of their European counterparts. TRIPs Negotiating Group Minutes, MTN.GNG/NG11/14 (Sept. 12, 1989).

70. *Id.*

Communities; the differences between his country [of origin] and the Community on this matter [were] essentially in regard to names that had become truly generic.”<sup>71</sup> Indeed, according to him “many of the terms in question no longer reflected a geographical indication but had become associated with a general set of characteristics that pertained to a particular product.”<sup>72</sup> Finally, he added that, “[a]s long as there was no intention, or effect, of deceiving the consumer, his delegation did not consider it necessary to protect names that had become truly generic.”<sup>73</sup> This position was also shared by the United States, whose representative shortly thereafter pointed out that “his country . . . recogni[z]ed . . . that over time terms would become so widely used as to become generic”<sup>74</sup> and that therefore there were concerns in his delegation about the establishment in the TRIPs Agreement of a level of protection for GIs that was too high.

The EU representative on the other hand “emphasi[z]ed the major trade distortions and impediments that were arising in his view because of widespread [misuse] of geographical indications, in particular . . . of names of geographical areas located on European territory which represented products specific to the natural and/or human environment in which they were elaborated.”<sup>75</sup> He felt that “a considerable number of other countries, both developed and developing, had interests in this matter. The products affected were often processed agricultural products.”<sup>76</sup> He also hoped that “countries which stood to benefit from being able to exploit more fully a comparative advantage in agriculture as a result of the Uruguay Round negotiations . . . would recogni[z]e the legitimacy of the Community’s desire to benefit fully from its own comparative advantage, which [consisted] particularly in the accumulation of know-how, experience and in its specific conditions of soil and climate.”<sup>77</sup> Finally, he pointed out that “[t]he essence of what the Community was seeking was adequate protection against unfair use by third parties of the results of the work, investment and goodwill generated by its people[.]”<sup>78</sup>

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71. *Id.*

72. *Id.* at ¶ 26.

73. *Id.*

74. *Id.*

75. *Id.* at ¶ 24.

76. *Id.*

77. *Id.*

78. *Id.*

The positions of the different delegations over the regulation of GIs continued to be substantially irreconcilable during 1988 and 1989 and became even more problematic towards the beginning of 1990.<sup>79</sup> Indeed, as the deadline for the conclusion of the negotiations approached, the tension in the negotiations increased and a number of new legal texts were submitted. The first was that of the EU,<sup>80</sup> which was introduced at the meeting of April 1990 by a representative of its delegation, which underscored that “[t]he Community had decided to reiterate its previously tabled proposal on this matter, in the hope that other participants would make constructive attempts to address the trade problems in this area.”<sup>81</sup> He also stressed “the unacceptable nature of the present situation in certain jurisdictions, mainly created by the absence of adequate protection of appellations of origin in a few countries to the advantage of a relatively small number of producers, and to the detriment of the legitimate producers of such appellations in the Community or in other wine producing countries.”<sup>82</sup>

It became clear at that point that no agreement could have been reached with the EU without the inclusion in the TRIPs Agreement of some level of protection for GIs that could have been considered satisfactory from the Community perspective.<sup>83</sup> The EU proposal was

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79. The agreement was supposed to be reached by the autumn of 1990, but soon it became clear that it was very unlikely this goal was going to be met as expressly underscored by the Chairman of the negotiations when in August 1990 he commented upon the consultations and said:

The consultations had been positive and held in a very constructive atmosphere . . . [but they] had not served to narrow significantly the gap on points where there were differences of substance. The number of such points, their complexity and the extent of the gap between participants in respect of many of them were such that the task of reaching an agreement in the Autumn remained a formidable one.

TRIPs Negotiating Group Minutes, MTN.GNG/NG11/23 (Aug. 22, 1990).

80. Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Communication from the European Communities: Draft Agreement on Trade-Related Aspects of Intellectual Property Rights*, MTN.GNG/NG11/W/68 (Mar. 29, 1990).

81. TRIPs Negotiating Group Minutes, MTN.GNG/NG11/20 (Apr. 24, 1990).

82. *Id.*

83. Indeed such an agreement was highly desired by more than one country. In particular, the United States was suffering heavy losses from the absence of adequate protection of IPR abroad.

The industries in such sectors as computer software and microelectronics, entertainment, chemicals, pharmaceuticals, and biotechnology, had become concerned about the loss of commercial opportunities abroad. In 1987 a survey by the United States International Trade Commission (ITC) confirmed, on the basis of public hearing held and questionnaires administered, that the United States firms were losing [sic] some 50 billion dollars, owing to lack of protection abroad of



therefore “followed by a series of similar drafts of complete texts of TRIPs Agreement, submitted in May 1990 by the United States,<sup>84</sup> Switzerland,<sup>85</sup> and Japan,<sup>86</sup> all of which ‘borrowed substantially from the Community’s text.’”<sup>87</sup> Also in May 1990, for the first time a group of developing countries submitted a proposal.<sup>88</sup> All the aforementioned drafts included provisions that addressed GIs that, to use the words of the EU representative, “still fell short of the Community’s ambitions,” but without doubt represented progress towards a possible agreement.<sup>89</sup>

Subsequently the Chairman of the negotiations produced a composite text, that summarized the relevant points and alternatives of the proposals mentioned above.<sup>90</sup> This document represented the basis on which the negotiations, which anticipated the Brussels meeting of December 1990, took place. The Brussels meeting produced tangible results and the Draft Final Act was issued by December 1991.<sup>91</sup> “[T]he subsequent discussions did not yield many substantive provisions different from [the one included in the December 1991 draft],”<sup>92</sup> which therefore is very close to the agreement adopted in Marrakesh in 1994.

As for the specific regulation of GIs, it can be said that the final version of the TRIPs Agreement reflects the dynamics and struggles of

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Intellectual Property.

A. O. Adede, *The Political Economy of the TRIPs Agreement: Origins and History of the Negotiations* (2001), <http://www.ictsd.org/dlogue/2001-07-30/Adede.pdf> ¶¶ 3-4.

84. Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Communication from the United States: Draft Agreement on Trade-Related Aspects of Intellectual Property Rights*, MTN.GNG/NG11/W/70 (May 11, 1990).

85. Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Communication from Switzerland: Draft Amendment to the General Agreement on Tariffs and Trade on the Protection of Trade-Related Intellectual Property Rights*, MTN.GNG/NG11/W/73 (May 14, 1990).

86. Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Communication from Japan: Main Elements of a Legal Text for TRIPs*, MTN.GNG/NG11/W/74 (May 15, 1990).

87. Adede, *supra* note 83, ¶ 20.

88. Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Communication from Argentina, Brazil, Chile, China, Colombia, Cuba, Egypt, India, Nigeria, Peru, Tanzania and Uruguay*, MTN.GNG/NG11/W/71 (May 14, 1990).

89. TRIPs Negotiating Group Minutes, MTN.GNG/NG11/21 (June 22, 1990).

90. Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Chairman’s Report to the GNG: Status of Work in the Negotiating Group*, MTN.GNG/NG11/W/76 (July 23, 1990).

91. Adede, *supra* note 83, ¶ 25.

92. *Id.*

the negotiations over this issue, as it consists of a hybrid discipline in which identifiers with similar characteristics for similar products are treated in substantially different ways with no logical justification supporting it. Indeed, as mentioned in the previous Part, under the TRIPs Agreement,<sup>93</sup> GIs for wines and spirits enjoy a much higher level of protection than GIs for other potentially identical products.<sup>94</sup> The only plausible explanation for this result can be found in the political pressures exercised on this issue during the negotiations by the EU on one side and the resistance of the other countries adversely affected by a stringent GI regulation on the other.

This result is even more apparent if the drafts of the agreement that were submitted during 1990 by the different delegations are compared. A progressive spectrum of levels of protection for this kind of identifier, that go from a very broad regime whose scope covers all types of products and provides protection for generic terms,<sup>95</sup> to a very narrow regime in which GIs are protected only if their use misled the public, can be identified. The compromise was reached somewhere in the middle of this spectrum, and GIs for wines and spirits have particularly benefited from it.

Also, it can be noted that two significant provisions that were present in the EU's draft<sup>96</sup> disappeared from the final version of the agreement. They referred to the issue of generic terms and provided, on one side, for WTO Member states to establish "[a]ppropriate measures . . . under national law . . . to prevent [GIs] from developing into a designation of generic character"<sup>97</sup> and, on the other, that it was "understood that appellations of origin for products of the vine . . . [were] *not . . . susceptible to develop into generic designations.*"<sup>98</sup> Many countries strongly opposed these provisions and questioned the significance of distinguishing wine from other products.<sup>99</sup>

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93. See *supra* Part I.C.

94. TRIPs Agreement, *supra* note 17, arts. 22-23.

95. In particular, see the EU proposal under Protective Measures. Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Communication from the European Community: Draft Agreement on Trade-Related Aspects of Intellectual Property Rights*, MTN.GNG/NG11/W/68 (Mar. 29, 1990).

96. *Id.*

97. *Id.*

98. *Id.* (emphasis added).

99. See, e.g., Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Chairman's Report to the GNG: Status of Work in the Negotiating Group*, MTN.GNG/NG11W/76 (July 23, 1990); TRIPs Negotiating Group Minutes, MTN.GNG/NG11/27 (Nov. 14, 1990).

Finally, the initial EU proposal included under “Restricted Acts” that “any usurpation, imitation or evocation, even where the true origin of the product [was] indicated or the appellation or designation [was] used in translation or accompanied by expressions such as ‘kind’, ‘type’, ‘style’, ‘imitation’ or the like.”<sup>100</sup> In that context, this provision extended to all GIs no matter the kind of product to which they are associated, whereas in the TRIPs Agreement, a very similar rule is established in Article 23, but only for wines and spirits.<sup>101</sup>

Ultimately, it looks clear that the EU, in the last moments of the negotiations, had to give up some of its goals regarding the international protection of GIs in order to obtain the significant coverage enjoyed today by those GIs on products that probably are among the most important for the Community’s economy and for which the connection with the particular place of origin and their qualities is more evident: wines and spirits.

## 2. Article 23(4) of the TRIPs Agreement

As part of the compromise reached on the general regulation of GIs,<sup>102</sup> a provision for undertaking negotiations in the TRIPs Council to establish a multilateral system of notification and registration for wine<sup>103</sup> was included in Article 23(4) of the TRIPs Agreement.

*In order to facilitate the protection of geographical indications for wines, negotiations shall be undertaken in the Council for TRIPs*

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100. Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Communication from the European Community: Draft Agreement on Trade-Related Aspects of Intellectual Property Rights*, MTN.GNG/NG11/W/68 (Mar. 29, 1990).

101. TRIPs Agreement, *supra* note 17, art. 23.

102. *See supra* Part II.B.1.

103. It is important to note that the Doha Declaration extended the negotiations on this point and included “spirits” (which are not part of Article 23(4) together with “wine” in the scope of the multilateral register). In its relevant portion, the Doha Declaration says: “[w]ith a view to completing the work started in the Council for Trade-Related Aspects of Intellectual Property Rights (Council for TRIPs) on the implementation of Art. 23.4, we agree to negotiate the establishment of a multilateral system of notification and regulation of geographical indication for wines and spirits by the Fifth Session of the Ministerial Conference.” Doha Ministerial Declaration, *supra* note 35. The main supporters of the inclusion of “spirits” in the Doha mandate for the present negotiations were the United States and Mexico on account of their Tequila and Bourbon production. David Vivas-Eugui, *Negotiations on Geographical Indications in the TRIPs Council and Their Effects on the WTO Agricultural Negotiations—Implications for Developing Countries and the Case of Venezuela*, 4 J. WORLD INTELL. PROP. 703, 711 (2001).

concerning the establishment of a *multilateral system of notification and registration* of geographical indications for wines eligible for protection *in those Members participating in the system*.<sup>104</sup>

From a comparison of the final version of Article 23(4) of the TRIPs Agreement with the respective provisions included in the drafts submitted by the different WTO Member states in 1990, several significant elements can be identified that can facilitate the understanding of what is required by TRIPs on this issue. In particular, the composite text submitted by the Chairman of the negotiations in July 1990,<sup>105</sup> which, as mentioned above, represents a summary of the different positions of the WTO Member states right before the negotiations that brought the 1991 Draft Final Act, can be used to isolate few but very significant points.<sup>106</sup> Indeed, under the section “International Register” the draft reports that:

PARTIES agree to cooperate with a view to establish an international *register* for protected geographical indications, in order *to facilitate the protection of geographical indications* including appellations of origin. In appropriate cases the use of documents certifying the right to use the relevant geographical indication should be provided for.<sup>107</sup>

Once again it is possible to conclude that until the very end of the negotiations the register was intended for all kind of GIs and not solely for those related to wines and spirits. Therefore, this significant limitation introduced in the final version of the article had a high probability of being counterbalanced. This idea is reinforced in the introduction of Article 23(4) of the TRIPs Agreement by the term “multilateral,” a term that was absent in all the drafts that preceded the final agreement.<sup>108</sup> In fact, the inclusion of such a term indicates a precise intent of the WTO Member states to provide for a register with those specific effects that are normally associated with the use of the

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104. TRIPs Agreement, *supra* note 17, art. 23(4) (emphasis added).

105. Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Chairman’s Report to the GNG: Status of Work in the Negotiating Group*, MTN.GNG/NG11/W/76 (July 23, 1990).

106. *Id.*

107. *Id.* at 18 (emphasis added).

108. *See* TRIPs Agreement, *supra* note 17, art. 23(4).

word “multilateral” in the WTO context.<sup>109</sup> Indeed, the “meaning of the term ‘multilateral’ can only be defined . . . by contrasting it with the world ‘plurilateral.’ In the context of the WTO, ‘plurilateral’ is understood as referring to a system in which . . . [the prescribed obligation and rights only bind signatory countries]. Conversely, ‘multilateral’ systems are understood to be instruments by which all Members are bound.”<sup>110</sup>

This conclusion is supported once again by the derestricted documents of the TRIPs negotiations in which on more than one occasion the participants expressed their “will to elaborate a solution that would be applicable to all participants—a truly multilateral solution”<sup>111</sup> or by underlining the need for the establishment of a multilateral process “in absence of [which] . . . the alternative would be a situation where the subjective assessments of individual contracting parties come into conflict with each other . . . ,”<sup>112</sup> have specifically intended something that required the involvement of all the WTO Member states and not just of those willing to participate. Therefore, it can be said that by entering the TRIPs Agreement, the WTO Member States agreed to negotiate the establishment of a system of registration for wines and spirits in which the insertion of a GI creates the binding “effects” of having the registered identifier protected in all the WTO Members.

Finally, further analyzing the remaining portion of Article 23(4) of the TRIPs Agreement, it should be noted that the required system must be a “voluntary” one. This is because of the presence of the expression: “*in those Members participating in the system.*”<sup>113</sup> This must nevertheless be interpreted in accordance with the “multilateral” provision of the previous part. The consequence is that the TRIPs Agreement requires a system in which the WTO Member states are free to participate, while also being subject to the behavior of the other countries. In other words, TRIPs calls for a system in which registering a GI guarantees it

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109. It is worth underlining once more that these “effects” were totally absent in the previous drafts as the expression “international register” could refer for example to a simple plurilateral system of registration which does not involve the production of binding effect in all the WTO member states but only in those who decide to participate in the system of registration.

110. J.M. Cortes Martin, *The WTO TRIPs Agreement – The Battle Between the Old and the New World Over the Protection of Geographical Indications*, 7 J. WORLD INTELL. PROP. 287, 294 (2004).

111. TRIPs Negotiating Group Minutes, MTN.GNG/NG11/8 (Aug. 29, 1988).

112. *Id.* at 6.

113. TRIPs Agreement, *supra* note 17, art. 23(4).

the level of protection established by Article 23 of the TRIPs Agreement in all the WTO Member states, no matter whether the country in which such protection is sought has decided to participate in the system by developing and registering their own GIs.<sup>114</sup>

From the previous discussion, it is therefore possible to conclude that the U.S. proposal for the implementation of Article 23(4) of the TRIPs Agreement cannot be accepted because it falls short of the specific requirement of the relevant provision of the treaty. This is because it does not establish a system which, although voluntary in its participation, establishes the same legal “effects” in all the WTO member states.

This conclusion is reinforced by the additional fact that Article 23(4) of the TRIPs Agreement, in defining the required system, uses the terms “notification *and* registration.” This suggests that a system that simply requires notification, such as the system proposed by the United States, is not enough. This is because the act of registering something in a registry implies more than the mere conveyance of information because it “puts the public ‘on notice’ that the registrant is asserting a claim.”<sup>115</sup> Indeed, the “registration of information in a register is linked to the granting of rights,”<sup>116</sup> whereas the insertion of the same information in a database does not necessarily have the same “force,” and thus, it can be concluded that the U.S. proposal on this matter is not acceptable.

Conversely, the Hong Kong proposal should be rejected because it lets the national courts decide issues regarding the registration of GIs on wines and spirits in each specific case would expose those GIs to the great risk of a substantial disparity of treatment in different WTO member states. This result does not appear to be consistent with the purpose “to facilitate<sup>117</sup> the protection of geographical indications for wines [and spirits]”<sup>118</sup> as well as the “multilateral” requirement discussed above as specified in Article 23(4).

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114. *See id.*

115. *See* UNU-IAS Report, *The Role of Registers and Database in the Protection of Traditional Knowledge: A Comparative Analysis*, available at [http://www.ias.unu.edu/binaries/UNUIAS\\_TKRegistersReport.pdf](http://www.ias.unu.edu/binaries/UNUIAS_TKRegistersReport.pdf), at 11 [hereinafter UNU-IAS Report].

116. It is important to underscore here that “[a]lthough the registration serves to secure the recognition of . . . relevant rights the register does not itself grant rights, but rather record such rights.” *Id.*

117. A uniform system of registration will reduce the level of uncertainty about GIs and thus will ultimately facilitate their protection. *See also infra* Part II.C.1.

118. TRIPs Agreement, *supra* note 17, art. 23(4).

INTA's proposal is also problematic because it relies on the subsistence at the national level of application/registration systems instead of providing for the establishment of some kind of uniform mechanism at the international level devoted to serve the specific purpose described in Article 23(4).<sup>119</sup> Indeed, this solution cannot be considered an effective one, which is clear if the different consequences determined by the introduction of the system of registration are considered. In particular, it is necessary to examine and distinguish the consequences that would occur in the event the registration is made at the international level (perhaps with a WTO office), or at the domestic level, where each state will have to adapt existing administrative systems. For some states the second option might not represent a problem as they might already have an appropriate legal infrastructure that could easily be used for this purpose, but for some other states, it might require considerable efforts and resources to incorporate the new mechanism of registration. Therefore, the registration system would ultimately produce different consequences in each of WTO member states. Producers in certain countries would have easy access to registration and would register their GIs promptly and effectively, and other producers in other countries would have to wait substantially longer. Eventually these producers could decide to "defect" and suffer the obvious consequent economic damages.

It is therefore possible to conclude that the proposal presented by the EU, at least to the extent of the elements discussed above,<sup>120</sup> appears

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119. *See id.*

120. It is important to mention that after the issuance of the report of the WTO panel, *See Panel Report, Complaint by the United States, European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*, WT/DS174/R (Mar. 15, 2005), the EU proposal has been subject to strong criticism because of the substantial similarity between the opposition procedure of the EU GI Regulation, based on the ground of the "absence of protection in the country of origin," and the correspondent procedure included in what was, at that time, the latest version of the EU proposal. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Hungary, Incorporation of Elements Raised by Hungary in IP/C/W/2344 into the Proposal by the European Communities and Their Member States on the Establishment of a Multilateral System of Notification and Registration of Geographical Indications*, WT/IP/C/W/255 (May 3, 2001). As a consequence, on June 14, 2005, the EU presented a new version of its proposal for the establishment of the multilateral register in which the aforementioned ground for opposition has not been included. Council Report, *Communication from the European Communities*, TN/IP/W/11 (June 14, 2005). To better understand the dynamic of this episode, a quick digression on the controversy about the EU GI regulation is useful. In June 1999, the United States, joined by "Australia, Sri Lanka, New Zealand and Mexico," requested WTO dispute consultations on the EU GI regulation 2081/92 (subsequently amended by Regulation 692/2003). Request for Consultation by the

to be the one that best fits the requirement of Article 23(4);<sup>121</sup> therefore, the EU proposal should be preferred for its implementation.

Generally, the TRIPs Agreement and the analysis of the negotiations made above can be interpreted to show that the WTO Member states are obligated to negotiate the establishment of some kind of register for wines and spirits whose operation would produce binding effects on all of them. This result should not be changed unless it can be shown that a different system of implementation, such as the one proposed by the United States, is more efficient in achieving the aforementioned purpose of facilitating the protection of GIs for wines and spirits in all the WTO Member states. This is because there are significant direct and indirect costs associated with the renegotiations of this provision that are particularly evident if one considers the disastrous results of the Cancun meeting and the negotiations that followed until today.<sup>122</sup> Indeed, in this specific case, the risk of others

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United States, European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, WT/DS/74/1 (June 1, 1999). The EU was on the other hand supported by “Hungary, the Czech Republic, Cyprus, Bulgaria, Turkey, Malta, Slovenia, Romania, Slovakia and Taiwan” (Hungary, Czech Republic, Slovenia and Slovakia are now members of the EU). O’Connor, *supra* note 50, at 147. The United States challenged the EU GI Regulation primarily on the grounds related to the “reciprocity” provision of the EU regulation that allows the EU refusal to register GIs from third countries, which are WTO Member, unless the same protection as in the EU is offered. *Id.* It was claimed that this provision is “inconsistent with national treatment and most favored nation obligation under both the TRIPs and the GATT agreement.” *Id.* The WTO panel found that the “reciprocity” provision included in Article 12(1) of the EU GI Regulation provides that non-EU-Member states must give guarantees identical or equivalent to those required to determine compliance to the required specification—for example, the description of the product, the definition of geographical area, the elements providing a link with the geographical environment and reference to the inspection structure] is “inconsistent with Article 3(1) of the TRIPs Agreement, which basically requires foreign and domestic products (in this case identifier on products) to be subject to the same treatment. TRIPs Agreement, *supra* note 17, art. 3(1). The Panel recommended that the EU bring the regulation into conformity with the TRIPs Agreement by for example amending the Regulation so as for those conditions not to apply to the producers for registration of GIs located in other WTO Members. TRIPs Council, Special Session, Discussion of the Establishment of a Multilateral System of Notification and Regulation of Geographical Indication for Wines and Spirits: Compilation of Issues and Points, TN/IP/W/7 (May 23, 2003).

121. TRIPs Agreement, *supra* note 17, art. 23(4).

122. It is not suggested that the result of the deadlock of the negotiations in Cancun was entirely caused by the lack of agreement on the creation of the multilateral register for wines and spirits. However, it can certainly be said that the nature of the negotiations over GIs that preceded Cancun did not contribute to the creation of a favorable climate for negotiations on other subjects. Indeed, another “hot” issue in the negotiation about GIs is represented by the fact that the EU is presently reclaiming the exclusive use of certain GIs even if they are generic terms or trademarks in other WTO countries. See O’CONNOR, *supra*



being retaliated against in international negotiations is very high by those countries potentially adversely affected by a change of the required system. The international regulation of GIs has been the result of a difficult process that required a tenuous balance of power and economic interests on the sides of all the interested countries. In this context, the renegotiation of Article 23(4) of the TRIPs Agreement could be interpreted as an attempt to undermine the validity of the overall GI system that was established by the introduction of Articles 22 to 24 of the TRIPs Agreement and not just as an alternative way of implementing it.

### *C. Final Considerations*

As described above, the required system for the implementation of Article 23(4) of the TRIPs Agreement consists of a register whose operation has binding effects in all WTO Member states. Also, the previous section covered that this conclusion should not be disregarded unless a more efficient system, which would justify a change in the agreement, could be identified. It is therefore necessary to consider and compare the costs related to the proposed systems and the respective ability of the system to facilitate the protection of GIs for wines and spirits as explicated in Article 23(4) of the TRIPs Agreement.<sup>123</sup>

#### 1. Brief Analysis of the Proposed Systems

Determination of the costs required by the proposed systems is a very difficult task, mainly because of the substantial absence of reliable data that could provide a conclusive answer about which of them is the most expensive, either in the event of implementation at the international level, or at the domestic level in all the WTO Member States. Therefore, in order to determine which system is most efficient, it is necessary to analyze the function that must be performed by the proposed system. One way to perform this task is through the comparison of the proposed systems with similar situations in which either a register or a database has been adopted to achieve similar goals.

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note 50, at 57. This EU initiative was presented for the first time during the agricultural negotiation and created great disappointment among some participants that considered the discussion of this issue inappropriate in that context, and asked to bring back to the negotiations on IP subjects the regulation of GIs. *See id.* This episode is indeed relevant for the purpose discussed here because it shows the deep interconnection that exists among the different subjects of the negotiations and the potential for the exercise of political pressure among different areas.

123. TRIPs Agreement, *supra* note 17, art. 23(4).

In this regard, the database proposed by the United States for the implementation of Article 23(4) of the TRIPs Agreement appears to be very similar to the one adopted at the domestic level by a number of developing countries, such as India and China, in order to improve the international protection of their traditional knowledge (TK).

In order to inform patent officers around the world (particularly in the Western countries) of the existence of their “prior art,” several countries created “traditional knowledge databases (TKDs)<sup>124</sup> to collect their innovation heritage.”<sup>125</sup> These databases are “offered” to patent officers worldwide in the hope of improving their knowledge regarding claims of novelty by companies seeking a patent in a particular country. Unfortunately though, the risk of TKDs being disregarded is very high because, as mentioned above, they are only offered for consultation to the patent officers who are potentially free to ignore them.<sup>126</sup> Indeed, several critiques have been made about the ability of TKDs to facilitate protection of TK, most of which refer to the fact that patent officers around the world do not feel obliged to consult any of the existing databases on this subject. In particular, it has been noted that “those patent offices which have received training and are aware of the issue involved or have been blamed in the past for some wrong decisions are now sensitive to this problem. However, this is just a handful of them.”<sup>127</sup>

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124. Anupam Chander & Madhavi Sunder, *The Romance of the Public Domain*, 92 CAL. L. REV. 1331, 1357 (2004). “China offers a Traditional Chinese Medicine Patents Database”; India “has created a Traditional Knowledge Library; and the World Bank produced a database to collect African and other regional indigenous knowledge. *Id.* at 1357-58.

125. *Id.* at 1357.

126. Although it is true that no matter what the patent officers do in relation to TKDs, litigants will still be able to use the information included in these databases as evidence of “prior art.” *Id.* at 1357. It is therefore important to underscore that this result will be available only to those parties that can afford to undertake a patent litigation. Indeed, the costs of this kind of litigation could represent a significant barrier particularly for the parties coming from developing countries.

127. Email from Pravin Anand, Managing Partner of Anand Anand Advocates of New Delhi, to the author (Feb. 17, 2005, 13:15:45 PST) (on file with author). In order to gather more information about the efficiency of TKDs for this article, Mr. Pravin Anand was contacted by email and then gave the reported opinion on the use of databases to protect TK. Mr. Anand is a specialist in the area of IP and has been affiliated with several associations relevant in this field. He has been “Chairman of the IPR Promotion Advisory Committee (IPAC) set up by the Ministry of Information Technology . . . , Government of India; Member of the Inter-Ministerial Committee on Protection of Rights of holders of indigenous knowledge; . . . Member of INTA, ITMA, IBA, AIPLA, CIB of ICC and the INTA Anti-Counterfeiting & Enforcement Committee for 2004 – 2005.” INTA, Panel of Neutrals, Bio of

On the other hand, the multilateral register for wines and spirits appears much more suitable to serve the purpose of facilitating the protection of GIs for wines and spirits because it is expected to increase uniformity in the international market. Thus, the number of lawsuits are reduced. Indeed, once a GI for wines and spirits has been successfully registered (that means that no challenges have been lodged), it will basically receive the same treatment in all the WTO Member states. An administrative officer or judge will have to consult the register and find out if, in some other part of the world, there is any previous right holder. However, no empirical studies or data are available at the moment on this issue and thus the inferences reported here cannot be considered conclusive unless supported by further investigations. These investigations might include, for example, the analysis of the European cases in which the system of registration is much more developed than in many other countries.

It also seems useful to report the results of a study conducted by the United Nations University, Institute of Advanced Studies (UNU-IAS)<sup>128</sup> on the role of register and database in the protection of TK,<sup>129</sup> which does not provide a conclusive answer about the effectiveness of these systems but underlines that both these measures “alone do not provide a means for the effective protection of TK. Rather they must be seen as one element or mechanism in a wider system of TK governance . . . .”<sup>130</sup> More significant for the purpose of the Article appears to be the additional conclusion of this study. It reports that depending on their specific objectives, databases and registers may play a substantial role in

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Pravin Anand, Anand and Anand, [http://www.inta.org/downloads/adr\\_AnandPravin.pdf](http://www.inta.org/downloads/adr_AnandPravin.pdf) (last visited Feb. 10, 2008).

128. “UNU-IAS was established in 1996 as a research and training center . . . to undertake research and post postgraduate education on emerging issues of strategic importance for the United Nations and in its Member States.” UNU-IAS Report, *supra* note 115, at 5.

129. *Id.* The UNU-IAS’ project consists of a comparative study of cases in which either a database or a register has been adopted to protect TK and has been conducted with “a view to identifying their effectiveness, possibilities and limitations.” *Id.* The goal was to produce a “more informed and productive debate in the international negotiations about the protection of [TK].”

Seven case studies have been considered and divided in four categories: [1-] indigenous registers and databases: database of Inuit of Nunavik in Canada [; 2-] institutional databases BioZulua database in Venezuela and the Traditional Knowledge Digital Library [TKDL] in India [;3-] NGO co-operative databases: database of Farmer’s Rights Information System (FRIS) and database of Honey Bee Network database, both in India [; 4-] state registers: holistic register in Panama and national and local registers of TK relating to biodiversity of Peru. *Id.* at 8.

130. *Id.*

achieving TK governance. In particular, in the case of protection of TK, there can be two different approaches:

- Defensive protection: consists in preventing the granting of patent over TK through the incorporation of TK into a database for the purpose of aiding patent authorities in search of prior art. This approach facilitates “access to TK for the private sector, without increasing indigenous . . . peoples’ rights in any way over their knowledge.”<sup>131</sup>
- Positive protection: consists in the legal recognition in favor of indigenous people of rights over TK. One way to provide this kind of protection is the adoption of a register specific for this purpose.<sup>132</sup>

In other words, “[d]atabases can play an important role in defensive protection of TK”<sup>133</sup> whereas registers are more suitable for positive protection of TK. Additionally, any decision about the adoption of one of these systems should be made with this consideration in mind. It is therefore possible to conclude that the results of this study are applicable to the case of GIs. Given what was established by Article 23 of the TRIPs Agreement for wines and spirits,<sup>134</sup> the adoption of a register should be preferred over the introduction of a database as a positive system of protection of GIs in which rights are recognized to GI holders is established by the TRIPs Agreement.

Nevertheless, as reported above, these considerations are not sufficient to reach a conclusive determination about the effectiveness of registers and databases to facilitate the international protection of GIs. Therefore, particularly considering the significant difficulties encountered by the WTO negotiators on this subject, they call for

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131. And thus produce the positive effect of enriching the public domain on which new inventions can be developed. It is worth emphasizing that the scope of the reported study is not to determine whether indigenous people are entitled to rights on their TK, but only to test the effectiveness of certain measures to achieve different goals. *Id.* at 6.

132. Of course, in this case, the register alone would not suffice and would have to be part of wider system of protection of TK. The same is true if instead a “defensive protection” approach were adopted, as the creation of a database *per se* most probably would not be enough to protect TK, but will require also the establishment of some kind of more general system in which this informational tool produces the most efficient results. *Id.* at 7-8.

133. *Id.* at 38.

134. Particularly Article 23(2) of the TRIPs Agreement, which provides that the rejection and invalidation of TM for wines which contains or consists of GIs at the request of an interested party (i.e. a GI owner). TRIPs Agreement, *supra* note 17, art. 23(2).

further and deeper analysis that unfortunately goes far beyond the scope of this paper.

### III. THE EXTENSION OF ARTICLE 23 OF THE TRIPS AGREEMENT TO GIS ON PRODUCTS OTHER THAN WINES AND SPIRITS

The extension of the higher level of protection of Article 23 of the TRIPs Agreement to products other than wines and spirits has been a very controversial issue in the international negotiations for the protection of GIs. It is therefore important to clarify that presently there is no clear understanding among the WTO member states as to whether a mandate exists under Doha to negotiate this subject.<sup>135</sup> If one assumes that the delegates do indeed have sufficient authority to negotiate the extension of Article 23, we once again find the member states divided between the two main lines of arguments, split with the EU on one side and the United States on the other.

Those advocating the extension of a higher level of protection see it as a means to better market their products. Those opposing the extension argue, instead, that the existing (Article 22 of the TRIPs Agreement) level of protection for these products is adequate, and that providing enhanced protection would be too expensive.<sup>136</sup> Also, an increasing number of developing countries, among them Latvia, Estonia, Slovenia, Bulgaria, India, Pakistan, Mauritius, Kenya, Sri Lanka, Egypt, Cuba, Dominican Republic, Honduras, Indonesia and Nicaragua, have shown significant interest in the extension of Article 23

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135. See Doha Ministerial Declaration, *supra* note 35. In particular, the relevant portion of the Doha declaration says: “[w]e note that issues related the extension of the protection of geographical indications provided for in art. 23 to products other than wines and spirits will be addressed in the Council for TRIPs pursuant to §12 of this declaration.” *Id.* § 18. Problems arose in regard to this mandate because some states questioned if indeed the aforementioned §12 could provide the required authority to undertake this specific negotiations More information on this point are available at [http://www.wto.org/english/tratop\\_e/trips\\_e/gi\\_background\\_e.htm#protection](http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#protection).

136. Once again no empirical evidences can be reported on this point. As on commentator noted:

there is very little analysis available on the costs and benefits of geographical indications. There is ample anecdotal evidence in Europe that land for the protection of geographically protected wines sells for several times the cost of similar land in the same area but outside the GI territory. There are statistics that show that the turnover in products sold using geographical indications exceeds [\$10 billion] in the EC, but there is no breakdown of these figures as between products, traders and distributors. Significant research is required before true cost and benefit analysis can be made.

O’CONNOR, *supra* note 50, at 404.

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to other products of their interest such as coffee, cotton, and rice among others in the recent past. The reason for such attention can be traced both to the agricultural policy<sup>137</sup> of these countries and to the problem of protection of traditional knowledge,<sup>138</sup> which is a very sensitive issue for a substantial portion of the developing world.

Given these considerations, it is clear that one should be more cautious when approaching the issue of the extension of Article 23 than the issue of the multilateral register. This is because in this case, an increase in the level of protection for certain products could possibly lead to a reduction in the level of competition in the relevant global market and a reduction of consumer choice.<sup>139</sup> In the context of the multilateral register, instead, the only thing discussed is the method of implementation of a given level of protection that already exists in the world market and for which the WTO member states have already pondered and accepted the related costs and benefits when they entered the TRIPs Agreement. Therefore, as explained below, any determination about the extension of Article 23 of the TRIPs Agreement should be undertaken only after a thorough investigation of the rationale underlying it. One must also consider the related trade issues in order to develop a better informed policy choice, one that will serve the interests of the entire international community, and not just a few of its members.

#### *A. Why Are GIs Needed in the First Place?*

In order to understand whether Article 23 of the TRIPs Agreement should be extended to GIs of products other than wines and spirits, it is first necessary to define the need served by this particular form of identifier, or, in other words, the purpose for its existence. Part I provided a brief description of the historical reasons for the creation of GIs, while Part II discussed how the international regime is the result of a difficult political compromise. However, in order to advocate a further extension of this regime to new kinds of products, it is necessary to conduct a deeper investigation that goes beyond the economic interests of the involved parties and leads to a solution that could generally be accepted. To accomplish this goal, it is therefore necessary to understand the mixture of protectionism and intent to reduce consumers' excessive research costs that characterizes GIs.

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137. See *infra* Part III.B.2.

138. See *infra* Part III.B.3.

139. For a discussion of consequent significant trade distortion, see *infra* Part III.A.

GIs have always been treated as a form of IP akin to trademarks, and for this reason the same philosophical rationale underlying trademarks has often been adopted to justify the protection of these geographic terms. In particular, supporters of GI protection have often underlined the need to provide consumers with accurate information about the origin of products in order to avoid trade distortion.<sup>140</sup> Also, it has been noted that in the modern market, in which consumers have become increasingly demanding, being able to build consumer confidence through accurate information about the origin of the products is economically valuable.<sup>141</sup>

Conversely, those against the protection of GIs reject the argument that this “trade distortion” is caused by insufficient or inaccurate information. Rather, they consider GIs to be a form of protectionism that works to the exclusive advantage of a few producers in a particular region. Therefore, they also envision a trade distortion problem, but they believe this problem is caused by the reduction of the level of competition in the international market, that, in absence of GI protection, would have been produced by new entrants.<sup>142</sup> Ultimately, they argue, a reduction of consumer welfare would result.

In order to evaluate these opposing arguments, it is first important to determine whether indeed there is a trade distortion connected to insufficient or inaccurate information being provided to consumers regarding the geographic origin of certain products. For this purpose it is possible to underline that when a correlation between the geographic place in which the product is produced and its quality is present, the information conveyed by GIs is valuable<sup>143</sup> to the consumers. This information helps consumers make better-informed decisions and consequently reduces the possibility of market failures.<sup>144</sup> Ultimately, such a system of information would favor the development of a higher level of consumer confidence. It is thus possible to conclude that, if

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140. See *supra* text accompanying notes 80-87 (where the EU representative’s argument about the trade distortion caused by the absence of adequate protection of GIs in the international market, which was presented during negotiations that preceded the TRIPs Agreement).

141. See *infra* text accompanying notes 170-71.

142. Tim Josling, *Geographical Indications: Protection for Producers or Consumers Information?* (unpublished article, (on file with the author)).

143. See *infra* text accompanying notes 170-71.

144. See ROBERT S. PINDYCK & DANIEL L. RUBINFELD, *MICROECONOMICS* 591 (5th ed. 2000) (“Competitive markets fail for four basic reasons: market power, incomplete information, externalities, and public goods.”).

there is this connection, the absence of protection of GIs creates trade distortion in the international market.

The problem, however, is to determine how much information is necessary<sup>145</sup> to increase consumer welfare in the way described above without incurring too many related costs. In the case of GI protection, this would consist mainly of reduced competition in the relevant market.<sup>146</sup> In other words, it is important to provide just enough information to create consumer welfare without having to sacrifice too much competition. This also benefits consumers. Indeed, when the costs of providing the information outweighs the benefit that the consumer can get from it, the consumer suffers because the amount of information received does not compensate for the reduction of competition in the market. In this situation, there is overprotection of GIs, as the only subjects who benefit from it are the local producers.<sup>147</sup> This results in a trade distortion. Instead, when the costs of providing the information do not outweigh the benefit provided to the consumer, and the consumer is willing to pay for that information, GIs are under-protected;<sup>148</sup> thus, there is a market failure.<sup>149</sup> The “benefit in this case goes to the producer of the product that would not have been purchased if adequate information were provided”<sup>150</sup> with consequent trade distortion.

Applying this analysis to the international protection of GIs under the TRIPs Agreement evidences the challenge of determining the right level of information and the right level of protection required for producing optimal consumer welfare. This is because consumers around the world have different needs for information about different products. However, this determination is at the same time essential for the development of international trade, as uniform standards help to reduce

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145. Josling, *supra* note 142.

146. Indeed, another significant cost is represented by the fact that those consumers that consider certain geographic names as generic terms might be misled by an increase of protection that would include such terms. An example could be represented by the use of the term “champagne,” which for some consumers represents a certain kind of sparkling wine and not a particular wine coming from a specific geographic region of France. Indeed, as discussed below, *see infra* Part IV, the level of protection of Article 23 of the TRIPs Agreement should not extend to generic terms. See also on this point the discussion of the Australian delegate during the negotiations that preceded the TRIPs agreement. *See supra* text accompanying notes 72-75.

147. Josling, *supra* note 142.

148. *Id.*

149. PINDYCK & RUBINFELD, *supra* note 144, at 592.

150. *Id.*



transaction costs and uncertainty in the global market. In these regards, it can thus be noted that a level of protection that goes beyond the “misleading test” of Article 22 of the TRIPs Agreement, such as the one that is provided by Article 23, is difficult to justify under the analysis above.<sup>151</sup>

This conclusion can also be explained through the concept of consumer *utility* or well-being, which may be defined as a function of a combination of a certain amount of information and a certain amount of competition within this context. After a certain point, the *utility* of obtaining additional information at the expense of competition decreases, as does consumer satisfaction. In other words, there is a point after which consumers do not know what to do with more information—as they already know everything they need in order to make their purchases—but they do not mind more competition—and thus having more choices. The same reasoning applies if instead there is too much competition and not enough information. In this case, consumers lose confidence and thus are less satisfied.<sup>152</sup> While the enactment of Article 22 certainly reduces competition, it also increases the information available to the point of allowing consumers to make the purchases they want, which results in a higher level of utility. However, additional information beyond Article 22 is not essential for customers’ decisions and, at the same time, causes a decrease in competition; therefore, the utility decreases.

It is therefore possible to say that if the level of information provided beyond Article 22 is not economically justifiable, a different rationale for the extension of Article 23 to products other than wine and spirits might be required. Indeed, as has been suggested by Josling, “in a world where trade in different products is expanding and producer incomes from satisfying consumer desire for quality and variety are replacing subsidies from government assisting the market in meeting such demand is both wise and economically defensive.”<sup>153</sup>

If this is true in the case of GIs, then it suggests that even though consumer welfare is not increased by additional information about the origin of the products beyond a certain level, it *is* increased by the

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151. More precisely, it is difficult to understand how, at that point, consumer satisfaction is enhanced by adding additional units of information that are not needed to avoid market failure. *See infra* Figure 1.

152. *Id.*

153. Josling, *supra* note 142. Indeed, significant in these regards are the international negotiations on the agriculture that are characterized by a progressive elimination of trade barriers such as tariffs and quotas.

ability of these identifiers to satisfy the consumers' demand for a certain quality and variety. This, in turn, suggests that consumer demand is indeed the focal point. The quality of the product, which is not intended as a particular standard, but as a *distinctive character of the product*, becomes the most important element and measure for the protection of GIs. If this perspective is indeed adopted, the extension of Article 23 is then warranted only when the connection between the quality of the product and its place of origin is irreplaceable elsewhere,<sup>154</sup> such as in the case of wine.<sup>155</sup> The additional rent that producers derive from such an extension is then used as an incentive to keep producers close to the territory and investing in the maintenance of the desired quality.<sup>156</sup>

This conclusion, linking protection of GIs to further investments in the quality of products, seems to be reinforced by what has happened to the wine industry in the last decade. During this period wine producers have shifted their focus towards quality. In the 1990s, consumers' and producers' interest focused on "premium" wines as revealed by the increase in consumption of high-priced wines and the production of high-priced grapes.<sup>157</sup> During the same time, wine exports of those countries that are not considered traditional<sup>158</sup> wine producers (Argentina, Australia, Chile, South Africa and United States) have expanded significantly and are still expanding.<sup>159</sup> Therefore, it is possible to say that today the wine industry is much more competitive than in the past and that apparently the introduction of Article 23 of the TRIPs Agreement did not present an obstacle for such a development

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154. In absence of this exclusive connection, other means of protection for the quality of the products could be envisioned, such as in the case of certificate mark—certificate marks only say that products have a certain quality, not that this quality is due to its place of origin which is instead what GIs do.

155. As explained below in Part III.C, this is because of the application of the concept of *terroir* that identifies the elements that make wine unique. See *infra* Part III.C.

156. In this regard, the remarks made by the EU delegate during the negotiations become significant. See *supra* text accompanying notes 76-79.

157. In the United States, for instance, the consumption of wines above \$7 passed from 9.5 million cases in 1991 to 41.2 million in 2001, whereas the consumption of wines below \$7 passed from 97.3 million to 103.9 million. The increment of the high-priced wine was 673% versus the 6% of the "jug" wine. Dale Heiein & Philip Martin, *California Wine Industry Enters New Era*, CAL. AGRIC., July-Sep. 2003, at 72, available at <http://californiaagriculture.ucop.edu/0303JAS/pdfs/wine.pdf>.

158. The countries that are considered the traditional wine producers are Italy, France and Spain because of their history with the product, and because in the last fifty years they have had a share of the entire world market between fifty and sixty percent. *Id.* at 74.

159. For example the average yearly increase rate of wine exports from the countries listed above is twelve percent. *2004 Crop: Quality Excellent, Yields Down*, THE CRUSH, Oct. 2004, Volume 31, Issue 10; Heiein & Martin, *supra* note 157, at 74.

in this market.<sup>160</sup> This is because the fundamental element that has characterized the market for wine is the demand for quality and not the amount of information available to consumers in that market. This conclusion can be explained once again with the consumer utility that, in this context, can be understood as a combination of a certain amount of quality and a certain amount of competition.<sup>161</sup>

Finally, it is possible to infer that an extension of Article 23 to products other than wine and spirits could cause the same result, or, in other words, could create a much more competitive market in quality goods. As explained below, the validity of this extension would become at this point an empirical issue that must be verified case-by-case for each category of products. This verification depends on the products' intrinsic characteristics and their relationship with the territory in which they are produced.<sup>162</sup>

### *B. The Debate about the Extension of Article 23 of the TRIPs Agreement*

There is a substantial academic debate on the extension of Article 23 to GIs on products other than wines and spirits. Presented below are the most significant arguments that have been used to support the various viewpoints of the debate.

#### 1. GIs as Generic Terms

The most recurrent argument used to explain the reluctance of the United States and other countries to extend the level of protection of Article 23 and their opposition to the EU's initiative to regain the exclusive use of certain GIs names is related to the characterization of terms.<sup>163</sup> Many terms that qualify as GIs in the EU and other countries are considered generic names in the United States, or, in other words, common descriptive names for certain types of goods.<sup>164</sup>

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160. The exact impact of the introduction of Article 23 of the TRIPs Agreement on the development of the wine market in the last decade is difficult to assess. Indeed, the only possible observation on this point consists in the fact that notwithstanding the adoption of Article 23 of the TRIPs Agreement, the wine market developed in the way described in the text and that therefore the introduction of the higher level of protection for GIs on wine and spirits seems not to have had a negative impact on the market or seems to have been counterbalanced by some other factor such as the strong consumer demand for higher quality and variety. See Heiein & Martin, *supra* note 157.

161. See *infra* Figure 2.

162. Does the product, whose GI protection is considered, have those qualities that can be derived exclusively from its place of origin as indicated by the GI itself?

163. See *infra* Part IV.

164. As described above, the "sort" of generic terms in relation to the international

In particular, one commentator noted that: “American consumers are blissfully ignorant of the way in which [Appellation of Controlled Origin] (AOCs) and other [GIs] express complex linkages between the territorial origin of food products and the human contribution to their refinement.”<sup>165</sup> In other words, American consumers do not perceive that GIs indicate that the product comes from a particular region of the world and that its qualities are due, among other things, to this factor. Also, according to this author, there is no evidence that American consumers value this information when making a purchase choice. He also underlines the fact that generic or semi-generic terms coupled with a term designating their actual origin are common and perfectly acceptable locutions in the American language.

This argument does not seem to be as accurate as the aforementioned commentator states, in part due to the awareness of the average American consumer. Indeed, it is true that many consumers in the United States are unaware of the full significance of GIs, particularly on products coming from a different country, but this conclusion certainly cannot be generalized. A more specific explanation on this point is required.

As noted by another commentator, “[t]he point in determining whether the—’generic’—argument is applicable depends on the relevant market with which we are dealing.”<sup>166</sup> In other words, we cannot judge the behavior of American consumers without defining *a priori* which “segment” of consumers is interested in the product in consideration. Indeed, if this analysis is based on the relevant market for the specific product, the behavior and knowledge of the American consumer is not much different from the behavior and knowledge of the European one.<sup>167</sup> For a mere issue of proximity, European consumers are more familiar with European GIs and their significance, but a substantial portion of Europeans (as part of the local relevant market) have also begun to recognize American and Australian wines, among other

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protection of GIs is indeed not a new issue and it has been a source of conflict among the delegates since the very beginning of the negotiations for the TRIPs Agreement. *See supra* text accompanying notes 72-79.

165. Jim Chen, *A Sober Second Look at Appellation of Origin: How the United States will Crash France’s Wine and Cheese Party*, 5 MINN. J. GLOBAL TRADE 29, 60 (1996).

166. Philippe Zylberg, *Geographical Indications v. Trademarks: The Lisbon Agreement: A Violation of TRIPs?*, 11 U. BALT. INTELL. PROP. L.J. 1, 62 (2003).

167. *Id.* at 61. In both cases the issue of whether a specific term is a generic one or not, becomes an empirical question to be verified in each of the relevant markets involved by the GI in consideration and not in the market at large.

products, and to identify them by their origin and quality. The same can be said for the relevant segment of American consumers in relation to other domestic and foreign products.<sup>168</sup>

Also, it should be kept in mind that because GIs are normally related to very high quality products<sup>169</sup> and not to mass-distribution products, we should define the relevant market based on this information. Also, it should be considered that, particularly in the “western developed world,” the standard of living and the level of education have significantly risen in the last decade, and thus, an increasing number of consumers make more sophisticated purchasing decisions.<sup>170</sup>

Moreover, today’s consumers, “[f]aced 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,”<sup>171</sup> have found new purchasing criteria and have become more demanding. Consumers are guided more and more often in their purchase decisions by health and environmental concerns. Indeed, there is a growing consumer interest in “environmentally sound and socially responsible quality products”<sup>172</sup> and thus an increased awareness of their origin and quality. In this context, GIs are becoming extremely powerful and valuable marketing tools, and consumers from all over the world are becoming aware of their significance.

In conclusion, in today’s world GIs add value to products because they meet the demand of an increasing number of consumers<sup>173</sup> by identifying products of high quality whose valuable characteristics are due to their origin. Thus, they deserve to be protected against the risk,

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168. *Id.*

169. Nothing in the TRIPs Agreement limits the use of GIs to high-quality products. However, given the way in which GIs developed in the EU, it can be said that historically they have been normally associated with products possessing some special qualities that were believed to derive from their place of origin. As explained above, in order to preserve this goodwill, and given the collective ownership of GIs (in those countries that have a *sui generis* GIs law), producers in many countries have created associations that have the function of fixing standards of quality and monitoring their observance by all the producers who wish to use the area where they are located. *Id.* at 25.

170. Zylberg, *supra* note 166, at 17.

171. Addor & Grazioli, *supra* note 61, at 874.

172. *Id.*

173. However, it should be noted that some other consumers could be confused by the protection of GIs, particularly when the terms in consideration have become generic in certain countries. Indeed, as explained below in Part IV, the protection of GIs should not include generic terms.

on one side, of *becoming* generic names<sup>174</sup> and, on the other, of being “captured” by free-riders. As noted by a commentator, “the only issue is determining which names should be protected<sup>175</sup> and how to deal with the problem of the abuse of those names by those who are not entitled.”<sup>176</sup>

## 2. Consumer Protection and Agricultural Policy

Another significant argument presented against the extension of the higher level of protection provided by Article 23 of the TRIPs Agreement to products other than wines and spirits and the EU’s initiative to regain the exclusive use of certain GIs is that GIs are “designed primarily to maximize producer incomes and only secondarily, if at all, to protect consumer expectations.”<sup>177</sup> Moreover, it has also been noted that by extending the scope of Article 23, a number of products will have to be relabeled, and thus, there is a substantial risk of increasing consumer confusion. Therefore, according to one commentator, it is not quite clear if consumers will materially benefit from an extension of protection of Article 23 to all goods.<sup>178</sup> He has also underscored that, in the end:

[i]f a product label uses a geographical term in its name that is not the true origin of the product, while clearly and simultaneously informing the consumer of the product’s true origin elsewhere on the label, [the] so-informed consumer[] can reject the product as not ‘authentic.’ Ultimately, consumer purchasing power may provide the impetus to producers to cease using the geographical term in the product’s name.<sup>179</sup>

In response to these comments, one author has noted that GIs “seek to guarantee the accuracy of information to the consumer.”<sup>180</sup> He

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174. For those terms that are already generic, see *infra* Part IV.

175. Both in relation to the requirements for being a GI and to the determination to those GIs that at this point indeed acquired the status of generic name; see *infra* Part IV for a brief discussion about generic terms and pre-existing cases.

176. O’CONNOR, *supra* note 50, at 56. Indeed, it should be pointed out that “the issue is not so clear on the practical side. There are a number of practical examples of conflicts which underline the debate on GIs.” *Id.* One of the most famous examples is the use of the word “Budweiser” and “Budvar” for beer.

177. Chen, *supra* note 165, at 62.

178. Bowers, *supra* note 63, at 155.

179. *Id.* at 158.

180. Zylberg, *supra* note 166, at 61.

explains that, “the segmentation of the market [resulting from an increased protection] should not be considered a monopoly but a way of ensuring product conformity to a list of product requirements that consumers expect.”<sup>181</sup> Moreover, according to this commentator, protecting GIs “fosters at least a higher level of consumer protection against deception<sup>182</sup> than any other intellectual property right (such as, for example, trademarks).”<sup>183</sup> Therefore, the primary goal of GIs is to protect consumers from confusion, and not to expose them to such a risk as other commentators suggest.

Other commentators have also noted that, with the extension of Article 23, “products illegitimately using [GIs] may well be relabel[ed], but this [will] only [happen] . . . where the same product category is concerned and where these products do not qualify for one of the exceptions provided for in Article 24.”<sup>184</sup> According to them, “[i]t seems, . . . to be a rather daring argument to maintain that consumers might be confused by correct label[ing] and use of GIs.”<sup>185</sup>

Yet, commentators who oppose the extension of Article 23 are not convinced of the benefits that consumers will gain from the extension. These commentators argue that the GI system proposed by the EU is a measure of agricultural policy and not a law aimed at consumer protection. In particular, according to one author, GIs “lie at the heart of an elaborate scheme to secure exclusive production rights and a desirable return on incumbent farmers’ entrepreneurship.”<sup>186</sup>

The issue of agricultural policy is closely related to the controversy regarding the GIs,<sup>187</sup> and therefore, it is worth spending a few words to explain the underlying problem. Is the regulation of GIs a measure of agricultural policy? It certainly is! As noted by one commentator, a legitimate system of registered GIs . . . requires proof and preservation of a real connection with a geographic area, and arguably also observance of product standards . . . . [A] system that imposes [such]

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181. *Id.*

182. In these regards, it is important to keep in mind that GIs, intended as identifiers that increase consumers’ welfare by providing useful information, can perform this function only when the consumers in the relevant market do not already associate them with some other meaning other than the geographic place from where the product originated.

183. *Id.*

184. Addor & Grazioli, *supra* note 61, at 890. *See also infra* Part IV (briefly discussing the issue of generic terms and pre-existing cases). Of particular significance in this regard is the exception known as the *grandfather clause*. TRIPs Agreement, *supra* note 17, art. 24(4).

185. *Id.*

186. Chen, *supra* note 167, at 62. *See also supra* Part III.A; note 154.

187. *Id.* at 62-64.

strict controls on agricultural production is quite clearly an instrument of agricultural policy.”<sup>188</sup>

The next question is therefore automatic: who will benefit from this regulation? The answer depends on the industrial and agricultural context. “As a general rule, the potential economic benefits of registered GIs are most apparent where established industries in rural areas adhere to traditional methods and established crop choices, have maintained geographic integrity and have an established reputation.”<sup>189</sup> It is therefore clear that the EU and the developing countries supporting the extension of the protection of GIs are those that, for historical and economic reasons, will benefit the most from this regulation. The increased level of protection will also yield other benefits for them such as rural goodwill, maintenance of rural employment, the creation of added value for foodstuffs, and limiting of overproduction.<sup>190</sup>

Nevertheless, it is fair to underscore that, although to a certain extent the aforementioned effects of a system of protection of GIs are well-accepted policy goals, the extension of the scope of protection of Article 23 of the TRIPs Agreement might not necessarily be the best way to achieve them in every country. Indeed, in countries in which general policy settings reflect that the structure of rural industry fluctuates over time, crop choice decisions are unsettled, and innovation and flexibility are established tools of rural policy, “[i]t will be more effective to rely on corporate branding strategies, as well as combating consumer deception as to origin by way of actions against misrepresentation, and/or reliance on collective or certifications marks.”<sup>191</sup>

### 3. Developing Countries and the Issue of Traditional Knowledge.

The existing relationship between the international regulation of GIs and the agricultural policy of different countries illustrates why in the last couple of years a number of developing countries, such as India,

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188. W. Van Caenegem, *Registered GIs: Intellectual Property, Agricultural Policy and International Trade*, 26(4) E.I.P.R. 170, 175 (2004).

189. *Id.*

190. The limitation of overproduction to a certain extent might be inconsistent with some of the GATT principles supporting agriculture. A full discussion of this point goes beyond the scope of this paper, however, it is worth mentioning that some commentators have noticed how GIs are becoming a “substitute” for those measures of agriculture policy that are not permissible an more. Josling, *supra* note 143.

191. Van Caenegem, *supra* note 188, at 176.



Kenya, Nigeria, South Africa, Pakistan, Mauritius, Sri Lanka, Egypt, Mexico, Perù and Cuba have demonstrated significant interest in this kind of intellectual property.<sup>192</sup> Several commentators have pointed out that because of the intrinsic characteristics of GIs and the specific agricultural policy of some developing countries based on small-scale and traditional methods of rural production, an extension of the scope of Article 23 of the TRIPs Agreement will benefit the economies of those countries by providing competitive advantages to their products on the international market.<sup>193</sup> Today, many developing countries are demanding higher protection for GIs without distinction between wines and spirits and other products for this reason. Indeed, as one commentator has pointed out with specific reference to African countries, “[b]y fostering traditional products and names . . . , by adding value to food production, and by giving international name recognition to a community, [GIs] can play a minor but nevertheless important role in bolstering the rural areas where the majority of people live.”<sup>194</sup>

However, the enhanced international protection of GIs does not come for free. As several commentators have noted, it will require the establishment, at least at the state level, of an expensive system of *policing*<sup>195</sup> that enhances protection to all products and of quality-control in order to guarantee the consistent quality that is the most important element of the entire system. Many developing countries will have to invest a significant amount of resources to meet the requirements of the GI system of registration and protection, and for some of them the costs might ultimately be unbearable. Moreover, the benefits of GI protection will not be immediate and will require a long-term investment because the traditional products of these countries will have to first build their reputation on the international market before becoming truly competitive and thus producing the desired results. In other words, the enhanced protection of GIs will require developing countries to undertake a significant financial effort for a benefit, which, although substantial and potentially achievable, will arrive sometime in the distant future.

On the other hand, what choice do they have? As one commentator notes, “[a] number of developing countries have, in their

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192. Marsha A. Echols, *Geographical Indications for Food, TRIPs and the Doha Development Agenda*, 47 J. AFR. L., 199, 211-12 (2003).

193. *See id.*

194. *Id.* at 200.

195. Van Caenegem, *supra* note 188.

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communication to the TRIPs Council, identified [GIs] as a category of intellectual property right from which they might profit. This is probably more than can be said for the other categories of intellectual property rights, which they are obliged to implement.”<sup>196</sup> As for the costs, the author very cynically underscores that “[i]t is arguable how much of a greater burden this would impose in addition to the European wine and spirits indications, which developing countries are already obliged to protect under Article 23.1.”<sup>197</sup>

Moreover,

the necessity for developing countries to implement the multifarious obligations in the TRIPs Agreement . . . involved very considerable burdens. These major implementation costs were imposed upon developing countries without any suggestion of the necessity to undertake financial or economic impact studies. Against this, the costs of extending Article 23.1 are arguably negligible.<sup>198</sup>

In conclusion, it can be said that the request of developing countries should be given substantial weight in the consideration of expanding the protection of GIs as this represents for them one of few serious opportunities for economic development. Nevertheless, developed countries, and the EU in particular, should not use this factor as an alibi to achieve their own goals. They should provide the required assistance and guidance to those countries that decide to invest in the development of their own GIs.

Developing countries have also put forth the initiative of using GIs to protect traditional knowledge (TK). While a full discussion of this issue goes far beyond the scope of this paper,<sup>199</sup> it is worth some explanation. There is currently no universally accepted definition of TK. “Most international organizations and scholars define TK, in fairly broad terms, as a diverse range of tradition-based innovations and

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196. Blakeney, *supra* note 1, at 650.

197. *Id.*

198. *Id.* at 645-50.

199. This represents a very synthetic analysis of the issue of the protection of TK. As explained in the text, some commentators have suggested protecting TK through GIs; however, it has to be understood that this would be only a partial solution for TK owners as they also ask for a more patent like protection. Unfortunately, a full discussion of this point goes far beyond the scope of this paper.

creations resulting from intellectual activity in the industrial, scientific, literary, or artistic fields.”<sup>200</sup>

Although TK is recognized as a culturally and economically important area of intellectual activity, it does not receive the benefit of intellectual property protection.

Problems arise . . . because TK . . . is not the kind of intellectual activity that western IP law anticipates protecting. [The result is] that developing countries and [non-governmental organizations (NGOs)] observe . . . the ‘taking’ of genetic resources and biodiversity, developed by TK in local communities, [to be used] in support of research and development (R&D) efforts for industries in the developed world. [The d]eveloped countries and their constituents think of such activit[y] as legitimate R&D, while developing countries and supporting NGOs call these instances of “biopiracy.”<sup>201</sup>

Currently the TRIPs system does not explicitly protect TK, and thus, TK holders, in order to assert their rights, have to operate in each and every country on a case-by-case basis. This situation represents an obvious disadvantage particularly for those people who come from a developing country and thus have limited resources. As noted by some commentators, a solution to this problem could be represented by the international protection of TK through the extension of the scope of Article 23. “TK emerges from the customs, practices and needs of a particular people or territory, . . . [and has] as much direct connection as, if not more than, wines and spirits to the region in which they originate.”<sup>202</sup> GIs also, because of the lack of private ownership that characterize them, represent a particularly suitable form of IP protection for TK that has as one of its most notable factors, the communal sense of origin. According to this author, the costs of extending the scope of Article 23 are offset by the benefit represented by the preservation of TK. “TK and its products . . . have economic value to the local communit[y] in which they develop,” and GIs make sure that such value stays where originated.<sup>203</sup>

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200. Sumathi Subbiah, *Reaping What They Sow: The Basmati Rice Controversy and Strategies for Protecting Traditional Knowledge*, 27 B.C. INT’L & COMP. L. REV. 529, 531 (2004).

201. *Id.* at 530.

202. *Id.* at 548.

203. *Id.* at 559.

#### 4. Preservation of Culture

Another argument presented in support of extending the scope of Article 23 of the TRIPs Agreement is the cultural one. As noted by one commentator, “[b]y inserting a section for the protection of [GIs] in TRIPs, traditionally made foods were saved, or rather, the threat of the McDonaldization of those traditionally and culturally impregnated goods were weakened.”<sup>204</sup> Therefore, according to this argument, a high level of protection of GIs would promote diversity<sup>205</sup> and, by conveying the cultural identity of a nation, region, or locality, would add a human dimension to the goods.<sup>206</sup> The export of such goods would then enable countries to better understand the culture of other countries.

However, it is important to underscore that, although the aforementioned effects are certainly desirable, it is very difficult to directly trace these effects to a high level of protection of GIs, and therefore, more evidence establishing this link should be provided in order to come to these conclusions.

#### 5. Costs of GI System

One commentator has pointed out that

[t]here is little doubt that the setting up of a domestic register of GIs is an expensive undertaking . . . . [For instance], a legitimate GI registration system should ensure consistent product standards and a close geographical connection. This requires a complex determination of specifications and enforcement. [Therefore, t]he advantage, if any, gained by having a system of registered GIs is countered by the financial cost of the system, borne by agricultural producers but also by taxpayers at large.<sup>207</sup>

In response to this consideration, some other commentators have noted that

[e]xtending the scope of protection for products other than wines and spirits does not entitle the setting up of any new mechanism or scheme of protection . . . . In fact, the existing scope of protection for GIs for wines and spirits required by the TRIPs

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204. Zylberg, *supra* note 166, at 61.

205. *Id.*

206. Addor & Grazioli, *supra* note 61, at 874.

207. Van Caenegem, *supra* note 188, at 176.

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.<sup>208</sup>

Also, with regard to the financial side of a GI system, it has been noted that “[l]ike other forms of intellectual property, registered GIs do not constitute their own reward. Investment is required to build their reputation, by way of protection, promotion and advertising . . . . Building goodwill is obviously expensive but also takes time.”<sup>209</sup> Nevertheless, this point does not seem to be very convincing because, if the alternative to the use of GIs for producers is to seek protection through the trademark system, or some other form of certification mark, then the same kind of investment in time and financial resources would be required for this latter option, making the argument self-eliminating.<sup>210</sup>

#### 6. Imbalance Between Countries with Regard to Existing GIs

A number of WTO countries have a long tradition in GI protection and have, therefore, developed many more GIs over time than those present in other countries, which have just started to make use of and benefit from this kind of intellectual property. For this reason, countries opposing the extension of protection of GIs argue that the countries with current GI systems will enjoy a much higher benefit in the short run from such an extension than those countries that are only recently starting to develop GIs.<sup>211</sup> In response to this point, some commentators have noted that, “it is important to recognize that it is not the number of GIs per country that should be taken into consideration when assessing the merit of a better GI protection, but rather the economic potential of each well-protected GI.”<sup>212</sup>

Although it can certainly be said that these authors have a point, the former argument does not seem to be satisfactory, as some countries<sup>213</sup>

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208. Addor & Grazioli, *supra* note 61, at 887.

209. Van Caenegem, *supra* note 188, at 176. *See also supra* Part II.B.3.

210. Indeed, the same author also seems to admit this point when he says “like other forms of intellectual property . . . .” Van Caenegem, *supra* note 189, at 176.

211. *See* Addor & Grazioli, *supra* note 61, at 887.

212. *Id.* at 889.

213. Particularly the developing countries. *See supra* Part III.B.3.

might not yet be in a position to be competitive in a market with a few strong GIs.

*C. Practical Perspective About the Extension of Article 23 of the TRIPs Agreement*

As discussed above, the most important element to determine the legitimacy of extending Article 23 to GIs on products other than wines and spirits is the connection between the quality and uniqueness of the product and its place of origin. This connection must be exclusive to the point that the desired quality of the product in consideration must be impossible to replicate in any other place. The described relationship is present in the case of wine, but it seems reasonable to infer that this characteristic is not limited to wine. Additionally, there might be many other products that present similar or even stronger connections with their place of origin. If this is true, disparity of treatment problems emerge among producers of wine and producers of similar products.

Indeed, as noted by some commentators, at the moment producers of goods other than wines and spirits are in a much more onerous position compared to the producers of products covered by Article 23.<sup>214</sup> This is because, for instance, if the producers want to receive the protection of Article 22, they must prove the illegitimate use of the particular GI. This process consists of a use that misleads the public or constitutes unfair competition.<sup>215</sup> On the other hand, the producers of wines and spirits with registered GIs will not have to provide such proof and thus will enjoy a higher uniformity of treatment in every WTO country.<sup>216</sup> Indeed, the level of determination of the domestic courts is much higher in the case of the existence of the elements required for the finding of illegitimate use than in the case of ownership of a GI for wine, and thus, it is plausible to conclude that different courts in different countries (or even within the same country) can more easily reach different decisions for similar situations in the case of Article 22 than in the case of Article 23. Therefore, an extended system of protection for GIs that would include all eligible products will have the benefit of eliminating such a disparity of treatment among producers of similar products.

In Part III.A, it has also been pointed out that the eligibility of the products subject to the extension of Article 23 level of protection is an

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214. Addor & Grazioli, *supra* note 61, at 882.

215. *Id.* at 881.

216. *Id.* at 882.

empirical question that requires a case-by-case analysis of existence of the specific “quality” of the product due to the territory in which it is produced. To better illustrate this point, a brief description of the empirical analysis that would be required for this purpose follows below.

The first step consists of determining the relationship between the qualities of wine and its place of origin. This is necessary because, as discussed above, wine possesses the kind of “quality” required for the level of protection provided by Article 23 under TRIPs. Thus, the analysis of this product can facilitate the selection of the cases in which this level of protection should be extended to other products. In other words, it is necessary to determine in the first place what made wine so special to determine the scope of Article 23.

The belief that the soil in a particular vineyard imparts a distinctive character to the resulting wine is strong in Europe, but less so in the New World. . . .

. . .

[Where it is believed that] [w]ith skilled wine-making techniques, it should be possible to make quality wine from disease-free, mature fruit of any desirable variety.<sup>217</sup>

Nevertheless, studies have shown that “the distinctive character of [the] wine will depend on the *terroir* (soil<sup>218</sup> and climate)”<sup>219</sup> and that “[e]xamples exist of a significant influence of soil on wine character for particular grape varieties grown in St.Emilion Pomerol, the Médoc, the Côte d’Or, Beaujolais, Napa Valley, and the Coonawarra Region.”<sup>220</sup> Therefore, it appears essential to develop a better understanding of the

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217. ROBERT E. WHITE, *SOIL FOR FINE WINES* 223, 249 (Oxford Univ. Press 2003).

218. *Id.*

The scientific and technical understanding of the influence of the soil in *terroir* is not as well advanced as that of climate, grape variety, and cultural methods. . . . [S]oil is so variable in the landscape . . . that quantitative relationship between soil properties and the yield and composition of grapes will only be elucidated on a local scale (a few hectares in area). This is consistent with the empirical evidence of the [French *Appellation d’Origine Contrôlée*] system [(which identifies all the vineyards in particular areas, based on their geographic location, and prescribes the acceptable varieties, viticultural methods, yield, fruit ripeness, and maximum alcoholic strength of the wine)] especially as it applies to the Grand Crus of Burgundy and the First Growths of Bordeaux.

*Id.* at 249.

219. *Id.*

220. *Id.*

precise meaning and significance of the French term *terroir* for wine production. The word *terroir* encompasses much more than the “simple relationship between soil and wine as many other factors contribute to define this concept.”<sup>221</sup> Indeed, there exists a wide variety of alternative meanings for the word *terroir*. This includes:

- Metaphysical concept: in which “the vine make known to us the true taste of the earth;”<sup>222</sup>
- Factual concept: in which “several factors . . . of the natural environment (soil, climate, [and] topography), biological (variety [and] rootstock), and human (of wine, wine-making, and history)” are combined;<sup>223</sup>
- Dynamic concept: in which “permanent factors (e.g., geology, soil, [and] environment) and temporary factors (variety, cultural methods [and] wine making techniques)” are combined.<sup>224</sup>

For the purpose of the present analysis, the “dynamic concept” of *terroir* seems to be particularly useful as it illustrates which factors in the production of wine strictly relate to the place of origin. This is opposed to those other elements that, although very significant for the determination of the special character of the end product, are transient because of the human component that characterize them. Indeed, those latter elements relate to people<sup>225</sup> and not to geographic places, and thus, are not relevant in terms of the protection provided by Article 23. They can be easily transported by immigrants, and thus, do not possess the territorial exclusivity element required by GIs.

The permanent factors, on the other hand, pertain uniquely to the place of origin of the wine and they are not replicable elsewhere. They are subject to changes, but to a much lower degree than the temporary

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221. *Id.* at 3.

222. *Id.* at 3.

223. *Id.*

224. *Id.*

225. It is worth underscoring that it is possible to argue that “people” are also the product of their environment and that, therefore, the kind of contribution provided by them would not be possible unless they were part of the particular community where the wine is produced. However, the kind of human contribution that is relevant in this context (and consist mainly in “local culture” and “traditional methods”), although widely recognized, is very difficult to be quantitatively determined and directly traced to the “quality” of wine, and thus for the purpose of the present analysis it should be disregarded. *See id* at 249; Addor & Grazioli, *supra* note 61, at 896.



factors and over such a long period of time as to become almost irrelevant in terms of wine production. Also, the changes themselves pertain exclusively to the specific geographic place, and thus, they become not replicable elsewhere.

It is necessary to analyze a specific example in which the relationship between a particular *terroir* and the characteristics of the wine is significant to determine how all of this applies in the context of real products. For this purpose, the wine “Chianti Classico DOCG” (see Table 1) has been selected.<sup>226</sup> It is possible to notice that in the production of Chianti the particular *terroir* consist of both temporary factors such as “growing and making techniques” and permanent factors such as “soil, altitude, and climate.”<sup>227</sup>

At this point it is necessary to compare the *terroir* of the Chianti with the elements of production of another product (or category of products) that has a strong relationship with the territory as well. For this purpose, the Olio Extravergine d’Oliva ‘Riviera Ligure—Riviera dei Fiori’ DOP (see Table 1) has been selected. It is possible to also notice that temporary factors and permanent factors are involved in the production process and that very similar dynamics to the one delineated for the wine production can be envisioned in this context. Also, this product has a very defined character<sup>228</sup> that makes it unique, and that is due, among other things, to elements such as the specific soil and climate, which are exclusive to the place of origin and cannot be replicated elsewhere.

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226. In the case of Chianti Classico, the unique character is given by the particular combination of elements such as “limpidity” (limpid), “color” (lively ruby-red tending to garnet with aging), fragrance (vinous with scents of violets and a pronounced character of finesse in the aging phase) and “flavor” (harmonious, dry—with a maximum of 4 grams of reducing sugars per liter—sapid and lightly tannic). Chianti Classico, *It’s the Land that Makes the Difference, How it is Produced: Chianti Classico 2000*, <http://www.chianticlassico.com> [hereinafter ChiantiClassico].

227. See WHITE, *supra* note 217, at 3.

228. Consisting in the unique combination of elements such as color (golden, pale straw-yellow), fragrance (pleasantly fruity) and taste (delicate, tending towards sweet). See ChiantiClassico, *supra* note 226.

	<b>Wine</b>	<b>Olive Oil</b>
Product Name	Chianti Classico DOCG	Olio Extravergine d'Oliva 'Riviera Ligure—Riviera dei Fiori' DOP
<b>Permanent Factors</b> <sup>229</sup>		
Location of plants	(Vineyards)Chianti Classico DOCG region <sup>230</sup> —Italy	(Olive-groves) Imperia province in Liguria region—Italy
Terrain shape	Slopes of hills (forbidden: flat terrains) with appropriate orientation	Terraces on medium to high slope hills
Altitude	Above 700m.	Not specified.
Soil	Sandstone, limestone, marl, clayey schist, sand and pebbles.	Well drained calcareous soil derived from limestone rocks of Eocene
Climate	Mediterranean/continental climate: humid winter (4-5° C), and dry, hot summers (30° C)	Mediterranean climate: summer average temperature about 27° C, winter average temperature about 8° C
Variety of the plant	Sangiovese (80%-100%)	Taggiasca (90%-100%)
<b>Temporary Factors</b>		
Growing techniques	Organic fertilization and no irrigation. Planting densities, training systems and systems of pruning according to tradition not to modify grapes characteristics	According to tradition not to compromise organoleptic properties
Harvesting	Not specified	Directly from plants

229. These factors are derived from the production codes and information pages of the corresponding products available at [www.chianticlassico.it](http://www.chianticlassico.it) and <http://www.olio-extravergine.it/oliva/sicurezza-e-qualita/olio-dop/Disciplinare-Olio-Dop-Riviera-Ligure/>.

230. According to the definition of the Italian Interministerial Decree of July 31, 1932. See also DPR, art. 5 (July 12 1963); DPR, art. 3 (Aug. 9, 1967), DPR, art. 3 (July 2, 1984); Law 164, art. 5 (Feb. 10, 1992).

Making techniques	“Governo all’uso toscano”	Traditional method of millstones or hammer mills
Yield of product	Yield of wine from grapes < 70%	Yield of oil from olives < 25%

Table 1: Comparison of Chianti Classico DOCG and Olio Extravergine d’Oliva ‘Riviera Ligure—Riviera dei Fiori’ DOP

It is therefore possible to conclude that a different treatment of GIs for olive oil and GIs for wine under the TRIPs Agreement seems to be completely unjustified. There are no significant differences in terms of “quality,” intended as “character of the product” and connection with the territory, intended as elements determining the uniqueness of the aforementioned “quality,” can be identified. The very same reasoning also seems applicable to other categories of products such as marmalade, balsamic vinegar and juice, but significantly different results can be reached if wine is compared to products such as cheese and ham for which the subsistence of certain permanent factors appears less relevant and the temporary factors are more prominent.

“Chianti Classico DOCG” of the previous example has been compared with the Parmigiano Reggiano cheese (see Table 2). From this analysis it is possible to notice that several of the permanent factors that contribute to the uniqueness of the examined wine are missing in the case of Parmigiano Reggiano. Nourishment of dairy cows seems to be the determinative element for Parmigiano Reggiano.<sup>231</sup> Also, a substantially different dynamic of production for the Parmigiano Reggiano can be envisioned as compared to the one for wine, and thus, the extension of Article 23 of the TRIPs Agreement to cheese appears more questionable than in the case of olive oil.

Although the exact relevance of the previous considerations in the determination of the uniqueness and connection with the territory of

231. To be more specific in the comparison between Chianti wine and Parmigiano Reggiano cheese, it is worth mentioning the following issues. First, the grape groves get their nourishment directly from a permanent factor, the soil, while dairy cows are fed with forage and pellets. Second, up to twenty-five percent of the cow forage may come from outside the region of origin and the origin of the pellets is not even specified. Third, and most important, even if one hundred percent of the forage and the pellets come from the region of origin, there is no specification on the other permanent factors (like terrain shape, altitude, soil, and climate) for these nourishments. Enoteca del Gallo nero s.r.l, <http://www.chianticlassico.it/> (last visited Feb. 10, 2008); Consorzio del Formaggio Parmigiano-Reggiano, <http://www.parmigiano-reggiano.it/index.html?l=2> (last visited Feb. 10, 2008).

Parmigiano Reggiano cheese as opposed to the uniqueness and connection with the territory of wine goes beyond the purpose of this paper, the present analysis is useful to reiterate the need of operating the extension of Article 23 on a case-by-case basis in which the relevant elements that connect the different categories of products to the geographic area are identified and used in a determinative way.

	<b>Wine</b>	<b>Cheese</b>
Product Name	Chianti Classico DOCG	Parmigiano Reggiano
<b>Permanent Factors</b> <sup>232</sup>		
Region of origin	(Vineyards) Chianti Classico DOCG area <sup>233</sup> - Italy	Provinces of Parma, Reggio-Emilia, Modena, Bologna (on the left bank of the river Reno) and Mantova (on the right bank of the river Po)
Terrain shape	Slopes of hills (forbidden: flat terrains) with appropriate orientation	Not directly applicable
Altitude	Above 700m.	Not directly applicable
Soil	Sandstone, limestone, marl, clayey schist, sand and pebbles.	Not directly applicable
Climate	Mediterranean/continental climate: humid winter (4-5° C), and dry, hot summers (30° C)	Not directly applicable
Plant / animal	Sangiovese (80%-100%)	Dairy cows
<b>Temporary Factors</b>		

232. These factors are derived from the production codes and information pages of the corresponding products. Enoteca del Gallo nero s.r.l, <http://www.chianticlassico.it/> (last visited Feb. 10, 2008); Consorzio del Formaggio Parmigiano-Reggiano, <http://www.parmigiano-reggiano.it/index.html?l=2> (last visited Feb. 10, 2008).

233. According to the definition of the Italian Interministerial Decree of July 31, 1932. See also DPR 930, art. 5 (July 12 1963); DPR, art. 3 (Aug. 9, 1967), DPR, art. 3 (July 2, 1984); Law 164, art. 5 (Feb. 10, 1992).

Growing techniques / Cattle breeding techniques	Organic fertilization and no irrigation. Planting densities, training systems and systems of pruning according to tradition not to modify grapes characteristics	Not specified
Harvesting / Cow milking	Not specified	Not specified
Making techniques	“Governo all’uso toscano”	Traditional techniques following the standards of the consortium
Yield of product	Yield of wine from grapes < 70%	1 Kg from 16 liters of milk

Table 2: Comparison of Chianti Classico DOCG and Parmigiano Reggiano Cheese

#### IV. GENERIC TERMS, PRE-EXISTING RIGHTS AND THE EU INITIATIVE TO RECLAIM THE EXCLUSIVE USE OF CERTAIN GIS

The most recent issue in the international negotiations on GIs is the legitimacy of the EU initiative to regain the exclusive use of certain GIs for the relevant WTO member states, even where they are currently considered as “generics” or “trademarks” in other WTO member states. The EU proposal was presented for the first time in the context of the agricultural negotiations and so far has been strongly opposed to the point of jeopardizing even the negotiations over other subjects.<sup>234</sup> Before Cancun, fifteen European countries prepared a list of forty-one regional products of very high and recognized quality and with “appellations of origin” whose GIs are used all over the world.<sup>235</sup> Some examples are *Prosciutto di Parma*, *Prosciutto San Daniele*, *Parmigiano Reggiano*, *Grana Padano*, *Pecorino Romano*, *Mozzarella di Bufala Campana*, *Mortadella di Bologna*, as well as *Chianti*, *Grappe di Barolo*, and *Marsala*.<sup>236</sup>

234. See *supra* Part II.B; note 123.

235. See also Justin Hughes, *Champagne, Feta and Bourbon: The Spirites Debate About Geographical Indications*, 58 HASTINGS L.J. 299 (2006).

236. *Id.*

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A. *The Issue*

The EU initiative discussed here originates mainly from two issues: the market access problem<sup>237</sup> created by the exceptions included in Article 24 and what is considered an historical argument.<sup>238</sup> The market access problem consists of the fact that

[t]he use of [the] TRIPs exceptions in certain individual cases prevent the EU producers to effectively use their GIs in third markets . . . . This may happen either *de jure* (e.g. when a company of country A registers, as a trademark, a GI of country B in country A and thus impedes producers of country B to use this name in country A, thus forcing country B's producers to re-label the product in order to market it) or *de facto* (e.g. country A considers a certain GI of a country B as a "generic" term that is freely used for poor-quality products; by the time country B starts marketing its genuine GI product, the reputation associated with that GI is so eroded that any investment in recuperating its image is futile . . . ).<sup>239</sup>

As noted by one commentator, the "historical argument" refers instead to the fact that "[GIs] identify real . . . places, and inhabitants should not be deprived of their inherent right to use their place names in relation to their products."<sup>240</sup> In other words "[t]hey should not become victims of their own success . . . under the guise of genericness," or trademark protection.<sup>241</sup> Therefore, those supporting this EU initiative object to other countries "usurping" their terms. Conversely, those opposing the EU initiative reject the "usurping" accusation particularly in situations where immigrants have taken the methods<sup>242</sup> of making the products and the names with them to their new homes. Furthermore, they also generally question *a priori* the existence of a mandate under Doha to negotiate over this issue. In this regard, many commentators have underscored that, "[s]ome countries have a long tradition in manufacturing products which were brought by immigrants

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237. Burkhardt Goebel, *Geographical Indications and Trademarks—The Road from Doha*, 93 TRADEMARK REP. 964, 991 (2003).

238. Van Caenegem, *supra* note 188, at 173.

239. Goebel, *supra* note 237, at 991. "An example [is] 'champagne' which in many countries is perceived as a generic term for sparkling wine." *Id.*

240. Van Caenegem, *supra* note 188, at 173.

241. *Id.*

242. See *supra* text accompanying note 228.

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.”<sup>243</sup> The issue, therefore, is whether in such situations the producers in the “new countries,” whose products are labeled with those GIs included in the EU list, should still be allowed to use their trademarks.

*B. Generic Terms and the Issue of Pre-Existing Rights*

Notwithstanding the importance of the arguments advanced on behalf of the EU request, such as the need for protection of the cultural identity and traditions embedded in the creation of the products included in the list, the argument presented against the EU position has to be preferred particularly when the contested name has become generic in the country where people from Europe immigrated and settled. Indeed, in these countries the protection of GIs that over time have become generic<sup>244</sup> would cause consumers to be misled<sup>245</sup> and thus could also cause trade distortion.<sup>246</sup>

As for the other terms on the EU list that are not yet generic and consist instead of trademarks, no exception to the general conclusion presented in the previous chapter for the extension of Article 23 of the TRIPs Agreement should be granted. Therefore, the higher protection, consisting in the grant of the exclusive use of these terms to those producers located in the area defined by the geographic word in consideration, should be provided only to those GIs on products that can be considered similar to wines and spirits.<sup>247</sup>

The exception included in Article 24(4) of the TRIPs Agreement has to be applied in cases of subsistence of pre-existing rights, which consist of trademarks on similar products comprising of those geographic terms to which Article 23 of the TRIPs Agreement should be extended.<sup>248</sup> As noted by the same authors, this is not a new problem as the same situation happened in the past with wines and spirits.<sup>249</sup> Indeed, Article 24(4) establishes that:

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243. Addor & Grazioli, *supra* note 61, at 889.

244. O’CONNOR, *supra* note 50, at 43.

245. Indeed, in this case consumers would not perceive that GIs indicate that the product to which they are associated come from a particular region, but would associate them to a general set of characteristics that pertain to a particular product.

246. *See supra* Part III.A; note 149.

247. *See supra* Part III.C.

248. *See* TRIPs Agreement, *supra* note 17, art. 24(4).

249. *See* Bowers, *supra* note 63, at 162.

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Nothing in this Section shall require a Member to prevent continued and similar use of a particular geographical indication of another Member identifying wines or spirits in connection with goods or services by any of its nationals or domiciliaries who have used that geographical indication in a continuous manner with regard to the same or related goods or services in the territory of that Member either (a) for at least 10 years preceding 15 April 1994 or (b) in good faith preceding that date.<sup>250</sup>

As it can be seen, “when additional protection was negotiated for wines and spirits, a favorable solution for ‘immigrants’ was found.”<sup>251</sup> In that specific case, the problem was solved by the adoption of the aforementioned exceptions included in Article 24(4) of the TRIPs Agreement that “safeguard[s] the acquired rights of . . . 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.”<sup>252</sup>

The logical conclusion is therefore that if an extension of protection of Article 23 of the TRIPs Agreement to those terms listed by the EU that are not yet generic occurs, the exception included in Article 24 of the TRIPs Agreement should be extended as well.

#### CONCLUSION

From the previous discussion, it is clear that the negotiations surrounding the international regulation of GIs are still open and very controversial. Several political and economic obstacles seem to delineate irreconcilable positions among the WTO member states with very few negotiable points. Nevertheless, GIs are valuable economic tools and have the potential of providing new opportunities of development for those countries that are in great need of economic growth. Therefore, further analysis of this subject is required in order to define alternative solutions to the different issues presented in the negotiations.

While the creation of the multilateral register for wines and spirits appears to be quite straightforward, the extension of the higher level of protection of Article 23 of the TRIPs Agreement to products other than

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250. TRIPs Agreement, *supra* note 17, art. 24(4).

251. See O’CONNOR, *supra* note 50, at 50.

252. Addor & Grazioli, *supra* note 61, at 890.



wines and spirits is a more complicated issue. In the latter case, the specific interests of single WTO Member States should be put aside and the solution supported by the stronger economic rationale should be preferred.

Finally, the recent EU initiative of reclaiming the exclusive use of certain GIs even where they are currently considered to be generic or trademarks in other WTO Member States appears to be nothing more than a retaliation for the deadlock of the GIs negotiations that preceded and characterized the Cancun meeting. Indeed, no legitimate basis for the grant of a different treatment to the listed GIs can be found.

In conclusion, it is important to underscore the significance of preserving the integrity of certain products that in many cases represent the result of centuries of human development, the effort to achieve the desired result, and the strict relationship with the territory of origin. Indeed, the uniqueness of these products provides the main justification for the protection of their GIs.

#### APPENDIX

##### FIGURE 1

The graph shown in this figure represents the passage from Article 22 to Article 23 in terms of information, competition, and utility to consumers. At market equilibrium, the information of Article 22 ( $I_1$ ) and the corresponding competition ( $C_1$ ) are represented by point  $A_1$  on the indifference utility curve  $u_1$ . If the protection is extended to Article 23, the market will settle in a different point of equilibrium represented by  $A_2$ , which is the combination of a certain amount of information ( $I_2$ ) and competition ( $C_2$ ) on the indifference utility curve  $u_2$ . An increase in information beyond Article 22 is less useful to consumers because after that point the consumer is not misled, that is, the consumer has enough information to make the desired purchase. Therefore, the utility corresponding to the information provided by Article 23 has to be lower ( $u_2 < u_1$ ). At the same time, the reduction in competition is much higher in this case than in the situation in which  $A_1$  moves to  $A_3$  and the utility is constant. Indeed, in this case  $A_1$  moves to  $A_2$  on a lower utility curve and  $C_1$  moves to  $C_2$  and not  $C_3$ .

Figure 1

FIGURE 2

A possible explanation of the development of the wine market in the last decade is reported here. The graph shown in this figure represents the passage from  $A_1$  to  $A_2$  in terms of quality, competition, and utility to consumers.  $A_1$  and  $A_2$  are the market equilibrium points with level of quality,  $Q_1$  and  $Q_2$ , and levels of competition,  $C_1$  and  $C_2$ . As the quality increased from  $Q_1$  to  $Q_2$ ,  $A_1$  moved to  $A_2$  and not, for example, to  $A_3$ , which, assuming constant utility, would have determined a decrease of competition from  $C_1$  to  $C_3$ . This is because the consumer demand for more quality has been so strong to put an increase in quality on a higher utility curve  $u_2$  ( $u_2 > u_1$ ). In fact,  $C_1$  moved to  $C_2$  as seems to be testified by the expansion of wine exports of the countries that are not traditionally considered wine producers.

Figure 2