
Sidamo

A Teaching Case for WIPO

by
**Intellectual Property Research Institute of Australia
(IPRIA)¹**

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Executive Summary

This case concerns a dispute between a multi-national corporation, Starbucks, and the Government of Ethiopia regarding the registration of a trademark in the US for a type of coffee. In order to increase the value of the coffee to enable farmers to benefit, the Government of Ethiopia sought to register 'Sidamo', the Ethiopian region name where the coffee is grown, as a trademark in the US, and to compel retailers to use the trademark via a license agreement. However, the Government of Ethiopia's trademark application was substantially identical to a trademark application filed by Starbucks, and the corporation was reluctant to sign the license agreement. Further, the 'SIDAMO' trademark application was refused registration because it is descriptive, and therefore is unable to be registered as a trademark unless it has acquired distinctiveness. The case is interesting because both parties reacted in a way that is unexpected. Starbucks abided by the rules of the registered trademark regime but were made to look like the 'bad guys' by the various aid agencies who intervened. The Government of Ethiopia played up to the media attention the case received, demonstrating a sophisticated use of the trademark system to create favorable terms of trade. The case therefore raises important issues regarding the strategic management of intellectual property.

1. Descriptive Part

1.1. Title:

Sidamo Case

1.2. Country:

Ethiopia and the United States of America

1.3. Key Words:

Trademark, brand, geographical indication, certification mark, license agreement, consumer lobbying, coffee

1.4. Facts:

Starbucks customers who order their daily ‘double-choc Java latte’ or ‘decaf mocca vanilla expresso’ may have little thought for how their coffee ends up in the company’s plastic cups branded with the familiar Starbucks trademark of the mythological twin-tailed siren. Instead, their concern may be whether the coffee is hot enough, the froth high enough, or the taste sweet enough. As customers queue for their frappuccinos or macchiatos amid the plush and comfortable interior of the world’s most famous ‘coffee house’, they are removed from the realities of life on the vast coffee plantations scattered across Ethiopia. Past the dense mat of reeds and tall grass, local coffee farmers work long hours for little pay to ensure that Starbucks customers get their daily caffeine hit. With the sun beating against their backs, the farmers move quickly to collect the coffee beans ripened in the arid heat. They pause momentarily beside the long dirt road that snakes through the rows of coffee plants, a long way from the scores of Starbucks customers and the trademark dispute concerning their beverage of choice.

Coffee is the second most traded commodity in the world after oil. In total, it is estimated that the world drinks over 400 billion cups of coffee per year. The gourmet and specialty coffee sector is growing rapidly in many countries, notably in the US where the industry has enjoyed a 12% annual growth rate. This trend is predicted to continue, with some commentators forecasting that specialty coffee will, over time, account for as much as 40% of US coffee consumption.²

Starbucks, the ubiquitous coffee chain, was accused from 2005 to 2007 of hampering efforts by the Government of Ethiopia to register in the US as a trademark and license the coffee name ‘Sidamo’.³ The legal battle that ensued threatened to derail the Government of Ethiopia’s plans for greater recognition of the trademark within the important US specialty coffee market, and caused public backlash and consumer distrust against Starbucks. The struggle between a developing country on one hand, and a multi-national corporation on the other, drew media attention. As Elizabeth March writes:⁴

‘The image of coffee growers from one of the world’s poorest countries struggling to defend their interests against the mighty American chain - whose revenues in 2005 equaled two thirds of Ethiopia’s GDP - fired public sympathies’.

Indeed, the case sparked the interest of many - including economists, coffee consumers, aid agencies, community groups, journalists, lawyers, and agriculturalists.⁵

² See Elizabeth March, ‘Making the Origin Count: Two Coffees’ (September 2007) 5 *WIPO Magazine*, accessed May 20, 2008, from http://www.wipo.int/wipo_magazine/en/2007/05/article_0001.html; and Ethiopian Coffee Network, ‘Specialty Market Growth, Ethiopia’s Market Challenge’, accessed February 13, 2009, from <http://www.ethiopiancoffeenetwork.com/about2.shtml>

³ The Government of Ethiopia also applied in the US to register as trademarks and license the following Ethiopian region names where coffee is grown: ‘Harrar’, ‘Harar’ and ‘Yirgacheffe’.

⁴ See Elizabeth March, ‘Making the Origin Count: Two Coffees’ (September 2007) 5 *WIPO Magazine*, accessed May 20, 2008, from http://www.wipo.int/wipo_magazine/en/2007/05/article_0001.html

⁵ See, for example, Tom Knudson, ‘Investigative Report: Promises and Poverty: Starbucks calls its coffee worker-friendly – but in Ethiopia, a day’s pay is a dollar’ (November 7, 2007), Common

The Government of Ethiopia

The Ethiopian economy is based on agriculture. Often referred to as the 'birthplace of coffee', Ethiopia is Africa's largest coffee producer, and coffee is its largest source of foreign exchange.⁶ The country exports more than 177,000 tons of coffee a year, representing 54% of the nation's exports and 15 percent of the world's total coffee production.⁷ Given the quality of coffee that is grown in Ethiopia, the country is well positioned to directly benefit from the increased demand for specialty coffees.⁸ Other traditional major agricultural exports are hides and skins, pulses, and oilseeds. Sugar and gold production have also become important in recent years.⁹

Starbucks

Starbucks (NASDAQ:SBUX) is a multi-national coffee and coffee house chain based in the US. The first Starbucks store opened in Seattle in 1971. In 1982, Mr. Howard Schultz joined the company as director of retail operations and marketing. In 1983, Mr. Schultz traveled to Italy where he was impressed with the popularity of espresso bars in Milan. He saw the potential to develop similar coffee houses serving specialty coffee and the following year convinced the founders of Starbucks to test the concept in downtown Seattle. This successful experiment is the genesis for a company that Mr. Schultz developed and of which he is presently the Chairman and Chief Executive Officer.¹⁰

In the ensuing years, Starbucks became one of the world's best-known brands. As at April 2009, the company has 234 trademark applications currently under prosecution within the United States Patent and Trademarks Office (USPTO).¹¹

Dreams News Center, accessed June 24, 2008, from <http://www.sacbee.com/502/story/393917.html>; Matthew Clark, 'In trademarking its coffee, Ethiopia seeks fair trade' (2007), *The Christian Science Monitor*, accessed June 25, 2008, from <http://www.csmonitor.com/2007/1109/p01s06-woaf.html>; Noric Dilanchian, 'Coffee brand values' (March 22, 2007), Dilanchian Lawyers, accessed April 1, 2008, from <http://www.dilanchian.com.au/content/view/237/>; Coffee Politics: The Ethiopia-Starbucks Battle Over Coffee Trademarks, 2006, 'USPTO Again Refused Sidamo Registration', accessed April 4, 2008, from <http://poorfarmer.blogspot.com/2007/03/uspto-again-refused-sidamo-registration.html>; Morag Cuddeford Jones, 'Ethiopia and Starbucks: Every bean counts' (2007) *Brand Strategy*, accessed May 23, 2008, from http://www.brandstrategy.co.uk/issues/2007/September/Every_bean_counts/Browse.view; and Douglas B. Holt, 'Brand Hypocrisy at Starbucks' (2005) Saïd Business School University of Oxford, accessed May 20, 2008, from <http://www.sbs.ox.ac.uk/starbucks/>

⁶ BBC News, 'Starbucks in Ethiopia coffee vow' (June 2007), accessed January 23, 2009, from <http://news.bbc.co.uk/1/hi/business/6225514.stm>

⁷ See 'New Coffee Brand to Boost Farmers' Income' (May 8, 2008) *The Daily Monitor* (Addis Ababa), accessed May 20, 2008, from <http://allafrica.com/stories/200805080621.html>; and Oxfam International, *Mugged: Poverty in Your Cup* (September 2002) 54 quoted in Mihir Mankad, 'Goats Can't Dance: Ethiopia's Battle with Starbucks over Coffee Trademarks' (2007), n 9, accessed May 23, 2008, from http://www.wcl.american.edu/pijip_static/documents/MihirMankad.pdf?rd=1

⁸ See Ethiopian Coffee Network, accessed July 24, 2008, from <http://www.ethiopiancoffeenetwork.com/about2.shtml>

⁹ See US Department of State, Bureau of African Affairs, 'Background Note: Ethiopia' (July 2008), accessed 24 July, 2008, from <http://www.state.gov/r/pa/ei/bgn/2859.htm>

¹⁰ See Starbucks, 'Company timeline' (February 2008), accessed May 20, 2008, from http://www.starbucks.com/aboutus/Company_Timeline.pdf

¹¹ See the Trademark Electronic Search System available on the United States Patent and Trademark Office website accessed May 13, 2009, from <http://tess2.uspto.gov/bin/gate.exe> using the following information: Search Term - '(live) [LD] AND (Starbucks) [OW]' - OW stands for 'Owner Name and Address'; View Search History - 'Plural and Singular' and 'Live'; Field - 'ALL'; and Result Must Contain - 'All Search Terms (AND)'. Examples of Starbucks' US trademark applications as at

According to its website, Starbucks employs more than 170,000 people worldwide, has 7,087 company-operated stores and 4,081 licensed stores in 50 US states, and more than 16,000 stores in 44 countries.¹² However beginning July 2008 and continuing through the first half of financial year 2009, the company will close 600 stores in the US, reduce approximately 1000 of its staff and shut stores in other countries ‘as a result of rigorous evaluations of the entire business’.¹³

Starbucks sells more than 30 blends and single-origin coffees, hot and cold drinks, baked pastries, sandwiches and salads, and merchandise such as coffee brewers, grinders and mugs. Via licensing agreements, Starbucks products are sold in various venues – including supermarkets, hotels, museums, arenas, books stores and military bases across North America, and foodservice venues around the world. Under the Starbucks Entertainment division and Hear Music brand, the company also markets books, music, and films. In addition, Starbucks recently teamed with Apple to create a Starbucks Entertainment area on iTunes, and to offer the ‘Now Playing’ feature on the iTunes Wi-Fi Music Store which enables customers to preview, purchase and download the music playing at select Starbucks’ stores in the US.¹⁴

February 2009 include ‘ETHOS’ in relation to ‘Water filters; water filtering units for domestic and commercial use; and water filter cartridges’ filed on April 8, 2005; AFRICA KITAMU’ in relation to ‘Ground and whole bean coffee and coffee-based beverages’ filed on January 13, 2006 and registered on November 6, 2007; and ‘GUATEMALA CASI CIELO’ in relation to ‘Ground and whole bean coffee’ filed on July 30, 2003 and registered on June 7, 2005.

¹² See Starbucks, ‘Company profile’ (February 2008), accessed May 20, 2008, from http://www.starbucks.com/aboutus/Company_Profile.pdf.

¹³ See Starbucks, ‘Starbucks Takes Significant Actions to Position the Company for 2009 and Reports Third Quarter Fiscal 2008 Results’ (July 30, 2008), accessed October 27, 2008, from <http://www.starbucks.com/aboutus/transform/earnings.pdf>; Starbucks, ‘Full List of U.S. Store Closures’ (July 17, 2008), accessed October 27, 2008, from <http://www.starbucks.com/aboutus/pressdesc.asp?id=882>

¹⁴ See Starbucks, ‘Company profile’ (February 2008), accessed May 20, 2008, from http://www.starbucks.com/aboutus/Company_Profile.pdf; and Starbucks, ‘Company fact sheet’ (February 2008), accessed May 20, 2008, from http://www.starbucks.com/aboutus/Company_Factsheet.pdf

History of the Case

IP strategy

In 2004, the Government of Ethiopia began working with partners to identify a scheme which would lead to a greater share of the high retail price obtained by coffee grown in the Sidamo region. In order to obtain exclusive ownership of the coffee name to achieve wider recognition of the coffee internationally and to maximize commercial returns, the Government of Ethiopia pursued a two step process.

First, the Government of Ethiopia had to choose whether to apply to register 'SIDAMO' as a trademark in relation to the type of coffee grown in the Sidamo region, or to set up a national system of certification marks which would protect the coffee name as a geographical indication (see sidebar).

The Government of Ethiopia opted to apply to register 'SIDAMO' as a trademark, rather than as a geographical indication in the form of a certification mark. The Government of Ethiopia applied for trademark registration of 'SIDAMO' in various countries including the US, Canada, Japan, Brazil, China, the European Union, Australia, and Saudi Arabia.

According to the Director General of the Ethiopian Intellectual Property Office, Mr. Getachew Mengistie:¹⁵

'You have to understand the situation in Ethiopia. Our coffee is grown on four million very small plots of land. Setting up a certification system would have been impracticable and too expensive. Trademarking was more appropriate to our needs. It was a more direct route offering more control.'

Trademarks, certification marks, and geographical indications

A trademark is a 'sign' capable of distinguishing the goods or services of one trader from those of another. This could include names, letters, numbers, figurative elements, colors, shapes, sounds and smells, and combinations thereof.

- Thus trademark registration may be obtained for names such as 'Levi Strauss', letters such as 'IBM', numbers such as '4711', a figurative element such as the Nike 'swoosh', a shape such as the curved Coca-Cola bottle, a color such as the green used at petrol stations by BP, a sound such as the roar of a Harley-Davidson motorcycle, and a smell such as beer (in respect of non-beer products, such as darts).

A certification mark is a sign used to distinguish goods or services dealt with or provided in the course of trade and certified by the owner of the mark (or by another person or organization approved by the owner) in relation to quality, accuracy or some other characteristic including origin, material or mode of manufacture.

- Well-known certification marks include the 'Woolmark' certification mark used to identify goods which contain wool, and the 'Idaho' and 'Grown In Idaho' certification marks used by the Idaho Potato Commission to indicate potatoes grown in the US State of Idaho.

A geographical indication is a word, symbol or name which indicates both the geographical origin of a product as well as certain qualities of a product attributable to that origin. In the US, geographical indications are registrable as certification marks.

- Examples of geographical indications include Champagne, Parma, Cognac, and Roquefort.

Geographical indications are functionally similar to trademarks but, as geographical names, they are descriptive and therefore unable to be registered as trademarks unless they have acquired distinctiveness (see sidebar on 'Acquired Distinctiveness').

¹⁵ See Elizabeth March, 'Making the Origin Count: Two Coffees' (September 2007) 5 *WIPO Magazine* accessed 20 May, 2008, from http://www.wipo.int/wipo_magazine/en/2007/05/article_0001.html

Trademark registration was seen as ‘a more direct route offering more control’ because it would grant the Government of Ethiopia legal entitlement to exploit, license and use the ‘SIDAMO’ name in relation to coffee goods to the exclusion of all other traders. Once registered as a trademark, other traders would not be able to use the region name in respect of coffee goods without the Government of Ethiopia’s permission. The Government of Ethiopia could issue infringement proceedings against any trader who did so or who permitted another to engage in unauthorized use of the coffee name. For the rights of trademark registration versus registration of certification marks and geographical indications, see sidebar.

Whereas if the Government of Ethiopia applied in the US to register ‘SIDAMO’ as a geographical indication in the form of a certification mark, it would face greater challenges than if it applied to register ‘SIDAMO’ as a trademark. A geographical indication registered in the form of a certification mark demonstrates a causal connection between goods or services and a place. The scheme is used to indicate the regional origin of a particular product, and there must be a link between some characteristic of the product and the particular region where it is sourced. Hence, if the Government of Ethiopia chose to set up a national certification system in the US for ‘SIDAMO’ as a geographical indication, every bag of coffee to which the ‘SIDAMO’ mark was applied would have to be produced, processed or prepared in the Sidamo region and have a special quality that is dependent on that place of origin. In Ethiopia, coffee is grown by independent farmers on small plots of land in remote locations, spread all over the country. This would have made certification very difficult.

Rights of registration

The owner of a registered trademark has the exclusive right to use in the course of trade an identical or similar sign for goods or services which are identical or similar to those in respect of which the trade mark is registered. The justification for the exclusive right of trademark registration is to prevent confusion arising in the market place.

- For example, the owner of the registered trademark ‘Revlon’ in relation to lipstick has the exclusive right to prevent another trader using in the course of trade the sign ‘Ravlon’ in relation to lipgloss, as it is a similar sign for goods which are similar to those in respect of which the ‘Revlon’ trademark is registered.

The owner of a registered certification mark has the exclusive right to control the use of the mark on the certified goods or services. The purpose of a certification mark is to inform purchasers that the certified goods or services possess certain characteristics or meet specific standards. The use of a registered certification mark conveys that the goods or services have been examined or checked by the registered certification mark owner, who is someone other than the producer of the goods or services, by methods determined by the registered certification mark owner.

- For example, if a blanket carries the certification mark ‘Woolmark’, the registered owner of the mark, Australian Wool Innovation, has taken steps to ensure that the blanket contains 100% new pure wool and meets certain standards that it has established or adopted for the certification.

The owner of a registered geographical indication has the exclusive right to prevent the use of geographical indications which mislead the public as to the true geographic origin of a designated good, or which constitute an act of unfair competition.

- For example, the owners of the registered geographical indication ‘Parma’ have the exclusive right to prevent other traders using in the course of trade the sign ‘Parma’ in relation to ham, unless the ham is prepared in a specific area of the province of Parma according to certain standards.

As Douglas Holt wrote in 2005:¹⁶

‘Certification requires that the government oversee producers and distributors to guarantee that the coffees sold belong to a particular style or region. An estimated 600,000 farmers spread throughout Ethiopia in remote areas now grow specialty coffees. And distribution is done informally, by hauling bags on foot for many kilometers. It is simply not possible to oversee these producers; and even if it were, it would require an onerous surcharge on farmers who are already often living below subsistence level.’

However, none of the above considerations are relevant for trademark registration. Unlike a geographical indication registered as a certification mark, a trademark does not operate as a badge of geographical origin. Rather, a trademark serves as an indicator of commercial origin and is a way of communicating a connection between a product and a retailer. Registered as a trademark, there is no need for ‘SIDAMO’ coffee to be produced in the Sidamo region or have a particular quality in connection with the location. Therefore, the Government of Ethiopia may produce greater quantities of coffee using the trademark ‘SIDAMO’ as the coffee may be sourced from all over Ethiopia and need not have a characteristic or quality that is specific to the Sidamo region. Trademark registration thus allows the Government of Ethiopia to earn increased revenue by exporting more goods, enabling prices to be raised and farmers to benefit. For the practicalities of trademark registration, see sidebar.

Practicalities of trademark registration

The right provided by trademark registration is not absolute – there is no infringement if the sign (including an identical sign) is used in respect of goods or services that are unrelated to the goods or services in respect of which the trademark is registered. Thus, it is not an infringement to use the registered trademark ‘Kellogg’s Corn Flakes’ in relation to perfume. Further, there is no infringement if the sign is used other than in the course of trade. Thus, use of ‘Kellogg’s Corn Flakes’ in a work of parody is not an act of trademark infringement.

The exclusive rights of trademark registration subsist so long as the trademark remains registered. To remain registered, the trademark owner must pay renewal fees, must use the trademark (a trademark that is not used is liable to be removed from the register, upon the application of a competitor), and must ensure that the trademark does not become ‘generic’.

A trademark is said to have become ‘generic’ when it has become so well known that it is used by many members of the public as *the* name for the goods (or services) of the type to which the trademark owner has applied the mark.

- A good example is ‘heroin’, which was a trademark registered by the German chemical company Bayer in the late 19th century, but which is now used generically to describe ‘diacetylmorphine’. Other former trademarks that are now generic product names include ‘pogo stick’, ‘trampoline’, ‘frisbee’, ‘aspirin’, ‘escalator’, and ‘zipper’.

To obtain registered trademark protection, a trademark owner must apply to a state registration authority, specifying the sign and the goods and/or services in respect of which exclusive entitlement to the sign is sought. The authority will examine the application and, if the requirements are satisfied, will enter the trademark, and the goods/services in respect of which it is registered, on a public register.

There is no limit on how long a trademark may remain registered. Thus, so long as the registration renewal fees are paid, the trademark is used and the trademark does not become generic, a trademark may be protected in perpetuity.

¹⁶ Douglas Holt, ‘Brand Hypocrisy at Starbucks’ (2005) Saïd Business School University of Oxford, 5, accessed May 20, 2008, from <http://www.sbs.ox.ac.uk/starbucks/>

The Government of Ethiopia and its legal advisors were upfront about the proposed benefits of the country's trademark registration strategy. In a video posted on YouTube, Mr. Bob Winter, a partner at the Washington DC law firm Arnold & Porter LLP, which provided legal advice to the Government of Ethiopia, explained:¹⁷

“Ethiopia has approached this issue from the perspective of what is in its best economic interest and a trademark provides Ethiopia with greater control over the distribution system. A trademark gives it much more effective control over the ultimate distribution of its product which is likely to add to its economic benefit. A certification mark provides a much weaker control in the holder of a certification mark.”

The second step of the process was that the Government of Ethiopia sought to create a network of foreign licensed distributors who would actively promote ‘SIDAMO’ specialty coffee to consumers. Major coffee companies were asked to sign trademark license agreements that acknowledged the Government of Ethiopia's exclusive ownership of the coffee name ‘Sidamo’ regardless of whether the trademark was granted. In early 2005, the Government of Ethiopia approached Starbucks to sign the Government of Ethiopia's US trademark license agreement.

Usually, the purpose of a trademark license agreement is to provide traders with permission to use a trademark in relation to specific goods or services in exchange for payment of a license fee. However, rather than provide traders with permission to use the name ‘SIDAMO’ by charging a license fee, the Government of Ethiopia's trademark license agreement *compels* traders, free of charge, to use ‘SIDAMO’ on any product that consists wholly of Sidamo coffee (see Exhibit 1, article 5.1). This form of trademark license agreement is unusual. In a bid to attract major coffee retailers as licensees and sweeten the deal, the agreement is royalty-free. The Government of Ethiopia sought to corner the market so that as many US traders as possible used the ‘SIDAMO’ mark on the label or packaging of all coffee made from Sidamo beans. The Government of Ethiopia wanted its coffee to have greater visibility in the market so that the export premium for the product could be increased. By forcing traders to use the ‘SIDAMO’ name, even if it was not yet a registered trademark, the Government of Ethiopia sought to differentiate its ‘SIDAMO’ coffee in the competitive US retail coffee market.

The key provisions of the Government of Ethiopia's US trademark license agreement are shown in Exhibit 1. As at May 2009, there are similar trademark license agreements for the Australian, Canadian, and United Kingdom markets.¹⁸

¹⁷ See YouTube, ‘Ethiopian Coffee Network Legal Issues’, January 29, 2007, accessed May 13, 2009, from <http://www.youtube.com/watch?v=2DiWK81j7fg>

¹⁸ See Ethiopian Coffee Network website, accessed May 13, 2009, from <http://www.ethiopiancoffeenetwork.com/licensing3.shtml>

Trademark application process

On March 17, 2005, the Government of Ethiopia applied to the USPTO to register 'SIDAMO' as a trademark in relation to coffee. For the requirements of trademark validity, see sidebar. The 'SIDAMO' trademark application is shown in Exhibit 2.

On October 8, 2005, the USPTO notified the Government of Ethiopia about Starbucks' earlier-filed trademark application for 'SHIRKINA SUN-DRIED SIDAMO' in respect of 'Ground and whole bean coffee; prepared coffee based beverages' filed on June 8, 2004. For Starbucks' trademark application, see Exhibit 3. The Government of Ethiopia's trademark application for 'SIDAMO' was considered by the USPTO to be 'substantially identical or deceptively similar' to the earlier-filed Starbucks' trademark application for 'SHIRKINA SUN-DRIED SIDAMO' in relation 'the same or similar goods' and was suspended pending the disposition of Starbucks' mark.

The Government of Ethiopia was not pleased about Starbucks' earlier-filed trademark application. Mr. Kassahun Ayele, the Ethiopian Ambassador to the US at the time, made efforts to engage Starbucks in discussions to resolve the matter. Mr. Ayele's letter to Mr. Howard Schultz, chairman of Starbucks, went unanswered for over a month. According to the Ethiopian Embassy, what Mr. Ayele did receive was a dismissive reply from a Starbucks lawyer and a short time later, a note from a Corporate Vice President of the company inviting him to attend an award event for Mr. Shultz and to contribute \$US600 for the 'privilege'.¹⁹

Requirements of trademark validity

To be capable of registration, a trademark must be new. This means it must not be substantially identical or deceptively similar to another trademark that has been registered previously in relation to the same or similar goods or services.

- For example, say Suzie applied to register 'Nevian' as a trademark in relation to bottled water. The Trademark Office would likely reject Suzie's trademark application on the basis that it is substantially identical or deceptively similar to the registered trademark 'Evian' in relation to the same goods.

In addition, the trademark must be capable of distinguishing the goods or services of the applicant from the goods or services of other traders. This means the trademark must not be a sign which other traders could, in good faith, wish to use.

- For example, a sign that is laudatory (e.g. 'perfection') or descriptive (e.g. 'creamy' in relation to cream or milk) is one which all traders, in good faith, may wish to use – and so is not registrable as a trademark by anyone.
- A sign that is geographically descriptive of goods or services (e.g. 'British', in relation to goods from Britain) is also unregistrable as a trademark if the same or similar goods or services are produced at the place or in the area, or if it is reasonable to suppose that such goods or services may in the future be produced there. However, a sign that is primarily geographically descriptive of goods or services may be registered if it is shown to have acquired distinctiveness (see sidebar titled 'Acquired distinctiveness').

Finally, to be registrable a trademark must be capable of being represented graphically, and must not consist of material that is likely to deceive or confuse, is scandalous or is contrary to law.

¹⁹ See Wondwossen Mezlekia, 'Ethiopia's loss in the Starbucks affair', *Addis Fortune*, 19 August 2007, available at <http://www.grain.org/bio-ipr/?id=520>

Trademark opposition

To ensure that the Government of Ethiopia, rather than Starbucks, had exclusive ownership of the 'SIDAMO' mark in the competitive coffee market, the Government of Ethiopia opposed the registration of 'SHIRKINA SUN-DRIED SIDAMO' before the Trademark Trial and Appeal Board on June 22, 2006.²⁰ The Government of Ethiopia (the 'Opposer') put forward its case against Starbucks (the 'Applicant') on two bases.

The first ground of opposition was that there exists a 'likelihood of confusion' between the two marks.²¹ The Government of Ethiopia argued that there exists a 'likelihood of confusion' between Starbucks' 'SHIRKINA SUN-DRIED SIDAMO' trademark application and the unregistered 'SIDAMO' trademark for the following reasons:

- a) The Marks Are Virtually Identical. The parties' marks are closely similar in sight, sound and appearance. The dominant part of Applicant's proposed 'SHIRKINA SUN-DRIED SIDAMO' mark is obviously the word 'SIDAMO', and 'SUN-DRIED' is a generic or descriptive term.
- b) Similarity of the Products. The parties' goods are also identical or virtually identical. Opposer sells coffee; Applicant intends to sell coffee and coffee-based beverages.
- c) Similarity of Trade Channels. The parties do not include any restrictions on trade channels in their applications and registrations. Therefore, on information and belief, Applicant intends to market its coffee-based products through channels of trade identical or similar to those that Opposer uses for products sold under the 'SIDAMO' mark.
- d) Nature of Purchasers. Upon information and belief, Applicant also intends to market its coffee-based products under the 'SHIRKINA SUN-DRIED SIDAMO' mark to the same types of consumers that comprise the purchasing public for Opposer's products offered under the 'SIDAMO' mark, namely, coffee drinkers.

²⁰ See 'Response to Office Action' dated January 17, 2007, available from the USPTO 'SIDAMO' trademark file, accessed July 25, 2008 from the USPTO website http://tportal.uspto.gov/external/portal!/ut/p/kcxml/04_Sj9SPykssy0xPLMnMz0vM0Y_QjzKLN4r3CQXJgFieAfqRqCLGpqiBvGOcAFfj_zcVP0goESkOVDcZuc_Kic1PTG5Uj9Y31s_QL8gNzQ0otzbEQAesCwl/delta/base64xml/L0IJSk03dWIDU1IKSkpKSkovb0d3d0FBTVlnQUNFSVFOQ0VFSWhGS0lZeEhPQS80RkdnZFluS0owRIJvWGZyQ0U5NHZWTjJFQSEhLzdfMF9GTC8xMi9zYS5nb3YudXNwdG8udG93LmFjdGlvbnuMuRGV0YWl5Vmllld0FjdGlvbG!!?PC_7_0_FL_details=fetchDetails&PC_7_0_FL_downloadErrorMessage=&PC_7_0_FL_showErrorMessage=true&PC_7_0_FL_isSubmitted=true&PC_7_0_FL_TEXT=78589307&PC_7_0_FL_isDownloadSuccess=true&PC_7_0_FL_SearchListPage=SearchListPage&PC_7_0_FL_SELECT=US%20Serial%20No#7_0_FL. In the US, once all objections of the examining attorney regarding a trademark application have been addressed, a trademark application is approved for publication. Any person who believes that he or she would be damaged by the registration of a published mark may oppose registration by filing a notice of opposition with the Trademark Trial and Appeal Board.

²¹ See 'Notice of Opposition' filing date 06/22/2006 in Opposition No. 91171503, Serial No. 78431410, Government of Ethiopia v Starbucks U.S. Brands, LLC, accessed October 31, 2008, from the Trademark Trial and Appeal Board Electronic Filing System website <http://estta.uspto.gov> <http://ttabvue.uspto.gov/ttabvue/v?pno=91171503&pty=OPP&eno=5>, ESTTA Tracking number: ESTTA86659.

The second ground of opposition submitted was that registration of Starbucks' mark would 'damage' the Government of Ethiopia and hinder its ability to protect its 'SIDAMO' mark.

The opposition ended in the Government of Ethiopia's favor. On July 5, 2006, Starbucks filed a submission with the USPTO that it 'hereby abandons' its 'SHIRKINA SUN-DRIED SIDAMO' trademark application. The Government of Ethiopia was very pleased that its opposition to the registration of Starbucks' trademark application achieved the desired result. With Starbucks' trademark application abandoned, the Government of Ethiopia could now focus its energies on having 'SIDAMO' registered as a trademark in the US.

Refusal of trademark registration

Although Starbucks' mark was no longer an obstacle to registration, the Government of Ethiopia encountered various difficulties securing 'SIDAMO' as a registered US trademark. On July 17, 2006, the Government of Ethiopia's trademark application 'SIDAMO' was refused by the USPTO. The proposed mark was held to be descriptive of the goods identified and therefore not eligible for registration under US trademark law. The USPTO Examining Attorney's report stated: 'The attached evidence from Google shows that the proposed mark SIDAMO is incapable as used in connection with coffee because it is a recognized type of coffee and coffee bean.'²² The evidence included print-outs from websites with the following headings: 'Ethiopia Sidamo: coffee that tastes like strawberries and cream', 'Great deals on Ethiopian Sidamo, shop on eBay and Save!', and 'Ethiopia 100% Organic Fair Trade Sidamo'.

Almost a month later, on August 18, 2006, the USPTO received a 'Letter of Protest' by the Specialty Coffee Association of America (SCAA) that objected to the registration of 'SIDAMO' as a trademark on the ground that it is descriptive of a variety of coffee and other traders should be entitled to use it.²³ Like the Examining Attorney's report, print-outs of websites which used the term 'Sidamo' as a description of a type of coffee were presented as evidence against trademark registration. According to the USPTO, the evidence presented 'established a clear case which supports a refusal, requirement or suspension' in the 'SIDAMO' trademark application.²⁴

The SCAA was of the view that, rather than apply for trademark registration, the Government of Ethiopia should set up a national system of certification marks to enable Ethiopia to protect its coffees as geographical indications. The scheme had

²² See 'Offc Action Outgoing' dated July 17, 2006, available from available from the USPTO website cited in n 19 above.

²³ When a Letter of Protest is filed prior to publication of a mark, the evidence in the Letter will be forwarded to the Examining Attorney only if there is sufficient evidence presented to establish a clear case which supports a refusal of registration such that publication of the mark for opposition, without consideration of the issue and evidence presented in the Letter, might result in a 'clear error' by the USPTO. For further information on Letters of Protest, see Department of Commerce, USPTO, 'Changes in Practice Concerning Letters of Protest' (February 21, 1995), accessed October 30, 2008, from <http://www.uspto.gov/go/og/con/files/cons155.htm>

²⁴ See 'Administrative Response' dated August 17, 2006, from the USPTO 'SIDAMO' trademark file, accessed July 25, 2008 from the USPTO website cited in n 19 above.

worked well for Jamaica, which had successfully registered a certification mark in the US for its premium Jamaica Blue Mountain Coffee. According to the SCAA:²⁵

‘The World Trade Organization recommends using “certification marks” for the protection of geographical indications of origin as a means of protecting the intellectual property rights of agricultural producers. **This is also the position adopted by SCAA.**’

However, this option was not what the Government of Ethiopia and its advisors had in mind. On October 12, 2006, the Director General of the Ethiopian Intellectual Property Office, Mr. Getachew Mengistie, wrote to the SCAA:²⁶

‘Trademark registration confers rights that go beyond the scope of rights associated with certification marks – the two do not establish the same goals...With all due respect, it is for Ethiopia to determine which form of ownership – trademark or certification mark – it wishes to pursue.’

Intervention by non-government organizations

Meanwhile, Starbucks was attracting criticism for not signing the Government of Ethiopia-US trademark license agreement. In October 2006, Oxfam International and other development organizations intervened and launched a global campaign that Starbucks should follow the lead of other US coffee retailers and sign the license agreement. It is not clear whether the intervention by non-government organizations was facilitated by, or with the approval of, the Government of Ethiopia. Oxfam International declared December 16, 2006 as ‘Starbucks Day of Action’ and encouraged people to ‘Tell Starbucks that you stand by Ethiopian coffee farmers and you want the company to honor its commitments.’ For the ‘Starbucks Day of Action Toolkit’, see Exhibit 4. By the end of the public campaign, Oxfam International claimed that more than 96,000 people had contacted Starbucks by email, fax, and phone and by visiting local stores, requesting it to sign the license agreement.²⁷

Starbucks attempted to counter the negative publicity it was attracting. In November 2006, Starbucks President Mr Jim Donaldson announced that company executives had met with the Ethiopian Prime Minister ‘to talk about how we can work together on initiatives that will benefit coffee farmers’.²⁸ In February 2007, Starbucks announced that it had donated \$US500,000 to CARE, a US-based international humanitarian and development organization, ‘to help fund a three-year program that will improve economic and educational prospects for more than 6,000 people in rural Ethiopia’s coffee growing regions.’²⁹

²⁵ Speciality Coffee Association of America, ‘Geographical Indications for the Origin of Coffee’ (August 8, 2008), accessed August 7, 2008, from <http://www.scaa.org/pdfs/news/SCAA-GI-Ethiopia-Statement0806.pdf>

²⁶ Letter from Mr Getachew Mengistie to Specialty Coffee Association of America (October 12, 2006) accessed August 4, 2008, from www.ethiopianembassy.org/TradeMarkCampaign/EIPO_to_Specialty_Coffee_Association_of_America.pdf

²⁷ See Make Trade Fair – Oxfam International website, accessed May 23, 2008, from http://www.maketradeair.com/en/index.php?file=starbucks_main.html

²⁸ Starbucks, ‘Starbucks and the Ethiopian Government Agree to Work Together Toward a Solution that Supports the Ethiopian Coffee Farmers’ (November 29, 2006), accessed May 23, 2008, from <http://www.starbucks.com/aboutus/pressdesc.asp?id=729>

²⁹ Starbucks, ‘Starbucks Funds New Community Development Programs in Ethiopia with \$500,000 Contribution to CARE’ (February 8, 2007), accessed May 23, 2008, from <http://www.starbucks.com/aboutus/pressdesc.asp?id=746>

After public pressure and long negotiations, on June 20, 2007, Starbucks and the Government of Ethiopia released a 'Joint Statement' that Starbucks had signed the US trademark license agreement. Ethiopia's ambassador to the US, Dr Samuel Assefa, praised Starbucks for its corporate citizenship. 'This alliance,' he said, 'highlights the significance of visionary entrepreneurs in creating space for win-win engagements between corporations that operate globally and developing countries such as ours.'³⁰ For the non-government organizations who intervened, the release of the 'Joint Statement' was excellent news. See Exhibit 5 for an example of how Oxfam celebrated on its website the 'Campaign victory' against Starbucks.

Trademark registration

Though Starbucks had signed the license agreement, the Government of Ethiopia was still attempting to have 'SIDAMO' registered as a trademark in the US. In three separate Office Actions - dated July 17, 2006; March 27, 2007; and April 10, 2007 - the USPTO refused registration of 'SIDAMO'. On each occasion, the USPTO held that the proposed trademark is a recognized type of coffee and coffee bean and is therefore descriptive of the goods identified.

On January 17, 2007, and October 10, 2007, the Government of Ethiopia responded to the USPTO. They maintained that the 'SIDAMO' mark is not descriptive and the evidence presented by the Examining Attorney does not support this ground of refusal. The Government of Ethiopia also argued that 'SIDAMO' is a geographic term that has acquired distinctiveness (see sidebar) and that the 'SIDAMO' mark is widely recognized. Based on copies of the US trademark license agreement signed by third parties 'including major industry participants' and the Joint Statement recently issued by Starbucks and the Government of Ethiopia, the Government of Ethiopia argued that

Acquired distinctiveness

Acquired distinctiveness – or, as it is also called, 'secondary meaning' – is proof that a sign has become distinctive as applied to the applicant's goods or services in commerce. The sign must come to identify not only the goods or services but the source of those goods or services.

To prove that a trademark has acquired distinctiveness, an applicant may, in support of registrability, submit evidence showing the mark's duration, extent and nature of use in commerce, and advertising expenditures in connection therewith (identifying types of media and attaching typical advertisements), and declarations from the trade and/or public tending to show that the mark distinguishes such goods or services (see the Trademark Manual of Examining Procedure § 1212, and Chapter 37 of the Code of Federal Regulations § 2.41).

For example, Rosie has used the unregistered trademark 'Wooly' in relation to a range of woolen scarves that she has knitted and sold in her New York fashion boutique since 1999. Each scarf has the 'Wooly' trademark designed by Rosie on its label. Rosie attempted to register 'Wooly' as a trademark in relation to scarves. However, her trademark application was rejected on the basis that it is not capable of distinguishing the goods of the applicant from the goods of other traders. To prove that her unregistered trademark has acquired distinctiveness, Rosie has submitted evidence to the USPTO showing (per year since 1999) how many 'Wooly' scarves she has sold in her fashion boutique and the advertising expenditure relating to the sale of her scarves. In addition, Rosie has provided copies of typical advertisements from New York newspapers and fashion magazines featuring her 'Wooly' scarves. She has also provided statements from her customers tending to show that the mark 'Wooly' distinguishes her scarves from other traders.

³⁰ Starbucks, 'Joint Statement: Starbucks and Ethiopian Intellectual Property Office (EIPO) Partner to Promote Ethiopia's Coffee and Benefit the Country's Coffee Farmers' (June 20, 2007), accessed May 23, 2008, from <http://www.starbucks.com/aboutus/pressdesc.asp?id=779>

the ‘SIDAMO’ mark has acquired distinctiveness and should therefore proceed to registration. The Government of Ethiopia submitted:³¹

‘This evidence demonstrates that the relevant consuming public – whether professionals in the coffee industry or coffee consumers – understand and recognize that the SIDAMO mark identifies coffee from Ethiopia offered through the Applicant.’

The Government of Ethiopia’s response was accepted by the USPTO. The trademark application was approved for publication on October 22, 2007. Nearly three years after the application was originally filed, ‘SIDAMO’ was registered as a trademark by the USPTO on February 12, 2008.

³¹ See ‘Response to Office Action’ dated October 10, 2007, available from the USPTO ‘SIDAMO’ trademark file, accessed July 25, 2008 from the USPTO website cited in n 19 above.

Exhibit 1: Key provisions of the Government of Ethiopia-US trademark license agreement

1. DEFINITIONS

1.2 “Blend” shall mean any coffee which does not consist entirely (i.e., 100%) of SIDAMO, YIRGACHEFFE, HARRAR, or HARAR as the case may be.

1.4 “Marks” shall mean the United States and foreign trademarks, and the registrations and applications for registration thereof, listed on Schedule A hereto and any additional trademarks that may be added to Schedule A by Licensor during the Term of this Agreement as defined herein.

1.6 “Products” means coffee.

2. GRANT OF NONEXCLUSIVE WORLDWIDE LICENSE

2.1 Subject to the terms and conditions specified herein, Licensor grants to Licensee a nonexclusive license to use, with the limited right as provided in paragraph 8 below to license others to use the Marks in the United States and worldwide in connection with the goods covered by the registrations and applications for registration, namely coffee (the “Products”).

2.2 Licensee shall not use any Mark with respect to coffee that is a Blend unless otherwise required by applicable law. Licensee shall obtain Licensor’s approval for such use where Licensee is required to use a Mark with respect to a coffee that is a Blend, which approval shall not be unreasonably withheld.

3. OWNERSHIP OF MARKS

Licensee acknowledges Licensor's ownership of the Marks, agrees that it will do nothing inconsistent with such ownership and that all use of the Marks by Licensee or its sub-licensees shall inure to the benefit of and be on behalf of Licensor, and agrees that nothing in this Agreement shall give Licensee or its sub-licensees any right, title or interest in the Marks other than the right to use the Marks in accordance with this Agreement.

5. FORM OF USE

5.1 Licensee agrees to use the Marks on the label or packaging for any Products that contain 100% SIDAMO, YIRGACHEFFE, HARRAR, or HARAR coffee. Licensee agrees that use of the Marks shall appear separate and apart from any other words or marks.

5.2 Licensee agrees not to use, or to authorize its sub-licensees to use, any other trademark in combination with any of the Marks without prior written approval of Licensor, which approval shall not be unreasonably withheld. Licensee agrees that where Licensee’s own trademark is used in combination with any of the Marks the packaging for the Products shall refer to the Marks and Licensee’s trademark with equal prominence, and that the Marks shall be separate and apart from any other words or marks.

6. ROYALTY

No Royalty shall be required to be paid by Licensee.

8. SUB-LICENSES

Licensee may sub-license, by written agreement substantially in the form of Exhibit 1 hereto, any of the Marks solely to its Affiliates for so long as such entities remain its Affiliates. Licensee may not directly or indirectly sub-license or attempt to sub-

license, whether orally or in writing, any other person to use the Marks without Licensor's prior written approval.

10. ADVERTISING

Licensee agrees to use its best efforts to undertake, either directly or through its sub-licensees, advertising, marketing and other promotional activities to enhance the value of the Marks.

12. INFRINGEMENT

12.1 Licensee and Licensor agree to cooperate in their efforts to defend and protect the Marks and to maintain the Marks as valid marks. Licensee shall notify Licensor of any potential or actual infringements of the Marks as may come to Licensee's attention. In the event of any potential or actual infringement, Licensor shall have the option, at its expense, to take any legal action or other measures to protect the Marks against such infringement. In the event Licensor determines not to take action to protect the Marks against infringement or to remedy any infringement, Licensee, at its expense, may undertake legal action or other measures to protect the Marks against such infringement. The Parties shall cooperate in protecting the Marks and, at their own expense, may participate in any legal action brought by the other Party.

12.2 In the event that any claim or lawsuit is brought against Licensee or its sub-licensees arising out of use of the Marks by Licensee or its sub-licensees, Licensee will promptly notify Licensor of any such claim or lawsuit.

Source: Government of Ethiopia-US trademark license agreement, accessed June 6, 2008, from http://www.ethiopiancoffeenetwork.com/downloads/US_Trademark_License_Agreement.pdf

Exhibit 2: The Government of Ethiopia's trademark registration for 'SIDAMO'

SIDAMO

Word Mark SIDAMO
Goods and Services IC 030. US 046. G & S: coffee. FIRST USE: 19281231. FIRST USE IN COMMERCE: 19281231
Standard Characters Claimed
Mark Drawing Code (4) STANDARD CHARACTER MARK
Serial Number 78589307
Filing Date March 17, 2005
Current Filing Basis 1A
Original Filing Basis 1A
Published for Opposition November 27, 2007
Registration Number 3381739
Registration Date February 12, 2008
Owner (REGISTRANT) Government of Ethiopia National Government ETHIOPIA Sudan Street, P.O. Box 2490 Addis Ababa ETHIOPIA
Attorney of Record Anna W. Manville
Type of Mark TRADEMARK
Register PRINCIPAL-2(F)
Live/Dead Indicator LIVE

Source: USPTO website, accessed March 20, 2008, from <http://tess2.uspto.gov/bin/gate.exe?f=doc&state=2d5ai7.2.3>

Exhibit 3: Starbucks' trademark application for 'SHIRKINA SUN-DRIED SIDAMO'

**SHIRKINA SUN-DRIED
SIDAMO**

Word Mark	SHIRKINA SUN-DRIED SIDAMO
Translations	The foreign wording in the mark translates into English as SHIRKINA is Ethiopian for partnership but has no meaning in the relevant trade.
Goods and Services	(ABANDONED) IC 030. US 046. G & S: Ground and whole bean coffee; prepared coffee based beverages
Standard Characters Claimed	
Mark Drawing Code	(4) STANDARD CHARACTER MARK
Serial Number	78431410
Filing Date	June 8, 2004
Current Filing Basis	1B
Original Filing Basis	1B
Published Opposition	for December 27, 2005
Owner	(APPLICANT) Starbucks U.S. Brands, LLC LTD LIAB CO NEVADA 2525 Starbucks Way Minden NEVADA 89423
Attorney of Record	Julia Anne Matheson
Disclaimer	NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE SUN-DRIED SIDAMO APART FROM THE MARK AS SHOWN
Type of Mark	TRADEMARK
Register	PRINCIPAL
Live/Dead Indicator	DEAD
Abandonment Date	July 8, 2006

Source: Source: USPTO web site, accessed May 20, 2008, from <http://tess2.uspto.gov/bin/gate.exe?f=doc&state=1t9oje.2.46>

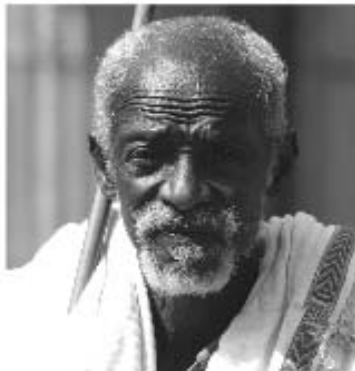
Exhibit 4: Oxfam's 'Starbucks Day of Action Toolkit'

Dear Starbucks employee,

I'm concerned about Starbucks' actions regarding Ethiopia's right to control the use of its coffee names. Please do the right thing by the poor farmers who grow Starbucks coffee. Contact Starbucks headquarters; ask the company to sign an agreement that recognizes Ethiopia's ownership of its names. For more information, read below.

Signature _____ Printed name _____

Starbucks, Ethiopia, and Oxfam: Myths and Facts



As part of its groundbreaking trademark campaign, Ethiopia has asked Starbucks to sign a licensing agreement that would formally recognize the country's ownership of its gourmet coffee names: Sidamo, Harar, and Yirgacheffe. This strategy, which has traditionally been used by large corporations, could pave the way for long-term development in poor countries.

By signing the agreement, Starbucks could set a trend in the coffee industry that could allow Ethiopia to capture a larger share of the market value associated with its coffee names. Ethiopia could also protect the reputations of their brands and occupy a stronger negotiating position with foreign buyers. It is estimated that the project could eventually increase Ethiopia's specialty coffee export income by \$88 million annually.

Right now, Starbucks uses Ethiopian names like Sidamo to market its coffee because consumers are willing to pay a premium price for these high-quality coffees. But while Starbucks reaps the benefits from this brand recognition—selling these coffees for as much as \$26 a pound—Ethiopian farmers see just 5 to 10 percent of the retail price.

Ethiopia's proposal to Starbucks is part of its strategy to overhaul a trading system that distributes the bulk of profits to roasters and retailers instead of producing countries. Ethiopia's efforts couldn't come sooner. In a country where one in four people live on less than a \$1 a day, coffee represents the source of hope and income for 15 million.

Join the broad coalition of Starbucks employees, students, nonprofit organizations, and Ethiopians calling on Starbucks to honor its commitments to coffee farmers. Visit www.oxfamamerica.org/starbucks to help.

MYTH: Oxfam is focusing on Starbucks because it is a large multinational corporation.

FACT: Oxfam is focusing on Starbucks because it is an industry leader with a history of involvement with Ethiopia's trademark campaign.

In 2005, Ethiopia applied to trademark the coffee names Sidamo, Yirgacheffe, and Harar with the US Patent and Trademark Office, but it was informed that Starbucks had already registered a name, Shirkina Sun Dried Sidamo, which conflicted with the Ethiopian registration. Soon afterward, the Ethiopian ambassador to the US and Oxfam (at the request of the ambassador) approached Starbucks to try to find a win-win solution. Ultimately, Starbucks pulled its conflicting application but then worked to block Ethiopia's application by prompting the National Coffee Association, of which it is a member, to file an opposition. And now, Starbucks continues to push the country to accept an alternative proposal (geographic certification), which fails to give Ethiopia the tools it needs to carry out its trademark project. Oxfam continues to encourage Starbucks to sign the agreement that Ethiopia put forward, one that aptly acknowledges the country's rights to its coffee names.

MYTH: Starbucks already does a lot to help farmers. It doesn't need to sign this agreement.

FACT: Starbucks has taken some good steps, but it can do better. Recognizing Ethiopia's rights to its coffee names would complement these efforts.

Starbucks has made positive contributions to coffee-growing communities, but now that Ethiopia is proposing a long-term poverty solution, the company balks. Ethiopia's project is not a quick fix, or a request for charity. It is a step toward righting a flawed trading system for the 15 million Ethiopians who depend on coffee to feed their families, and pay for their education and health care. As a company that prides itself on its work on behalf of coffee farmers, Starbucks should welcome Ethiopia's efforts to help its farmers get a greater share of the value their coffee commands on the market.

MYTH: Agreements like these might actually hurt Ethiopian coffee farmers if Starbucks stops buying Ethiopia's coffee.

FACT: Ethiopia has shown no indication that it would introduce the type of unfair complexities or costs that would lead Starbucks to stop buying its coffee.

Ethiopia has no reason to negotiate the sort of trademark agreement that would discourage Starbucks from buying its coffees. In fact, Ethiopia has chosen not to charge Starbucks and other companies the royalty fees normally associated with such agreements. Moreover, Ethiopia has no motivation to price itself out of the market. Even if the country did eventually raise the export price for its specialty coffees, Starbucks might only pay a few extra cents per pound. Since Starbucks is a very successful company (making about \$6 billion in net revenues in just the first three quarters of fiscal year '06), those extra cents would cost the company comparatively little. But they would add up to a lot for Ethiopia's poor farmers.

MYTH: Poor coffee farmers aren't going to see a dime from this deal—the money will stay with the Ethiopian government.

FACT: The Ethiopian government is working with farmer cooperatives and others to make sure the increased revenue will benefit Ethiopia's coffee sector, which includes poor farmers.

Oxfam's interest is in seeing that all parties—whether they be coffee companies or governments—do well by farmers. The Ethiopian government is working with a stakeholder group, which includes Ethiopian coffee cooperatives, to decide how to manage ownership and the distribution of benefits associated with trademarks. The licensing agreement acknowledges that Ethiopia's goal is "to maximize the benefits to farmers."

MYTH: Geographic certification will be better for the Ethiopians than a trademark agreement.

FACT: Only the trademark licensing agreement would give Ethiopia the control it demands.

Ethiopia wants Starbucks to sign a trademark licensing agreement, but Starbucks says a geographic certification program would be better. Trademarks, unlike geographic certification, would afford Ethiopia exclusive rights to names, which the country could then allow coffee companies to use—through licensing agreements. These rights would help Ethiopia manage its brands, increase the brands' value and, over time, increase the amount of money going back to Ethiopia's coffee sector. Ethiopia consulted with coffee cooperatives, intellectual property experts, and legal counsel before choosing its trademark strategy. Ownership of names is the same strategy corporations like Starbucks, McDonald's, and Disney use to build their brands and capture a fair return for the use of their name. The difference is that Ethiopia was blocked from getting trademark protection for some of its product names.

MYTH: Oxfam is running a smear campaign against Starbucks.

FACT: Oxfam is asking Starbucks to honor its commitments to coffee farmers.

This campaign is not about Starbucks; it's about Ethiopian coffee farmers. Since 2001, Oxfam America has campaigned to help coffee farmers around the world alleviate poverty in their communities. Working with Ethiopians to gain control of their coffee names represents the next logical step. We have partnered with Starbucks in the past because of its history of helping farming communities—so we don't understand why the company won't work with Ethiopia now. We hope Starbucks abides by its mission to support coffee communities and recognizes Ethiopia's right to determine how best to control its coffee names.

Working together to end poverty and injustice

Oxfam America | 226 Causeway Street, 5th Floor | Boston, MA 02114-2206 | (800) 77-OXFAM | www.oxfamamerica.org

Source: Source: Oxfam America website, accessed December 24, 2008, from http://www.oxfamamerica.org/whatwedo/campaigns/coffee/starbucks/news_publications/mythsfactsdoa/mythsfactsdoa/?searchterm=starbucks

Exhibit 5: An example of how Oxfam celebrated on its website the ‘Campaign victory’ against Starbucks

MAKE TRADE FAIR
[home](#) : [act now](#) : [the issues](#) : [research](#) : [fair trade](#) : [events](#) : [news](#) : [t-shirts](#) : [contact us](#) english

[act now](#)

[join the big noise](#)

[starbucks and Ethiopia](#)

[introduction](#)

[coffee in ethiopia](#)

[the retail value of coffee](#)

[new coffee agreement](#)

[big noise competition](#)

[campaigning toolkit](#)

[spread the word](#)

[privacy is your right!](#)



Oxfam celebrates as Starbucks signs historic agreement with Ethiopia

Oxfam celebrates a campaign victory as Ethiopia and Starbucks agree to work together to forge a new and fairer path for Ethiopian coffee farmers in the



Watch a thank you video from Ethiopian farmers on YouTube

international marketplace.

What' s happened?

Starbucks has agreed to work in the interests of Ethiopian farmers by signing a distribution, marketing and licensing agreement that recognizes Ethiopia' s right to control the use of its speciality coffee brands, Harar, Sidamo, and Yirgacheffe.

Why is it so important?

Ethiopia' s trademarking project could bring millions more in annual revenues. In a country where about 15 million people depend on coffee to get by, that amounts to significantly more money for food, health care, and education.

Starbucks is one of the first to sign a licensing agreement giving Ethiopia the right to control its speciality coffee brands. This success paves the way for Ethiopian coffee farmers to work with other coffee companies to dramatically improve their lives.

How did it happen?

More than 96,000 people, including a broad coalition of

student groups, nongovernmental organizations, and Ethiopian community members, contacted Starbucks to urge them to sign the agreement by e-mail, fax, phone and by visiting local stores

Our collective efforts have made a huge difference, and Oxfam would like to thank the tens of thousands who used their voices to encourage Starbucks to do the right thing by Ethiopian coffee farmers.

Campaigning works!

Read more



[Coffee agreement bears the mark of Oxfam's campaigning](#)



[Coffee in Ethiopia
Farmers and the retail value of coffee](#)



See also

Campaigners pose as Starbucks employees to rip up cheque for Ethiopian farmers

[Oxfam Responds to National Coffee Association and Starbucks](#) (26 October 2006)

Source: Oxfam International website, accessed January 6, 2009, from http://www.maketrade-fair.com/en/index.php?file=starbucks_main.html

2. Teaching Note

It is available upon request by IP teachers.

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