

**PERSPECTIVES ON GEOGRAPHICAL INDICATIONS:
Prospects for the Development of the International Legal Framework**

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INTRODUCTORY REMARKS

Thank you and good afternoon. May I start by thanking the State Administration for Industry and Commerce (SAIC) and WIPO for hosting this Symposium and for inviting Australia to speak on prospects for the development of the international legal framework on geographical indications (GIs).

Like the speakers before me, this a question in which Australia has a great interest, although for different reasons. We have strong defensive interests, commercially, given Australia's history and economic profile. We are a nation founded on immigration, and we are a large exporter of agricultural commodities, including dairy products and use many of the terms that Europe claims as its own.

PROSPECTS FOR THE INTERNATIONAL LEGAL FRAMEWORK

In considering prospects for the development of the international legal framework on GIs, we need to have a good sense of where we are and the presentations over the past few days have been useful in setting the scene for us.

I would identify 3 things:

- (i) no agreement within the WTO on its GIs work program;
- (ii) little, if any, substantive work on GIs is in WIPO; and yet
- (iii) despite this, increasing business interest in, and successful use of, GIs in branding.

In fact many of the presentations confirmed for me that what we spend our days debating in Geneva on GIs does not preoccupy the business community half as much.

Given the short time available in this Session, I will look at the core issues in the WTO proposals that have been put forward – starting with GI-extension and then looking at the register; outline some of Australia's concerns with those proposals, and in doing so, offer my thoughts on what this means for the development of the international legal framework on GIs.

The key messages from this presentations are:

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- (i) The current system is working well
- (ii) There may be scope for further work and cooperation in the area of GIs
- (iii) But that a rewriting of the TRIPs Agreement in the WTO is neither necessary nor desirable.

THE EC'S 3 PROPOSALS

The EC has put forward three proposals in the WTO to increase the protection of GIs:

- (i) Extension: to extend the higher level of protection provided to wines and spirits in Art 23 of the TRIPs Agreement to all products;
- (ii) A Register to facilitate the protection of GIs for all products; and
- (iii) Clawback: a list of 41 names submitted in the agriculture negotiations that the EC would like to reserve, or claw-back, for the exclusive use of its producers.

GI- EXTENSION

I'll start with GI-extension which I know China has expressed an interest in. As you know, Art 22 of the TRIPs Agreement provides a general level of protection for GIs and Art 23 provides additional protection.

Arguments in favour of extension

The two main arguments offered in support of extension are:

- (i) the current dual-level system discriminates against products that are not wines and spirits;
- (ii) the level of protection provided for in article 22 is inadequate to protect GIs.

Responses to these arguments

Dual treatment unjustified

We agree that there is different treatment and we agree that there is no logical justification for it. But we do *not* agree that this different treatment alone should justify extension of Art 23 level protection to all products. And there are a number of reasons for this. Like much in the Uruguay Round, Art 23 was a deal struck at the eleventh hour between the EC and US. Many of us have said to this day that we would be happy to rebalance the ledger by removing Art 23 level protection from the TRIPs Agreement altogether. In fact, from an IP perspective, Art 23 is somewhat of an aberration in the way it disassociates protection of a reputation from the perception of a consumer.

Inadequacy of existing systems

The second point is that it is not clear to us what the problems with the current system are that would justify amending the TRIPs Agreement to implement higher GIs protection. Testament to this is the fact that a number of famous geographical indications are already provided with a higher level of protection in Australia and elsewhere: for example, Parmigiano-Reggiano, Grana Padano, Roquefort, Ceylon tea from Sri Lanka and Jamaica Blue Mountain Coffee are all protected certification marks in Australia and the relevant producers have the exclusive right to use these terms. And we have heard many other examples over the past few days.

In addition, and contrary to what has been suggested by the previous speakers, the protection provided by certification marks *is* sufficient to prevent the use of Roquefort-style cheese or Idaho-type potatoes.

We have also heard from some previous speakers that trademark systems are not well suited to protect GIs given the requirement for distinctiveness which products from a geographic area are inherently unable to meet. As those of you familiar with trademark systems will be aware, a lower-level of distinctiveness is required for certification marks which is precisely how so many GIs are protected in this fashion. I do agree that there are questions about who could apply and who would own the mark and further work could be done in this area in WIPO, for example, to answer the question Pat Kole from Idaho Potatoes asked of the Commission. But do we really need to amend TRIPs?

So the question we come back to, is what is the problem? This is an important question because it goes to the heart of what the proposals in the WTO are really seeking. Because to our mind, the only thing a trade mark system cannot provide is exclusivity over generic terms.

So our suspicion, a suspicion that is borne out if you look at the EC's clawback proposal, is that what is in fact being sought through extension and the register is a defacto form of clawback or a reappropriation of generic terms.

What about other producers you may ask? Surely not all proponents of increased protection want to clawback generic terms? And this is probably true. But it is important to distinguish inadequacies with existing laws from inadequacies with the implementation or enforcement of those laws. As public policy makers we know that the response to inadequate enforcement of IP is not necessary to raise the standards, but rather to improve enforcement.

There has been an undercurrent in some of the presentations and the questions from the floor that using the current legal framework is expensive and that an easy solution to this would be a mandatory international register of GIs.

I will come to the register later, but let me answer this point in two ways for now. First, the EC register being proposed would not be cheaper because, rather than applying for a

trademark in, say, the 34 markets in which you sell or want to sell your product (such as Ethiopia did with its coffee GIs), you could be up for 150 separate fees – this is the fee recovery mechanism in the EC proposal and should be kept in mind. Second, from a public policy perspective and putting aside this fee issue, of course it would be better for certain GI owners to have such a mandatory international register with extraterritorial effects, but taking a step back we need to consider, in a utilitarian sense, whether this is the balance we want to strike in IP law.

Can you imagine the uproar in WIPO if, as is being proposed for GIs, a developed country could put all its patents and trademarks on a list and require the whole world to protect them? (some may find this attractive of course!) We hear a lot of about flexibilities and about the public domain in discussions in WIPO, yet this is curiously absent in discussions on GIs. For a country such as Australia which uses a number of generic cheese terms that are part of our public domain, this is a real problem.

Development benefits?

Another argument in favour of GI- extension has been possible development benefits. Wine production is concentrated in developed countries in Europe and the New World (although Chile, Argentina and South Africa are notable exceptions), so, the argument goes, GI-extension would create a level playing field. We are of the view that we need to approach this argument with caution.

First, it is unclear whether many of the terms of interest to developing countries would actually be eligible for protection. Marcus Höpferger from WIPO mentioned the value of nation-branding. Yet it is very hard to get protection for country names in the EC. In fact, only one foreign agricultural product is even close to being protected as a GI in the EC – Columbian Coffee. And we know from our own experience that the EC refused to accept ‘Australia’ as a GI for wine arguing that Australia was too large an area!

Even for products that do qualify for GI protection, the development benefits should not be overstated. As we have heard from many speakers, GIs are marketing tools. They are worth little without the expense and effort required to establish a market. GIs do not guarantee access *to* markets. Increased market access, in the form of lower barriers to trade, are in our view, more important than GIs in expanding exports and improving development outcomes.

We’ve also heard a lot about quality over the past few days. But quality doesn’t flow from being designated a GI. And while protection may provide an incentive to preserve quality, it is fair to say that overprotection can in fact provide a disincentive to the innovation required to remain competitive in a global market, and I understand that this is one of the very issues that is being considered as part of the European wine reform debate.

Australia's concerns with GI-extension

Australia's main concerns with GI-extension relate to the costs to Government, producers and consumers. The EC and Switzerland have argued that extension will not have any impact on existing uses because the Art 24 exceptions will apply *mutatis mutandis* – that it is prospective only and would have limited, if any, commercial consequences. There are a number of problems with this argument.

First is the 'wine is not cheese' argument. Wine has always been a discrete and traditionally highly regulated industry and trade in wine is governed in large part by bilateral agreements. The Australian Wine and Brandy Corporation (AWBC) which oversees wine GIs cannot simply have its ambit extended to include dairy and textiles.

The balance of obligations and exceptions in Art 23 and 24 of the TRIPs Agreement was agreed on the basis that the higher level of protection was to be made available to GIs for wine only. And it is important to note in this regard that at the time Australia signed up to TRIPs we had already signed a bilateral wine agreement with the EC and had given up a number of terms, so the commercial impact of Art 23 was limited for us. Extending it, we would argue, would warrant a comprehensive re-appraisal of that balance.

The 'wine is not cheese' argument also extends to relabelling costs. Whereas alternatives existed from the inception of Australia's wine industry to use terms other than GIs, for example, grape varieties – it is unclear what the equivalent for cheeses would be. I recently saw French feta rebranded in Switzerland as "White cheese from sheep's milk in Brine" which is more of a mouthful than the cheese!

Saying GI-extension would have little if any impact on trade also ignores the exports markets question and the new markets question. It is true that under extension and excluding the register, Australia could continue to produce parmesan and feta and label it as such in the Australian market, either because these terms are not GIs in Australia, or because a relevant exception would apply, such as the Art 24.6 exception on generic terms. But what about in export markets?

Currently Australia exports feta to country X, say China. Under current rules, and assuming Greece has not protected feta as a certification mark in China, if Greek producers want to challenge this, they would have to bring a case in China and prove consumers would be misled by the use of the term on an Australian product.

Under extension, this would change. They would no longer have to prove consumer confusion. The exceptions in Art 24 could apply, for example Art 24.4 and Art 24.6. But critically, these exceptions are permissive not mandatory. There is no assurance that an opportunity to try and make out one of these exceptions would be made available to Australian exporters. The exceptions would also not help in future markets – very important in the dairy context.

Add the register to this, and you have an even grimmer situation for Australian exporters.

Before continuing with the example, it is worth considering the register negotiations.

THE REGISTER

The mandate for the negotiations is built-in to Art 23.4 of TRIPs:

In order to facilitate the protection of geographical indications for wines (and spirits), 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.

Two main Proposals

- (i) Joint Proposal cosponsored by 17 Members, including Australia
- (ii) The EC proposal (which would apply to all products).

Key Issues

The negotiations have foundered on two core issues:

- participation – whether the system should be voluntary or mandatory; and
- the legal effects of the register: whether there should be an obligation to consult the list, or an obligation to protect, or provide a presumption in favour of protecting, the terms on the list.

Participation

The Joint Proposal is voluntary. The EC proposal is not voluntary (contrary to the mandate in Art 23.4 of TRIPs). Under the EC proposal, if you do not object to the inclusion of a term (ie participate!) you can't deny protection to it on such grounds that the term doesn't meet the definition of a GI in your country, or is generic.

Legal Effects

This is really the key issue. In order to understand the different proposals, we need to keep in mind the purpose of the register we are negotiating, that purpose being to facilitate the protection of wines and spirits GIs under Art 23 of TRIPs, without increasing that protection. For Australia and others, facilitation conveys the idea of an information-based source. And our register reflects this.

Joint Proposal

The Joint Proposal comprises a searchable database that national offices would commit to consult, thereby allowing them to make more informed decisions under national law about the protection of GIs and trademarks. This would be particularly useful in facilitating Art 23.2 TRIPs in reducing the risk that trade marks would be improperly registered containing foreign GIs which we understand has been one of the main concerns of GI proponents.

EC Register

For the EC and Switzerland, however, facilitation mean something else – that the multilateral register should be the source of the obligation to protect GIs in all Members. And the EC proposal achieves this through the operation of legal presumptions. It is a complex proposal with far-reaching implications for national systems. In brief, it would operate as follows:

WTO Members would notify their own GIs protected in their territories; these terms would be included on a register; all GIs on the register would be presumed to be protected in all Members unless a Member engaged in the reservations process which would involve lodging an objection, “duly substantiating” the reasons behind the objection and then entering into negotiations with the EC, for example, “aimed at resolving the disagreement”. If a country did not engage in this process, they would waive their rights to decline protection on such grounds as the GI not meeting the definition of a GI or being generic in its territory. The presumption of protection would be *irrebuttable*.

Members could still allow recourse to Art 24.4 (prior use) and Art 24.5 (prior trademarks) domestically to rebut the presumption, although Art 24.4 is not mandatory.

So going back to the feta example.

Under the combined EC extension and register proposal, there would be presumption of protection in favour of feta as a Greek GI in all Members; there would be no need for Greeks to seek protection or to meet the definition, or to sell into the market. The burden would shift to Australian exporters to rebut the presumption on the grounds of prior use. But there would be no certainty this would be available and it would not apply to future markets. And Australian exporters could not invoke the generics exception unless the government in export market (for example, China), lodged an objection and entered into negotiations with the EC.

The question we ask, is why would foreign governments engage in this costly and burdensome exercise in relation to products their own producers do not produce? How would the result *not* be *de facto* and near universal protection of feta as a Greek GI at the expense of our exporters who would have to relabel and remarket their products?

PUBLIC POLICY AND LEGAL CONSIDERATIONS

In addition to these commercial concerns, there are number of more general public policy and legal considerations at stake in the EC register.

Legal Presumptions

For example, at the heart of the EC’s register are legal presumptions. The effect of the presumption is that the burden of proof would shift from the GI rights holder to other

interested parties, for example, generics producers or trade mark holders in disputes in national courts.

The policy question we ask is why should the burden of proof fall to the user of a generic term – in the public domain if you like – rather than the entity that wants to assert exclusive use of a term? Normally you have to seek a monopoly, you're not presumed to have one!

It is also very unclear whether legal presumptions could be implemented in Members that use trademark systems to protect GIs. My Swiss colleague has said this should not be a debate about systems of protection, and I agree. But the problem is the proposal put forward by the EC would require us to change our system.

Implications for IP principles

From an intellectual property perspective there are a number of problems with the type of register proposed by the EC.

Government negotiated intellectual property rights.

Firstly on the role of Government – the EC proposal requires active government involvement in asserting and defending private rights (through the reservations and negotiations process). We consider this is inconsistent with the principle that intellectual property rights are private rights, a principle expressly mentioned in the preamble to TRIPs.

Territoriality

Second, on the territoriality of rights. Under the EC proposal a term's status as a GI in its country of origin would have legal consequence for its status in other countries. The term would be *presumed* to have a certain quality or reputation in all overseas markets that would entitle it to TRIPs-level protection regardless of whether it has ever been sold in those markets. This is inconsistent with the principle of territoriality underpinning intellectual property rights for industrial property. The EC has responded that the reservations system addresses this, but we do not agree. The reservations system forces Members to be proactive in *denying* IP rights to GI right holders rather than providing the framework of *minimum standards* within which IP rights can be acquired in relation to that territory (ie. the TRIPs Agreement).

We consider the more appropriate place for the instrument proposed by the EC would be in WIPO where other international registers, such as the Madrid System for International Trade Marks or the Lisbon Agreement for Appellations of Origin, have been negotiated.

What about the Madrid System?

In response, we have heard that the Madrid System for International Marks is a model and that is what is being sought by the EC for GIs. However, the Madrid System is not an appropriate template for the GI register negotiations under TRIPs for a number of reasons.

First and foremost, the harmonisation in national laws and procedures on GIs that made the Madrid System possible in the context of trademarks does not exist. In the absence of such harmonisation, the following commercially-relevant questions arise with respect to the consequences of the EC's register proposal:

- Will the registered GIs be published in all markets?
- Will there be an opposition period (as there is in trade mark systems) where interested parties can object to the registration on various well-established grounds (such as genericness)?

Such harmonisation is well beyond the mandate we have been given for these negotiations, however, and well beyond the TRIPs Agreement as a minimum standards agreement, and would need to be pursued in WIPO with other IP harmonisation agendas.

Finally on the Madrid System, it can of course currently be used for GIs protected under the trade mark system and we heard from Marcus Höpperger that a number of GIs such as Appenzeller or Roquefort cheese are protected in this way, so there is nothing stopping GI producers from using the current system to gain protection in multiple markets at the same time, reducing their transaction costs, which we understand is a prime motivation behind the register proposal.

CONCLUDING REMARKS

For the reasons I have outlined, there are a number of obstacles to a WTO outcome and the development of the international legal framework for GIs in this way. These relate to contested mandates and the overreaching nature of the proposals. This does not mean there are no prospects for the development of the international legal framework, and in concluding I will share my thoughts on what I consider to be preconditions or a starting point if you like for a more constructive debate on GIs.

At the outset, we need to avoid the improper accusations that those in the New World who use terms such as feta and parmesan are usurpers. Many of our producers have worked very hard to develop their products, and to market them in new markets. To their mind, they have contributed just as much, and in many cases more, in the efforts to establish product names and build consumer interest in diverse markets far from the EC, and often long before the EC exported to those markets.

We need to accept that to achieve the kind of harmonised outcomes being sought by some Members, further work is required in WIPO – as it stands there isn't enough of a common understanding of the subject matter.

To the extent that we are seeking a TRIPs outcome, for example, in relation to the wines and spirits register, we need to respect the different systems of protection, in particular, the difference between trade mark and *sui generis* systems. We need to find a way to facilitate the protection of GIs under Art 23 of TRIPs without overreaching and negatively impacting upon the interests of Members outside Europe, including Members who use trademark systems to protect GIs.

We need to get the balance right.

We need to accept that whereas a product may have a reputation in one country does not mean it has that reputation elsewhere – to create one requires active marketing by the rights holder. We need to accept that certain terms have become generic in some markets.

Finally, we need to resist the temptation to overprotect consumers from market forces and to consider alternative ways to increase information available to them, for example, through labelling, without creating unnecessary monopolies.