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**GEOGRAPHICAL INDICATIONS:  
HISTORICAL BACKGROUND, NATURE OF RIGHTS, EXISTING SYSTEMS FOR  
PROTECTION AND OBTAINING EFFECTIVE PROTECTION IN OTHER COUNTRIES**

*Document prepared by the International Bureau*

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## ANNEXES

## A. INTRODUCTION

1. The present document has been prepared following a decision of the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT), taken at its fifth session (Geneva, September 11 to 15, 2000) that, in order to create a better understanding of the legal issues related to the protection of geographical indications, the International Bureau should prepare a supplement for document SCT/5/3 (“Possible Solutions for Conflicts Between Trademarks and Geographical Indications and for Conflicts Between Homonymous Geographical Indications”). This supplement should deal with the following issues: The historical background of the protection of geographical indications; clarification of the nature of the rights in geographical indications; description of the different existing systems for the protection of geographical indications; and investigation of the problems existing in obtaining effective protection for geographical indications in other countries.<sup>1</sup>

2. The opening portion of the present document addresses questions concerning terminology. Geographical indications as a subject of intellectual property are characterized by a wide range of different concepts of protection. It is therefore important to clarify the terminology used. As a next step, this document describes existing approaches to the protection of geographical indications on the national and regional levels. In that context, it will refer to the historical development of individual concepts of protection and address the question of the nature of the rights attached to geographical indications. That portion is followed by an investigation of the problems existing in obtaining effective protection for geographical indications in other countries. At the end, the document lists a number of areas in regard of which it would appear worthwhile to develop a common international understanding.

## B. TERMINOLOGY

### *“Indications of Source” and “Appellations of Origin”*

3. The terminology traditionally applied in treaties in the field of geographical indications administered by WIPO distinguishes between “indications of source” and “appellations of origin.”

4. The term “indication of source” is used in Articles 1(2) and 10 of the Paris Convention for the Protection of Industrial Property of 1883 (“Paris Convention”). It is also used throughout the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods of 1891 (“Madrid Agreement on Indications of Source”). There is no definition of “indication of source” in those two treaties, but Article 1(1) of the Madrid Agreement on Indications of Source contains language which clarifies what is meant by the term. That Article reads as follows:

“All goods bearing a false or deceptive indication by which one of the countries to which this Agreement applies, or a place situated therein, is directly or indirectly

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<sup>1</sup> SCT/5/6 Prov., paragraph 130.

indicated as being the country or place of origin shall be seized on importation into any of the said countries.”

Consequently an indication of source can be defined as an indication referring to a country, or to a place in that country, as being the country or place of origin of a product. It is important that the indication of source relates to the geographical origin of a product and not to another kind of origin, for example, an enterprise that manufactures the product. This definition does not imply any special quality or characteristics of the product on which an indication of source is used. Examples of indications of source are the mention, on a product, the name of a country, or indications such as “made in .....”.

5. The term “appellation of origin” is defined in the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, of 1958 (“Lisbon Agreement”). The Lisbon Agreement establishes an international system of protection for appellations of origin which are already protected under the national law of one of the States party to that Agreement. Protection is subject to the international registration of that appellation of origin. Article 2(1) of the Lisbon Agreement defines the term “appellation of origin” as follows:

“Appellation of origin” means the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.”

Under this definition, an appellation of origin can be regarded as a special kind of indication of source, because the product for which an appellation of origin is used must have quality and characteristics which are due exclusively or essentially to its origin. Examples for protected appellations of origin are “Bordeaux” for wine, “Noix de Grenoble” for nuts, “Tequila” for spirit drinks, or “Jaffa” for oranges.<sup>2</sup>

#### *“Geographical Indications”*

6. The Agreement on Trade-Related Aspects of Intellectual Property Rights of 1994 (“TRIPS Agreement”) contains a Section dealing with the protection of geographical indications (Part II, Section 3). Article 22.1 of the TRIPS Agreement provides the following definition:

“Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member [of the World Trade Organization], 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.”

This definition is apparently based on the definition of appellation of origin in Article 2 of the Lisbon Agreement. However, it deviates from Article 2 of the Lisbon Agreement in some respects. Article 21.1 of the TRIPS Agreement defines geographical indications as “*indications* which identify a good [...]” whereas Article 2 of the Lisbon Agreement defines appellations of origin as “the *geographical name* of a country, region, or locality, which

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<sup>2</sup> All of these examples are appellations of origin registered under the Lisbon Agreement.

serves to designate a product [...].”<sup>3</sup> Signs other than geographical names, for example a non-geographical name or an emblem, would not be covered by Article 2 of the Lisbon Agreement. However, they would fall into the category of signs that could constitute geographical indications under the TRIPS Agreement. Furthermore, the Lisbon Agreement requires that the quality and the characteristics of the product in question be due exclusively, or essentially, to the geographical environment, including natural and human factors. The TRIPS Agreement covers goods which have a given quality, reputation or other characteristic that is essentially attributable to their geographical origin. It is generally understood that goods which have “merely” a certain reputation, but not a specific quality being due to their place of origin, are not covered by the definition of appellation of origin as provided by the Lisbon Agreement.

7. If the definitions of indication of source, appellation of origin and geographical indication are compared with each other, the following can be observed. Indication of source is the broadest term. It comprises geographical indication and appellation of origin. Indications of source only require that the product on which the indication of source is used originate in a certain geographical area. Thus, there are indications of source, which seem not to be covered by the definition of geographical indication under the TRIPS Agreement, namely indications of source whose use on products does not imply a particular quality, reputation or characteristic of those products. Geographical indications are more broadly defined than appellations of origin. In other words, all appellations of origin are geographical indications, but some geographical indications are not appellations of origin.

8. For the purpose of the present document, the term geographical indication will be used in a general manner, covering indication of source, geographical indication (within the meaning of Article 22.1 of the TRIPS Agreement) and appellation of origin. However, it must be borne in mind that the terms “indication of source,” “appellation of origin” and “geographical indication” are used in different international legal instruments. Rights and obligations flowing from those instruments, exist only in relation to the category of “geographical indication” to which the instrument in question refers. Therefore, it may not always be possible to speak broadly of “geographical indications;” rather, a distinction must be made within the context of the international agreement that is under consideration. This point will be further developed in the portion of the document dealing with existing problems in obtaining efficient protection for geographical indications in other countries.

### C. EXISTING APPROACHES FOR THE PROTECTION OF GEOGRAPHICAL INDICATIONS

9. Protection of geographical indications on the national and regional levels is characterized by the existence of a variety of different legal concepts. Those concepts were developed in accordance with different national legal traditions and within a framework of specific historical and economic conditions. These differences have a direct bearing on important questions such as condition of protection, entitlement to use and scope of protection. In the following paragraphs, the main existing concepts of protection are introduced: Unfair competition and passing off, protected appellations of origin and registered geographical indications, collective and certification trademarks, and administrative schemes of protection. The historical development of the different concepts and the nature of

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<sup>3</sup> Emphasis added.

the rights involved will be touched upon. Given the large variety in national laws and regulations concerned with the protection of geographical indications, a division into four different categories is necessarily artificial and may not precisely reflect the situation in every Member State. It is therefore possible that a mechanism of protection exists in a Member State that does not necessarily fall into any of those four categories as defined.

10. Furthermore, it is important to note that the mechanisms described do not necessarily apply on an exclusive basis. On the contrary, cumulative application of different means of protection is very common. Cumulative protection of geographical indications under different systems of protection is accentuated by the existence of different means of protection for different categories of products.

## I. Unfair competition and passing off

### (a) Unfair competition

11. It can be observed that countries have established some kind of safeguard against unfair business practices. This is reflected on the international level through the inclusion of Article 10*bis* into the Paris Convention at the 1900 Brussels Revision Conference, establishing a basic international rule concerning protection against unfair competition. It requires all States party to the Paris Convention to provide effective protection against unfair competition, which is defined as “any act of competition contrary to honest practices in industrial or commercial matters.”<sup>4</sup>

12. At the national level, protection against unfair competition has developed differently in different countries. However, there is at least one objective that is common to all different approaches, and that is to provide those in trade with an effective remedy against unlawful and dishonest business practices of their competitors. In some countries, specific statutes providing for the repression of unfair competition also fulfil the function of consumer protection.

13. A determination of whether a given commercial act is contrary to honest practices in industrial or commercial matters will have to be made in application of national laws for the protection against unfair competition. However, it is accepted that commercial practices which are misleading, or are likely to mislead the public with respect to an enterprise or its activities, in particular, the geographical origin of products offered by such enterprise, constitute an act of unfair competition.<sup>5</sup>

14. In order to prevent the unauthorized use of a geographical indication on the basis of an action against unfair competition, a plaintiff must regularly show that the use of the geographical indication in question by an unauthorized party is misleading and, as the case may be, that damages or a likelihood of damages result from such use. Such an action can only be successful if the geographical indication in question has acquired distinctiveness; in other words, if the relevant public associates goods sold under that geographical indication with a distinct geographical origin and/or certain qualities or reputation.

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<sup>4</sup> See, in general, Protection Against Unfair Competition.

<sup>5</sup> See Article 4(2)(iv) of the WIPO Model Provisions on Protection Against Unfair Competition, and TRIPS Article 22.2(b).

15. Furthermore, protection of geographical indications under unfair competition law may be supplemented by specific statutory provisions having as their object the protection of unregistered geographical indications, for example, Sections 126 to 129 of the German Trademarks Act of 1994. Under these provisions, natural and legal persons having the right to use a given unregistered geographical indication are entitled to request courts to prevent use of that geographical indication by unauthorized parties and, as the case may be, to accord damages for such use. Sections 126 to 129 of the German Trademarks Act of 1994 are based on principles developed by the courts in applying the law against unfair competition in order to prevent unauthorized use of geographical indications, if such use would be misleading or would take unfair advantage of the reputation of a geographical indication.

(b) Passing off

16. Countries having a civil-law tradition that provide for some kind of protection for businesses against unlawful commercial acts from competitors usually base that protection on general tort law.<sup>6</sup> In countries that follow the common law tradition, the action of passing off is often considered as the basis of protection against dishonest business competitors. The passing off action can be described as a legal remedy for cases in which the goods or services of one person are represented as being those of somebody else.<sup>7</sup> What is common to these cases is that the plaintiff loses customers because the defendant led them to believe that they were buying the plaintiff's goods, when they actually obtained the goods of the defendant.

17. Very broadly speaking, in order to prevent the unauthorized use of a geographical indication through a successful action for passing off, a plaintiff must establish that goodwill or reputation is attached to the goods on which the geographical indication is regularly used and which are supplied by him, that the defendant misrepresents to the public that the goods offered by him originate from the plaintiff and that he is likely to suffer damage from such a misrepresentation.

(c) Conclusion

18. National laws for the protection against unfair competition, passing off and unregistered geographical indications provide a course of action for traders against competitors who perform commercial acts which are considered to be contrary to honest business practices. With respect to geographical indications, it can be said that protection against unfair competition serves to protect traders and producers from the unauthorized use of geographical indications by third parties rather than creating individual property rights in them.

19. Another important characteristics of the protection of geographical indications under the law against unfair competition is that important determinations, such as the area of production, standards of production and the circle of producers who are entitled to use a given geographical indication, are made by the courts in the course of legal proceedings. Protection accorded to geographical indications following a lawsuit based on passing off or unfair competition is only effective between the parties of the proceedings. The entitlement to

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<sup>6</sup> Protection Against Unfair Competition, page 25.

<sup>7</sup> Cornish, page 619.

protection of a given geographical indication must be demonstrated every time enforcement of the protection of that geographical indication is sought.

## II. Protected appellations of origin and registered geographical indications

### (a) Protected appellations of origin

20. The system of protected appellations of origin was developed out of a perceived need to provide a remedy against fraudulent commercial practices involving the origin of agricultural products and, in particular, products of the vine.<sup>8</sup> Although such practices are probably as old as trade itself, they occurred increasingly during periods when there was a shortage of supply of certain products, such as was the case with certain wines during the phylloxera crises in parts of European vineyards in the 19<sup>th</sup> century.<sup>9</sup>

21. A protected appellation of origin is the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essential to the geographical environment, including natural and human factors.<sup>10</sup> Appellations of origin are explicitly mentioned as objects of industrial property protection under Article 1(2) of the Paris Convention. They are titles of protection for geographical indications used on products that have a specific quality or characteristics that is exclusively or essentially due to their geographical origin. The recognition of a protected appellation is usually based on a legislative or administrative act, such as a law or a decree. This act is at the conclusion of an administrative procedure involving representatives of the producers concerned and the administration. As a result of this procedure, the protected appellation is recognized, and the product or products on which it is used, the geographical area of production and the conditions of use are defined.

22. Unauthorized use of a protected appellation of origin constitutes an offence and engages the criminal and civil responsibility of the person who has made such use. Proceedings are usually instigated by public law bodies, such as fair trading bodies, authorities entrusted with the administration of protected appellations of origin or consumer protection bodies. Often, authorities competent for the enforcement of fiscal laws play an important role in prosecuting the fraudulent use of protected appellations of origin.

### (b) Registered geographical indications

23. Registered geographical indications are titles of protection that are very similar to protected appellations of origin, although differences as regards the scope of protection and the applicable procedure may exist depending on the national laws of those countries which apply that type of protection. Thus, the protection of a registered geographical indication depends on the registration of that geographical indication, whereas the protection of an appellation of origin usually is subject to the adoption of a specific law or decree. The

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<sup>8</sup> L'Institut National des Appellations d'Origine, page 11.

<sup>9</sup> Girardeau, page 70.

<sup>10</sup> Article 2(1) of the Lisbon Agreement; See also, for example, Article L.115-1 of the French Consumer Code, or Article 2 of EEC Council Regulation No. 2081/92 of July 14, 1992, on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs.

decision to register a geographical indication may be an administrative decision, for example a determination of a committee, rather than an executive decision by, for example, the comptroller general or the executive head of the agency responsible for the registration of geographical indications.

(c) Conclusion

24. The most important specific feature that is common to protected appellations of origin and registered geographical indications appears to be that their legal protection is based on an act of public law (law, decree, ordinance) which stands at the conclusion of an administrative procedure. Through this administrative procedure, important parameters such as the demarcation of the area of production and production standards are defined. Those parameters are applied by law enforcement agencies, either under civil or under criminal law, when determining whether a given protected appellation of origin or registered geographical indication is used without authorization or in a manner contrary to the prescribed mode of use.

III. Collective and certification marks

25. Because of the general principle that individual trademarks must not be descriptive or deceptive, geographical terms cannot serve as individual trademarks, unless they have acquired distinctive character through use, or their use is fanciful and, therefore, is not deceiving as to the origin of the goods on which the trademarks are used. However, this rule does not apply to certification marks and collective marks.

(a) Certification marks

26. Certification marks are marks which indicate that the goods or services on which they are used have specific qualities, which may also include geographical origin. The owner of the certification mark undertakes to certify that the goods or services on which the certification mark is used have those qualities. As a basic rule, the owner of the certification mark does not have the right to use the mark. This principle is also referred to as the “anti-use by owner rule.”<sup>11</sup>

27. Every producer who complies with standards of production as defined by the owner of the certification mark has the right to use that mark. The owner of the certification mark, who may be a private or public entity, must ensure that the goods or services on which the certification mark is used possess the certified quality. In order to carry out this certification function in a neutral and impartial manner, the owner of the certification mark has to file, together with the application for the registration of the certification mark, detailed regulations which prescribe, *inter alia*, the characteristics certified by the mark, the authorized users and details concerning the certification and control. As already pointed out, in order to safeguard the objectivity of the owner of the certification mark, he is not allowed to use the certification mark himself. Disregard of that rule regularly leads to the invalidity of the certification mark.

28. The protection of a geographical indication in the form of a certification mark is enforced under general trademark law. In principle, an action for infringement of a

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<sup>11</sup> McCarthy, page 19-179.

certification mark is initiated by the owner of the certification mark.<sup>12</sup> For example, this may be the case where the defendant uses a certification mark that certifies a specific geographical origin of goods, for goods not having that geographical origin.

(b) Collective marks

29. It has been pointed out that it is difficult to distinguish collective marks from certification marks, and that the difference is one of form rather than one of substance.<sup>13</sup> Collective marks are owned by a collective body such as, for example, a trade association or an association of producers or manufacturers, and serve to indicate that the person who uses the collective mark is a member of that collectivity. Membership in the association that is the owner of the collective mark is, generally speaking, subject to compliance with certain rules, such as the geographical area of production of the goods on which the collective mark is used, or standards of production of such goods. A further difference between the two categories of marks is that the owners of collective marks are regularly not barred from using the mark themselves.

30. Like in the case of certification marks, the protection of collective marks is enforced under general trademark law. An action for infringement may be brought by the owner of the collective mark, for example in a case, where a collective mark is owned by an association of producers who are entitled to use the collective mark, and the mark is used by a person who is not a member of that association.

(c) Conclusion

31. Collective and certification marks are used in order to indicate specific qualities of goods such as their geographical origin. Whereas trademarks consisting of descriptive geographical terms are usually excluded from registration, geographical terms are typically admitted for registration as collective or certification trademarks. As long as collective and certification marks are used in a manner that respects the general regulations governing that use, there is no danger of deception as to the real origin of those goods.<sup>14</sup> Once a geographical indication is protected as a collective or certification mark, that geographical indication can be enforced in accordance with the applicable rules of trademark law.

32. It appears that it lies within the competence of the applicant for the registration of a certification or collective mark to define, in the regulations which govern the use of those marks, the delimitation of the area of production of the goods on which those marks are used and any applicable standard of production. This definition is part of the specification to be filed together with the application. Upon acceptance of the application, the specification becomes part of the registration.

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<sup>12</sup> McCarthy, page 19-168; Annand & Norman, p. 230.

<sup>13</sup> McCarthy, page 19-186.

<sup>14</sup> See, for example, WTO document IP/C/W/134.

#### IV. Administrative schemes for protection

##### (a) General

33. Where geographical indications are used on goods the marketing of which is subject to an administrative approval procedure, this procedure may be applied also for controlling the use of geographical indications applied to those goods. The example that comes readily to mind is wines and spirits, the sale of which is regulated in many countries.

34. Under an administrative approval procedure for product labels, the authority entrusted with the administration of that scheme controls whether the product for which marketing authorization is sought complies with relevant legal requirements, including the permitted use of a geographical indication on the label of the product. If the requirements for approval are not met, for example, because the use of a given geographical indication on a specific product is not permitted, marketing approval is not granted and, consequently, the geographical indication cannot be used.

##### (b) Conclusion

35. Administrative schemes of label control are a means of ensuring fair trade and consumer protection. Depending on the national system that is in place in a given country, the objective of fair trade and consumer protection may be followed by different legal instruments, such as unfair competition acts, fair trading acts or marketing acts for certain products laying down standards of product presentation and marketing. The latter two examples have in common that, as far as geographical indications are concerned, they do not enable the holders of the collective goodwill attached to a geographical indication to take individual action in order to protect that goodwill. Rather, they provide for an administrative mechanism aiming at preventing misleading use of geographical indications on products. Where such misleading use occurs despite the administrative procedures to be followed, usually criminal sanctions will apply.

#### V. Conclusion of Part C

36. The above discussion of various existing means of protection for geographical indications shows that the subject is determined by two basic policy considerations. One is the protection of consumers against misleading use of geographical indications, and the other is the protection of the owners of the collective goodwill attached to geographical indications against misrepresentations resulting in the misappropriation of that goodwill.

37. However, it becomes apparent that a clear-cut distinction into legal categories for protection, depending on the policy objectives to be attained, does not necessarily exist. Furthermore, one can frequently find co-existence of several types of protection for geographical indications in one and the same country, which often differ with respect to various categories of products. A reflection of this variety of concepts may also be observed when it comes to the demarcation of the geographical area of production for goods for which geographical indications may legitimately be used. The competence for making that demarcation may lie with a wide range of different bodies, public, semi-public or private, or tribunals.

## D. OBTAINING EFFECTIVE PROTECTION IN OTHER COUNTRIES

38. This part of the document first describes the existing situation concerning the international protection of geographical indications with reference to bilateral and multilateral agreements. It summarizes past efforts to arrive at new solutions for improved protection of geographical indications at the multilateral level and concludes with a description of problems existing in obtaining efficient protection in other countries.

### I. Bilateral agreements

39. Bilateral international agreements are typically concluded between two countries on the basis of reciprocity in order to increase protection of the countries' respective geographical indications. They may be independent treaties or form part of a wider trade agreement.<sup>15</sup> They may simply provide for a prohibition of use of the other party's geographical indications for goods (usually listed in an annex to the agreement) not having that origin. Or they may go further and provide for the extraterritorial application of the other country's national law concerning the protection of geographical indications. This latter aspect may be important in cases where a given geographical indication does not only indicate the geographical origin of certain goods, but also certain qualities that are due to that origin, such as is the case with protected appellations of origin.<sup>16</sup>

40. Bilateral international agreements may cover a wide range of products or be limited to specific goods only. They have been concluded most frequently between European nations earlier in the 20<sup>th</sup> century.<sup>17</sup> However, they continuously appear to be important with regard to specific economic sectors and, in particular, the wine industry.<sup>18</sup>

### II. Multilateral Agreements

A second possibility for obtaining international protection for geographical indications is through the conclusion of, and the adherence to, multilateral agreements. The following is a summary of the scope of protection that is provided for geographical indications under the following multilateral treaties: the Paris Convention, the Madrid Agreement on Indications of Source, the Lisbon Agreement, and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).<sup>19</sup>

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<sup>15</sup> E.g., the "Crayfish Agreement" between France and South Africa from the 1930s (see *Symposium on the International Protection of Geographical Indications, Somerset West, 1999*, page 31)

<sup>16</sup> Tilmann, page 124.

<sup>17</sup> Tilmann, page 136.

<sup>18</sup> For example, EU-Australia Wine Agreement of 1994.

<sup>19</sup> A summary of existing international notification and registration systems for geographical indications is contained in WTO document IP/C/W/85 and IP/C/W/85/Add.1.

(a) The Paris Convention

41. Article 1(2) of the Paris Convention enumerates among the objects of the protection of industrial property indications of source and appellations of origin. More specific provisions concerning indications of source are contained in Articles 10 and 10*ter*.<sup>20</sup>

42. A provision prohibiting the use of a false indication of source appeared as early as in the original text of the Paris Convention of 1883. However, that protection was rather limited, since the prohibition was only applicable where the false indication of source was used in conjunction with a fictitious or non-existing trade name.

43. Article 10 of the Paris Convention in its current version sets forth that, in cases of “direct or indirect use of a false indication of the source of the goods or the identity of the producer, manufacturer or merchant,” Article 9 of the Paris Convention should be applicable. Article 9 provides that goods bearing a false indication of source are subject to seizure upon importation into countries party to the Paris Convention, or within the country where the unlawful affixation of the indication of source occurred or within the country of importation. This seizure shall take place at the request of the public prosecutor, or any other competent authority, or any interested party. However, Article 9(5) and (6) of the Paris Convention allows that countries party to the Paris Convention whose national laws do not permit seizure on importation or inside the country to replace those remedies by either a prohibition of importation or by any other nationally available remedy.

44. Furthermore, Article 10*ter*(2) contains an undertaking of the States party to the Paris Convention to allow federations and associations representing producers and trade circles to bring actions in order to enforce the means of protection envisaged in Articles 9 and 10.

(b) The Madrid Agreement on Indications for the Repression of False or Deceptive Indications of Source on Goods

45. The positions of the founding States of the Paris Convention at the 1883 Paris Diplomatic Conference regarding the protection of indications of source did not allow more than a minimum common position with regard to protection on the multilateral level. As already indicated, the original text did not provide for the prevention of the use of false indications *per se*, but only where such use occurred in connection with the use of a false trade name.

46. Consequently, countries which had greater interest in an improved international protection of indications of source established a special union under the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (“Madrid Agreement on Indications of Source”).<sup>21</sup>

47. The Madrid Agreement on Indications of Source binds the States which are party to it to prevent not only the use of “false” indications of source, but also the use of indications of source which are “deceptive,” i.e., literally true but nevertheless misleading. This may be the case, for example, where a given geographical name exists in two different countries, but was

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<sup>20</sup> On October 15, 2000, 160 States were party to the Paris Convention (for a complete list, see <http://www.wipo.int/treaties/docs/english/d-paris.doc>).

<sup>21</sup> On October 15, 2000, 32 States were party to the Madrid Agreement on Indications of Source.

used as an indication of source only for products originating from that place in one country. Use of that indication of source by producers from the other country cannot be regarded as use of a “false” geographical indication, although consumers may be deceived by such use.

48. Article 4 of the Madrid Agreement on Indications of Source contains a special provision for “regional appellations concerning the source of products of the vine” which constitutes an exception to the rule that, in application of the Agreement, the courts are free to decide whether or not a given indication of source is a generic term. This article is noteworthy, since it constitutes a departure from the general rule that the conditions of protection of an indication of source and, in particular, whether a specific indication of source is considered generic, are to be determined by the country in which protection is sought.

49. However, the application of Article 4 of the Madrid Agreement on Indications of Source is limited to the products of the vine, and the provision is subject to different interpretations.<sup>22</sup> It was also repeatedly noted that the Madrid Agreement on Indications of Source does not significantly increase the level of protection for indications of source already provided under the Paris Convention.<sup>23</sup> Considering also its limited membership, the Madrid Agreement on Indications of Source did not gain great practical significance.

(c) The Lisbon Agreement for the Protection of Appellations of Origin and their International Registration

50. One of the results of the Lisbon Diplomatic Conference of 1958, which had attempted, *inter alia*, to improve the international protection for geographical indications within the framework of the Paris Convention and the Madrid Agreement on Indications of Source, was the adoption of a the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration.<sup>24</sup>

51. The Lisbon Agreement takes the protection of indications of source beyond the level of protection provided under the Paris Convention and the Madrid Agreement on Indications of Source. The main principle of the Lisbon Agreement is that the States which are party to it undertake to protect appellations of origin that are protected “as such” in the country of origin and registered in the international register administered by WIPO (Article 1(2)). That means in practice that it is only applicable to appellations of origin which are already protected on the national level in the country of origin. Once a given appellation of origin is protected in its country of origin, that appellation of origin can be registered in an international register administered by WIPO. After its registration, the appellation of origin is published and notified to all other States party to the Lisbon Agreement. Since its entry into force on

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<sup>22</sup> Tilmann, page 412.

<sup>23</sup> Tilmann, page 411.

<sup>24</sup> On October 26, 2000, 19 States were party to the Lisbon Agreement (for a complete list, see <http://www.wipo.int/treaties/docs/english/j-lisbon.doc>). A Working Group on the Modification of the Regulations under the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration met from July 10 to 13, 2000, in Geneva (LI/GT/1/1 to 3). A second session of that Working Group is scheduled to take place in March 2001.

September 25, 1966, 835 appellations of origin have been registered under the Lisbon Agreement, of which 766 are still in force.<sup>25</sup>

52. Following the receipt of a notification of registration, a State that is party to the Lisbon Agreement may declare during a period of one year that it cannot protect the appellation of origin which was the subject of the notification. With respect to those registrations made under the Lisbon Agreement, 62 refusals of protection, concerning 51 international registrations, have been entered in the international register.<sup>26</sup>

53. According to Article 6 of the Lisbon Agreement, an appellation which has been granted protection in one of the countries party to that Agreement pursuant to the procedure under Article 5 cannot, in that country, be deemed to have become generic, as long as it is protected as an appellation of origin in the country of origin.

54. The scope of protection for internationally registered appellations of origin is broader than the protection for indications of source under the Paris Convention and the Madrid Agreement on Indications of Source. Thus, under Article 3 of the Agreement, not only misleading use of a protected appellation of origin is prohibited, but “any usurpation or imitation [of the protected appellation of origin], even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as ‘kind,’ ‘type,’ ‘make,’ ‘imitation’ or the like.”

(d) The TRIPS Agreement

55. Part II, Section 3 of the TRIPS Agreement is dedicated to geographical indications. The general norm of protection is provided by Article 22.2, which reads as follows:

“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 the 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 10*bis* of the Paris Convention (1967).”

56. Article 22.2 is supplemented by Article 22.3 and 22.4. Article 22.3 deals specifically with the registration of trademarks containing or consisting of a geographical indication, for goods not originating in the territory indicated, if the use of those trademarks for such goods would be misleading as to the true place of origin of the goods. The remedy that must be available in that situation is refusal or invalidation of the trademark registration, either *ex officio*, if the applicable law so allows, or at the request of an interested party.

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<sup>25</sup> Internationally registered appellations of origin are published in the WIPO periodical *Les appellations d'origine*. Internationally registered appellations of origin are also published on the CD-ROM *Romarin*.

<sup>26</sup> LI/GT/1/2, paragraph 7.

57. Article 22.4 stipulates that the protection under Article 22.1 to 22.3 must also be made available in respect of the use of deceptive geographical indications, i.e., geographical indications that are literally true, although they falsely represent to the public that the goods on which they are used originate in a different territory.

58. Article 23.1 provides for additional protection for geographical indications for wines and spirits. It reads as follows:

“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.”

Article 23.1 has a footnote with the following wording:

“Notwithstanding the first sentence of Article 42, Members may, with respect to these obligations, instead provide for enforcement by administrative action.”

59. Article 23.1 is supplemented by a paragraph dealing specifically with the registration of trademarks for wines containing or consisting of a geographical indication for wines, and the registration of a trademark for spirits containing of a geographical indication for spirits, where the wines and spirits in question do not have the indicated geographical origin. Registration of trademarks falling under that provision has to be refused or cancelled, either *ex officio* if the applicable law so allows, or at the request of an interested party.

60. Article 24 contains a number of exceptions to the obligations under Articles 22 and 23. Broadly speaking, there are three categories of exceptions, namely continued and similar use of geographical indications for wines and spirits, prior good faith trademark rights, and generic designations.

61. The first exception (Article 24.4) gives the right to a WTO Member to allow 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 for at least 10 years preceding April 15, 1994, or in good faith preceding that date.

62. The second exception relates to rights in trademarks (Article 24.5). It basically states measures to implement the Section on geographical indications by a WTO Member shall not prejudice the registration of trademarks identical with or similar to geographical indications, the application for registration of such trademarks, or the right to use such trademarks, if the following conditions are met: An application for the registration of such a trademark has been filed, or the trademark has been registered, or, where the right to the trademark was acquired by use, that trademark has been used, in good faith, in the WTO Member concerned, before the TRIPS Agreement became applicable in that Member, or before the geographical indication in question is protected in its country of origin.

63. The third exception (Article 24.6) is related to geographical indications of a WTO Member which are considered by another WTO Member to be a term customary in common language as the common name for goods or services or, where the geographical indication is used for products of the vine, it 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 TRIPS Agreement.

64. Furthermore, Article 24.3 of the TRIPS Agreement provides that in implementing the Section of the TRIPS Agreement on geographical indications, a WTO 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.

### III. Attempts to Revise the Multilateral System of Protection after 1958

#### (a) Preparation in 1974 and 1975 of a New Multilateral Treaty on the Protection of Geographical Indications

65. In 1974, WIPO started work on the preparation of a new multilateral treaty for the protection of appellations of origin and indications of source. After a first session of a Committee of Experts in 1974, the International Bureau of WIPO prepared a draft treaty which was submitted to the second session of the Committee in 1975. The WIPO draft treaty intended to establish a new definition of geographical indication for the purposes of a system of international registration. The new definition was broader than the definition of appellation of origin under the Lisbon Agreement.<sup>27</sup>

66. The substantive provisions of the draft treaty were dealt with in two chapters. The first chapter contained a provision according to which the use of denominations, expressions or signs which constitute or directly or indirectly contain false or deceptive geographical indications as to the source of products or services must be prohibited.

67. The second chapter provided for a system of international registration in respect of any geographical indication which fulfills the following conditions: (i) the geographical indication consists of the official or usual name of a State (the “filing State”) or of the name of a major circumscription of a State<sup>28</sup> or of a denomination which serves to indicate the source of a product; (ii) the indication is declared by the filing State to be a reference to itself as the State of origin; (iii) the indication is used in the course of trade in relation to products originating in the State, and the said State certifies such use.

68. In most other respects, the system of the draft treaty was similar to the Lisbon Agreement. In particular, the procedure of international registration included the possibility of objections and provided for protection unlimited in time once the international registration

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<sup>27</sup> TAO/II/2 and 6, respectively.

<sup>28</sup> The comments on Article 6 of the draft treaty contain the following explanation: “major circumscription should not only cover existing administrative circumscriptions (e.g., “Burgundy” which is not the name of an administrative entity). The circumscription in question should also be of a certain size and importance, as explained by the use of the adjective “major.” In the latter connection, some restrictions are called for: the names of communes, for example, should not be able to benefit from absolute protection” (TAO/II/2, page 20).

had become effective. However, unlike the Lisbon Agreement, the grounds for objection were limited to the following: (i) the subject of the application for international registration consists neither of the official or usual name of the filing State or of that of a major circumscription of that State, nor of a denomination which serves to indicate the source of a product; (ii) the denomination in question does not refer to the filing State as the State of origin; (iii) in the filing State, the denomination in question is used in the course of trade in relation to products originating in any State; (iv) in the objecting State the denomination in question is regarded as a generic term by the general public and is used as such in the course of trade; (v) certain requirements concerning the application have not been fulfilled.

69. Although unlimited in time, continued protection would depend on the payment of maintenance fees. In addition, the draft treaty contained a chapter on sanctions, the rights to bring an action, and the settlement of disputes through diplomatic channels.

70. When preparations for the revision of the Paris Convention started in the late 1970s, and it became apparent that those preparations also dealt with the possible revision of the provisions of the Paris Convention that deal with geographical indications, work on the draft treaty was not continued.

(b) Revision of the Paris Convention

71. As indicated, during the time the WIPO draft treaty on geographical indications was being prepared, the process for the revision of the Paris Convention was initiated. In the course of the discussions on the revision of the Paris Convention, a working group on conflicts between an appellation of origin and a trademark prepared a proposal to include in the Paris Convention a new article on the protection of appellations of origin and indications of source. Under the Rules of Procedure of the Diplomatic Conference on the Revision of the Paris Convention, the said proposal became a basic proposal for the revision of the Paris Convention.<sup>29</sup> In the proposal, the terminology used in the WIPO draft treaty of 1975 was adopted; thus the term “geographical indication” was used. The purpose of the new article of the Paris Convention, which was provisionally numbered Article 10*quater*, was twofold. First, the article would ensure more extensive protection of appellations of origin and indications of source against their use as trademarks. Second, a special provision in favor of developing countries would be included, which would allow those countries to reserve a certain number of potential geographical indications for the future so that, even if they were not yet used as geographical indications, they could not be used as trademarks.

72. Draft Article 10*quater* established in its paragraph (1) the principle that a geographical indication which directly or indirectly suggested a country of the Paris Union or a region or locality in that country with respect to goods not originating in that country may not be used or registered as a trademark, if the use of the indication for the goods in question was of a nature as to mislead the public as to the country of origin. Draft paragraph (2) extended the application of draft paragraph (1) to geographical indications which, although literally true, falsely represented to the public that the goods originated in a particular country.

73. Draft paragraph (3) contained an additional provision in respect of geographical indications which had acquired a reputation in relation to goods originating in a country, region or locality, provided that such reputation was generally known in the country where

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<sup>29</sup> PR/DC/4.

protection was sought by persons engaged in the production of goods of the same kind or in trade in such goods. This additional provision would have established a reinforced protection for certain generally known geographical indications without the requirement of misleading use.

74. Draft paragraph (4) allowed the continuation of use which had been begun in good faith. Draft paragraph (5) required that all factual circumstances must be considered when applying the preceding provisions. Draft paragraph (6) reserved the possibility of bilateral or multilateral negotiations between member countries of the Paris Union.

75. Finally, draft paragraph (7) provided that each developing country may notify the International Bureau of up to 200 geographical names denominating the country itself or a region or a locality on its territory, with the consequence that the International Bureau would notify all Paris Union member States and that these States would be obliged to prohibit the registration or use of trademarks containing or consisting of the notified names. The effect of the notification would last for 20 years. During this period, any developing country having made a notification would have the possibility of making known and protecting the geographical indication as referring to a geographical area in its territory from which certain goods originated so that subsequently the general provisions on protection of geographical indications would apply.

76. Draft Article 10<sup>quarter</sup> was discussed in the four sessions of the Diplomatic Conference as well as in some of the subsequent consultative meetings. Although, initially, the Group of industrialized market economy countries was divided in respect of the protection of geographical indications which had acquired a certain reputation, in 1984, those countries agreed on a proposal for a new Article 10<sup>quarter</sup>, which can be summarized as follows:<sup>30</sup>

77. Draft paragraphs (1) and (2) were similar to draft paragraphs (1) and (2) of Article 10<sup>quarter</sup>, as contained in the basic proposals for the revision of the Paris Convention, subject to some minor changes; draft paragraph (3) dealt with the special case of any “geographical indication generally known in a country to consumers of given products or of similar products as designating the origin of such products manufactured or produced in another country of the Union,” and provided that the protection would not, as in the basic proposal, be directed against the use as a trademark but against a development of such an indication to a designation of generic character for the said product or similar products;

78. Draft paragraph (4) contained an amended version of the special provisions in favor of developing countries; in contrast to the basic proposal, the number of geographical indications which could be reserved was up to 10, and they could only be reserved if the goods for which the name was or was going to be used had been indicated; draft paragraphs (5) to (7) contained slightly amended versions of the provisions of the basic proposal in respect of acquired rights, the consideration of all factual circumstances and the possibilities of concluding bilateral and multilateral agreements. However, this proposal was never discussed in the sessions of the diplomatic conference itself.

79. It should also be mentioned that in 1982 the competent Main Committee of the Diplomatic Conference on the Revision of the Paris Convention adopted an amendment to

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<sup>30</sup> PR/DC/51.

Article 6ter of the Paris Convention.<sup>31</sup> That Article, in its text as applicable at present, contains a prohibition on using as trademarks state emblems, official marks or emblems of intergovernmental organizations. The proposed amendment concerned the inclusion of the official names of States in the list of emblems, etc., which may not be used as trademarks. This would be of importance for protection of geographical indications since official names of States would always have to be excluded from use as trademarks.

80. Since the Diplomatic Conference for the Revision of the Paris Convention was never concluded, the two proposals for addressing geographical indications within that framework Convention described above were never fully discussed and remained drafts.

(c) The 1990 Committee of Experts on the International Protection of Geographical Indications

81. In 1990, the WIPO Committee of Experts on the International Protection of Geographical Indications considered the establishment of a new treaty dealing with the international protection of geographical indications.<sup>32</sup> The main reasons for a perceived unsatisfactory situation concerning the international protection of geographical indications were the limited scope of the provisions of the Paris Convention, and the limited acceptance of the Madrid Agreement on Indications of Source and the Lisbon Agreement. It was felt that this situation could only be overcome through the establishment of a new worldwide treaty.

82. In order to make the treaty attractive to all States party to the Paris Convention, the replacement of the concepts of “appellation of origin” and “indication of source” by the notion of “geographical indication” was evoked. It was felt that this notion could cover all existing concepts of protection. Furthermore, a need was perceived to establish a new international registration system, which would be more widely acceptable than the Lisbon Agreement. To that end, a basic principle was that Contracting Parties should be free to choose the manner of protection of a geographical indication in its country of origin, rather than requiring a specific form of protection. In addition, the new treaty should provide for effective protection of geographical indications against degeneration into generic terms, and ensure effective enforcement of protection.

83. The Committee of Experts discussed the following three groups of issues pertinent to the establishment of a new treaty, namely: What should be the subject matter of protection? What should be the general principles of protection, including the conditions of protection, its contents, and the mechanisms for its enforcement and for setting disputes arising under the new Treaty? Should there be a system of international registration and, if so, what should it consist of?<sup>33</sup>

84. The Committee did not reach a common position on those questions. At the end of its first session, the Chair concluded that a number of delegations had expressed the wish for the preparation of a new treaty, whereas other had expressed reservations. Those reservations concerned, in particular, whether the new treaty should provide for a registration system or for the establishment of lists of geographical indications protected by Contracting Parties.<sup>34</sup> The

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<sup>31</sup> PR/DC/INF/38Rev.

<sup>32</sup> GEO/CE/1/2.

<sup>33</sup> GEO/CE/1/2, paragraph 64.

<sup>34</sup> GEO/CE/1/3, paragraph 122.

work concerning the establishment of a new treaty was not continued, since the Committee of Experts on the International Protection of Geographical Indications did not meet for any further session.

#### IV. Problems Existing in Obtaining Efficient Protection in Other Countries

##### (a) General

85. Since the adoption of the Paris Convention in 1883, considerable efforts were made in order to develop the multilateral framework for the protection of geographical indications. However, those efforts produced rather modest results, either because newly adopted special agreements under Article 19 of the Paris Convention proved not to be sufficiently attractive for the adherence of a significant number of States, or because international negotiations aiming at the creation of new norms of protection remained unconcluded. In addressing the protection of geographical indications, *inter alia* by granting additional protection to geographical indications for wines and spirits (TRIPS Articles 2.1 and 23.2) the TRIPS Agreement has brought that subject back to the attention of a large number of States. In particular, Article 23.4 states that, 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 WTO Members participating in the system.

##### (b) Type and Scope of Protection

86. Protection of geographical indications through application of principles for the protection against unfair competition appears to constitute a generally accepted international standard of protection for geographical indications, regardless of the nature of the products for which they are used.<sup>35</sup> On the multilateral level, this approach has developed historically, starting out from the limited prohibition to use false indications of source only in cases where they were used together with false trade names (as provided for by the original text of the Paris Convention), evolving to a prohibition of the use of false and deceptive indications of source (Lisbon Act of the Paris Convention and Madrid Agreement on Indications of Source) and to a general prohibition of the use of geographical indication which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (Article 22.2(b) of the TRIPS Agreement).

87. One of the main features of a protection system for geographical indications based on protection against unfair competition is that key elements of the definition of geographical indications, such as the area of production, the specific qualities derived from the origin indicated by the geographical indication, or the degree of reputation that must be attached to a specific indication in order to make it a protected geographical indication, are defined by a judge in the course of litigation over the right to use a given geographical indication. If those determinations are already difficult to make for a court located within the country of origin of a disputed geographical indication, this task becomes even more complex for a court located in a country that is not the country of origin.

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<sup>35</sup> TRIPS Article 22.2.

88. In making a decision concerning the protection of a given geographical indication, the judge in the country in which protection is sought must decide whether the use of a disputed geographical indication is misleading the public in that country as to the geographical origin of the goods. Regularly, the local public will only be misled by the unauthorized use of a geographical indication, if it knows that the indication in question is a geographical indication used to identify certain products having a specific geographical origin and/or specific characteristics and reputation.

89. The difficulties that may arise in cases where geographical indications are protected under principles for the protection against unfair competition are counterbalanced by advantages such as the absence of formal registration procedures. However, beneficiaries of geographical indications may find it too risky to rely merely on principles for the prevention of unfair competition. Statutory means of protection, such as registered geographical indications, protected appellations of origin, or certification or collective marks present advantages over the unfair competition-type of protection, especially in terms of enforcement. Under the Lisbon Agreement, appellations of origin as one kind of statutory means of protection for geographical indications, are protected under a multilateral system of registration and protection. It is also to be noted that the scope of protection for appellations of origin provided under the Lisbon Agreement is wider than the scope of “simple” protection for geographical indications under unfair competition law. Thus, not only misleading use, but also use of protected appellations of origin in connection with the indication of the true place of origin of the product (if the true place of origin is different from the place indicated by the protected appellation of origin), in translated form or accompanied by terms such as “kind,” “type,” “make,” “imitation,” or the like must be prevented.

90. Enforcement of geographical indications that are protected on a statutory basis is facilitated by strict definitions of the protected subject matter, i.e., area of production, standards of production (if any) and parties entitled to use the protected geographical indications.

91. Nevertheless, due to the existence of a multitude of different approaches on the national and regional levels to this type of protection, and the reluctance of States to adopt specific protection systems, effective protection on the international level remained somehow limited. Thus, the principle contained in Article 1(2) the Lisbon Agreement, i.e., to protect appellations of origin that are recognized and protected as such in their countries of origin, may be seen as limiting the potential number of States that may be willing to adhere to that Agreement.

92. Furthermore, protection of geographical indications in countries where such protection is provided under special legal regimes on the national and regional levels is often subject to official government action. For example, Article 5(1) of the Lisbon Agreement provides that the international registration of an appellation of origin shall be effected at the request of the Offices of the Contracting Parties. This stands in contrast to protection of geographical indications as certification or collective marks, whose registration can be requested directly by the interested parties without an official government action being necessary.

93. It appears that the base line of protection for geographical indications is protection against commercial practices that are considered to be misleading or constitute acts of unfair

competition.<sup>36</sup> This kind of protection is provided for by the Paris Convention and the TRIPS Agreement (with the exception of the additional protection for geographical indications for wines and spirits provided for under TRIPS Article 23.1 and 23.2). However, the standard of protection available under this approach remains limited, since important questions of definition and scope of protection are made on an *ad hoc* basis and this creates considerable uncertainty.

94. A more enhanced scope of protection as provided under systems of statutory protection appears to be more effective, but has not obtained acceptance among a larger number of States and, therefore, has been left without widespread geographical coverage. Although protection for geographical indications in addition to protection against misleading and unfair commercial acts is addressed by Article 23 of the TRIPS Agreement, that provision has raised a number of issues: TRIPS Article 23 is only concerned with the protection of geographical indications for a specific type of product, i.e., wines and spirits. It does not deal with the question of type of protection in the country of origin, or the means of obtaining effective protection abroad. It provides for a system of notification and registration of geographical indications for wines eligible for protection in those WTO Members participating in the system, but leaves the establishment of such a system to further negotiations.<sup>37</sup>

(c) Generic Character of Certain Geographical Indications

95. Geographical indications that are no longer understood by the public in a Member State to indicate a specific origin of goods, but denote a specific kind or category of product, may cease to function as distinctive signs. The transformation of a geographical indication into a generic term may occur in different countries, and at different times. This may lead to situations where a specific indication is considered to constitute a geographical indication in some countries (most notably, in its country of origin), whereas the same indication may be regarded as a generic term in other countries.

96. The issue of generic geographical indications gives rise to many debates. Problems arise where goods are traded under a specific indication that is understood differently in different countries. A balance of interests has to be established between the consumers and producers of those countries in which a geographical indication is considered as indicating the geographical source and specific qualities of a product, and the producers and consumers of those countries in which that geographical indication has come to stand for a kind of product and can be freely used by everybody.

97. So far, the question of generic geographical indications is addressed in different ways: The Madrid Agreement on Indication of Source deals with the issue in a limited context. Whereas the courts of the States party to that Agreement are free to decide which

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<sup>36</sup> This statement does not take into account the special case of geographical indications for wines and spirits dealt with by TRIPS Article 23.

<sup>37</sup> Paragraph 34 of the Report (1996) of the Council for TRIPS (WTO Document IP/C/8) states: "...the Council will initiate in 1997 preliminary work on issues relevant to the negotiations specified in Article 23.4 of the TRIPS Agreement concerning the establishment of a multilateral system for the notification and registration of geographical indications for wines. Issues relevant to a notification and registration system for spirits will be part of this preliminary work." This Report was endorsed by the Singapore Ministerial Conference in December 1996 (see paragraph 19 of the Singapore Ministerial Declaration).

appellations, on account of their generic character, do not fall within the scope of application of that Agreement, “regional appellations concerning the source of products of the vine” are expressly excluded from that rule.<sup>38</sup>

98. The Lisbon Agreement provides for a prohibition of the unauthorized use of an internationally registered appellation of origin in all States party to that Agreement, to the extent that the competent authority of a contracting party has not declared that it cannot ensure protection of such an appellation of origin.<sup>39</sup> Furthermore, the Agreement stipulates that an appellation of origin which has been granted protection in one of the countries party to the Agreement pursuant to the procedure provided under Article 5 of that Agreement, cannot in that country, be deemed to have become generic, as long as it is protected as an appellation of origin in the country of origin.<sup>40</sup>

99. The TRIPS Agreement provides for an exception to the obligation to protect geographical indications of a WTO Member, if such geographical indications are considered to be generic.<sup>41</sup>

100. The question of generic geographical indications may also be addressed in bilateral trade agreements. Under the terms of such agreements, countries may undertake to phase out the generic use of geographical indications of the other country in return for trade advantages offered by that country.

#### (d) Conflicts Between Trademarks and Geographical Indications

101. Competing claims to the right in a given sign, either as a trademark, or as a geographical indication, can be looked at from at least two different angles, namely from the point of view of trademark law, or the point of view of the law on geographical indications. The former approach may be best described by the question: “Can a particular sign constitute a valid trademark in a given territory, if, at the same time, it is claimed that this sign constitutes, in this territory, a geographical indication?” The question that may characterize the latter approach would be: “Can a particular sign constitute a geographical indication in a given territory if, at the same time, it is claimed that this sign constitutes, in that territory, a trademark?” Due to the variety of legal concepts existing in the field of geographical indications, it is more complex to illustrate the latter approach.

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<sup>38</sup> Article 4 of the Madrid Agreement on Indications of Source.

<sup>39</sup> Article 3 of the Lisbon Agreement: “Protection shall be ensured against any usurpation or imitation, even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as “kind,” “type,” “make,” “imitation,” or the like.”

<sup>40</sup> Article 6 of the Lisbon Agreement.

<sup>41</sup> Article 24.6 of the TRIPS Agreement: “Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to goods or services for which the relevant indication is identical with the term customary in common language as the common name for such goods or services in the territory of that Member. Nothing in this Section shall require a member to apply its provisions in respect of a geographical indication of any other Member with respect to products of the vine for which the relevant indication is identical with the customary name of a grape variety existing in the territory of that Member as of the date of entry into force of the WTO Agreement.

(i) Conflicts under trademark law

102. As a general rule, trademarks must not be descriptive or deceptive. Consequently, trademarks that consist of or contain a geographical indication cannot be protected if use of such trademarks would be misleading as to the true origin of the products on which the trademark is used. Laws on trademarks specifically exclude from registration geographical terms that can be understood to constitute a reference to the origin of the relevant goods. This exclusion from registration usually depends on an assessment whether a geographical term used as a trademark would be perceived by the public to indicate a connection between the origin of the goods and the trademark. However, it is possible to use geographical terms as trademarks if those terms are arbitrary such as, for example, “Antarctica” for bananas,<sup>42</sup> because that mark would not be understood to refer to the origin of the goods on which it is used. Moreover, it may be possible to use a geographical term as trademark in cases where that trademark, despite being originally descriptive, has acquired a distinctive character (or secondary meaning) through use.

(ii) Conflicts under the law of geographical indications

- Unfair competition and passing off

103. The law for the protection against acts of unfair competition or passing off is meant to provide a remedy against illicit commercial acts, such as, for example, false or misleading allegations in the course of trade. As already pointed out, the plaintiff in a passing off action or an action for unfair competition against the allegedly unauthorized use of a geographical indication must show, *inter alia*, that such use of a geographical indication is misleading. This can only be done by demonstrating that the geographical indication in question has acquired good will or reputation.

104. In a conflict over the use of a geographical indication, in which the protection of the geographical indication is based on the law of unfair competition and the adverse party is claiming trademark rights in that indication, the question as to whether the use of the geographical indication by any of the two parties would be misleading, again, is decisive. If the use of the trademark consisting of the geographical indication is misleading as to the origin of the goods on which it is used, such use would constitute unfair competition or passing off and, thus, should not be allowed. In turn, this would entail the invalidity of the trademark in question. If, on the other hand, the use of that trademark is not misleading, the case for passing off is more likely to fail. This means of course that, at the same time, the use of the trademark by the adversary constitutes trademark infringement. It should be noted, however, that the situation may not present itself in such a clear-cut manner. This may be the case, for example, where due to limited geographical use, a given geographical indication had acquired goodwill only in a limited area, whereas a potentially conflicting trademark is known throughout a country. In that situation, the result may well be co-existence of both rights with certain conditions as to use and/or expansion of that use.

- Collective and certification marks

105. Where geographical indications are protected as collective or certification marks, their protection is governed by the applicable trademark law. Conflicts concerning competing

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<sup>42</sup> Example taken from WIPO publication 760, page 166.

trademark rights are resolved under trademark law in application of the principle of priority. Depending on the relevant trademark law, priority rights may be granted on the basis of a prior application, prior use or, under certain circumstances, to a mark that was prior in becoming well known.

106. In consideration of these principles, the resolution of conflicts between geographical indications protected as collective or certification marks and “individual” trademarks does not seem to constitute a problem.

- Protected appellations of origin and registered geographical indications

107. Under a system of appellations of origin or registered geographical indications, geographical indications are protected as *sui generis* rights. Such systems may provide explicitly for rules to be applied in cases of claims to one and the same geographical term based on a trademark right and on the right to a protected appellation of origin or a registered geographical indication.

108. Depending on the applicable legal regime, different solutions are possible. They may range from giving priority to registered geographical indications or protected appellations of origin over competing trademarks, to the opposite solution, namely priority to trademarks over competing registered geographical indications or protected appellations of origin, with the possible intermediary solution of co-existence between the competing rights.

109. Whether or not priority is given to a trademark over an appellation of origin or a registered geographical indication claiming rights in the same sign depends on a number of factors. It may make a difference whether the trademark in question was registered or used in good faith before the geographical indication was protected, or whether the trademark in question has been used for a long period of time and has acquired reputation and renown. In applying those factors, decisions concerning the relationship between trademarks and appellations of origin or registered geographical indications are made on a case by case basis.

- Administrative schemes for protection

110. Administrative schemes used for the protection of geographical indications typically do not directly address conflicts between trademarks and geographical indications. Those schemes operate independently from administrations which are responsible for the registration of trademarks. They usually ensure that certain geographical indications cannot be used on specific products. This mechanism of protection for geographical indications may be used where protection provided under unfair competition law is considered to be insufficient.

111. It is conceivable that, under an administrative system of protection, a trademark that contains or consists of a geographical indication cannot be used on a certain product. However, such a decision would likely be without relevance as to the validity of the trademark in question.

(iii) International agreements

112. Not many international multilateral agreements on intellectual property regulate expressly the relationship between trademarks and geographical indications. In the context of

this paper, two agreements will be looked at, namely the Lisbon Agreement and the TRIPS Agreement.

- Lisbon Agreement for the Protection of Appellations of Origin and their International Registration

113. The Lisbon Agreement does not address directly the question of conflicts between trademarks and geographical indications. The competent authority of a state party to the Lisbon Agreement may declare, within one year from the receipt of the notification of the international registration, that it cannot ensure, in its country, protection for that appellation of origin (Article 5(3)). The grounds for such a declaration must be indicated. The Lisbon Agreement itself does not specify the grounds on which such a declaration may be based. It happens in practice that an internationally registered appellation of origin is denied protection in a State party to the Lisbon Agreement because that appellation is considered to be a generic term in that country, or because existing prior rights would conflict with that appellation.

114. To the extent that a declaration under Article 5(3) concerning a given internationally registered appellation of origin was not made, that appellation of origin is protected in accordance with Article 3. In addition, Article 5(6) provides that, if an appellation that is protected in a country pursuant to the notification of its international registration has already been used by third parties in that country from a date prior to such notification, third parties may be given the right to use that appellation of origin for an additional period of two years following the expiration of the one year period during which a declaration under Article 5(3) can be raised, before such use has to be terminated.

- The TRIPS Agreement

115. Article 22.3 contains an obligation for WTO Members bound to apply the TRIPS Agreement to refuse or invalidate, *ex officio* if their legislations so permit or at the request of an interested party, to 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.

116. Article 23 provides additional protection for geographical indications for wines and spirits, and Article 23.3 sets forth the conditions of this enhanced protection in relation to the registration of trademarks. Thus, WTO Members applying the TRIPS Agreement are under an obligation to refuse or invalidate, *ex officio* if their legislations so permit or at the request of an interested party, 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. Most notably, protection of geographical indications for wines and spirits against registration as trademarks under Article 23.2 has to be provided without regard as to whether the use of such a geographical indication as a trademark for such goods would mislead the public as to the true place of origin. For this reason, the extended scope of protection under Article 23.2 is also referred to as “additional” protection.

117. Article 24 of the TRIPS Agreement lists a number of exceptions to a WTO Member’s obligation to protect geographical indications in accordance with Articles 22 and 23 of the Agreement. Two of the nine paragraphs of Article 24 refer expressly to trademarks, namely

Article 24.5 and Article 24.7. The former paragraph constitutes a substantive rule concerning the relationship between trademarks and geographical indications, whereas the latter paragraph relates to certain procedural aspects for claiming rights in geographical indications over trademarks and requesting the invalidation of such trademark rights. Furthermore, Article 24.3 provides as a general rule that, in implementing Part II, Section 3 of the TRIPS Agreement, WTO Members 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.

118. Article 24.5 stipulates that, 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 before the date of application of the provisions on geographical indications of the TRIPS Agreement in a WTO Member, or before the geographical indication is protected in its country of origin, measures adopted to implement the said Section of the TRIPS Agreement 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.

119. A request under Part II, Section 3 of the TRIPS Agreement in connection with the use or registration of a trademark (presumably a request for prohibition to use or invalidation of the registration of a trademark conflicting with a geographical indication) must be made within the time limits provided for by Article 24.7. The limits are five years after the adverse use of the protected indication has become generally known in that Member, or five years 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. Article 24.1 states that WTO Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23, that the provisions of Article 24(4) through (8) shall not be used by a WTO Member to refuse to conduct negotiations or to conclude bilateral or multilateral agreements, and that Members shall be willing to consider the continued applicability of these provisions to individual geographical indications whose use was the subject of such negotiations.

120. The TRIPS Agreement creates a framework for the solution of conflicts between geographical indications and trademarks, taking into account the date of entry into force of the TRIPS Agreement for WTO Members, the commencement of protection of geographical indications in their countries of origin, and the time of the acquisition of *bona fide* trademark rights in signs identical with or similar to geographical indications and used on goods for which the respective geographical indication is protected. Together with the other exceptions in Article 24, Part II, the TRIPS Agreement provides for delicately balanced solutions for conflicts between geographical indications and trademarks.

- (iv) Resolutions and recommendations by international intergovernmental organizations (IGOs) and non-governmental organizations (NGOs)

121. Several international intergovernmental and non-governmental organizations have addressed the issue of conflicts between trademarks and geographical indications. The names of the organizations together with summaries of the texts adopted by them which were considered relevant for this document are contained in Annex II.

V. Development of a Common Understanding

122. Despite continuing efforts to address the subject of protection of geographical indications on the multilateral level, considerable uncertainty appears to prevail. Main areas of concern relate to the form and scope of protection of geographical indications, the adoption of national systems of protection that are in conformity with generally accepted principles of industrial property law, such as national treatment, safeguard of third party rights, prohibition of unfair commercial practices and the non-existence of exclusive rights in generic terms.

123. In order to develop a common understanding of all issues involved, it would appear appropriate that the SCT discuss those issues and, where necessary and feasible, consider agreed principles concerning the application of the international protection of geographical indications.

[Annexes follow]

ANNEX I

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[Annex II follows]

## ANNEX II

This annex contains an overview on principles for the solution of conflicts between geographical indications and trademarks, and for conflicts between homonymous geographical indications, which were proposed by international organizations.

THE INTERNATIONAL ASSOCIATION FOR THE PROTECTION OF  
INTELLECTUAL PROPERTY (AIPPI)<sup>43</sup>

At its 37<sup>th</sup> Congress, which took place in May 1998 in Rio de Janeiro, Brazil, the International Association for the Protection of Intellectual Property adopted, *inter alia*, a resolution dealing with the issue of geographical indications (Resolution Question Q 62). This Resolution was adopted in consideration of an earlier resolution dealing with the same subject and adopted, by the AIPPI Executive Committee, in Copenhagen in 1994 (Resolution Question 118). As regards the relationship between geographical indications and trademarks, the following portions of the Resolution are of interest:

- Definition of the term geographical indication as indication that identifies a good as originating in the territory of a state, or a region or locality in that territory, where a given quality, reputation or other characteristic of that good is essentially attributable to its geographical origin. For the purpose of that Resolution, geographical indication is understood to include appellations of origin (third recital).
- Affirmation of the principle that a trademark can be refused protection, if it is identical or similar to a geographical indication of high reputation, even if the goods or services are not similar, if use of the trademark would take unfair advantage of or be detrimental to the distinctive character or repute of the geographical indication (paragraph B.2.).
- Note is taken of the principle “first in time, first in right” as a possible guiding principle for the resolution of conflicts between geographical indications and trademarks (paragraph B.3., second sub-paragraph).
- Recommendation that at least the principle of “co-existence” expressed in Article 5.3 of the Copenhagen Resolution should be applied, meaning a recommendation, in principle, of co-existence between a geographical indication and an earlier trademark, unless the trademark has acquired reputation or renown prior to the date the geographical indication has been established or recognized as such, in which case protection of the geographical indication should be denied. However, this should not preclude the use of the geographical indication to identify the geographical origin of the goods or services under the conditions specified in paragraph 3.1 of the Copenhagen Resolution (paragraph B.3., second sub-paragraph).

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<sup>43</sup> AIPPI is an international non-governmental organization of practitioners, academics and owners of intellectual property.

- Affirmation of the principle that existing geographical indications cannot be appropriated as trademarks of individuals and must remain available to all those having a right to use it (paragraph B.5.)

#### THE INTERNATIONAL TRADEMARK ASSOCIATION (INTA)<sup>44</sup>

In 1997, the INTA Board of Director adopted a Resolution dealing with the protection of geographical indications and trademarks. In particular, the Resolution provides for the following:

- Support of the principle of “first in time, first in right” priority when resolving conflicts between geographical indications and trademarks.

#### INTERNATIONAL LEAGUE OF COMPETITION LAW (LIDC)<sup>45</sup>

The International League of Competition Law (LIDC) has adopted in November 1998 a Resolution concerning geographical indications. The Resolution addresses the issue of international protection of geographical indications. However, the relationship between geographical indications and trademarks, and between homonymous geographical indications is not specifically dealt with.

#### THE INTERNATIONAL VINE AND WINE OFFICE (OIV)

In 1994, the General Assembly of the International Vine and Wine Office (OIV)<sup>46</sup> adopted Resolution-O.I.V./ECO 3/94, dealing with the relationship between trademarks and geographical indications (the Resolution does not refer to “geographical indications” as such, but uses the more specific terminology adopted by the OIV, namely “recognized appellations of origin,” “recognized geographical indications” and “recognized traditional denominations”).

Resolution-O.I.V./ECO 3/94 invites Member States of the OIV “to implement appropriate legal instruments under their legislation and regulations in order to ensure an equal level of protection for recognized appellations of origin, recognized geographical indications, recognized traditional denominations and trademarks, in conformity with the principles set out [in the Resolution].” In essence, the principles laid down by that Resolution are contained in the recitals to the Resolution and provide for the following:

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<sup>44</sup> The International Trademark Association is an international non-governmental organization of trademark owners and associated professionals.

<sup>45</sup> The International League of Competition Law is a Swiss independent scientific association.

<sup>46</sup> The OIV is an intergovernmental organization founded in 1924, having currently 45 Member States.

- Consideration is given to the Paris Convention for the Protection of Industrial Property and the TRIPS Agreement (second and third recital).
- The necessity to provide an equal level of protection to geographical indications and trademarks (fourth recital).
- The principle that the protection of trademarks and geographical indications is, in good faith, determined by the priority in recognition of the geographical indication in the country of origin, the registration of the trademark or their use in countries where rights derive from their use, in conformity with national legislation. Account will also be taken of the reputation and distinctive character of a geographical indication and of a trademark, in conformity with national or regional legislation (fifth recital).
- A trademark or geographical indication cannot use the reputation or other intellectual property rights already acquired by one or the other of these in order to guarantee its own development (sixth recital).
- The necessity to avoid any prejudice, diminution or weakening of a trademark or geographical indication (seventh recital).
- The choice of a trademark by its owner is subject to the pertinent conditions of trademark law and that the geographical indication is the geographical name (recognized appellation of origin, recognized geographical indication) or traditional name (recognized traditional denomination) which designates the source of the product (eighth recital).
- Without prejudice to cases under dispute, the use of an identical or similar designation as both trademark and geographical indication shall not be permitted (ninth recital).

In 1999, the General Assembly of the OIV adopted Resolution ECO/3/99, dealing with homonymous geographical indications. In particular, the Resolution provides for the following:

- Consideration of Article 23.3 of the TRIPS Agreement (first recital).
- Definition of the homonymy of a geographical indication as a denomination used in several countries to designate a wine or spirit beverage of viticultural origin having a similar or identical spelling and/or pronunciation.
- A recommendation that Member States of the OIV, when setting differentiation rules for homonymous names concerned by the Resolution, should consider the following (recommendation):
  - the official recognition used in the country of origin;
  - the length of time the name has been in use;
  - whether the usage is in good faith;

- the importance of presenting the homonymous labels to marketing;
- encouragement mentioning sufficient distinguishing information to avoid confusion of consumers.

[End of Annex II and of document]