



Collective Marketing: Adding Value through Geographical Indications, Certification Marks and Collective Marks

Training of Trainers Program on Effective Intellectual Property Asset Management by Small and Medium-sized Enterprises (SMEs)

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Overview

- 1. Introduction**
- 2. Collective Marks**
- 3. Certification Marks**
- 4. Geographical Indications**

1. Introduction

Why “specific” marks might be of interest for your business?

- SMEs often face double competition from other traditional artisan products and standardized industrial products
- Need to obtain consumer recognition and customer loyalty
- SMEs often find it difficult **individually** to develop a powerful marketing campaign that will enable them to position their products and create a reputation for their goods that will attract consumers



“If you can’t beat them, join them”

- Working **collectively**, SMEs can benefit from economies of scale and broader brand name recognition shifting from just production to the marketing in the same manner as larger companies

- Trademark

Shared marks:

Collective marks

Certification marks

Geographical Indications

Individual marketing

Joint marketing

reference to the **reputation**
and to certain **qualities**
of the products

Why “specific” marks might be of interest for your business?

- The requirements and conditions for protection vary considerably from country to country
- Art of playing on several fronts
- Particular choice - a question of
 - legal feasibility and
 - the socio-economic priorities of the members

2. Collective marks

Collective marks

Signes used to distinguish certain valued characteristics common to the products of the **members of an association/cooperative**

e.g. geographical origin, material, mode of manufacture

- Registered in the trademarks registry
- Typically, the **owner** of the collective mark is an **association/cooperative** of which entrepreneurs/artisans are members
- The owner does not use the mark for commercial purposes, but to advertise and promote the products/services of its members who sell their products under the collective seal

How does a Collective mark work?

■ Rules of use

- persons authorized to use
- criteria for membership
- conditions of use
 - e.g. particular features/qualities of the products
- sanctions against misuse

■ Authorization to use

- membership
- application or automatic
- comply with the rules
- no licenses

■ Control

Collective marks

Cooperation on all stages



- Creation of an association/consortium
- Set of products characteristics and quality standards
- Set of rules to use the collective mark and sanctions for non-compliance with the standards and regulations
- Common marketing and communication strategy
- Possibility for members to use their own trademarks along with the collective mark

Benefits for the SMEs

1. **Economies of scale** (registration cost, advertising campaign, enforcement, etc.)
2. **Reputation** acquired on the basis of common origin or other characteristics of the products made by different producers/traders
3. Framework for **cooperation** amongst local producers/traders
4. Collective marks can become powerful tool for **local development** and harmonization of products/services, enhancement of **quality**



Strategic considerations:

- Might be a good strategy that leaves the door open for later protection as GI for various reasons:
 - Lack of regulatory framework for GIs
 - The mere convenience of being able to operate quickly
 - Protection of the market: “Closed” character of the mark
 - In cases when products cannot apply for GI in a given country

Case Study: “La Chamba, Tolima”

Chamba ceramics

Added value:

- traditional know-how transferred from generation to generation
- 89%: handwork or with simple tools

Areas of improvements:

- Organization and management
- Exploitation of mines
- Product design and development
- Marketing: Certification “Hecho a Mano” (handmade)
forming an association and registration of a collective mark



Case Study: “Iran’s carpets”

- Iranian carpets woven in the various regions of the country are known for the distinctive characteristics associated with each region: traditional motifs, the type of knots and methods used while weaving, the dyes based on local plants, etc.
- Local cooperatives and guilds have for many years used **collective marks** to protect these regionally specific characteristics
- Current availability and use of **GI** for protection



2. Certification marks

Certification marks

Distinctive signs used to indicate compliance with **standards and characteristics pre-established by the owner of the mark**

- in respect of origin, materials, mode of manufacture, quality, accuracy or other characteristics

but are not confined to any membership



- Registered in trademarks register
- Owner is usually an **independent** enterprise, institution, governmental entity, etc. that is **competent** to certify the products concerned



How does a certification mark work?



■ Regulation of use

- features of the products that are certified
- conditions of use
- control
- proceedings against unauthorized use

■ Authorization to use

- anyone who meets with the prescribed standards
- not confined to membership
- generally: licence agreement (fee)
- owner not allowed to use



■ Control

Benefits for SMEs



Adding value strategy:

- The message conveyed by a certification mark is that the products have been examined, tested, inspected, or in some way checked by a person who is not their producer, by methods determined by the certifier/owner
- Benefit from the confidence that consumers place in users of certification mark
- Strengthen reputation
- For consumers: Guarantee for consumers of certain quality



Certification marks

For example, certify that:

- product is handmade
- certain ecological requirements have been respected in the production procedure
- no children were employed in the production process
- products have been produced in specific geographical region
- products are made 100% of recyclable materials
- products are made by indigenous group



Indonesian “Batikmark”



Indian “SILK MARK” and
“Handloom” marks



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Case study: Egyptian Cotton (ECL)



- Madrid Registration # 756059 from 23.04.2001
- Nice Classification: 22 Coton brut
- Alexandria Cotton Exporters Association, Egyptian Ministry of Economy and Foreign Trade (1932)
- Registered in 58 countries, the Egyptian Cotton mark guarantees the product is made of 100% Egyptian Barbardense cotton
- A licensing scheme for commercialization and promotion of Egyptian cotton
- Licensing agreements with two leading textile firms in the United States
- Authorizing the latter companies to use the logo on their products made of Egyptian cotton in the United States of America and Canada
- 80,000 tons of Egyptian cotton were exported in the 2008-09 fiscal year



Case Study: “RUGMARK” and “GoodWeave”



- Global non-profit organization RugMark International (RMI)
- 15 years of protecting children and promoting ethical carpet and rug production, working to end child labor and offer educational opportunities for children in India, Nepal and Pakistan
- RugMark and GoodWeave labels assure that no children under age 14 were employed by the facility responsible for making the labeled rug
- GoodWeave’s five-country network, operating in both producer (India and Nepal) and consumer countries (U.S., U.K. and Germany) through:
 - Standard-setting, Monitoring and Certification
 - Rehabilitation and Education to Child Workers
 - Child Labour Prevention
 - Market Promotion and Expansion
 - International Governance and Accountability



Case Study: “Oeko-Tex”



- Association for the Assessment of Environmentally Friendly Textiles
- The Oeko-Tex® system provides the textile and clothing industry with a globally uniform standard for assessment of harmful substances, testing and certification of raw materials, intermediate and end products at all stages of processing throughout the manufacturing chain, including accessories
- The tests for harmful substances in textiles specified in the Oeko-Tex® Standard 100 were first introduced in 1992
- Oeko-Tex® Standard 1000 for production ecology in 1995



Case Study: “Oeko-Tex”



■ The **Oeko-Tex® Standard 1000** requires that companies:

- comply with specified criteria to avoid or limit the use of harmful substances in production
- observe stringent limit values relating to waste water and exhaust air
- optimise their energy consumption
- ensure low noise and dust pollution
- introduce measures to ensure safety at work

■ The use of child labour is prohibited



Collective Mark

- Only members that comply
- Control by association
- Simple authorization
- Free use
- Owner allowed to use
- **Cooperation**

Certification Mark

- Anyone who complies
- **Control** by independent entity: stronger
- Authorization through license agreement
- Fee
- Owner not allowed to use

3. Geographical Indications

Geographical indication (GI)

- Sign used on goods that have a specific geographical origin and possess qualities, reputation or characteristics that are essentially attributable to that place of origin
- “Champagne,” “Cognac,” “Roquefort,” “Chianti,” “Tequila”
- “Swiss” for watches, “Arita” (Japan) for ceramics, “Hereke” (Turkey) for carpets, “Argan oil” (Morocco)
- ‘Kampot Pepper’, ‘Sabah Tea’, ‘Tenom Coffee’, ‘Borneo Virgin Coconut Oil,’ ‘Sabah Seaweed’
- Cambodia: Geographical Indications Act



How does a GI work?

■ Authorization to use

- Collective right of use
- Each enterprise located in the area has right to use
 - For products originating from that area → **LINK**
 - Subject to certain **quality requirements**

■ Link between product and place

- Place where product is produced (industrial products, crafts)
- Place where product is extracted (clay, salt)
- Place where product is elaborated (liquor, cheese)



How does a GI work?

- Unauthorized persons may not use GIs if such use is likely to **mislead** the public as to the true origin of the product
 - for not originating from geographical place
 - for not complying with prescribed quality standards
 - stronger protection for wines & spirits



GI – Who does what?

Government:

- supplies the legal framework
- approves GIs, verifies compliance
- “external” (independent) control system + enforcement

Producers groupings:

- **collectivization**
- talk to government
- help define the mandatory specifications to be met
- **“internal” quality control**

The initial external technical, legal, financial and promotional help is essential



Benefits for SMEs



- GIs shift focus of production to **quality and marketing** the products of regional origin
 - economies of scale for small producers
 - increased production
 - local job creation
- Reward **producers** with higher income in return for efforts to improve quality
- Provide **consumers** with high-quality products whose origin and mode of production is guaranteed

Disadvantages



1. Inconsistent protection

- Absence of GI system in many countries
- Civil law
 - Registration
 - Only similar goods
- Common law
 - Reputation enough (e.g. Champagne in India)
 - Also dissimilar products
- Additional protection for wines and spirits

2. International protection depends on national protection

3. GIs may become generic terms

GI

- Protects indication that links product's origin and quality/reputation based on that origin
- Most often: public right; owner = State
- Anyone can use
- Proscribed list of unauthorized actions
- Action: private + public

Certification

- Protects certification of product's particular characteristics (not necessarily origin)
- Most often: private right; owner = trade association or producer group
- License needed
- Protection against those who don't have license
- Action: owner of certification

Case Study: “Pochampally Ikat” (India)

- Pochampally is a small town in Nalgonda district of Andhra Pradesh. Known for its handloom fabric having unique traditional designs, *Pochampally Ikat*, for centuries
- Special technology of tie-and-dye is used for making the designs
- Material is either cotton or silk or a combination of the two only.
- Having a unique single, combined or double Ikat in several illustrations
- Misappropriation: manufacture and marketing of products with Pochampally name and design by large mills outside Pochampally using power looms
- Reduced Income for about 5000 handloom weavers



Pochampally i kat

Case Study: “Pochampally Ikat”

- The Governmental Textiles Committee launched a cluster initiative to facilitate the local associations “Pochampally Handloom Weavers’ Coop. Society Ltd”
- Associations obtained registration of various IP rights such as **copyrights, trade marks, designs and geographical indications** during 2004-05
- Financial, Technical & Legal Support
- Awareness seminars and workshops were organised
- Obtaining of GI protection for the Pochampally handloom sari from unfair competition and counterfeit

Case Study: “Pochampally Ikat”



- Media attention on Pochampally Artisans
- Motivation & Morale boost for Weavers
- Networking and social cohesion among the weavers
- Increased market penetration -- 20% increase in sales
- Launching an internet site with selling options
- Increased Investment: Pochampally Handloom Park
- Enforcement of the Geographical Indications for preventing copying & passing off
- Establishing the legal identity in the international market – Creation of brand image
- Setting up of mechanisms for quality control

Conclusions

- Collective marks, certification marks and GIs may be useful (additional) **tools to help enterprises overcome the disadvantages associated with their small size and isolation** in the marketplace
- May be a core element of a collective value-adding strategy around a traditional product of regional origin based on **quality and differentiation**
- Careful choice of product to which value is to be added, equitable management and coordination of joined efforts, choice of suitable legal means for protecting, strict quality control are the core elements of success

Thank you for your attention!

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