February 1, 2015

Submission by the United States of America on the Basic Proposal for a New Act of the Lisbon Agreement on Appellations of Origin and their International Registration[1]

The United States of America appreciates this opportunity to submit comments on the Basic Proposal for a new Act of the Lisbon Agreement on Appellations of Origin and their International Registration. In our view, the goal of this revision effort should be to find ways to bridge the gaps between systems for protecting geographical indications (GIs) while respecting the differences in national approaches and national priorities, in order to allow a broad range of countries to accede to the agreement. We offer the following submission to advance the important dialog that is taking place at the World Intellectual Property Organization, and which provides a historic opportunity to establish an inclusive international framework for the protection of GIs.

In its current form, unfortunately, the Basic Proposal is not consistent with national GI systems that do not operate like appellation of origin systems, limiting the number of countries who could accede to the new Act. The most effective way to ensure that the goal of bridging the different GI systems is accomplished is to allow all WIPO members to participate fully and equally in the May 2015 Diplomatic Conference. This would require that all WIPO members are considered "member delegations" under Rule 2 of the draft Rules of Procedure, LI/DC/2 Prov., with the ability to propose amendments, raise points of order, serve on the various committees and working groups, and to vote. WIPO and its membership – as well as producers and other parties with an interest in the Lisbon Agreement – will be better served by an open diplomatic conference that produces a widely accepted international instrument for the protection of GIs.

To achieve such an instrument, three fundamental principles should be respected in the text: 1) territoriality; 2) due process; and 3) GIs as private rights. This means that countries should have the ability to make their own determinations of protection of GIs rather than being bound by decisions made in other countries applying their own systems; that prior users in each country should have the opportunity to assert appropriate defenses; and that governments cannot take the place of private parties in prosecuting or enforcing rights in GIs. An agreement premised on governmental exchanges of individual GI applications or lists of GIs protected in the country of origin is likely to fall short of those fundamental principles.

With respect to the Lisbon Union's stated goal of increasing membership, from a practical perspective, although these list exchanges may work well for those few economies with large numbers of notified GIs, it is difficult to see what incentive countries with very few notified GIs would have to accede to the new Act if changes are not made to the Basic Proposal. Under such a model, new contracting parties would have to examine all of the nearly 850 existing international registrations within 1-2 years, as well

[1] References to textual provisions are from WIPO documents LI/DC/3 and LI/DC/4, accessed at http://www.wipo.int/meetings/en/details.jsp?meeting_id=35202

as examining any new applications filed into the system within 1 year, without any fees provided to cover the cost of processing those applications.

In order to overcome these significant administrative and resource impacts, contracting parties should have the ability to process applications using existing national systems with appropriate fees. Our comments and suggested amendments are designed to facilitate that outcome and thus are not limited solely to those issues that the Lisbon Union considers as pending. We have also provided suggested amendments to the Basic Proposal and support for specific alternatives, which are set out in an APPENDIX to this document.

1st Principle: Territoriality

IP rights are territorial and created under the conditions set by national law. Reciprocal protection principles in early IP conventions have been replaced by the principle of national treatment. To the extent the Basic Proposal perpetuates the idea that receiving countries are merely "rubber stamping" the country of origin's protection, the United States proposes amendments that would assist in increasing the attractiveness of the agreement for those countries, like the United States, that evaluate applications for IP rights consistent with domestic law and policy as well as national treatment obligations.

The following articles, rules, or alternatives provided in the Basic Proposal raise issues with respect to this principle, and we therefore discuss possible amendments and alternatives that would better align the Basic Proposal with the principle of territoriality. These proposed amendments are designed to give less evidentiary weight to the fact that a GI is protected in the country of origin and more weight to receiving country's local consumer perception of the denomination or indication for purposes of evaluating registrability (Article 2 & Rule 5) and infringements (Article 11). Moreover, these amendments are designed to recognize and respect--instead of ignore--the facts on the ground of the receiving country when it comes to whether a term has been allowed by the foreign owner to become generic in another territory (Article 12 & Article 11 FN2).

Article 2 Subject Matter: Under Article 2, the definitions of appellations of origin and geographical indication – to the extent that they eliminate or otherwise read reputation in the receiving country out of the definition – create a presumption in the receiving country territory that a denomination or indication is a GI by virtue of protection in the country of origin.[2] This presumption of GI protection is problematic because it shifts the burden to the receiving contracting party to prove the denomination/indication is not a GI. If reputation in the receiving country is essentially read out of the definition, then the only element to be examined by the receiving country is the quality "link" that has been recognized by the country of origin. There is nothing for the receiving country to evaluate independently, and therefore the grant of protection is but a "rubber stamp" of the country of origin's analysis and thus, its protection. Such a rubber stamp does not serve either the receiving country's IP rights holders or the goal of achieving an effective global registration system. Requiring reputation in

[2] Note 2.05 in WIPO document LI/DC/54 indicates that the reputation referred to in the definition of appellations of origin is that reputation in the country of origin.

the receiving country territory as a condition for protecting the GI would allow GIs to be considered as territorial private rights. We have inserted the reference to reputation in the appellation of origin definition in Article 2 in the Appendix.

Rule 5(3) Quality Link as Application Element: It should not be a mandatory application element for the applicant to provide evidence of the country of origin's findings on the quality link in Rule 5(3), although it can be optional for contracting parties to require. Making such evidence mandatory—i.e., the application will not be considered without such evidence-- suggests that contracting parties must simply accept the findings of the country of origin without applying their own national law requirements with respect to quality. While country of origin determinations with respect to quality may be informative, they should not be determinative with respect to a receiving country's determination regarding the quality element of specific applications. The United States supports Alternative C in Rule 5(3) with some minor amendments.

Article 11 Infringement: Article 11(1)(a)(i) creates a presumption of deception or confusion for use on goods of the same kind that do not meet the requirements for the protection. A legal presumption has a significant evidentiary impact, thereby reversing the burden of proof from applicants to other interested stakeholders, when it is presumed that a fact will be true so that proof of that fact is unnecessary. If there is no local reputation or even local use of a GI, there may be no deception by its use by another and there should not be an obligation to establish what would then be a false presumption under national law. If reputation in the receiving country were included as an element in both the appellation of origin definition and geographical indication definition in Article 2, this presumption of confusion/deception would be easier for national courts to apply. It is for that reason that we propose reinserting reputation as a potential optional element of the appellation of origin definition in Article 2.

When it comes to the application of Article 11(1)(a)(ii) or (iii) to possible infringements on goods that are not similar, applying an infringement standard of "misuse, imitation, or evocation" in Alternative A(ii) or "exploit unduly its reputation" in Alternative A(iii) leaves GI owners' rights—and affected third parties-- at the mercy of a national court's to interpret these undefined and open-ended terms. These are legal standards unfamiliar to most WIPO members without appellation of origin systems because they are divorced entirely from consumer perception and traditional unfair competition principles that evaluate whether the consumer is, or likely to be, in some way harmed by the unfair actions. If there is no local reputation or local use, the consumer will not be harmed by use of the foreign GI by a third party. Thus, the infringement standards in Article 11(1)(a) Alternative A are impossible for many potential contracting parties to apply.

The United States also has some concerns with Article 11(1)(a) Alternative B because, without reputation or use, it is unclear how this standard, which is derived from the well-known mark provisions of the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property Rights, would be applied. Again, evaluating infringements of well-known marks on dissimilar goods requires an analysis of whether the relevant consumer would likely perceive a confusion, association or connection between the two uses. That analysis turns on how strong the source identifier is in the minds of the local consumer. The reputation in the country of origin is not relevant to evaluating the consumer perception in the receiving country unless that reputation reaches into the receiving country's market and influences purchasing decisions there. For GIs that do not rise to a certain level of reputation in the receiving country, it will be difficult for national courts to apply a well-known mark standard to foreign GIs that are entirely unknown or used in the territory.

Nonetheless, in light of all the alternatives available, the United States supports Article 11(1)(a) Alternative B because at least the infringement standard in this alternative for goods that are not similar would allow national courts to take into account local consumer perception with evidence that the consumer is confused in some way by the use of the registered GI by someone other than the registrant. Because of our concern regarding what would be a false evidentiary presumption in Article 11(1)(a)(i), where there is no reputation in the receiving country, we would propose that Alternative B represent the infringement standard for same goods as well as goods not of the same kind.

Article 11 FN2: Article 11's infringement standards are so broad as to make it possible to rehabilitate generic terms, that is, to find infringement of a compound GI where only the generic component is used on the theory that use of the generic component brings to mind or evokes the entirety of the compound GI. The United States supports the second sentence in Article 11 FN2 to provide clarity on this matter when a generic term is included in a compound GI, which reads: "For greater certainty, a finding of infringement under this article cannot be based on the component that has a generic character."

Article 12 Prohibition on Becoming Generic: The United States does not support Article 12. If a term is generic as a matter of fact in a contracting party, then it should be able to be considered generic as a matter of law. Article 12 is in tension with the principle of territoriality because it suggests that the country of origin protection should dictate protection in all Lisbon countries, even if the facts on the ground suggest that the term has become generic. Article 12 dictates that the GI presumption—a GI protected in the country of origin is a GI everywhere unless proved generic at the time of registration--has become conclusive and can no longer be rebutted even if the conditions in the receiving country change over time.

Article 12 also prevents contracting parties from being able to require use of the GI in commerce as a condition to maintain the right or require appropriate enforcement action against unauthorized parties. To provide flexibility for trademark systems or GI systems that require use and enforcement of the GI as a condition of continued protection, if Article 12 remains, the bracketed text at the end of the paragraph that reads "and national or regional law requirements in the Contracting Party concerned regarding use, maintenance and renewal are met" must be retained. Moreover, we also support retaining the bracketed text in Article 12-- "[the denomination constituting]" and "[the indication constituting]"—to make it clear that whether or not a denomination/indication is a GI is a question of national law and the factual situation in a contracting party, although we have some drafting suggestions to make this provision more logically constructed. These denominations/indications are not protected "appellation of origins" or "geographical indications" until these signs meet whatever national law requirements are required to be considered a protectable private property right in that territory.

Rule 5(5) Transparency: The United States supports Alternative A of Rule 5(5) requiring the application to indicate whether the instrument of protection in the country of origin does not protect a generic term in a compound GI apart from the GI as a whole. Inclusion of this information facilitates contracting parties' determining how to treat the generic component in their respective territories and promotes transparency within the system.

2nd Principle: Due Process

The text contemplates that foreign governments must be considered to be applicants or "interested parties" in the application, examination, appeal and enforcement of their GIs in another contracting party's territory. If a government or governmental entity is the owner of the GI, then that government is an interested party. But if the country of origin government is solely acting as the GI registration entity, it is not an interested party in the acquisition and enforcement of private property rights in another country. We have concerns that the incentive to guarantee due process for the applicant and for interested third parties may be compromised when governments are negotiating GI protection for their nationals in a foreign country. Governments often have asymmetrical bargaining power *vis-à-vis* non-governmental applicants, particularly where those applicants are individuals or small-to-medium sized enterprises. There is a significant likelihood that such asymmetries will negatively affect the extent to which due process is available and effective.

The text problematically encourages negotiation between governments and points the way to negotiated outcomes where existing interested third party rights or uses can be ignored in favor of the foreign government's demand for GI protection. For example, if a term is generic in one market, that market's competent authority should be free to refuse the notified Lisbon term; however, the existing text appears to encourage that authority to accept the GI notification anyway and phase out those prior generic uses, *ex officio*, under Article 17. The same is true with respect to any prior trademark rights on a market. The text encourages governments to ignore those prior trademark rights and protect the GI anyway, for the benefit of the foreign GI owner, under Article 13. Moreover, if a notified Lisbon term is refused, a foreign government has the ability to request negotiations to withdraw that refusal under Article 16(2). To delete these three provisions would not change the obligations in the text, as they are essentially permissive. But to leave them in the text gives the impression that all other rights or uses should make way for the foreign GI, and the receiving country government is encouraged to do just that.

The following amendments or indications of support for alternatives in the Basic Proposal are designed to better respect the due process rights of prior users or prior right holders in receiving countries. These proposed amendments eliminate the suggestion in the text that prior uses in a receiving country are somehow illegitimate—and should be phased out--prior to the decision to protect a conflicting foreign GI (Article 17). They give full effect to the constitutional rights of third parties, where they exist, to request domestic invalidation an international registration for any ground available under national law (Article 19) and give prior trademark owners their full exclusive rights to prevent confusing uses of later conflicting GIs, to the extent allowed under national law (Article 13).

Article 17 **Phase Out of Prior Uses:** Article 17 suggests that a receiving country should consider phasing out, without any opportunity for challenge, any prior local uses of terms, generic words or trademarks that may conflict with a later notified foreign denomination/indication. Article 17 should be deleted entirely so as to give freedom to contracting parties to apply their own national laws and to avoid suggesting that legitimate prior uses in a territory somehow become illegitimate or should otherwise be terminated without any recourse to any defenses once a foreign GI is protected under the agreement.

Article 19 **Invalidation:** If Article 11's overly broad standard for infringement remains in the text, it is critical that the possibility of an invalidation action in Article 19 of the Basic Proposal be available for interested parties that are facing abusive litigation tactics such as cease and desist letters or court actions containing an overly broad claim of rights. The United States supports Alternative A, which leaves the possible grounds for invalidation to national law but specifically notes the necessity of prior right owners to be able to raise, as a defense to a claim of GI infringement, that their prior rights must be given priority and exclusivity, and then to be able to counterclaim for invalidation of the effects of the GI registration.

Article 13(1) **Prior Trademark Rights:** The United States strongly objects to the text of Option A in Article 13(1). Option A fundamentally diminishes the scope of trademark protection. In particular, Option A suggests that coexistence is the only appropriate outcome in every case of a trademark/GI conflict. We believe that mandatory coexistence unduly strains notions of territoriality and due process.

This delegation supports Option B of Article 13(1).

3rd Principle: GIs as Private Property

Note 6.02 of LI/DC/5 highlights a significant, but problematic, feature of the Lisbon System: "international registrations under the Lisbon System do not specify the holder of the registration…." In other words, the Lisbon System for the international registration of a type of private property rights does not identify the holder/owner of the property. This is problematic for several reasons, but most notably because the holder of a registration title is generally recognized as having the legal standing in national courts and thus the ability to bring a claim of infringement on the basis of those registration rights. Beneficiaries may not have standing to bring that same claim, depending on the facts of the case. A competent authority—a GI registration authority--is even less likely to have standing to bring a claim of infringement in national courts because it is not likely to be the owner. This reality is clearly recognized in Article 19(2) wherein the beneficiaries and the legal entity are granted the ability to defend their rights in an invalidation proceeding, but not the competent authority.

If no owner is identified in the international registration, receiving country GI systems could be required to permit non-owners to assert registration rights. Because legal standing in U.S. federal courts is a jurisdictional requirement that cannot be automatically conferred by Congress, this would be a difficult, if not impossible, task. While we appreciate the creation of a declaration option in Rule 5(4)(a) as a possible way to address the problem of inability to statutorily convey standing to non-owners, another would be to identify the holder as the entity in whose name the protection in the country of origin is granted.[3]

The following discussion offers solutions to the problems with the existing model whereby the government is authorized to operate as a proxy for the owner and otherwise negotiates protection in foreign markets. The amendments propose to identify the holder of the international registration so as to allow accessions by GI systems around the world that are set up as private right systems (Article 5). Alternatively, we offer amendments to create a declaration option that would allow contracting parties to require the holder to be identified as the applicant (Rule 5(4)(a)) as well as a declaration option for those countries that require the applicant to have an intention to use the GI in the receiving country territory as a condition for protection (Rule 5(4)(b)). Recognition of GIs as private rights demands deletion of Article 16(2) to eliminate the suggestion that a Contracting Party itself must be considered an interested party in what is an *ex parte* application process between the applicant and the competent authority in the receiving country. Moving away from the public right model highlights the need to also eliminate the financial subsidization that the contracting party governments of the Lisbon Union have historically enjoyed to fund the operations of the System. The holders that benefit from using the Lisbon System are the ones who should pay for the costs of obtaining protection rather than WIPO, other more widely accepted registration systems, or foreign governments (Article 7, Article 24, Article 29).[4]

Article 5(2) Entitlement to File: The Competent Authority identified in Article 5 is not merely the intermediary that transmits the international application to the IB but it is actually the applicant filing as a proxy for, or on behalf of, the beneficiaries. However, Note 6.02 of LI/DC/5 suggests that no holder will be identified in any international registration.

Article 5(3) provides a declaration option for those contracting parties of origin to allow beneficiaries or legal entities representing the beneficiaries to file the international application directly with the IB. This construction provides flexibility at the application filing stage for a country of origin's national system that recognizes GIs as private rights. However, it does not solve the problem for those countries that recognize GIs as private rights who will receive notifications of international registrations without a holder named.

In the United States, geographic source identifiers can be protected as different types of marks in order to accommodate different GI ownership structures around the world. If the GI is protected as a trademark, the owner is the collective or licensor. If it is protected as a collective mark, the owner is the producer group. If it is protected as a certification mark, the owner is the certifier. The State or the Competent Authority can be the owner of the mark/GI if it is controlling the use of the mark by others. So it is possible for any of the entities listed in Article 5(2) to be both the applicant and the owner, but that will depend on the facts in that particular case. However, in the United States, the holder of the

[3] This would seemingly also solve the problem identified by the delegation of Peru of the regional Andean legislation not contemplating applications filed by intergovernmental organizations in paragraph 18 of LI/WG/DEV/10/7 prov as well as paragraph 41 of LI/WG/DEV/9/8 prov.

[4] See intervention of the Delegation of Bulgaria in paragraph 181 of LI/WG/DEV/10/7 prov.

international registration must be identified and the applicant must be the owner. This will ensure the holder's ability to bring an infringement action in national courts on the registration.

We would strongly urge amendment to Article 5 so that the applicant is specifically named. We would suggest that the applicant be named as the entity in whose name the protection is granted in the Contracting Party of origin. This will generally be a beneficiary group, but it could be a governmental entity. This amendment will clarify who is entitled to bring enforcement action. Whether other interested parties have legal standing to bring a particular type of claim should be left to national law.

Rule 5(4) Intention to Use & Applicant Must Be the Owner: Rule 5(4) provides a declaration option for potential contracting parties to limit the applicant identified in Article 5(2) to only the owner of the appellation of origin or geographical indication. In the United States, that applicant--or one properly authorized to sign on behalf of the applicant--must sign the application as well as a declaration of bona fide intention to use the mark (i.e., the appellation of origin or geographical indication). That applicant (or properly authorized party) must also indicate that he is entitled to use the mark or is entitled to exercise legitimate control over the use of the mark in commerce by others.[5] These two features of the U.S. trademark system are designed, *inter alia*, to combat bad-faith applications.

Rule 5(4)(a) reflects the need of some countries for the applicant to be the owner and to sign the application. Rule 5(4)(b) gives the option to applicants to elect not to pursue an application in the United States, or another country that requires use, by not submitting the declaration of intention to use (or to exercise control over the use by others), thereby renouncing protection in the territory of the United States or elsewhere.

Because these are two independent requirements, we propose to create two separate declaration options in Rule 5(4): 1) owner signature on the application; and 2) intention to use.

Article 16(2) Governmental Negotiations: Article 16(2) identifies a *Contracting Party* as an interested party for purposes of negotiating a withdrawal of a refusal to protect a notified denomination/indication. This is problematic for those countries, like the United States, that have limits

[5] The United States requires, for applications filed via the Madrid Protocol and Paris Convention, a declaration that the applicant has a bona fide intention to use the mark in commerce that can be controlled by the United States Congress. The declaration must include a statement that the person making the declaration believes the applicant to be entitled to use the mark in commerce (for trademarks) or is entitled to exercise legitimate control over the use in commerce by its members (collective mark) or by others (certification mark); and that to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive. 15 U.S.C. §1141(5).

The declaration must be signed by: (1) a person with legal authority to bind the applicant; (2) a person with firsthand knowledge of the facts and actual or implied authority to act on behalf of the applicant; or (3) an attorney authorized to practice before the USPTO under 37 C.F.R. §11.14 who has an actual written or verbal power of attorney or an implied power of attorney from the applicant. 37 C.F.R. §§2.33(a) and 2.193(e)(1).

on who can be party to a dispute. Again, we understand that the provision is permissive, but we do think it sends a conflicting message about who has legal standing to assert rights in a GI.

As noted previously, Article 19(2) acknowledges that the beneficiaries and the legal entity representing the rights of the beneficiaries have enough of a legitimate interest in the property that they should be given the ability to contest an invalidation action at the national level. However, the Competent Authority or the Contracting Party itself is not acknowledged as having the same interest. Yet Article 16(2) is attempting to create such an interest at the refusal stage.

The Competent Authority, which is typically not the owner of the GI, would not likely be recognized by national courts in an invalidation proceeding as an interested party. If the text recognizes that national laws do not give legal standing to a competent authority to become a party to an invalidation proceeding in another contracting party, it seems contradictory to bestow upon a Contracting Party the legal standing to intervene in what should be an *ex parte* application process for GI recognition under Article 16(2) or an *inter partes* opposition or cancellation proceeding between two private parties.

Fees & Financial Self-Sustainability: Because GIs are private property rights, the Lisbon Union should not continue to rely on other WIPO members and other more widely-adopted WIPO registration systems to subsidize the acquisition of these rights. The Lisbon System must be financially self-sustaining.

While we appreciate that the Lisbon Union hopes that new accessions will contribute to an increase in revenue, we do not believe that the text creates the requisite flexibilities for enough new contracting parties to accede to generate fees sufficient to fund the operations of the system. But even if that conclusion proves to be in error, the text of the agreement needs to provide for a way to balance expenses with revenue. There are essentially four different fee-related issues: 1) collecting national individual fees; 2) increasing the basic international application fee; 3) establishing a maintenance fee, mandatory or *ad hoc*; and 4) establishing a contracting party contribution system.

1. **Collecting individual fees—including maintenance/renewal fees—at the national level**

Article 7(5) Individual Fees: The United States supports Article 7(5) Option A which allows a prospective contracting party to make a declaration upon accession indicating that it wishes to collect "individual fees" at the national level to cover the costs of substantive examination of the international registration. Also, a contracting party may indicate that the international registration shall be subject to maintenance or renewal requirements and fee payments. Non-payment of the individual fee to a particular contracting party means that protection is "renounced" as to that contracting party.

The United States opposes Article 7(5) Option B which provides that the Lisbon Assembly can decide later whether the regulations should be established that would allow contracting parties to collect individual fees to cover the costs of substantive examination. The ability to collect an individual fee is a fundamental issue for many prospective contracting parties that must be available before accession can be contemplated.

Article 29(4) & Rule 9(1)(b) International Registrations Effected Prior to Accession: We also support the incorporation by reference of the terms of Article 7(5) in Article 29(4) which would allow new contracting parties to charge an individual fee to process already registered international registrations under the Act and renounce protection for non-payment. It would be quite a burden for newly acceding countries to have to accept the prior registered appellations of origin and geographical indications with no fees to fund their required expedited examination within 12 months of entry into force under the terms of Article 29(4). We acknowledge that Article 29(4) provides for an extension of time as defined in Rule 9(1) to refuse the existing appellations of origin and geographical indications on the Register of the New Act; Rule 9(1)(b) provides an extra year to evaluate the existing registrations. Depending on the number of registrations under the new Act that exist prior to accession by a new contracting party, we are concerned that two years total is insufficient to properly evaluate these existing registrations on top of the stream of new international registrations from newly acceding contracting parties. We would propose an additional two or more years for processing the existing international registrations under Rule 9(1)(b).

Article 29(4) International Registrations Effected Prior to Accession: We also propose amending Article 29(4) to make it clear that there is an option for acceding States and intergovernmental organizations to specify, in a declaration, that their national laws require the payment of an individual fee, and that no previously registered international registration would be considered for protection in that Contracting Party until that fee had been paid. In such an instance, for purposes of that Contracting Party the effective date of the international registration should be the date the individual fee has been paid.

Article 6(5) Effective Date for Existing International Registrations: Additionally, for the sake of clarity, the United States proposes an amendment to Article 6(5) to insert a new subparagraph (b) that specifies that in the case of Article 29(4), the effective date of the international registration in a newly acceding contracting party shall be the date of entry into force, or, if applicable, the date specified in the declaration under what would be the new Article 6(5)(c). The reference in Article 29(4) to the date of application of any existing international registrations is not particularly clear and does not appear to contemplate the application of the declaration provision of the existing Article 6(5)(b).

2. Increasing the International Application Fee

Article 24(4) Fixing of Fees & Rule 8(1) Amount of Fees: The United States supports the text of Article 24(4) which would require the fees to be set at a level that would allow the revenue of the System to cover the expenses, without the need for contributions from contracting parties. For the fees to cover expenses, the application fee of 500 Swiss Francs listed in Rule 8(1) would have to be increased substantially, beyond that proposed by the Director General of 1000 Swiss Francs. The United States requests an estimate from the Secretariat for what those amounts should be for the next biennium.

3. Establishing a maintenance fee for the International Registration

Article 7(3) & 24(3)(ii) Maintenance Fee: The United States strongly supports the provision in Alternative A of Article 7(3) and Article 24(3)(ii) to establish a mandatory maintenance fee to spread the cost recovery over the life of the international registration. Making the maintenance fee mandatory would ensure a relatively reliable income stream that will sustain the System over the longer term. A one-time application fee does not create a sustainable revenue source to cover administration of the System, including any information technology related costs. An ad hoc maintenance fee--to be paid by holders of international registrations when fee collections are down and do not cover expenses as required by Article 24(4)—raises difficult notice concerns as well as budgeting concerns for holders and would likely result in unintended cancellations of international registrations. Moreover, the costs of administering an *ad hoc* system would likely be higher than the costs of a regularized maintenance fee requirement. We propose some additional wording to Alternative A of Article 7(3) as noted in the red line section below.

Article 8(3) Effect of Non-Payment of a Maintenance Fee: This delegation supports Article 8(3) whereby the international registration will be cancelled as a consequence of non-payment of the maintenance fee.

4. Funding Through Contributions

Article 24(3)(vi) Sourcing of Financing of the Budget - Contributions: While we are open to the idea of requiring contributions from the contracting parties to cover any deficit created under Article 24(3)(vi), we are skeptical that contracting parties would be asked by the Lisbon Union to cover the deficit as the Union has never requested the existing contracting parties under the current Lisbon Agreement to fund the ever-increasing deficit. We therefore do not think that contributions are a reliable income stream for the System and thus, would only support retaining Article 24(3)(vi) in the text as necessary to deal with exceptional circumstances or projects where fees do not cover expenses of the System.

If contributions are retained in the text, we would suggest an amendment to Article 24(3)(vi) to add specifics as to when the need for contributions should be assessed and what level of contributions should be expected from different contracting parties. This amendment should make the provision simpler to implement. This amendment would be in lieu of the bracketed text in Article 24(5) which provides for contributions by class of Paris Convention member.

APPENDIX

The following references to the text of the Basic Proposal are included in order to identify the amendments or alternative provisions that the United States believes are necessary to align the text with the basic principles of 1) territoriality; 2) due process; and 3) GIs as private rights. Adhering to these principles will make it possible for more WIPO members to consider joining the system.

Article 2 Subject Matter: To provide for definitional element of reputation in the receiving country as a condition for a denomination or indication to be considered eligible subject matter for GI protection, the United States proposes the following amendment to Article 2.

Article 2

(1) *[Appellations of Origin and Geographical Indications]* This Act applies in respect of:

(i) any denomination protected in the Contracting Party of Origin consisting of or containing the name of a geographical area, or another denomination known as referring to such area, which serves to designate a good as originating in that geographical area, where the reputation, quality or characteristics of the good are due exclusively or essentially to the geographical environment, including natural and human factors, and which has given the good its reputation; as well as

(ii) any indication protected in the Contracting Party of Origin consisting of or containing the name of a geographical area, or another indication known as referring to such area, which identifies a good as originating in that geographical area, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

Article 5 Entitlement to File: The delegation of the United States proposes that Article 5 should be amended to identify that the holder of the international registration is the entity in whose name the protection stands in the country of origin.

Article 5

(2) ~~*[Application Filed by Competent Authority]* Subject to paragraph (3),~~ the application for the international registration of an appellation of origin or a geographical indication shall be filed, through the intermediary of the Competent Authority, by the entity in whose name such protection stands in the country in the Contracting Party of Origin, provided that the applicant is a national of, domiciled in, or has a real and effective commercial establishment in that Contracting Party. ~~Competent Authority in the name of:~~

~~(i) the beneficiaries; or~~

~~(ii) a legal entity which has legal standing to assert the rights of the beneficiaries or other rights in the appellation of origin or the geographical indication, such as, for instance, a federation or association representing the beneficiaries, or a group of producers representing them, whatever its composition and regardless of the legal form in which it presents itself.~~

~~(3) *[Application Filed Directly by the Beneficiaries or a Legal Entity]* (a) If the legislation of the Contracting Party of Origin so permits, the application may be filed by the beneficiaries or by the legal entity referred to in paragraph (2)(ii).~~

~~(b) Subparagraph (a) applies subject to a declaration from the Contracting Party that its legislation so permits. Such declaration may be made by the Contracting Party at the time of deposit of its instrument of ratification or accession or at any later time. Where the declaration is made at the time of the deposit of its instrument of ratification or accession, it shall take effect upon the entry into force of this Act with respect to that Contracting Party. Where the declaration is made after the entry into force of this Act with respect to the Contracting Party, it shall take effect three months after the date on which the Director General has received the declaration~~.

Article 6(5) Date of Effect of International Registration: The United States proposes an amendment to Article 6(5) to insert a new subparagraph (b) that specifies that in the case of Article 29(4), the effective date of the international registration in a newly acceding Contracting Party shall be the date of entry into force, or, if applicable, the date specified in the declaration under what would be the new Article 6(5)(c).

Article 6

(5) *[Date of Effect of International Registration]* (a) Subject to subparagraph (b), a registered appellation of origin or geographical indication shall, in each Contracting Party that has not refused protection in accordance with Article 15, or that has sent to the International Bureau a notification of grant of protection in accordance with Article 18, be protected from the date of the international registration.

(b) In the case of Article 29(4), the effective date of the international registration in a newly acceding Contracting Party shall be the date of entry into force in that territory, subject to any declaration made in subparagraph (c).

(~~b~~c) A Contracting Party may, in a declaration, notify the Director General that, in accordance with its national or regional legislation, a registered appellation of origin or geographical indication is protected from a date that is mentioned in the declaration, which date shall however not be later than the date of expiry of the time limit for refusal specified in the Regulations in accordance with Article 15(1)(a).

Article 7 Maintenance Fee: The United States supports Alternative A in Article 7(3) with the following proposed amendment.

Article 7

ALTERNATIVE A

(3) *[Maintenance Fee]* The Assembly shall establish a fee to be paid for the maintenance of each international registration, at a level determined by the extent to which receipts from the sources indicated in Article 24(3)(i) and (iii) to (v) do not suffice to cover the expenses of the Special Union. The Regulations may specify the maintenance fees to be paid, and the timing of such fees. For previously registered appellations of origin, such maintenance fee shall be required to be paid within one year of the New Act going into force, and if not paid, the international registration shall be deemed canceled. The regulations may also provide for grace periods for the late payment of maintenance fees. These fees shall be required to be reviewed by the Assembly each biennium.

Article 7(5) Individual Fee: The United States supports Alternative A of Article 7(5).

Article 7(5)

(5) *[Individual Fee]*

ALTERNATIVE A

(a) Any Contracting Party may, in a declaration, notify the Director General that the protection resulting from international registration shall extend to it only if a fee is paid to cover its cost of substantive examination of the international registration. The amount of such individual fee shall be indicated in the declaration and can be changed in further declarations. The said amount may not be higher than the equivalent of the amount required under the national or regional legislation of the Contracting Party diminished by the savings resulting from the international procedure. Additionally, the Contracting Party may, in a declaration, notify the Director General that protection resulting from the international registration shall be subject to maintenance or renewal requirements and fee payments.

(b) Non-payment of an individual fee shall have the effect that protection is renounced in respect of the Contracting Party requiring the fee.

Article 8(3) Effect of Non-Payment of a Maintenance Fee: The United States supports the establishment of a mandatory maintenance fee and this provision which provides for cancellation of the international registration for failure to pay the fee.

Article 8(3)

[(3) *[Effect of Non-Payment of a Maintenance Fee]* Notwithstanding paragraph (1), an international registration shall be cancelled if the fee referred to in Article 7(3) is not paid.]

Article 11 Protection: The United States supports Alternative B in Article 11(1)(a)(ii) although we propose to further extend the coverage of Alternative B to replace Article 11(1)(a)(i) as well as (ii).

Article 11

ALTERNATIVE B

(a) any use of the appellation of origin or the geographical indication
~~(i) in respect of goods of the same kind as those to which the appellation of origin, or the geographical indication, applies not originating in the geographical area of origin or not complying with any other applicable requirements for using the appellation of origin, or the geographical indication; or~~

~~ALTERNATIVE A~~

~~(ii) which would amount to its misuse, imitation or evocation; or~~

~~(iii) which would be detrimental to, or exploit unduly, its reputation,~~

ALTERNATIVE B

~~(ii)~~ in respect of goods that are of the same kind as well as not of the same kind as those to which the appellation of origin or geographical indication applies, if such use would indicate or suggest a connection between those goods and the beneficiaries, and is likely to damage the interests of the beneficiaries,

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Article 11 FN2: The United States supports retaining Article 11 FN2, particularly the second sentence, to provide clarity on the interpretation that must be given when national courts are attempting to apply Article 11's overly broad infringement standard to a compound GI that contains a generic term.

[[1] Where certain elements of the denomination or indication constituting the appellation of origin or geographical indication have a generic character in the Contracting Party of Origin, their protection under this subparagraph shall not be required in the other Contracting Parties. For greater certainty, a refusal or invalidation of a trademark, or a finding of infringement, in the Contracting Parties under the terms of Article 11 cannot be based on the component that has a generic character.]

Article 12 Generic: The United States supports the deletion of Article 12 entirely. If not agreed to, the United States supports retaining all of the bracketed text, although we propose moving the bracketed text "the denomination constituting" and "the indication constituting" to an earlier point in the text to make the text read more logically.

Article 12

Subject to the provisions of this Act, the denomination constituting a registered appellation~~s~~ of origin ~~and~~ or the indication constituting a registered geographical indication~~s~~ cannot [be considered to have] become generic as long as ~~[the denomination constituting]~~ the appellation of origin, or ~~[the indication constituting]~~ the geographical indication, is protected in the Contracting Party of Origin [and national or regional law requirements in the Contracting Party concerned regarding use, maintenance and renewal are met].

Article 13(1) Prior Trademark Rights: The United States supports Alternative B of Article 13(1).

Article 13(1)

ALTERNATIVE B

the protection of that appellation of origin or geographical indication in that Contracting Party shall be subject to the rights conferred by the prior trademark under national or regional law along with any applicable exceptions to those rights.

Article 16 Negotiations: The United States proposes the deletion of Article 16(2) as it sends the wrong message about who should be granted legal standing to assert ownership rights in a GI.

Article 16

[~~(2) *[Negotiations]* Where appropriate and without prejudice to Article 15(5), the Contracting Party of Origin may propose negotiations with a Contracting Party in respect of which a refusal has been recorded, in order to have the refusal withdrawn.~~]

Article 17 Prior Use: The United States proposes to delete Article 17(1) entirely.

Article 17

[~~(1) *[Phasing Out of Prior Use]* (a) Where a denomination constituting a registered appellation of origin, or an indication constituting a registered geographical indication, was, prior to the date of the international registration, in use in a Contracting Party by a third party and is not safeguarded under Article 13, that Contracting Party may, when it does not refuse the protection of the appellation of origin or geographical indication, grant to the third party a defined period, as specified in the Regulations, to terminate such use.~~

~~(b) Where a Contracting Party has refused the effects of an international registration under Article 15 on the ground of prior use as referred to in subparagraph (a), it may similarly grant to the third party a defined period to terminate such use in case it decides to withdraw the refusal under Article 16 or notify a grant of protection under Article 18.~~

~~(c) The Contracting Party shall notify the International Bureau of any such period, in accordance with the procedures specified in the Regulations.~~]

Article 19 Invalidation: The United States supports Alternative A which leaves the possible grounds of invalidation to national law.

Article 19

ALTERNATIVE A

(1) [Grounds for Invalidation] The grounds on the basis of which a Contracting Party may pronounce invalidation, in part or in whole, of the effects of an international registration in its territory shall include:

ALTERNATIVE A

in particular, those based on a prior right, as referred to in Article 13.

Article 24 Budget: The United States supports a mandatory maintenance fee to help revenue cover the expenses of the Union, as contained in Article 24(3)(ii). The United States does not support relying on contributions from contracting parties to make up any deficit, but instead would prefer a maintenance fee for international registrations. We observe that the current Lisbon Agreement contains a contribution requirement but it has not been applied, even as the budget deficit has grown. If contributions are adopted, we would propose an amendment to Article 24(3)(vi) that includes a time period and guidance on how the contributions would be assessed so that this determination is simpler to implement.

Article 24(3)

(3) *[Sources of Financing of the Budget]* The budget of the Special Union shall be financed from the following sources:

(i) fees collected under Article 7(1) and (2);

[(ii)maintenance fees, as referred to in Article 7(3);]

(iii)proceeds from the sale of, or royalties on, the publications of the International Bureau concerning the Special Union;

(iv)gifts, bequests, and subventions;

(v) rents, interest, and other miscellaneous income;

[(vi) contributions of the Contracting Parties, if and to the extent to which receipts from the sources indicated in items (i) to (v) do not suffice to cover the expenses of the Special Union <u>in a biennium, with the contributions of each Contracting Party being proportional to their relative number of registrations in the Lisbon System.</u>].

Article 24(4) Fixing of Fees: The United States supports Article 24(4) to set the fees to cover expenses.

Article 24(4)

(4) *[Fixing of Fees; Level of the Budget]* (a) The amounts of the fees referred to in paragraph (3) shall be fixed by the Assembly on the proposal of the Director General [and shall be so fixed that the revenue of the Special Union should, under normal circumstances, be sufficient to cover the expenses of the International Bureau for maintaining the international registration service without requiring payments of the contributions referred to in paragraph (3)(vi)].

Article 29 International Registrations Effected Prior to Accession: The United States proposes that Article 29(4) be amended to provide the option for acceding States and intergovernmental organizations to specify, in a declaration, that their national laws require the payment of an individual fee, and that no previously registered international registration under this Act would be considered for protection in that Contracting Party until that fee had been paid.

Article 29

(4) *[International Registrations Effected Prior to Accession]* In the territory of the acceding State or intergovernmental organization, the benefits of this Act shall apply in respect of appellations of origin already registered under this Act at the time the accession becomes effective, subject to [Article 7(5) as well as] the provisions of Chapter IV, which shall apply *mutatis mutandis*. <u>Acceding States and intergovernmental organizations may specify, in a declaration, that their national laws require the payment of an individual fee, and that no previously registered international registration would be considered for protection in that Contracting Party until that fee had been paid. In such an instance, for purposes of that</u>

<u>Contracting Party the date of international registration shall be the date the individual fee has been paid.</u>
~~However,~~ the acceding State or intergovernmental organization may <u>also</u> specify, in a declaration attached to its instrument of ratification or accession, an extension of the time limit referred to in Article 15(1), and the periods referred to in Article 17, in accordance with the procedures specified in the Regulations in that respect.

Rule 5(3) Application – Particulars Concerning the Quality, Reputation or Characteristics: The United States supports Alternative C in Rule 5(3) but with the deletion of the reference in subparagraph (d) to Rule 16(2).

<u>ALTERNATIVE C</u>

(a) To the extent that a Contracting Party requires that, for the protection of a registered appellation of origin or geographical indication in its territory, the application further indicate particulars concerning, in the case of an appellation of origin, the quality or characteristics of the good and its connection with the geographical environment of the geographical area of production, and, in the case of a geographical indication, the quality, reputation or other characteristic of the good and its connection with the geographical area of origin, it shall notify that requirement to the Director General.

(b) In order to meet such a requirement, particulars as referred to in subparagraph (a) shall be provided in a working language, but they shall not be translated by the International Bureau.

(c) Non-compliance with the requirements under subparagraphs (a) and (b) shall have the effect of a renunciation of protection in respect of any Contracting Party having made the notification referred to in subparagraph (a).

(d) The Competent Authority of the Contracting Party of Origin or, in the case of Article 5(3), the beneficiaries or the legal entity referred to in Article 5(2)(ii) or the Competent Authority, may at any time withdraw such renunciation by presenting the required information~~, subject to Rule 16(2)~~.

Rule 5(4) Application - Signature and/or Intention to Use: The United States supports the concept in the text of Rule 5(4) but suggests some wording changes to more accurately reflect the needs of both trademark systems and sui generis GI systems that require an intention to use the GI in the territory. Also, the United States proposes an amendment to make two declaration options available, one for each element as the two may not necessarily be required together in a prospective contracting parties' GI system.

Rule 5

[(4) *[Application – Signature and/or Intention to Use]* (a) To the extent that a Contracting Party requires that for protection of a registered appellation of origin or geographical indication ~~under its trademark law,~~ the application be signed by the owner ~~or the one entitled to use the appellation of origin or geographical indication~~ ~~and/or be accompanied by a declaration of~~

~~intention to use the registered appellation of origin or geographical indication in its territory,~~ it shall notify that requirement to the Director General.

(b) To the extent that a Contracting Party requires that for protection of a registered appellation of origin or geographical indication the application be accompanied by a declaration of intention to use the registered appellation of origin or geographical indication in its territory or a declaration of intention to exercise control over the use by others of the registered appellation of origin or geographical indication in its territory, it shall notify that requirement to the Director General.

(c) An application that is not signed by the owner ~~or the one entitled to use the appellation of origin or geographical indication~~ and/or that is not accompanied by a declaration indicated in Rule 5(4)(b) ~~of intention to use~~ shall have the effect that protection is renounced in respect of the Contracting Party requiring such signature and/or such declaration, as notified under subparagraphs (a) and (b).]

Rule 5(5) Application – Protection Not Claimed for Certain Elements of the Appellation of Origin or the Geographical Indication: The United States supports Alternative A of Rule 5(5).

(5) *[Application – Protection Not Claimed for Certain Elements of the Appellation of Origin or the Geographical Indication]*

ALTERNATIVE A

The application shall indicate whether or not the registration, the legislative or administrative act, or the judicial or administrative decision, by virtue of which protection is granted to the appellation of origin, or to the geographical indication, in the Contracting Party of Origin, specifies that protection is not granted for certain elements of the appellation of origin or the geographical indication. Any such elements shall be indicated in the application in a working language.

Rule 8(1) Amount of Fees: The United States proposes increasing the amount of fees for international registration and other fees in Rule 8(1) to an amount that would cover expenses. The United States requests an estimate from the Secretariat for the level of fees necessary to cover estimated expenses for the next biennium.

Rule 8(1)

(1) *[Amount of Fees]* The International Bureau shall collect the following fees, payable in Swiss francs:

(i)	fee for international registration	[~~500~~]
(ii)	fee for each modification of an international registration	[~~200~~]
(iii)	fee for providing an extract from the International Register	[~~90~~]
(iv)	fee for providing an attestation or any other written information concerning the contents of the International Register	[~~80~~]
[(v)	individual fees as referred to in paragraph (2)]	

Rule 9(1) Notification of Refusal of Existing International Registrations: The United States supports extending the time limit for newly acceding contracting parties to examine the existing registrations under this Act up to 3 years total.

Rule 9

(1) *[Notification to the International Bureau]* (a) A refusal shall be notified to the International Bureau by the Competent Authority of the concerned Contracting Party and shall be signed by that Competent Authority.

(b) The refusal shall be notified within a period of one year from the receipt of the notification of international registration under Article 6(4). In the case of Article 29(4), this time limit may be extended up to 3 ~~another~~ years.