Geographical Indications
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1. INTRODUCTION

One may wonder why a book celebrating the 25th Anniversary of the European Community Trade Mark Association features an article on geographical indications. In particular a European reader will tend to perceive trade marks and geographical indications as completely different or even mutually exclusive. A trade mark is a distinctive sign indicating the company origin of a good or a service. A geographical indication is a descriptive term indicating the geographical origin of a product and a specific quality or reputation which is due to this particular geographical origin. The trade mark practitioner might not see much of an overlap between a distinctive term on the one hand and a descriptive on the other. He might be puzzled by the fact that the relationship between trade marks and geographical indications has nevertheless become one of the most heatedly debated topics of trade mark law, politically presumably on par with controversial issues such as access to patent protected medication or the patentability of inventions-related to biology. This article will first explore why the topic has gained such an importance and then discuss whether a more harmonious future is within reach.

2. THE BACKGROUND

There are several facts that explain why the relationship between trade marks and geographical indications has been an uneasy one and has recently caught so much attention. These facts offer an explanation why the development of geographical indication law is now consistently discussed with a view to trade marks and trade mark protection systems as well. Two such facts are particularly important:

2.1 One word may have several functions

One and the same designation may have completely different functions. The same designation may be a trade mark, it may be a generic term, and it may serve as a geographical indication. Which function a designation fulfils will depend on the goods or services the designation is used for and the territory in which that term shall be used. The word "Swiss" is an example often referred to. "Swiss" serves as a trade mark when it designates an airline. It is a geographical indication when it refers to specific Swiss craftsmanship such as "Swiss watches" and it can be a generic term for foodstuffs. "Swiss cheese" describes a type of cheese in many countries of the world and is therefore generic in those regions, but serves also as a geographical indication in other countries being legally reserved for cheeses from Switzerland only.

Actually there exist great many trade marks which coincide with place names. One and the same word can be a trade mark in one country and a geographical indication or at least geographically descriptive in another, as was for instance shown by the SWISS CHALET litigation in the United Kingdom. Accordingly, rather than being completely different, geographical indications and trade mark are siblings. They are
close relatives and neighbours and – as we all know – the closer a relationship is the higher is the potential for dispute, but also for reconciliation (after the dispute).

2.2 Different legal mechanisms

It is known since biblical times, to be exact since Cain and Abel, that the safest way to cause animosity between siblings is to treat them differently.

Trade marks and geographical indications are a good example. On a global level trade mark protection is fairly straightforward. It is based on registration and/or use of the designation as a trade mark and the core principles of intellectual property law namely priority, exclusivity, and territoriality are consistently adhered to.

The picture is less straightforward and clear once it comes to the protection of geographical indications. Unfair competition law protection is the most widespread and oldest type of protection. It is now enshrined in Art. 22 TRIPS. Beyond that, protection systems have been deviating widely not only in the past, but still do so today. Some countries and regions such as the European Community have sui generis systems for the registration of geographical indications. Many other countries provide for the registration of geographical indications through the trade mark system either through certification marks or collective marks or both. One of the main practical differences between the sui generis approach and the trade mark approach for protecting geographical indications is that the sui generis type of protection, which is built on national laws for the protection of appellations of origin, emphasises the public element of the geographical indication. This includes notions such as cultural heritage and involves the government to a very significant extent in the protection and enforcement of the geographical indication. In contrast, certification mark and collective mark registration systems emphasise the responsibility of the owner and user of the geographical indication which is registered as a trade mark. Consistent with the general principles of trade mark law it is in the first place up to the interested party to secure, maintain, and enforce the protection of its rights.

Emphasising a "public nature" of a right has come with a risk. That approach may imply or expressly provide for a superiority of the public interest over a private one. For an intellectual property lawyer that connotation is strange. It is in contradiction to the Preamble of the TRIPS Agreement in which the WTO members recognise "that intellectual property rights are private rights" and are therefore on par with each other. Nevertheless, the concept of superiority was endorsed in national pieces of geographical indication legislation such as the French Appellations of Origin law as well as bilateral treaties or regional laws such as EC Regulation No. 1493/1999 on the common organisation of the market in wine or EC Regulation 2081/1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. The "superiority" of a geographical indication over a trade mark had been expressed in two ways: In its extreme, the protection of a geographical indication at a later stage led to the phase-out and cancellation of validly registered prior trade marks (e.g. Wine Regulation). In a lesser form, the exclusivity of the prior trade mark was prejudiced in that the trade mark was forced to coexist with a later, confusingly similar geographical indication (Foodstuffs Regulation). Such solution disregards the core principles of priority and exclusivity.
It is this lack of equality, the missing equal treatment that lies at heart of the heated debate over trade marks and geographical indications and thereby impedes the further development and useful global harmonisation of the laws on the protection of geographical indications. To the extent that these inequalities can be overcome, it is likely that progress will be made on the wider negotiating agenda concerning the international protection of geographical indications which forms part of the WTO Doha Round. If the differences are maintained or emphasised even more, mistrust will continue and effectively block any progress. From a legal perspective, we need to ask whether the international legal framework, and here in the first place the TRIPS Agreement, provides for sufficiently clear and specific rules to create trust rather than suspicion and allow the parties concerned to overcome the current deadlock.

3. THE TRIPS AGREEMENT – PAVING THE WAY TO EQUALITY

The TRIPS Agreement is undoubtedly a milestone in the protection of geographical indications and trade marks. It is the first agreement that tackles both geographical indications and trade marks at the same time and strikes a careful balance between the two rights.

It is, however, no surprise that the underlying tension between trade marks and geographical indications continued to be alive even under the TRIPS Agreement, namely in the interpretation the WTO members gave to the respective TRIPS provisions. In particular, the relation between trade marks and geographical indications continued to form the subject of controversy. Would it still be possible for a later geographical indication to cause the cancellation of an earlier trade mark? Will the earlier trade mark be fully enforceable against a later geographical indication?

The former question was answered expressly in Art. 24.5 TRIPS. Any earlier trade mark application had been grandfathered by that provision and could not be challenged on the grounds of geographical indication laws implementing the TRIPS rules on the protection of geographical indications. Art. 24.5 TRIPS provides an effective shield for the owners of prior trade marks. The latter, even more controversial question formed part of WTO dispute settlement proceedings which have now been concluded by a most recent WTO Panel decision. The fact that this decision has not been appealed by any of the parties may give reason to hope that also the current deadlock within the WTO may eventually be overcome and true progress will be made.

4. THE WTO PANEL DECISION OF 15 MARCH 2005

On 15 March 2005 the WTO published the long awaited Panel Report on the dispute between the USA and Australia on the one hand and the European Community on the other over the TRIPS and GATT compatibility of various aspects of EC Regulation 2081/92 on the protection of designations of origin and geographical indications for agricultural products and foodstuffs. The decision had been "long awaited" since the USA had requested consultations with the European Community already as early as 1 June 1999 (Panel report, para. 1.1). Panel proceedings were initiated with the request of the USA and Australia on 13 February 2004.
After the decision, both sides of the proceedings claimed victory in their respective press releases. Neither side has appealed the decision. On 20 April 2005 it was adopted by the WTO Dispute Settlement Body. I will take a closer look at the findings of the panel and try to shed some light on the question whether this exceptional unanimity heralds a lasting peace or just a short term truce.

Two claims were at the heart of the dispute, the national treatment claim and the trade mark claim.

4.1 The National Treatment Claim

The national treatment claim challenged the Regulation on various accounts. The complainants argued that the Regulation was incompatible with the national treatment rules of the TRIPS Agreement and the GATT 1994 with regard to the availability of protection, the application procedures, the objection procedures, the inspection structures as well as the labelling requirements. I will abstain from discussing all these claims in detail, since it is the trade mark claim which is most relevant in our context. However, also the findings of the Panel as regards national treatment provide some useful guidance for the future development of trade marks and geographical indications and I will briefly highlight some aspects of this part of the Report.

The national treatment claim basically challenged the fact that the EC provided for protection of third country GIs under EC Reg. 2081/92 only, if that third country provided similar protection to EC GI's and had been recognised as providing such protection by the Commission. The procedures (including application procedures, objection procedures, inspection procedures) as well as the labelling requirements created additional hurdles for third country nationals in comparison to their EC counterparts which – in the complainants’ view – are incompatible with the EC's national treatment obligations under the GATT 1994 and the TRIPS Agreement. With regard to availability of protection the complainants could inter alia rely on the fact that not one single foreign geographical indication had been protected (or applied for) under the Regulation, despite the fact that it had been in force for 12 years.

The Panel first established the meaning of the "no less favourable" treatment standard under Art. III:4 of the GATT 1994. It recalled the findings of an earlier Panel decision that "the words treatment no less favourable in para. 4 call for effective equality of opportunities ..." (Panel Report, para. 7.133). The Panel therefore went on to examine "whether the difference in treatment affects the "effective equality of opportunities" between the national of other members and the European Community's own nationals with regard to the protection of intellectual property rights, to the detainment of nationals of other members." (para 7.134). Applying this test the Panel concluded that the reciprocity requirements of Art. 12 of the Regulation (prior recognition by the Commission, international agreement requirement) created an additional hurdle for third country nationals. With respect to the equivalence and reciprocity conditions as applicable to the availability of GI protection, the Regulation accorded – in the Panel's view – treatment to the nationals of other members less favourable than it accorded to the European Community's own nationals, inconsistently with Art. 3.1 TRIPS (Panel Report, para7.213). The same conclusion was reached with regard to Art. III:4 of GATT 1994 (Panel Report, para. 7.238).
With a view to guidance the decision may provide for the further development of geographical indication systems we should bear in mind that the basic legal threshold derived from Art. 3.1 TRIPS and Art. III:4 GATT 1994 by the Panel is the requirement of providing an "effective equality of opportunities".

This test was also relied upon by the Panel in the context of the challenge of the objection procedures available under the Regulation. The complainants pointed out that it was easier for a national of the EC to object to GI registrations under EC Reg. 2081/92. An EC national had a direct means to object to such registration, since it could file the objection with the authorities of the member state in which it resided or was established and those authorities were under the EC law requirement to take the necessary measures pursuant to Art. 7 (3) of the Regulation. A non-EC national would have to file its objection with the authorities of its own country which, of course, cannot be obliged by EC law to actually process the objection and engage in an objection procedure with the European Commission (Panel Report, para. 7.314).

Since the member states of the European Community act de facto as organs of the Community an objection from a person in an EC member state is filed directly with a de facto organ of the Community. This is different with a person from a third country which has to file its objection with a foreign government. In contrast to an EC member state, the third country government has no obligation under Community law or any other law to verify an objection and forward it the Commission. Therefore a group or person submitting an objection of a third country has no direct right of objection. By stipulating that third country nationals need to object through their home countries the Regulation provides less favourable treatment to nationals of other WTO members within the meaning of Art. 3.1 TRIPS (Panel Report, paras. 7.340, 7.341).

Therefore, by providing a less strong legal position for the third country national to effectively object to a GI registration under the Regulation, the Regulation does not provide for an "effective equality of opportunities". We may conclude from these findings of the Panel that equal access or "effective equality of opportunities" is a basic requirement for any GI law to comply with.

4.2 The Trade Mark Claim

Whereas the national treatment claim provides very useful insights as to the overall equality concepts that need to be complied with by a geographical indication system under the TRIPS Agreement, it is the trade mark claim that lies at the heart of the interests of the trade mark community. The core question under the trade mark claim was whether a prior trade mark not only continued to enjoy protection, if later on a confusingly similar geographical indication was registered, but also whether the trade mark would be enforceable against such later mark. That was doubtful, to say the least, under the provisions of the Regulation.

Under Art. 13, 14 of EC Reg 2081/92 the prior protection of a similar geographical indication constitutes a ground for refusal of later trade mark application (Art. 14.1). In turn, a prior trade mark may also constitute a ground for refusal of a geographical indication, but that possibility appeared to be more limited and available only to trade marks which had been in use for some time and enjoyed a certain level of renown and
reputation (Art. 14.3). Where that was not the case, the prior trade mark would have to coexist with a later geographical indication (Art. 14.2). This general coexistence rule formed the subject matter of the complaint of the USA and Australia. Both countries claimed that such a general rule prejudiced the exclusivity of prior trade mark rights and therefore be incompatible with Art. 16.1 TRIPS.

The EC raised three defences against that claim. It argued that Art. 24.5 TRIPS actually required coexistence between the earlier trade mark and the later geographical indication. In any case, the EC argued the Regulation had been grandfathered by Art. 24.3 TRIPS and, if neither defence prevailed, the coexistence provided for under the Regulation would be so limited that it would be justified under the fair descriptive use exemption of Art. 17 TRIPS.

4.2.1. The Art. 24.5 TRIPS defence (mandatory coexistence) had been advocated in the past also internationally by the EC. As a point of departure, the EC accepts that a prior trade mark generally enjoys exclusivity against any confusingly similar sign (Art. 16.1 TRIPS). At the same time, also a geographical indication can lead to the cancellation of a trade mark where such trade mark is misleading within the meaning of Art. 22 TRIPS, or, even if not misleading, where the trade mark is registered for wines and spirits and coincides with a geographical indication for such products (Art. 23 TRIPS). To the extent that those trade marks, which are potentially at risk, are prior trade marks, they are effectively shielded against the risk arising from a (possibly) conflicting geographical indication through the grandfathering clause of Art. 24.5. Art. 24.5 TRIPS provides that neither the validity nor the use of a prior trade mark may be prejudiced by a measure implementing the rules on geographical indication protection under the TRIPS Agreement. The EC now argues that whereas the validity of and the right to use a trade mark may not be prejudiced, the right to exclude others from using a confusingly similar designation must be prejudiced, if that confusingly similar designation is a geographical indication. In other words, the EC argues that Art. 24.5 TRIPS provides - implicitly - for a mandatory rule of coexistence between the prior trade mark and the later geographical indication. Rather than resolving the conflict between a trade mark and a geographical indication on the basis of priority and exclusivity, the EC put forward the view that Art. 24.5 TRIPS contained a specific conflict resolution mechanism that prejudiced the exclusivity of the prior mark.

The Panel very clearly rejected that proposition. It started-off by analysing the scope of the exclusive right conferred upon the trade mark owner by Art. 16.1 TRIPS. The Panel had no difficulties in concluding that Art. 16.1 TRIPS provides the trade mark owner with an unqualified right of exclusivity. There is no implied limitation vis-à-vis geographical indications in the text of Art. 16.1 TRIPS on the exclusive right which the WTO member states must make available to the owner of a registered trade mark. That right might be exercised against any third party not having the owner's consent whether or not the third party uses the sign in accordance with geographical indication protection (Panel Report, para. 7.603.).

In other words, Art. 16.1 TRIPS provides the trade mark owner with a sharp sword against any confusingly similar sign, including geographical indications.
The Panel then turned to the question whether there was an exemption to this exclusivity rule provided for by Art. 24.5 TRIPS. Since Art. 24.5 TRIPS does not stipulate such an exception expressly, the Panel asked whether there was an implicit exception overriding Art. 16.1 TRIPS. The - correct - answer was no. The Panel held:

"The Panel considers that it is difficult to sustain an argument that a limitation which is allegedly implied can prevail over an obligation in a WTO covered agreement which is express. It is evidently the position under the European Communities' domestic law that an implied positive right to use a registered geographical indication prevails over the negative right of a prior trade mark holder to prevent confusing uses. However, such an interpretation of the TRIPS Agreement is not possible without a suitable basis in the text. …"

(Panell Report, para. 7.618).

The Panel therefore concluded that under Art. 16.1 TRIPS WTO Members are required to make available to trade mark owners a right against certain uses, including uses as geographical indications. Art. 24.5 TRIPS does not provide any authority to limit that right.

4.2.2.
With similarly clear words the Panel dismissed the EC's defence on grounds of Art. 24.3 TRIPS which pursuant to the EC had grandfathered its regime on geographical indications which pre-dated the TRIPS Agreement. The Panel held that Art. 24.3 may apply to individual geographical indications, but does not apply to a general regime for their protection.

4.2.3.
Finally, the Panel turned to Art. 17 TRIPS. Art. 17 TRIPS entitles the Members to provide in their national legal systems for limited exceptions to the exclusive right granted to the trade mark owner under Art. 16.1 TRIPS, e.g. a fair descriptive use exemption. In order to establish whether the co-existence provided for under Art. 14.2 of the Regulation could be justified under Art. 17 TRIPS the Panel had first to establish the scope of Art. 14.2. It must be noted that in the course of the proceedings the EC had - in deviation from previous opinions - construed Art. 14.2 narrowly as the exception rather than the rule. The EC had explained that in most cases where there was a likelihood of confusion between a prior mark and a later geographical indication, the geographical indication could be refused under a broadly construed Art. 14.3 of the Regulation which would also have to be read in conjunction with Art. 7.4 and 7.5 of the Regulation. The EC had even argued that any confusing GI could be refused on the basis of Art. 14 (3) of the Regulation by stating:

"The complainant’s claim is based on the unwarrantedly narrow interpretation of Art. 14 (3) of Regulation 2081/92. When properly interpreted, that provision allows the registering authorities to refuse the registration of any confusing geographical indication." \[13\]

The Panel took note of the EC's interpretation of its Regulation and was at least "satisfied that where the likelihood of confusion was relatively high, the exception in Art. 14 (2) will not apply." (para. 7.670 of the Panel Report)
The following conclusions can be drawn from the reasoning of the Panel in light of the submissions of the parties: Where there exists a relatively high likelihood of confusion between the prior trade mark and a later GI, the GI must be refused and its use can be blocked by the trade mark owner. It is presumably sufficient and in line with the principle of territoriality for such a relatively high likelihood of confusion to exist in one country only. If there is identity between the prior mark and the later GI and the goods applied for are also identical, in that case the presumption of likelihood of confusion of the TRIPS Agreement applies and the later GI must be refused. Otherwise the application of the Regulation would not be in line with the TRIPS Agreement.

The Panel narrowed the application of Art. 14.2 of the Regulation even further. It held that the positive right to use a registered geographical indication would be limited to the geographical indication as registered. In particular, the registration of a geographical indication does not give its owner the right to use that designation in other linguistic versions, for instance translations or alleged translations. That is an important point for trade mark owners as it is often not apparent at the time of registration whether there exist other linguistic versions or translations of the geographical indication application that may also be used. Hence, by limiting the use right to the actual registration the Panel ensured an efficient possibility to exert the prior trade mark right against the geographical indication. Where the likelihood of confusion is relatively high, the geographical indication can be blocked. Where that is not the case, the registration may proceed, but the right to its use is limited to the version as registered.

Therefore, in the Panel's view a geographical indication would proceed to registration under the Regulation only, where a likelihood of confusion with a prior trade mark was more remote. With that being the case the Panel held that the current wording of the Regulation did not need to be changed and the exceptional coexistence allowed under the Regulation could be justified under the exemption of Art. 17 TRIPS.

5. GEOGRAPHICAL INDICATIONS AND TRADE MARKS – GOING FORWARD

The Panel Report gave a decision on a specific dispute. It did not and could not resolve all issues which currently dominate the wider political agenda concerning geographical indications.

5.1 The WTO Agenda on Trade Marks and Geographical Indications

Many WTO members are looking into their national legal systems and consider how to best protect geographical indications and how to comply with the requirements imposed upon them by the TRIPS Agreement. At the same time, there is the specific Doha Round agenda on geographical indications.

The Doha round agenda comprises three main topics:

- The set-up of a multilateral system for the notification and registration of geographical indications for wines and spirits (Art. 23.4 TRIPS);
• The extension of additional protection currently provided for wines and spirits to other products;

• The Claw-back initiative of the European Community pursuant to which the EC wishes to reserve a list of (currently) 41 designations for the exclusive use of Member States of the European Community despite the fact that these terms are either generic terms or trade marks in other countries (therefore Claw-back). Of these three agenda items, only the first one, the multilateral system, is a negotiation item. It is already part of the inbuilt agenda of the TRIPS Agreement. Extension of Art. 23 TRIPS to products other than wines and spirits is discussed within the TRIPS Council, but WTO members have apparently not yet agreed to formally negotiate on this issue. The Claw-back initiative was presented outside the TRIPS Council, namely within the negotiations on agriculture and is apparently presented as a quid pro quo for the opening of the EC's agricultural market. As with Art. 23 TRIPS extension, the Claw-back list has not yet been accepted by the WTO members as a negotiating item.

All three agenda items will naturally have impact on trade marks. The close relationship between trade marks and geographical indications implies that any significant development on the international protection of geographical indications may adversely or positively affect the protection of existing or future trade marks. Unsurprisingly, this is no different with the Doha Round agenda.

5.2 The Multilateral System

The multilateral system negotiations are about the establishment of a multilateral system for the notification and registration of geographical indications for wines and spirits. Different proposals have been tabled by the parties. There is a joint proposal by a group of states led by the USA, Canada, Chile and Japan which basically advocates the introduction of a non-binding database at WTO level to which the WTO members may notify their respective geographical indications. This database should serve as a reference for the offices and courts in the WTO members when rendering a decision on the protection of a geographical indication and / or a conflicting trade mark. The database is non-binding. The jurisdiction and final decision on a particular conflict will rest with the member states. On the other side of the spectrum there is the proposal of the European Communities and other countries such as Switzerland. That proposal advocates for a mandatory system to be established at WTO level. Under this proposal the WTO member states may notify their geographical indications to the mandatory register. The GI may be objected to by a member state. Within a certain time period, it becomes mandatorily protected and enforceable in all member states which have not objected within a certain time period or where an objection did eventually not succeed. Private parties have no right of objection. Prior trade mark rights are not expressly mentioned as a possible ground of objection.

An alternative proposal has been tabled by Hong Kong. It is sometimes described as a "middle ground" proposal. Furthermore, the INTA has submitted a position paper with a proposal of its own which has been supported by Marques. Hong Kong proposes a registration system at WTO level to which member states may communicate their respective geographical indications. The notification of the
geographical indication will be examined only on formal grounds at WTO level, i.e. whether or not the formal requirements for notification are complied with. At WTO level no substantive examination of the geographical indication will be undertaken. An entry into this register will create a *prima facie* evidence of ownership, that the indication is within the definition of geographical indications under Art. 22 TRIPS Agreement and that it is protected in the country of origin. In effect it creates a rebuttable presumption in favour of GI owners. This presumption may, however, be overcome in office or court proceedings in the member states. The INTA position paper also intends to bring the issues of protection and dispute settlement back to where they belong, namely the country where protection is sought. It is looking for a system modelled after the Madrid system in which the international body would basically serve to notify the respective designations to the participating member states. Any examination as regards protectability and also any opposition or cancellation proceedings would, however, be exclusively dealt within those member states. The protection shall be based on priority, exclusivity and territoriality, and, of course, a prior trade mark could qualify as a ground for refusal or cancellation.\(^{16}\)

### 5.3 Art. 23 TRIPS Extension and Claw-back

The extension of Art. 23 protection envisages to expand the higher level of protection currently provided for wines and spirits in Art. 23 to all products. Art. 23 TRIPS type of protection, which basically provides for a level of protection that is independent of "misleading use", but protects the geographical indication vis-à-vis any use of the respective term and even translations thereof is currently provided for wines and spirits. It had been included in the TRIPS Agreement as a negotiating compromise accommodating the particular concerns of some member states. The scope of protection that Art. 23 TRIPS provides for geographical indications goes beyond the scope of protection of a trade mark. Extending Art. 23 TRIPS protection to other goods may have a significant impact on trade marks. A scope of protection "against use in translation" is hardly searchable and therefore not foreseeable for the owner of a trade mark. Also, the trade mark owner may face refusals of trade mark applications (even the application of amended versions of prior trade marks) which coincide with a place name somewhere in the world and as a matter of fact even in situations where such name does not (yet) qualify as a geographical indication within the meaning of Art. 22 TRIPS.\(^{17}\)

Finally, the Claw-back initiative is obviously likely to have a dramatic impact on existing trade marks. Certain trade marks which have been in existence for a long time may have to be phased-out (e.g. Parma in Mexico), but also the restricted availability of generic terms will have an impact on trade marks. There are, for instance, numerous word and device marks registered which include the designation "Parmesan" as this a generic term in several countries. If that designation can no longer be used as it is clawed-back for Italian manufacturers from Parmigiano Reggiano, those trade marks can no longer be used and will eventually be subject to cancellation with the respective priorities being lost.

### 5.4 Going Forward

Concluding this paper I would like to address the question whether the Panel Report has an impact beyond resolving a specific conflict and provides guidelines for the
wider WTO agenda including guidelines for those countries which currently seek to set up legal systems for the protection of geographical indications.

5.4.1. This latter interest should look in the first place at the national treatment finding of the Panel Report which spells out that any legal system must provide for "effective equality in opportunities". Equal access to protection and procedures, including objection procedures, is a requirement arising from both the TRIPS Agreement and the GATT 1994. A (collective/certification) trade mark system is likely to meet these requirements as those systems are usually open to nationals of all WTO members. A sui generis system may meet these requirements as well as long as equal treatment is adhered too strictly in the drafting process which might not always be easy and – as the Panel Report shows – has not always been achieved.

5.4.2. The trade mark claim also provides very valuable guidelines, in particular for the wider WTO agenda. We need to reflect for a moment what the Panel actually did in its decision. There was a fundamental question as to the relation between trade marks and geographical indications before the Panel. This question was whether in the TRIPS Agreement there exist specific geographical indication rules which limit prior trade mark rights, in particular the exclusivity of prior trade mark rights. The question was whether the exclusivity of a prior trade mark vis-à-vis a later geographical indication is dealt with in section on geographical indications with Art. 24.5 TRIPS being a specific rule providing for coexistence, or whether the trade mark rules apply which means priority, exclusivity and territoriality as enshrined in Art. 16.1 TRIPS as the point of departure. The first construction of the TRIPS Agreement would be more in line with the "superiority of a public interest" approach taken in some sui generis systems for the protection of geographical indications, the second construction would be based on the "all intellectual property rights are private rights and on equal footing" approach. The Panel came out very clearly in favour of the second construction of the TRIPS Agreement. It dismissed any interpretation of Art. 24.5 TRIPS as providing for a special "geographical indications rule" that limits the protection of geographical indications.

The Panel firmly established Art. 16.1 TRIPS as the rule thereby endorsing priority, exclusivity and territoriality. It also held that the member states may provide for an exception to these principles, but only to the extent that such exceptions are allowed under trade mark law. Art. 17 of the TRIPS Agreement, i.e. a trade mark provision, entitles a member state to provide for limited exceptions to the exclusivity of the prior mark and these exceptions have been construed narrowly by the Panel. It is clear that the owner must be able to challenge the registration of use of a geographical indication and it must be possible that such challenge succeeds at the very least in cases where there is relatively high likelihood of confusion. The Panel also expressed its scepticism as regards a use in translation and accepted an interpretation of the Regulation by the EC Commission that the Regulation does not provide for positive rights to use a geographical indication in translated form.

These findings provide significant guidance: trade marks and geographical indications are equal rights to begin with. Conflicts are resolved on the basis of priority, exclusivity and territoriality. For the establishment of a multilateral system for the
notification and registration of geographical indications this requires that the owner of a prior trade mark must be provided with an effective legal remedy against the registration and use of a confusingly similar geographical indication. This remedy should be in the hands of the trade mark owner and not just within the competence of states on behalf of the trade mark owner. One will therefore have to seriously look into a system that allows for effective legal remedies to be taken on a country-by-country basis and not just at WTO level. In a way, conflict resolution mechanisms must be provided for the multilateral system as they are, for instance, available for trade marks under the Madrid system.

The equality as well as enforceability of trade marks and geographical indications must also be taken into account when discussing extension and Claw-back. With trade marks and geographical indications being equal rights and in their function being quite similar, it is anything but clear that the scope of protection of the two rights should be different. By way of example, also trade mark law knows protection against the use in translation, but only where such translation is easily understood and will actually lead to a likelihood of confusion among the relevant consumer groups. Why there should be a protection against any use in translation irrespective of a likelihood of confusion and irrespective of whether the (often alleged) translation is at all associated by the consumers with the original language geographical indication would have to be explained before engaging in a serious discussion of Art. 20.3 TRIPS extension.

The Panel Report has to be hailed as a tremendous step forward. Not only it rendered a decision on a complex dispute, it apparently also uncovered significant common ground between the parties which led to the adoption of the Panel Report without a further appeal. This common ground apparently includes equality, priority, exclusivity, and territoriality and, if this is so, it provides a sound basis for tackling the still open WTO agenda items.

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ENDNOTES:

1 For the latter subject see in detail Burkhart Goebel, Pflanzenpatente und Sortenschutzrecht im Weltmarkt, Berlin, 2001
3 See, for instance, Burkhart Goebel, Will the Trademarks always lose the Battle against Geographical Indications? ECTA, Great Expansion – Great Expectations, page 151 to 176 (151) with further references.
4 Chocosuisse Union des Fabricants Suisse de Chocolat & Others v. Cadbury Ltd, Judgment of the UK High Court of 29 October 1997, [1998] E.T.M.R. 205-246 (ordering the defendant Cadbury be restrained from passing off chocolate, not being Swiss chocolate, by the name SWISS CHALET or any other name

Historically, *sui generis* registration systems are founded on the French concept of Appellations d’Origine which have been adopted in countries such as France, Italy, or Portugal and have spread internationally mainly through the Lisbon Agreement for the Protection of Appellations of Origin. The scope of *sui generis* registration systems has been extended through regional protection mechanisms such as EC Reg 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, and are now also included in national laws on the protection of trade marks and geographical indications such as in Hungary, Bulgaria, Russia, and elsewhere.

This approach is predominant in the Anglo-Saxon legal systems such as Australia, the USA, but also China and most of the Arabic countries. Also certification mark / collective mark systems allow for the international registration of geographical indications as certification or collective marks, namely through the Madrid system. In fact, there are more geographical indications registered as certification marks under the Madrid Protocol that under the Lisbon Agreement.

EC Reg 2081/92 is a good example as a protected geographical indication may also be used with a specific European logo which conveys to the consumer that the geographical indication has undergone a public registration process and comes so to speak with a public confidentiality seal.

See *Burkhart Goebel*, Will the trademark always loose the battle against the geographical indication? in: ECTA, Great Expansion - Great Expectations, 151 (163, 174).

As regards the Doha Round see in detail *Burkhart Goebel*, Geographical Indications and Trademarks - The Road from Doha, TMR Vol. 93, No. 4, 964 – 995.

See *Burkhart Goebel*, Geographical Indications and Trademarks - The Road from Doha, TMR Vol. 93, No. 4, 964 (965 – 975).


Panel Report, First Written Submission of the EC, para. 286.

It should be noted that the trade mark section of the TRIPS Agreement (as the entire TRIPS Agreement) provides for minimum protection only. Besides, the provision of Art. 17 TRIPS entitles the WTO Member to allow for limited exceptions to the exclusivity of prior trade mark rights, but does not oblige it to do so. Hence, if a WTO Member opts for fully enforceable trade mark rights in all cases of a likelihood of confusion (in contrast to cases of a relatively high likelihood of confusion), that would be fully compatible with the TRIPS Agreement.

See in detail for the Doha Round agenda *Burkhart Goebel*, Geographical Indications and Trademarks - The Road from Doha, TMR Vol. 93, No. 4, 964 et seq.

Practitioners have noted that that some offices apply Art. 23 TRIPS with regards to wines and spirits in a “formal way” as they broadly refuse all trademarks that coincide with a place name somewhere in the world without investigating further whether this place name does indeed constitute a geographical indication.”