



Protection of Geographical Indications in Regional and Bilateral Trade Agreements

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Motivation

- Trade System is mix of multilateral and regional/bilateral trade rules
- Discussion of GI protection has focused on multilateral rules in WTO/TRIPS
- RTAs/BTAs have proliferated in recent years
- Most now include IP protection provisions
- GI protection is often “TRIPS+”

Motivation

- Are countries using RTAs to modify the rules as agreed to in the WTO for protecting GIs?
- Are different players (EU and US for instance) using different strategies in this process of regional GI protection?
- Does that create problems for the multilateral system, or for developing countries?
- What is the “end result” of the spread of regional GI rules?
- Does it matter?

Outline

- Background to GI protection agreements
 - TRIPS
- Examples of treatment of GIs in bilateral and regional agreements
 - EU agreements
 - US agreements
- Analysis of costs/benefits of regional GI rules
- Relationship with Doha Round
- Conclusions

Protection of GIs in the Trade System

- GIs protected by international agreement for over a century
- Included in Paris Convention of 1883
- Lisbon Agreement of 1958 extended protection: mutual recognition of GIs notified to WIPO
- Other treaties cover cheeses and olives
- Most products covered are of European origin
- EU and Switzerland pushed for incorporation of GIs into the TRIPS agreement during the UR

Protection of GIs in the Trade System

- TRIPS consolidated these and expanded membership (single undertaking)
- Subject to Dispute Settlement process
- Supervision given to TRIPS Council
- TRIPS requires that countries give general protection for GIs within their borders
- No obligation to adopt any specific method of protection

Protection of GIs in the Trade System

- Two methods used by countries to protect GIs
 - Sui Generis GI legislation (favored in Public Law countries, Continental Europe, Latin America, etc.)
 - Trademark legislation (collective marks, certification marks) favored in Common Law countries (US, UK, Canada, Australia, etc.)
- Issue of compatibility of these two systems

Protection of GIs in the Trade System

- Article 22 requires member states to “provide the legal means for interested parties to prevent” anything that “indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner that misleads the public as to the geographical origin of the good”
- Legal means often met by rules against “passing off”

Protection of GIs in the Trade System

- Article 23 requires member states to give additional protection to GIs for wines and spirits “even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like.”
- No mention of preventing consumer deception or unfair competition
- Narrower scope for “generic” exceptions

Protection of GIs in the Trade System

- But Article 24 allows some exceptions to Articles 22 and 23
 - Trademarks applied for and registered in “good faith”
 - Trademarks registered before TRIPS came into force (“grandfather” clause)
 - Trademarks registered before the GI became protected (“first in time”)
 - Where a term has become generic it need not be protected

The Protection of GIs in Regional and Bilateral pacts

- Stand-alone agreements (usually on wines and spirits)
 - EU-Australia wine trade agreement
 - US-EU wines agreement
- GI clauses in IP section of RTAs and BTAs, and attached agreements on wines and spirits
 - EU bilaterals with Mexico, Chile, South Africa
 - US bilaterals with Australia, Chile, Mexico
 - Chile and Mexico bilaterals with Japan

EU-Australia Wine Agreement

- Negotiated as a stand-alone agreement
- Came into effect in March 1994 (therefore Pre-TRIPS)
 - Obligates parties to protect a specific list of names of wines and spirits
 - *Traditional expressions* protected: inconsistent trademarks have to be cancelled
 - “Article 24” type exceptions (“good faith,” etc) not mentioned
 - Recent (2004) negotiations to resolve conflicts with TRIPS

EU-Chile Wine Agreement

- Negotiated along with EC-Chile Association Agreement: Annexed to broader agreement
- Came into effect Feb 2003 (after TRIPS)
- Modifies obligations under TRIPS
 - Obligation to protect traditional expressions
 - Extensive list of protected wines
 - Trademarks that are similar to a protected GI must be refused
- Separate agreement on Spirits

EU-Mexico Spirits Agreement

- Negotiated along with BTA, but contained in separate agreement
 - Mutual recognition of spirits (but not wines)
 - List of protected names attached to agreement
 - Exclusion of Article 24 exceptions (good faith, use of TMs, etc.)

EU-South Africa Wine and Spirits Trade Agreements

- Negotiated as a supplement to the EU-South Africa FTA: Came into effect in 2002
 - Removes Article 24 exceptions
 - Agreed list of wine names to be protected
 - Generic names such as Port and Sherry now become protected (European) GIs
 - Separate agreement on spirits
 - RSA to phase out use of names such as grappa, ouzo

EU - EPAs

- Draft CARICOM EPA has provision for GIs
 - Extend higher level of protection for Wines and Spirits (Article 23) to all GIs
 - Upgrade obligation from “providing legal means” to “obligation to protect GIs”
 - Annex list of “non-generic” terms (cf. clawback)
- Model for the other five EPAs?

Common threads

- All extend TRIPS (“TRIPS+”)
- Based on Article 23 protection
- Reduce exceptions in Article 24
- Mutual protection of agreed list of GIs (often extensive listing of EU wines)
- Use of protected GIs subject to rules in originating country
- Impose cancellation of trademarks that conflict with GI (as in the EU)

NAFTA

- Agreed soon after TRIPS (1995)
- NAFTA includes section on GI protection
- Protection in line with TRIPS Article 22 and 23
- Exceptions included as in Article 24
- Specific GIs for spirits protected

US-Chile

- GI section in US-Chile FTA
- Protection by either GIs (Chile) or TMs (US)
- Allows for TM protection of GI mark
- Reinforces rights of TM holders against “confusing” GIs
- Additional protection for “well-known” TMs
- No mention of Article 24 exceptions
- List of mutually protected spirits
- “Non-derogation” clause preserves TRIPS rights to both parties

US-Australia

- Negotiated as part of the US-Australia FTA
- No separate GI article: included under trademark protection
- GIs are eligible for TM protection
- Includes Article 24 exceptions (fair use)
- Reaffirmation of rights under TRIPS
- No reciprocal list of protected names

Common Threads

- US RTAs and BTAs emphasize trademark system
- Give “exclusive rights” to trademark holders if confusion likely with GI
- Trend to downplay GI protection as a separate obligation (“TRIPS-lite”?)
- Can provide “TRIPS+” protection to GIs if registered as a TM (includes “signs in any form whatsoever”)
- Reaffirmation of TRIPS rights

US-EU Wine Accord

- Stand-alone agreement signed in 2004 after twenty years of talks
- No progress on resolving fundamental GI issues
- Some GI provisions
 - EU to simplify certification procedures for US GIs
 - US to limit semi-generic names on non-EU wines
 - EU will accept US use of terms like “Chateau” and “Vintage”
- Second stage of the agreement under discussion

The WTO case on GIs

- Challenge by US in June 1999 on EU's reluctance to protect US GIs (such as Vidalia Onions, Florida Oranges, Idaho Potatoes)
- In April 2003 the EU made some minor changes in Reg 2081/92, but not to the satisfaction of the US
- In August 2003 the US, joined by Australia, requested the establishment of a Panel.
- Panel reported in April 2005
- EU found to have failed to give adequate protection for US trademarks and GIs

Relevance of WTO case?

- Did not challenge EU wines and spirits regulations
- Did have bearing on TM and GI overlap
- Both sides claimed victory
- US encouraged by support of TM when overlapping with “translated” GI (“Bud”)
- EU encouraged that its GI system was not found at fault, just the application process

Links to the Doha Negotiations

- Issues being considered in the WTO Doha Round
 - TRIPS mandates the negotiation of a multilateral list of wines so as to “clarify the extent of the protection given under Article 23”
 - TRIPS Council has been discussing the multilateral register for seven years (without agreement)

Doha Negotiations

- Registry discussions have split between:
 - Voluntary system of recording GIs in a database that could be used by countries wishing to protect them, and
 - Compulsory protection of all names on register if not challenged within 18 months
- No common ground yet found, but some compromise necessary to give EU domestic cover
- Clawback of generics is unlikely to be agreed

Analysis: Does all this matter?

- Argument for TRIPS Article 22 protection is based on information asymmetries
- Bilaterals add nothing to the force of Article 22
- Argument for TRIPS Article 23 protection is based on supposed usurpation of reputation of European wines and spirits
- Bilaterals are about modifying impact of Article 23 (EU strengthening and US weakening it)
- Protection of GIs for wines and spirits in Article 23 influences the conditions of competition in the marketplace

Analysis

- Key issue is the degree of protection given by an importer for an exporter's GI
- Unilateral list of GIs is best for importer
- Bilateral list of mutually agreed GIs obliges protection of a foreign name in the importing country:
 - Imposes potential cost on domestic producer
 - Grants a degree of preference for chosen supplier
- Global list of GIs (universal mutual recognition):
 - maximizes cost to local producer
 - eliminates the impact of preference

Analysis

- EU is behaving as a rational exporter
 - Improving its position in the importer market (with restrictions imposed on domestic competitor)
 - Improving its position relative to other exporters (by obliging the importer to enforce EU GIs)
- US is behaving like a typical importer
 - Keeping the option of protection through TMs
 - Preserving its scope to have its own list of GIs (and its own generics)

Analysis

- Trade-neutral solution would be to have each country have its own list which would include foreign GIs where duly registered
- Countries could cooperate in enforcement of foreign GIs that were on their lists
- Country-specific lists of generics with arbitration in case of challenges
- Mandatory multilateral register would be “overkill” for the problem
- Negotiation of common generic list unfruitful

Conclusions

- GI rules under TRIPS unlikely to be changed soon
- Mixed systems likely to continue
 - General protection under TRIPS
 - Bilateral Mutual Recognition of Wines and Spirits lists
 - Importers agree to accept names and labeling of exporter GI system
 - Competition among regulatory systems
 - Exporters persuade importers to use their system rather than that of other exporters

Conclusions

- This could lead to a bi-polar system:
 - Extension of EU bilaterals could lead to the protection of EU GIs in those countries that wished to have preferential access into EU market
 - Incorporation of IP rules in US bilaterals could strengthen the system based on trademarks among those signing FTAs with the US
- Confusion and conflict could ensue for those with trade agreements with both EU and US

But ...

- Market structure changes could make many of these issues less contentious, as wine and spirit sectors becomes global
- Private certification and label schemes could take over public GI systems
- Technology could substitute for geography to reduce the significance of GIs
- Consumers could switch allegiance to non-geographical attributes