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RECENT DEVELOPMENTS IN THE  
INTERNATIONAL PROTECTION OF  
GEOGRAPHICAL INDICATIONS

LLM RESEARCH PAPER

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IV. MEANING FOR NEW ZEALAND

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V. CONCLUSION



## **ABSTRACT**

This paper examines the role of geographical indications in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), a component of the Agreement Establishing the World Trade Organisation. It shows the position of TRIPs within the WTO, its main principles, and the rights which this treaty protects, and provides background information about this kind of intellectual property. The paper will further discuss the different national approaches regarding geographical indications which led to a recent dispute before the Dispute Settlement Panel of the WTO and which are significant in the negotiations dealing with a review of these TRIPs provisions. It will show the importance and the logic of a broader protection of these rights and the chances especially for developing countries which are linked with an upgrading.

This paper will conclude with a closer look on New Zealand, which its interest regarding the protection of geographical indications are and show how the main opponents in the conflict of updating TRIPs, the United States and the European Union, have tried to influence New Zealand legislation.

Based on this example it shows that due to the big political interests in this topic the outcome of the next WTO round will not be a legal question, though the arguments here are quite clear, but a question of political and economical power.

## **STATEMENT ON WORD LENGTH**

The text of this paper (excluding contents page, footnotes and bibliography) comprises approximately 15000 words.



## I INTRODUCTION

Ordering a glass of Chablis – the content of the served glass may vary in a much broader way than some people expect. The desire behind this order depends mainly on the cultural background of the individual customer. Especially in “the old world”, most European people think of Chablis as a white wine originating from a small region around the French town Chablis in the Burgundy region and made out of Chardonnay grapes.<sup>1</sup>

This European approach is the result of a history not restricted to the producing of wine but also covering spirits, cheese, and even cake. The notion behind this leads back to the beginning of international trade when it became apparent that some products from certain regions were more profitable than comparable products from other regions. Advantages in climate and geology, local recipes and food processing techniques or indigenous manufacturing skills resulted in better quality products. Consequently, local producers labelled their goods with marks which named their place of origin in order to profit from this reputation.<sup>2</sup>

This understanding changes when entering the “new world”. Winegrowers in the United States of America (United States) occasionally name their wine Chablis as well. Regularly, immigrants from Europe who had brought their wine-making skills and wine cuttings with them labelled their wine after the regions from which they had come from.<sup>3</sup> They do not use the mark as a geographical indication but as a generic to indicate the similarity of the taste. Comparable developments can be found in Australia and New Zealand as well.

The increasing importance of international trade has inevitably led to a collision of these different approaches, and consequently to a conflict between national laws.

The most important treaty which deals with the protection of geographical indications is the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs),<sup>4</sup> one of the key agreements the World Trade Organisation (WTO).

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<sup>1</sup> Encyclopædia Britannica <<http://www.britannica.com>> (last accessed 27 August, 2001): Classic white wine of France, made from Chardonnay grapes grown in strictly delimited areas surrounding the village of Chablis and along the Serein River in the district of Yonne in northern Burgundy. Chablis is noted for its distinctively dry, full-bodied, somewhat acidic character and a rather austere aroma described in wine terminology as “flinty.” Chablis vineyards are classified according to several categories.

<sup>2</sup> Michael Blakeney “Geographical Indications and Trade” (2000) 6(2) Int’l Trade L Rep 48.

<sup>3</sup> Leigh Ann Lindquist “Champagne or Champagne? An Examination of U.S. Failure to Comply with the Geographical Provisions of the TRIPs Agreement” (1999) 27 Ga J Int’l & Comp L 309, 313.

<sup>4</sup> Agreement on Trade Related Aspects of Intellectual Property Law (15 April 1994) <[http://www.wto.org/english/tratop\\_e/trips\\_e/t\\_agm0\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm)> (last accessed 3 September 2001) (TRIPs).



TRIPs contains narrow regulations with regard to wine and spirits<sup>5</sup> which have resulted in various conflicts between member states of the WTO. Recent discussions dealt with the question of whether this amount of protection should be extended to products which are not yet particularly mentioned in the treaty.

Further, the United States criticised a regulation of the European Union (EU)<sup>6</sup> dealing with a more intensive protection of geographical indications within the EU. The United States considers this regulation as violating the TRIPs rules and hence made a complaint at the WTO dispute settlement panel. Its decision is still pending.

This paper will illustrate the development of international protection of intellectual property rights, especially geographical indications, and how this protection finally amounted to TRIPs. The different kinds of geographical indications will be identified, along with an analysis of various reform proposals of TRIPs. This will highlight the conflicting approaches of nation states to the TRIPs agreement, largely determined by their historical circumstances. Possible solutions to harmonising the issue of geographical indications will be addressed.

Finally, this paper will describe the implementation of the TRIPs-obligations in New Zealand with respect to geographical indications and the problems this country has faced and will face if the TRIPs rules are changed. An analysis of the New Zealand context highlights the difficulties faced by a country dependent upon the export of food.

## II TRIPs

The Agreement on Trade-Related Aspects of Intellectual Property Rights is part of the Agreement Establishing the World Trade Organisation (WTO). International rules protecting intellectual property existed before TRIPs, including GATT rules and several international conventions. Some of these treaties already mentioned geographical indications and will be shown below.

Further, to understand the role of TRIPs within this conglomerate of treaties it will be briefly explained which other parts the WTO consists of, in terms of both legal components and administrative bodies.

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<sup>5</sup> TRIPs, above n 4, art 23.

<sup>6</sup> Regulation No. 2081/92 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs (24 July 1992) <[http://europa.eu.int/eur-lex/en/consleg/pdf/1992/en\\_1992R2081\\_do\\_001.pdf](http://europa.eu.int/eur-lex/en/consleg/pdf/1992/en_1992R2081_do_001.pdf)> (last accessed 4 September 2001) (EU Regulation).



The establishment of the WTO aimed on several purposes which are fundamental for TRIPs as well. All regulations, including those regarding geographical indications, are the manifestation of these basic principles which makes it important to portray them.

Conclusively, geographical indications are certainly not the only intellectual property rights which are protected by TRIPs. Indeed, they are just a minor part of this agreement. Therefore, it is useful to show which are the protected neighbouring rights of geographical indications to understand their position in TRIPs.

#### A *The Way To TRIPs*

The international legal history which led to TRIPs illustrates the significance of this agreement within the legal framework that protects intellectual property. The agreement is based on existing multilateral treaties which show the increasing desire for protection of geographical indications over the years. The following examples explain to what extent the protection of geographical indications was mentioned in international agreements before TRIPs.

##### 1 *The Paris Convention*

The first treaty dealing with the international protection of intellectual property rights is the Paris Convention for the Protection of Industrial Property (Paris Convention),<sup>7</sup> which was adopted in 1883, has been revised six times and was signed by 117 countries.<sup>8</sup>

It protects patents, utility models, industrial designs, trade marks, service marks, trade names, and indications of source or appellations of origins.<sup>9</sup> The signatories of the Paris Convention have to provide foreigners the same protection for intellectual property given to their own citizens, a first form of "National Treatment".<sup>10</sup>

<sup>7</sup> Paris Convention for Protection of Industrial Property (20 March 1883) 828 UNTS 305 (Paris). By 1887, Belgium, Brazil, France, Ecuador, Guatemala, Italy, the Netherlands, Portugal, Salvador, Serbia, Spain, Switzerland, Tunisia, the United Kingdom, and the United States had acceded to the convention.

<sup>8</sup> Robert A Cinque "The Paris Convention; An Historical Overview" in Anthony D'Amato and Doris Estelle Long (eds) *International Intellectual Property Law* (Kluwer Law International, London, 1997), 247.

<sup>9</sup> Robert J Gutowski "The Marriage of Intellectual Property and International Trade in the TRIPs Agreement: Strange Bedfellows or a Match Made in Heaven?" (1999) 47 *Buff L Rev* 713, 718.

<sup>10</sup> Paris, above n 7, art 2(1).



The original text of the agreement mentioned appellations of origin in Article 1(2), where the objects of protection were enumerated. Further, a provision prevented the use of a false indication of source, though it was only applicable if the false indication was used together with a fictitious or non-existing trade name.

The current version of Article 10 states that in case of "direct or indirect use of a false indication of the source of the goods or the identity of the producer, manufacturer or merchant," Article 9 shall be used, which provides for border measures, but only if the domestic law provides such measures.

The Convention does not define an indication of origin nor does it state when a representation is false. It primarily is a matter of the particular country to grant protection. Consequently, the Paris Convention only provides weak protection for geographical indications.<sup>11</sup>

The Convention was last revised in 1958 and is still in force.

## 2 *The Madrid Agreement*

Since the Paris Convention prohibited the use of false geographical indications, some signatories wanted a broader form of regulation for what was considered to be a significant intellectual property abuse. As described above, the original text did not provide for the prevention of the use of false indications per se, but only where such use occurred in connection with the use of a false trade name.

As a consequence, countries which had greater interest in an improved international protection of indications of source established a special union under the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (Madrid Agreement)<sup>12</sup> which mainly dealt with the protection of geographical indications.

Article 1(1) protects against misleading geographical indications, and Article 3bis, which was added in 1934, "prohibits the use of false representations on the product itself and in advertising or other forms of public announcements".<sup>13</sup> Further, it is the first agreement that mentioned a special protection for wine. Article 4 prohibits signatories from treating geographical indications of wines as generic terms and thus

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<sup>11</sup> Albrecht Conrad "The Protection of Geographical Indications in the TRIPs Agreement" (1996) 86 Trademark Rep 11, 24.

<sup>12</sup> Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (14 April 1891) 828 UNTS 389 (Madrid).

<sup>13</sup> Albrecht Conrad "The Protection of Geographical Indications in the TRIPs Agreement" (1996) 86 Trademark Rep 11, 25.



introduced one of the most controversial issues regarding this topic.<sup>14</sup>

As a result of this extended protection and the conflicting views regarding the use of the terms "type" or "style", three of the significant trading nations of the time, the United States, Germany and Italy, refused to sign the Agreement. Consequently, the Madrid Agreement's impact on international protection has been insignificant, though it is still in force between its 31 members.<sup>15</sup>

### 3 GATT

The General Agreement on Tariffs and Trade (GATT),<sup>16</sup> generally understood as a pure tariff-regulating treaty, mentions different forms of intellectual property as well. Originally, GATT originally consisted of the remnants of the International Trade Organisation (ITO), which 50 countries envisaged to be an institution controlling employment, commodity agreements, restrictive business practices, international investment, and services. The establishment of the ITO failed when the United States Congress refused to ratify its Charter. The remaining tariff concessions and trade rules, which affected \$10 billion of trade, were combined and came into force as GATT in January 1948.<sup>17</sup>

Article IX deals with Marks of Origins generally. For example, it states that the contracting parties "shall accord to the products of the territories of other contracting parties treatment with regard to marking requirements no less favourable than the treatment accorded to like products of any third country".<sup>18</sup> However, this obligation to co-operate was restrictively interpreted due to the controversies relating to these issues.<sup>19</sup>

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<sup>14</sup> Stacy D Goldberg "Who Will Raise the White Flag? The Battle between the United States and the European Union over the Protection of Geographical Indications" (2001) 22 U Pa J Int'l Econ L 107, 114.

<sup>15</sup> Anthony D'Amato and Doris Estelle Long "Efforts to Harmonize Filing Requirements" in Anthony D'Amato and Doris Estelle Long (eds) *International Intellectual Property Law* (Kluwer Law International, London, 1997), 304.

<sup>16</sup> General Agreement on Tariffs and Trade 1947  
<[http://www.wto.org/english/docs\\_e/legal\\_e/final\\_e.htm](http://www.wto.org/english/docs_e/legal_e/final_e.htm)> (last accessed 27 August 2001) (GATT 1947).

<sup>17</sup> Michael Blakeney *Trade Related Aspects of Intellectual Property Rights: A Concise Guide to the TRIPs Agreement* (Sweet & Maxwell, London, 1996) 31.

<sup>18</sup> GATT 1947, above n 16, art IX(1).

<sup>19</sup> Daniel Gervais *The TRIPs Agreement: Drafting History and Analysis* (Sweet & Maxwell, London, 1998) 6.



Further, GATT generally excludes provisions on the protection of patents, trade marks, copyrights, and the prevention of deceptive practices as long as they do not oppose the main objectives of GATT.<sup>20</sup>

These two regulations did not have much influence on the international protection of geographical indications. As part of a treaty that mainly dealt with liberalisation of trade rather than with the protection of intellectual property, these provisions were not the focus of attention in the subsequent GATT negotiation rounds. These matters were excluded, which led to the need to review and update the existing intellectual property treaties.<sup>21</sup>

#### 4 The Lisbon Agreement

The Lisbon Diplomatic Conference of 1958 originally attempted to improve the international protection for geographical indications within the framework of the Paris Convention and the Madrid Agreement on Indications of Source. It resulted in the adoption of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (Lisbon Agreement).<sup>22</sup>

It established a strict international registration system for a protection of geographical indications similar to the system used for trade marks. It restricted the protected indications to those qualities and characteristics which depend on the geographic environment, including natural and human factors. As a result signatories have to prohibit imitations under their respective domestic laws which includes the usage of terms like "type" or "style" along with the indication. This approach was based on the French definition of appellation of origin.<sup>23</sup>

The Lisbon Agreement does not only provide for border measures (like those employed in the Paris Convention and the Madrid Agreement), but also for a registration system as the "Madrid Agreement Concerning the International registration of Marks" had established for trade marks.<sup>24</sup>

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<sup>20</sup> GATT 1947, above n 16, art XX(d).

<sup>21</sup> Anthony D'Amato and Doris Estelle Long "Efforts to Harmonize Filing Requirements" in Anthony D'Amato and Doris Estelle Long (eds) *International Intellectual Property Law* (Kluwer Law International, London, 1997), 306.

<sup>22</sup> Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (31 October 1958) <[http://clea.wipo.int/lpbin/lpext.dll?f=file\[ibrowse-h.htm\]](http://clea.wipo.int/lpbin/lpext.dll?f=file[ibrowse-h.htm])> (last accessed 30 August 2001) (Lisbon).

<sup>23</sup> Michael Blakeney "Geographical Indications and Trade" (2000) 6(2) Int'l Trade L Rep 48, 52.

<sup>24</sup> WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications "Geographical Indications" (25 January 2001) <[http://www.wipo.int/sct/en/documents/session\\_6/pdf/sct6\\_3.pdf](http://www.wipo.int/sct/en/documents/session_6/pdf/sct6_3.pdf)> 16.



Principally, member countries have to protect appellations of origin that are protected “as such” in the country of origin and registered in the international register administered by the World Intellectual Property Organisation (WIPO),<sup>25</sup> a specialised agency of the United Nations that was established by the Berne Convention for the Protection of Literary and Artistic Works (Berne Convention).<sup>26</sup>

Consequently, it is only applicable to appellations of origin which are already protected on the national level in their country of origin. After the appellation of origin is domestically protected, it can be registered in the international WIPO register. After its registration, the appellation of origin is published and notified to all other member countries of the Lisbon Agreement.

During the period of one year after publishing a member state can declare that it is not able to protect the appellation of origin in its country. This refusal only excludes the refusing country from protecting the term and it has no influence on the status of protection in the other countries.<sup>27</sup>

The Lisbon Agreement, which also is still in force, has only 17 signatories.<sup>28</sup> One reason for that is that the treaty grants international protection only for those geographical indications which are protected in the country of origin “as such”, so that the protection through unfair competition law for example is not recognised.<sup>29</sup>

## 5 TRIPs

In the late 1970s concerns arose regarding the counterfeiting of trademarked goods that could damage the trade revenues of industrialised countries, particularly the United States. A first step to reduce these worries was the Agreement on Measures to Discourage the Importation of Counterfeit Goods between the United States and the European Community. In the following years a number of developed countries tried to adopt a revised draft of this Agreement as part of GATT<sup>30</sup> arguing that the inclusion of intellectual property right issues would help to liberalise

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<sup>25</sup> Lisbon, above n 22, art 1(2).

<sup>26</sup> Berne Convention for the Protection of Literary and Artistic Works (9 September 1886) 828 UNTS 221 (Berne).

<sup>27</sup> WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications “Geographical Indications” (25 January 2001) <[http://www.wipo.int/sct/en/documents/session\\_6/pdf/sct6\\_3.pdf](http://www.wipo.int/sct/en/documents/session_6/pdf/sct6_3.pdf)> 17.

<sup>28</sup> Albrecht Conrad “The Protection of Geographical Indications in the TRIPs Agreement” (1996) 86 Trademark Rep 11, 23.

<sup>29</sup> Albrecht Conrad “The Protection of Geographical Indications in the TRIPs Agreement” (1996) 86 Trademark Rep 11, 26.

<sup>30</sup> Daniel Gervais *The TRIPs Agreement: Drafting History and Analysis* (Sweet & Maxwell, London, 1998) 8.



international trade, provide for more effective enforcement of these rights, and allow for negotiated benefits and concessions across trade areas.<sup>31</sup> Developing countries strongly opposed this attempt and argued that intellectual property issues were exclusively handled by WIPO.<sup>32</sup>

During the preparations of the next GATT round 1982-1986 Switzerland and Columbia led negotiations to find a compromise between these positions. Their proposal served as the basis for the Ministerial Declaration of 20 September 1986 which launched the Uruguay Round.<sup>33</sup>

The first breakthrough in the debates was achieved in April 1989 when the Trade Negotiations Committee presented a framework agreement for future negotiations. It proposed with regards to intellectual property rights the applicability of the basic principles of GATT and relevant intellectual property agreements, adequate standards and principles, and a dispute settlement procedure.<sup>34</sup>

In 1990 the European Union, Japan, Switzerland, the United States and a group of 14 developing countries<sup>35</sup> submitted new drafts to the negotiating group. Australia also handed in a partial text dealing with geographical indications.<sup>36</sup> These proposals created new differences over some details of patent and copyright law principles and the integration of the dispute settlement procedures for intellectual property.

In November 1991 Director General Dunkel drafted a progress report identifying the intellectual property issues which required solution. Within the following month he composed a new TRIPs text proposing compromises to settle the outstanding conflicts. The final draft of TRIPs, which was adopted at the Ministerial Meeting at Marrakesh 12 to 15 April 1994 after longer negotiations between the United States and the European Communities, was based principally on the Dunkel Draft.

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<sup>31</sup> Carrie P Smith "Patenting Life: The Potential and the Pitfalls of Using the WTO to Globalize Intellectual Property Rights" (2000) 26 NC J Int'l L & Com Reg 143, 157.

<sup>32</sup> A Jane Bradley "Intellectual Property Rights, Investment and Trade in Services in the Uruguay Round; Laying the Foundations (1987) 23 Stan J Int'l L 57, 66.

<sup>33</sup> Michael Blakeney *Trade Related Aspects of Intellectual Property Rights: A Concise Guide to the TRIPs Agreement* (Sweet & Maxwell, London, 1996) 3.

<sup>34</sup> Michael Blakeney *Trade Related Aspects of Intellectual Property Rights: A Concise Guide to the TRIPs Agreement* (Sweet & Maxwell, London, 1996) 6.

<sup>35</sup> The nations involved were Argentina, Brazil, Chile, China, Colombia, Cuba, Egypt, India, Nigeria, Pakistan, Peru, Tanzania, Uruguay, and Zimbabwe.

<sup>36</sup> Daniel J Gervais "The TRIPs Agreement: Interpretation and Implementation" (1999) 21(3) EIPR 156, 157.



## **B Position Within The WTO Legal System**

The WTO is built on two main treaties, the Final Act Embodying the Results of the Uruguay Round (Final Act)<sup>37</sup> and the Agreement Establishing the World Trade Organisation (WTO Agreement).<sup>38</sup> The trade ministers of 114 countries signed both at their meeting at Marrakesh in April 1994.

The WTO Agreement has several annexes dealing with Trade in Goods (GATT 1994), Services (GATS), Dispute Settlement, a Trade Policy Review Mechanism, four Plurilateral Trade Agreements,<sup>39</sup> and TRIPs.

Each of these annexes is compulsory for the members of the WTO, so a signing state could not only pick those parts of the treaty it would agree with.

Hence, TRIPs applies to all member countries of the WTO, whereas the Paris and Berne Conventions applied only to those states that were parties to the conventions. This was an important gap to fill as many developing countries were not members of these conventions and had based their industries upon counterfeiting.<sup>40</sup>

Therefore, the WTO Legal System is probably the most comprehensive treaty ever established.

The administrative body of the WTO consists of different Councils, each of them monitoring a particular part of the agreement and consisting of representatives of all member countries.

Article IV of the WTO Agreement establishes a Council for Trade-Related Aspects of Intellectual Property Law, which oversees the operation of the TRIPs Agreement, consults the members in all intellectual property issues and assists them in dispute settlement procedures. It is responsible to the General Council of the WTO, which is the only decision making body of the organisation.<sup>41</sup>

## **C Basic Principles**

<sup>37</sup> Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations (15 April 1994) (1994) 33 ILM 1125, 1143.

<sup>38</sup> Agreement Establishing the World Trade Organization (15 April 1994) (1994) 33 ILM 1125, 1144.

<sup>39</sup> Agreement on Trade in Civil Aircraft, Agreement on Government Procurement, International Dairy Agreement, International Bovine Meat Agreement.

<sup>40</sup> Muria Kruger "Harmonizing TRIPs and the CBD: A proposal from India" (2001) 10 Minn J Global Trade 169, 181.

<sup>41</sup> TRIPs, above n 4, art 68.



### 1 *Promotion of Technological Innovation*

The overall aim of TRIPs is to encourage technical innovation, transfer and propagation of technology and as a result increase social and economic welfare.<sup>42</sup> This purpose should balance the opposing interests of developed and developing nations.<sup>43</sup>

### 2 *Most-favoured Nation Treatment*

To guarantee a trade without discrimination WTO members must extend a benefit granted to any other signatory to all other members.<sup>44</sup> It provides that a benefit granted to any one signatory country must be automatically extended to all other signatories. This means a non-discrimination between the member states, even if some exceptions exist.

Most-favoured nation treatment is the most important feature of the WTO agreements, but a new development for international intellectual property treaties.<sup>45</sup> It prevents members from allowing exemptions for particular countries and ensures the uniformity of trade rules within the WTO territory.

### 3 *National Treatment*

The main hurdle of international trade has been that countries treated their own nationals different than those of other countries. Therefore, treaties of the 19<sup>th</sup> century focussed on the guarantee of this so-called rule of "national treatment"<sup>46</sup> and it became the basic principle of the Paris<sup>47</sup> and the Berne Conventions<sup>48</sup> as well as GATT 1947.<sup>49</sup>

TRIPs requires from all WTO members as regards intellectual property protection that they grant nationals of other WTO members the same privileges as they grant their own nationals.<sup>50</sup>

National treatment does not mean that a certain right has the same level of protection in all countries. It guarantees that a certain kind of right is protected in the

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<sup>42</sup> TRIPs, above n 4, art 7.

<sup>43</sup> TRIPs, above n 4, art 3.

<sup>44</sup> TRIPs, above n 4, art 4.

<sup>45</sup> Carrie P Smith "Patenting Life: The Potential and the Pitfalls of Using the WTO to Globalize Intellectual Property Rights" (2000) 26 NC J Int'l L & Com Reg 143, 158.

<sup>46</sup> Michael A Ugolini "Gray-Market Goods under the Agreement on Trade-Related Aspects of Intellectual Property Rights" (1999) Transnat'l Law 451, 454.

<sup>47</sup> Paris, above n 7, art 2.

<sup>48</sup> Berne, above n 26, art 5(1).

<sup>49</sup> GATT 1947, above, art II.



same way either if it is owned domestically or by a citizen of another member state. The problem that occurs with geographical indications is that their requirements differ more from country to country than they do as regards other intellectual property rights. Consequently, the methods and amount of protection differ extremely.

#### 4 Standards of Protection

To ensure minimum standards of intellectual property protection WTO members must observe the key provisions of the major multilateral intellectual property treaties<sup>51</sup> including most of the Paris Convention.<sup>52</sup> TRIPs is intended to coexist with prior conventions without derogating any of the obligations of those agreements.<sup>53</sup>

### D Content

#### 1 Copyright and Neighbouring Rights

Copyright law is concerned with the protection and exploitation of the expression of ideas in a tangible form<sup>54</sup> such as were printed, literary, and artistic work. Copyright protection provided by both TRIPs and the Berne Convention is essentially the same, as TRIPs requires the WTO members to comply with Articles 1-21 and the Appendix of the Berne Convention.<sup>55</sup>

With regard to neighbouring rights TRIPs follows the provisions of the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome Convention).<sup>56</sup> These rights are those of performing artists in their performances, the rights of producers of phonograms, and the rights of broadcasting organisations in their radio and television programmes.<sup>57</sup> Members of the Rome Convention must provide a minimum term of protection of

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<sup>50</sup> TRIPs, above n 4, art 3(1).

<sup>51</sup> TRIPs, above n 4, art 1.

<sup>52</sup> TRIPs, above n 4, art 2(1).

<sup>53</sup> TRIPs, above n 4, art 2(2).

<sup>54</sup> Michael Blakeney *Trade Related Aspects of Intellectual Property Rights: A Concise Guide to the TRIPs Agreement* (Sweet & Maxwell, London, 1996) 11.

<sup>55</sup> TRIPs, above n 4, art 9.

<sup>56</sup> International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (26 October 1961) 496 UNTS 43 (Rome).

<sup>57</sup> Blakeney *Trade Related Aspects of Intellectual Property Rights: A Concise Guide to the TRIPs Agreement* (Sweet & Maxwell, London, 1996) 12.



twenty years from the end of the year in which the work was produced.<sup>58</sup> For performers and producers TRIPs extends this minimum term of protection to fifty years.<sup>59</sup>

Further, TRIPs provides protection for computer programs, whether in source code or in object code, and other compilations of data as literary works under the Berne Convention.<sup>60</sup> So it is the first multilateral instrument that confirms the protection of computer programs by copyright.<sup>61</sup>

## 2 Trade marks

A trade mark is a sign that serves to distinguish the goods or services of an enterprise from those of other enterprises.<sup>62</sup> TRIPs' definition focuses on distinctiveness instead of limiting the types of signs that may be considered a trade mark.

TRIPs requires minimum trade mark protection from the WTO members. It accords the owner of a registered trade mark the exclusive right to prevent third parties from using a similar mark for goods where such a usage would effect a likelihood of confusion.<sup>63</sup> In contrast to the Paris Convention this protection explicitly includes service marks as well.<sup>64</sup>

While the Paris Convention provides for an international trade mark registration of at least 5 years,<sup>65</sup> TRIPs increases this minimum term of protection to seven years, which is indefinitely renewable.<sup>66</sup>

Regarding defences TRIPs acknowledges the fair use of a trade mark as long as the legitimate interests of the owner of the trade mark are considered.<sup>67</sup>

## 3 Patents

A patent is a statutory privilege a government gives to an inventor or other persons deriving their rights from the inventor, for a fixed term, to exclude others

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<sup>58</sup> Rome, above n 56, art 14.

<sup>59</sup> TRIPs, above n 4, art 14(5).

<sup>60</sup> TRIPs, above n 4, art 10.

<sup>61</sup> Daniel J Gervais "The TRIPs Agreement: Interpretation and Implementation" (1999) 21(3) EIPR 156, 157.

<sup>62</sup> Blakeney *Trade Related Aspects of Intellectual Property Rights: A Concise Guide to the TRIPs Agreement* (Sweet & Maxwell, London, 1996) 17.

<sup>63</sup> TRIPs, above n 4, art 16.

<sup>64</sup> TRIPs, above n 4, art 16(2).

<sup>65</sup> Paris, above n 7, art 5.

<sup>66</sup> TRIPs, above n 4, art 18.

<sup>67</sup> TRIPs, above n 4, art 17.



from manufacturing, using or selling a patented product or from using a patented method or process.<sup>68</sup>

Within the TRIPs negotiations this part probably was the most difficult one since it involved a number of key North-North as well as North-South issues. The outcome makes TRIPs the most important multilateral instrument regarding patent rights.<sup>69</sup>

To obtain patent protection the product or process must contain a novelty, industrial applicability, and an inventive step without any discrimination regarding the place of invention, the field of technology, and whether the object is imported or locally produced.<sup>70</sup>

TRIPs provides the possibility to exclude an invention from patentability if its commercial exploitation on its territory could endanger the public order or morality.<sup>71</sup> Examples are any kind of medical treatment methods for humans or animals, plants, animals, and biological processes for their production.<sup>72</sup>

The minimum term of protection is twenty years from the date the application for registration is filed.<sup>73</sup>

### III GEOGRAPHICAL INDICATIONS

#### 4 Industrial Designs

An industrial design is the ornamental or aesthetic aspect of a useful article.<sup>74</sup> Industrial designs are protected by registration which is only possible if the article is novel. Since various national notions of industrial design protection had to be taken into consideration the negotiations were difficult regarding the extent to which a design must differ from an earlier design to be considered novel.

To ensure an adequate level of protection Article 25(1) contains both a subjective and an objective element. "Independently created"<sup>75</sup> excludes the copying or imitating of an existing design and represents the subjective element while the

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<sup>68</sup> Blakeney *Trade Related Aspects of Intellectual Property Rights: A Concise Guide to the TRIPs Agreement* (Sweet & Maxwell, London, 1996) 12.

<sup>69</sup> Daniel J Gervais "The TRIPs Agreement: Interpretation and Implementation" (1999) 21(3) EIPR 156, 159.

<sup>70</sup> TRIPs, above n 4, art 27(1).

<sup>71</sup> TRIPs, above n 4, art 27(20).

<sup>72</sup> TRIPs, above n 4, art 27(3).

<sup>73</sup> TRIPs, above n 4, art 33.

<sup>74</sup> Blakeney *Trade Related Aspects of Intellectual Property Rights: A Concise Guide to the TRIPs Agreement* (Sweet & Maxwell, London, 1996) 16.

<sup>75</sup> TRIPs, above n 4, art 25(1)1.



possible exclusion of "known designs or combinations of known design features"<sup>76</sup> reflects the objective aspect.<sup>77</sup>

The minimum term of protection is ten years.<sup>78</sup>

### 6 Other Rights

Beside the protection of Geographical Origins, TRIPs includes provisions dealing with Layout-Designs (Topographies) of Integrated Circuits<sup>79</sup> and Undisclosed Information.<sup>80</sup>

Topographies should increase the international protection of masks or layout designs of semi-conductor chips, which already have been established in a few countries.<sup>81</sup>

TRIPs is the first multilateral agreement that deals with Undisclosed Information. National laws usually refer to "trade secrets" or "confidential information" and often protect those rights with general civil law standards.<sup>82</sup>

## III GEOGRAPHICAL INDICATIONS

Throughout various intellectual property treaties and legal literature, different terms for the rights which TRIPs labels as Geographical Indications have been used.

To identify the differences and similarities between the terms used it is necessary to outline their definitions and the national approaches which led to them.

### A Definition

The function of Geographical Indications is similar to that of trade marks as they specify the source of a product. Trade marks personalise and identify products or services from a specific manufacturer, producer or service provider, in order to

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<sup>76</sup> TRIPs, above n 4, art 25(1)2.

<sup>77</sup> Daniel J Gervais "The TRIPs Agreement: Interpretation and Implementation" (1999) 21(3) EIPR 156, 159.

<sup>78</sup> TRIPs, above n 4, art 26(3).

<sup>79</sup> TRIPs, above n 4, arts 35-38.

<sup>80</sup> TRIPs Agreement, above, art 39.

<sup>81</sup> Blakeney *Trade Related Aspects of Intellectual Property Rights: A Concise Guide to the TRIPs Agreement* (Sweet & Maxwell, London, 1996) 16.

<sup>82</sup> Daniel J Gervais "The TRIPs Agreement: Interpretation and Implementation" (1999) 21(3) EIPR 156, 160.



differentiate such goods or services.<sup>83</sup> Geographical indications do not identify producer or manufacturer of a product, but the place of its origin.<sup>84</sup>

As a consequence most geographical indications consist of the name of the place of origin of the goods. The quality of an agricultural product usually originates from its place of production and is influenced by climate and soil.<sup>85</sup>

But geographical indications are not limited to agricultural products. A well-known example is "Swiss" which has got a certain reputation in many countries in relation to watches or pocket knives.

Legal doctrine recognises different types of geographical indications and the various levels of distinctiveness possessed by each of them.

Indications of Source only refer to signs which indicate that a product originates in a specific geographical region. The widest concept is "indication of source", which appears in the Paris Convention and also in the Madrid Agreement, though both treaties do not define the term.

The narrower term "appellation of origin" is defined in Article 2 of the Lisbon Agreement as:

[...] the geographical name of a country, region, locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.<sup>86</sup>

In this case the denomination must correspond to a geographical region which serves to designate a product. This means that the product and the geographical name should be the same, such as *Bordeaux*, *Porto* or *Jerez*. Finally, the quality or characteristics of the product should be exclusively due to its geographical environment, including natural and human factors.

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<sup>83</sup> United States International Trade Commission in Anthony D'Amato and Doris Estelle Long (eds) *International Intellectual Property Law* (Kluwer Law International, London, 1997), 5.

<sup>84</sup> WIPO "What is a Geographical Indication?" <[http://www.wipo.org/about-ip/en/about\\_geographical\\_ind.html](http://www.wipo.org/about-ip/en/about_geographical_ind.html)> (last accessed 15 September 2001).

<sup>85</sup> Leigh Ann Lindquist "Champagne or Champagne? An Examination of US Failure to Comply with the Geographical Provisions of the TRIPs Agreement" (1999) 27 Ga J Int'l & Comp L 309, 312.

<sup>86</sup> Lisbon, above n 22, art 2(1).



## *B National Approaches Of Protection*

To understand the differences between the proposals to update TRIPs it is valuable to show how the various national approaches regarding the protection of geographical indications have developed.

### *1 Europe*

In Europe most countries have a long history of traditional industries and consequently are interested in the protection of their products.

When local reputations grew for certain products the use of the place names became even more significant and producers used these place names together with the name of the product. After a while the markings served as an affirmation for the quality of the goods. Local manufacturers realised the competitive advantage of this reputation. Consequently they agreed to certain standards of production to maintain their reputation and earn the merits of this advantage, especially against producers outside that region.<sup>87</sup> With regard to that historical development, in Europe geographical indications are protected by both, geographical indications law and unfair competition law.

#### *(a) Appellations of origin*

France developed the most comprehensive system to protect geographical indications using both unfair competition law for indications of source and a more complex system for the protection of "appellations d'origine".

To meet the requirements as an appellation of origin, the manufacturer must prove a connection between the region of origin and the characteristics of products. Further, the name of the product must be recognised through a judgement of a court or through an administrative act. Examples of places which have been recognised as appellations of origin are the wine-producing districts of Bordeaux, Burgundy, Champagne, and Cognac. The "Institut National des Appellation d'Origine" (INAO), a government agency, organises the registration process. This agency pursues infringements also in other jurisdictions.<sup>88</sup> Under the French law manufacturers in the registered area can prevent others from using that appellation if this use weakens

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<sup>87</sup> *Community of Roquefort v William Faehndrich, Inc* [1962] 303 F2d 494, 496.

<sup>88</sup> *INAO v Vintners International Co Inc* (1992) 958 F2d 1574.



its reputation.<sup>89</sup>

(b) Unfair Competition Law

In few countries the false or deceptive representation of the origin of goods is actionable under unfair competition law.

In Germany Article 3 of the Unfair Competition Act prohibits any person, in the course of business activity, for the purposes of competition, making deceptive statements concerning the origin of particular goods. Successful actions were taken in cases dealing with "Dresdner Stollen" and "Lübecker Marzipan", for example.<sup>90</sup>

Further, Sections 126 to 129 of the German Trade Marks Act of 1994 protect unregistered geographical indications as well. They entitle natural and legal persons, who are permitted to use an unregistered geographical indication, to request courts to prevent the use of this geographical indication by unauthorised parties and to accord damages for such use. These Sections are based on principles developed by courts in applying the law against unfair competition in order to prevent unauthorised use of geographical indications if such use would be misleading or would take unfair advantage of the reputation of a geographical indication.

(c) Common Law

Protection against the wrongful appropriation of geographic indications is found in the English tort of passing-off. The legal function of this tort is to protect the proprietary interest a business has in its name, marks, and apparel. This interest is separate from the right of ownership in trade marks and is usually known as the goodwill of the business. In *Associated Newspapers plc v Insert Media Ltd* Justice Mummery states with regard to passing off:<sup>91</sup>

[T]hat tort has been developed for the protection of property which exists not in a particular name, mark or style, but in an established business, commercial or professional reputation or goodwill. Those terms embrace the enjoyment of custom and business connection, popularity and good name, and indeed, all that attracts favour and business to a particular concern and to the goods and services which it supplies. That form of property may be damaged in a number of ways by a wide variety of factual misrepresentations.

<sup>89</sup> Albrecht Conrad "The Protection of Geographical Indications in the TRIPS Agreement" (1996) 86 Trademark Rep 11, 18.

<sup>90</sup> Michael Blakeney "Geographical Indications and Trade" (2000) 6(2) Int'l Trade L Rep 48, 50.



In *Warwick v Townend*,<sup>92</sup> the House of Lords identified the characteristics which must be present in order to create a valid cause of action for passing off. Lord Diplock stated five elements, as follows:

- a misrepresentation;
- made by a trader in the course of trade;
- to prospective customers of his or ultimate consumers of goods or services supplied by him;
- which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and
- which causes actual damage to the business or goodwill of the trader by whom the action is brought or will probably do so.

In the later “Jif” lemon juice case Lord Oliver reduced the elements of the tort to three: reputation, deception, and damage.<sup>93</sup>

The development of passing-off law in relation to geographical indications was initiated by the Spanish Champagne case.<sup>94</sup> The court had to consider whether the use of the term “Spanish Champagne” could be used in relation to a sparkling wine not produced in the French Champagne district. The trial judge found, that

The region in which the Champagne vineyards are found is about 100 miles east of Paris around Rheims and Epernay, where there is a chalky, flinty soil and the climate is subject to extreme variations of heat and cold. It appears that these factors give to the wine its particular qualities. Since 1927 the Champagne Viticole District has been strictly limited by law, and only certain vineyards are allowed in France to use the name “Champagne”. Wines produced from these vineyards are sold as “Champagne”, but goodwill has also become attached to the names of the shippers, or “brand names” as they are called. The wine is a naturally sparkling wine made from the grapes produced in the Champagne district by a process of double fermentation which requires a considerable amount of care.

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<sup>91</sup> *Associated Newspapers plc v Insert Media Ltd* [1990] 1 WLR 900.

<sup>92</sup> *Erven Warnink BV v J Townend & Sons (Hull) Ltd* (1980) 31 RPC 105 (HL).

<sup>93</sup> *Reckitt & Colman Products Ltd v Borden Inc* (1989) 1 WLR 491, 499.

<sup>94</sup> *Bollinger (J) v Costa Brava Wine Company Ltd* [1959] 3 All ER 800.



This decision was followed in the Sherry case.<sup>95</sup> Spanish sherry producers from the Jerez district claimed exclusive rights in the mark "Sherry". They tried to prevent the use of the mark "British Sherry". The court found that the term "Sherry" was a geographical indication but that the claimants were disqualified from a remedy because they had tolerated that marks such as "Australian Sherry" and "South African Sherry" had been used in the English market for a long time.

In another case Scotch Whisky exported to Ecuador was mixed with local cane spirit and resold under the labels "White Abbey" and "Scottish Archer" Scotch Whisky. The court had to consider the basic types of whisky; the type made just from malted barley, and grain whisky which is made from malted barley together with unmalted barley in varying proportions. Generally, the whiskies sold to the public under brand names are malt whiskies blended with grain whiskies. The formula for each brand is secret. There was evidence that there were no blenders of Scotch outside of Scotland and England. The court held that producers of Scotch fell within the principle pointed out in the Spanish Champagne case and were entitled to exclusively describe their product as "Scotch whisky".<sup>96</sup>

The last case in which geographical indications played a significant role was the use of the name "Elderflower Champagne" for a soft drink.<sup>97</sup> The court argued that although the English consumer does not think that French champagne houses were involved in the production of soft drinks, the misuse of appellations of origin should be prevented even in an obviously harmless context.

## 2 United States

The United States does not have a special geographical indication law. This primarily results from lack of economic importance in its history.

In the 19<sup>th</sup> century many Europeans immigrated into the United States. Some of them brought their wine-making skills and wine cuttings with them and named the wines they started to grow after the regions from which they came from.<sup>98</sup> This tradition has been exercised until today. As a result, the geographically significant designations turned into generic indications. A special protection for geographic indications was not considered necessary.

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<sup>95</sup> *Vine Products Ltd & Others v Mackenzie & Company Ltd* [1969] RPC 1.

<sup>96</sup> *John Walker & Sons Ltd v Henry Ost & Company Ltd* [1970] 2 All ER 106.

<sup>97</sup> *Taittinger v Allbev* [1994] All ER 75.

<sup>98</sup> Leigh Ann Lindquist "Champagne or Champagne? An Examination of US Failure to Comply with the Geographical Provisions of the TRIPs Agreement" (1999) 27 Ga J Int'l & Comp L 309, 313.



Nowadays, the United States has only few geographical indications as compared to trade marks, most notably Bourbon Whiskey. Further, the United States does not believe that someone should be granted the exclusive right to use a geographic name and subsequently could exclude others who have business in the same area. Instead of this, it provides protection for a unique good that is distinguishable from those of other producers through a system based doctrinally on trade marks.<sup>99</sup> This system consists of federal trade mark law, regulations of the United States Bureau of Alcohol, Tobacco, and Firearms (BATF),<sup>100</sup> and the Lanham Trademark Act (Lanham Act).<sup>101</sup> The Lanham Act defines a trade mark as:<sup>102</sup>

[A]ny word, name, symbol, or device, or any combination thereof --

- (1) used by a person, or
- (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

Trade marks are supposed to protect geographical indications only in cases where the indication has a secondary meaning sufficient to qualify for trade mark or service mark protection. Registration and protection is a question of distinctiveness.<sup>103</sup> Consequently, geographical indications are not protected by trade marks regulations if they are supposed to be a generic term rather than a source.<sup>104</sup>

As far as alcoholic beverages are concerned the BATF regulates which geographic indication are generic or semi-generic. However, these regulations are not uniform with the protectoral aims of the European Union.

The Lanham Act avoids protecting a geographical indication if the consumer believes that it simply designates the geographic origin of a good. In that case the registration of the term is prohibited. If the geographic term is distinctive in the mind of the average American as an indicator of source, then the consumer is likely to be

<sup>99</sup> Lee Bendekgey and Caroline H Mead "International Protection of Appellations of Origin and Other Geographic Indications" (1992) 82 Trademark Rep 765, 781.

<sup>100</sup> Alcohol, Tobacco Products and Firearms Regulations 27 CFR §4.24 (1994).

<sup>101</sup> Trademark Act 15 USC §1052(e), (f) (1946).

<sup>102</sup> Trademark Act 15 USC §1127 (1946).

<sup>103</sup> Michael Blakeney "Geographical Indications and Trade" (2000) 6(2) Int'l Trade L Rep 48, 51.

<sup>104</sup> Lee Bendekgey and Caroline H Mead "International Protection of Appellations of Origin and Other Geographic Indications" (1992) 82 Trademark Rep 765, 769.



confused if the particular product does not originate from the indicated place. Only if the consumer understands the sign in the sense of a trade mark, the Act allows registration. This also proves to what extent the systems of protection in the United States and Europe are opposed.

A famous example for these different legislative approaches is Budweiser beer. The United States would recognise a property right in the term "Budweiser" because it has been used in a manner that beer drinkers in the United States believe it as a source identifier. But when Anheuser-Busch registered the term "Budweiser" the name was not free of meaning. Actually, the term "Budweiser" originates from the Czech town Budejovice, known in German as "Budweis". Beer has been brewed in Budweis for over 700 years. As a consequence, "Budweiser" also is a geographical indication as it is associated with this place of production and goods not originating from this town should not be allowed to use it. But due to the fact that beer drinkers in the United States did not connect the name with the Czech region at the time "Budweiser" was introduced, a United States court allowed its use.<sup>105</sup>

### 3 Australia

Similarly to the United States, European settlers brought vine cuttings to Australia at the end of the eighteenth century. In the middle of the nineteenth century, colonists convinced European vintners to migrate to the Fifth Continent to improve the wine-producing attempts.<sup>106</sup> Consequently, few Australian wines were named after European regions and this practice has been continued until today.

In Australia, the false or deceptive representation of the origin of goods is prohibited by the Trade Practices Act 1974 which, in addition, imposes criminal liability for such acts.<sup>107</sup> As in Germany, this type of legislation protects against unfair competition.

A stricter approach against the misuse of geographical indication began with the growing reputation of Australian wines. Thus, Australian wineries asked their government to protect the names of Australian wine-growing regions which led to the Australian Wine and Brandy Corporation Amendment Act 1993.<sup>108</sup> This Act

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<sup>105</sup> *Anheuser-Busch Inc v Budweiser Malt Products Corporation* (1923) 295 F 306.

<sup>106</sup> Leigh Ann Lindquist "Champagne or Champagne? An Examination of U.S. Failure to Comply with the Geographical Provisions of the TRIPs Agreement" (1999) 27 *Ga J Int'l & Comp L* 309, 314.

<sup>107</sup> Trade Practices Act 1974 (AUS) s 53.

<sup>108</sup> Australian Wine and Brandy Corporation Amendment Act 1993, Austl C Acts No 93 (1993).



created the Geographical Indications Committee to establish geographical indications for wine.<sup>109</sup>

The increasing interest in exports to the region with the highest wine consumption in the world, the European Union, initiated the conclusion of the Wine Agreement in 1994.<sup>110</sup> The EU and Australia have to provide reciprocal protection for names describing wines which come from the member countries of the Agreement. Australia has to recognise the European indications within certain transitional periods.<sup>111</sup> The related geographical names are listed in a comprehensive annex.<sup>112</sup>

### C *Protection Under TRIPS*

As described above, the European negotiators were particularly interested in the protection of geographical indications during the Uruguay Round of GATT. Together with the representatives of Switzerland, those from the EU proposed a system of strict protection similar to that of France, while especially the United States preferred a system of certification marks which imitated its trade mark laws.

The final provisions contain on one hand more general regulations, but on the other specific regulations concerning wines and spirits which were of economic importance to the European countries.

#### 1 *Article 22*

As an introduction to Section 3 of TRIPs, Article 22 defines geographical indications for the purposes of the Agreement in similar terms to the Lisbon Agreement. It states:<sup>113</sup>

Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

<sup>109</sup> Australian Wine and Brandy Corporation Amendment Act 1993, Austl C Acts No 93 (1993), §17.40Q-40ZE

<sup>110</sup> Agreement Between the European Community and Australia on Trade in Wine (1 March 1994) <<http://www.austlii.edu.au/au/other/dfat/treaties/1994/6.html>> (last accessed 23 September 2001) (Wine Agreement).

<sup>111</sup> Wine Agreement, above n 111, art 8.

<sup>112</sup> Wine Agreement, above n 111, annex II.

<sup>113</sup> TRIPs, above n 4, art 22(1).



Compared to the definition of the Lisbon Agreement,<sup>114</sup> some minor differences appear. The Lisbon Agreement refers to *geographical names*, while TRIPs takes any *indication* pointing to a locality into account; appellations of origin designate a product, geographical indications identify it; further, the Lisbon Agreement limits its protection to the quality and characteristics of a product, while TRIPs speaks of reputation as well.

An additional important provision is that only those products are protected whose qualities or characteristics are related to their origin. However, it does not state how to prove if this connection is “essential”. Geographical aspects which can be taken into account are soil, climate, fauna, and flora which must somehow be related to the cultural heritage of the region.<sup>115</sup>

This definition reveals the proximity to trade mark protection. But the possible overlap is narrow since most trade mark laws would not accept a geographical indication as a trade mark due to the lack of distinctiveness of the sign. As shown above the pure local designation would be insufficient to prove a originality in the trade mark sense. Only an additional, secondary meaning of the mark would allow a registration.

Famous examples are the marks “Magnolia” and “Monkey”.<sup>116</sup> Even though they are the names of towns they were registrable because the public principally considers them as the name of a flower and an animal. In general, a registrar will allow the registration of a geographic mark if it is chosen in good faith by the trader to indicate the origin of its goods.

Article 22(2) describes the acts which should be prohibited in the member countries. It states that member countries:<sup>117</sup>

“shall provide the legal means for interested parties to prevent the use by any means in the designation or presentation of a good that indicates that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of goods.”

<sup>114</sup> Article 2(1) of the Lisbon Agreement identifies appellations of origin as “the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.”

<sup>115</sup> Stacy D Goldberg “Who Will Raise the White Flag? The Battle between the United States and the European Union over the Protection of Geographical Indications” (2001) 22 U Pa J Int'l Econ L 107, 118.

<sup>116</sup> Michael Blakeney *Trade Related Aspects of Intellectual Property Rights: A Concise Guide to the TRIPs Agreement* (Sweet & Maxwell, London, 1996) 69.



As a consequence, the usage of well-known national symbols, such as the Eiffel Tower or the Colosseum, and the use of a language or script to suggest a wrong association of origin.

In addition to these measures, member countries have to prevent any use which causes unfair competition within the meaning of Article 10bis of the Paris Convention. These acts are as far as the establishment, the goods, or the industrial or commercial activities, of a competitor is concerned:<sup>118</sup>

- those which create confusion by any means whatever;
- false allegations in the course of trade which discredit;
- indications or allegations in the course of trade which could mislead the public.

Article 22(3) states that Member countries must, either *ex officio* if its national law allows or at the request of an interested party, decline or withdraw the registration of a trade mark which contains or consists of a geographical indication. This is just the case if the use of the mark misleads the public as to the true place of the origin of the good. The initial proposals of the European Commission, Switzerland, and Australia already contained this regulation. It illustrates the neighbourhood of geographical indications to trade marks as it extends the protection of geographical indications to the area of trade mark laws.<sup>119</sup>

In addition, Article 22(4) extends the quantity of protection to those geographical indications “which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory.”<sup>120</sup> This regulation mainly concerns former colonies, where for instance immigrants founded a town and gave it the name of the village they came from. If the “original” town is famous for a certain product, the use of the name of the “second town” for the same product could mislead the public. The provision does not only apply for foodstuffs like cheese and wine but also for other products. Hence, the purpose of this provision is not only the protection of geographical indications through a system of fair competition but also the protection of consumers from being misled.

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<sup>117</sup> TRIPs, above n 4, art 22(1)(a).

<sup>118</sup> Michael Blakeney *Trade Related Aspects of Intellectual Property Rights: A Concise Guide to the TRIPs Agreement* (Sweet & Maxwell, London, 1996) 71.

<sup>119</sup> Daniel Gervais *The TRIPs Agreement: Drafting History and Analysis* (Sweet & Maxwell, London, 1998) 127.

<sup>120</sup> TRIPs, above n 4, art 22(4).



Article 22(4) is consistent with the concept of “deceptive” indications contained in Article 1(1) of the Madrid Agreement. This term was also used in the original GATT<sup>121</sup> to cover cases of false marking of geographical origin.<sup>122</sup>

## 2 Article 23

The most significant differences in the Uruguay negotiations occurred in connection with the protection of wine and spirits. The demands of the negotiators of the wine-producing countries, led by the European Union, for a higher degree of protection for wines and spirits than for geographical indications in general resulted in this Article.

Article 23(1) prohibits the use of a geographical indication which identifies wines or spirits for wines and spirits which do not come from the place specified. This also refers to those wines and spirits where the true place of origin is indicated, the mark is translated, or accompanied by expressions such as “kind”, “style”, “imitation” or similar. The level of protection is quite strict as it is not required that the public is being misled or that the use constitutes an act of unfair competition. The extension of the protection established by this provision can be demonstrated by the introductory example.

Both descriptions “California Chablis” and “California-style Chablis” are correct, implying that this wine comes from California. Nevertheless, the use of the term “Chablis” is misleading as regards origin. Americans consider the name “Chablis” as a generic type of wine and therefore do not think that the statement is misleading and by including “California” in the name resolves any misunderstanding about the origin of the wine. In the European Union Chablis is considered to be a geographical indication since the product was derived from Chablis, France, a geographic region with certain special qualities. According to Article 23(1) this use of the term “Chablis” is now illegal.

Article 23(2) prohibits the registration of trade marks which are primarily geographically descriptive<sup>123</sup> and requires member countries to ensure that their trade mark laws prohibit the registration of a trade mark containing a geographical

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<sup>121</sup> GATT 1947, above n 16, art XX(d).

<sup>122</sup> Daniel Gervais *The TRIPs Agreement: Drafting History and Analysis* (Sweet & Maxwell, London, 1998) 128.

<sup>123</sup> Stacy D Goldberg “Who Will Raise the White Flag? The Battle between the United States and the European Union over the Protection of Geographical Indications” (2001) 22 U Pa J Int'l Econ L 107, 120.



indication that identifies wines or spirits.

The provision does not specify the registration requirements for a geographical indication. Article 23.2 permits WTO members to legislate to provide “an interested person” to apply for refusing or withdrawing the registration of a trade mark which contains a geographical indication and does not have the indicated origin. Persons, who are interested in such actions, could be producers from the concerned geographical location or consumer associations.

A typical application for registration of a geographical indication will specify the applicant, the appellation, the relevant geographical area, the products for which the appellation is used and the “essential characteristic qualities of the product for which the appellation is used”.<sup>124</sup>

Article 23(3) applies to the use of similar indications for wines and spirits that is not misleading or deceptive according to TRIPs Article 22(4). In these cases both indications may be protected and WTO members concerned have to decide which measures are necessary to distinguish the specific goods from both indications. They have to prevent any confusion of the consumers and any unequal treatment of the producers. This may lead to flexible solutions to take the different interests of all consumers and producers in the concerned countries into account. Especially alliances of producers from a certain region may play an important role in these processes. An example for homonymous geographical indications is “Rioja”. A wine-growing region with this name exists in both Spain and Argentina; TRIPs solves this problem by protecting geographical indications from both regions.

Article 23(4) requires negotiations within the TRIPs Council to establish a notification and registration system for geographical indications of wine, not for spirits. The aim of this provision is to replace the registration system that was established by the Lisbon Agreement in favour of a broader coverage by TRIPs, though it is limited to the registration of wine.

### 3 Article 24

The last article of TRIPs Section 3 deals with International Negotiations and Exceptions. It is the outcome of the negotiations concerning the strict protection of wines and spirits. As said above, the European countries intended to strongly protect

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<sup>124</sup> Michael Blakeney “Geographical Indications and Trade” (2000) 6(2) Int’l Trade L Rep 48, 54.



these goods, as others feared that this could affect rights which were more or less considered to be acquired rights in certain appellations.<sup>125</sup>

Both sides were not completely contented with the reached compromise. Protection was established, but not to the extent the members of the European Union had desired, especially on the topic of a registration system comparable to that of the Lisbon Agreement. The only possibility for the opponents to avoid a blocking of the negotiations was therefore to agree to further talks, the topic Article 24 is mainly dealing with.

Article 24(1) obliges the member countries to continue negotiations to further protect geographical indications for wines and spirits. Despite the fact that this article contains a few paragraphs which exclude certain matters from being protected as geographical indications, Article 24(1) prohibits using these exceptions as an excuse for the refusal to conduct further talks. Furthermore, Article 24(3) contains a "standstill" provision which guarantees that the WTO members do not decrease the level of protection for geographical indications that existed prior to the settlement of the TRIPs Agreement. As the wording shows this provision is not voluntary but compulsory.<sup>126</sup>

Article 24 also specifies circumstances under which member countries do not have to recognize geographical indications ("Exceptions"). Members may permit the use of a indication mark if the national or domiciliary has used a geographical indication on the same or related products for at least ten years prior to GATT 1994 or in good faith prior to that date.<sup>127</sup> This provision is the first "safeguard" against an excessively strict protection and is limited to wines and spirits.<sup>128</sup>

If a trade mark is similar to or identical with an geographical indication, the application for registration must have been made in good faith. Otherwise the applicant must have acquired rights in good faith either before 1994 or before the geographical indication has been protected in its country of origin.<sup>129</sup> This so-called grandfather clause shows a degree of similarity with the Convention Priority for trade marks under the Paris Convention, as it refers to the same legal theory.

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<sup>125</sup> Daniel Gervais *The TRIPs Agreement: Drafting History and Analysis* (Sweet & Maxwell, London, 1998) 134.

<sup>126</sup> Article 24(1) explicitly states that "[m]embers agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23."

<sup>127</sup> TRIPs, above n 4, art 24(4).

<sup>128</sup> Daniel Gervais *The TRIPs Agreement: Drafting History and Analysis* (Sweet & Maxwell, London, 1998) 135.

<sup>129</sup> TRIPs, above n 4, art 24(5).



It could be assumed that Article 24(5) only applies to wine and spirits due to its context, the fact that Article 24(1) mentions it, and the fact that it is an exemption to protection. But as it refers to the implementation of the "Section" it can be concluded that it covers geographical indications in general.<sup>130</sup>

Article 24(6) contains the principle that a term that has become the common name for a good or service within a member country does not require protection under TRIPS. This is a general principle as it is mentioned in treaties prior to TRIPs as well.<sup>131</sup> The second sentence of this Subarticle transfers that notion to products of the vine.

It is worth mentioning that the wording between the two sentences is slightly different. The general statement requires a term customary *in the common language as the common name* for the goods or services concerned, while the rule concerning vine only requires a *customary term*. In the first case the hurdle seems to be much higher as verifying the use of a term in the common language can probably be made by experts only, while in the second case the proof of widespread use of the term seems to be sufficient to establish a customary term.<sup>132</sup>

Consequently, the United States does not violate the protection of a geographical indication if a geographical name in the European Union is a generic term in the United States. The famous "Champagne" example can demonstrate on one hand the extent of this exemption to the provisions of Article 23 and on the other hand the importance to read both articles together. In the United States consumers still usually and universally refer to Spanish Freixenet, Californian Korbel, Californian Tott's, and similar products as "Champagne", despite all efforts by France to change this practice.<sup>133</sup> So the strict protection in Article 23 is not satisfactory especially in those cases with the highest economic weight.

The purpose of Article 24(7) is to establish a time limit on measures against the use, the registration, or the cancellation of the registration of a term containing or consisting of a geographical indication. The request for the measure must be made within five years after the violating use of this mark had become generally known, or five years after the date of the registration of the mark if it is prior to the date of the

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<sup>130</sup> Daniel Gervais *The TRIPs Agreement: Drafting History and Analysis* (Sweet & Maxwell, London, 1998) 135.

<sup>131</sup> Lisbon, above n 22, art 6.

<sup>132</sup> Daniel Gervais *The TRIPs Agreement: Drafting History and Analysis* (Sweet & Maxwell, London, 1998) 136.



violation.<sup>134</sup>

Similar to most trade mark laws, Article 24(8) protects a person's right to use his or her name or the name of the predecessor in business in the course of trade. This does not apply for cases where the public shall be misled. The proof must not be based on the intention of the person but must be assessed objectively.<sup>135</sup>

As a final point, Article 24(9) states that there are no obligations under TRIPs to protect a geographical indication if it has become generic in its country of origin. This is an attempt not to disturb the status quo.

In addition to member obligations, Article 24(2) provides that the Council for Trade-Related Aspects of Intellectual Property Rights will review the progress that member countries have made in implementing the provisions of Section 3. The Council can review the conformity between the members and can serve as a mediator in cases where members could not reach a solution. Thus, the Council monitors the transition of providing greater protection to geographical indications.

#### 4 Examination

The provisions in TRIPs are designed to provide an embracing protection for geographical indications, mainly from three kinds of abuses: First, the use of false or misleading geographical indications; second, the registration of these indications as trade marks; and third, the dilution of geographical indications into generic terms. Article 22 resolves the first purpose in a general way, while Article 23(1) contains stricter rules regarding wine and spirits. The members of the WTO are free in choosing the way of implementing these provisions, including the law of unfair competition, advertising, certification marks, or special provisions that prevent others from using the term. It is no wonder that the application of these standards has caused various problems in the member countries, as every state had different standards before TRIPs and WTO dispute settlement or enforcement measures are not the appropriate instruments to reach the desired effect. The second aim, preventing the registration of geographical indications as trade marks, seemed easy to implement and control, as the United States included a provision in the Lanham

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<sup>133</sup> Paul J Heald "Trademarks and Geographical Indications: Exploring the Contours of the TRIPs Agreement" 29 Vand J Transnat'l L 635, 647.

<sup>134</sup> Michael Blakeney "Geographical Indications and Trade" (2000) 6(2) Int'l Trade L Rep 48, 54.

<sup>135</sup> Daniel Gervais *The TRIPs Agreement: Drafting History and Analysis* (Sweet & Maxwell, London, 1998) 137.



Act that is based on the TRIPs provision. Nevertheless, the grandfather clause will guarantee the right of the prior registration.

Finally, a quite moderate approach has been taken regarding the degeneration of geographical indications into generic terms, again with the exception of wines and spirits. For other products, protection is granted through Article 22 and especially the negotiations for TRIPs-plus will determine the future development in this area.

#### **D Recent Dispute**

The different approaches for the protection of geographical have recently led to a dispute between the protagonists, the European Union and the United States. In 1992, the Council of the EU enacted Regulation No. 2081/92 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs (the Regulation).<sup>136</sup> It is focussing on agricultural products and foodstuffs but specifically excluding wines and spirits and is now an object of the WTO Dispute Settlement Process. This is the first time that either the United States or the European Union has brought a conflict on the issue of geographical indications protection through TRIPs before the WTO. It is part of larger political debate regarding the different protection systems.

##### *1 Content*

To guarantee an equal level of protection within the EU, the Regulation establishes a registration system to protect geographical indications and appellations of origin. Therefore it specifies the requirements of an application for registration, including the name of the agricultural product, its description, and the definition of the geographical area.<sup>137</sup> It allows only a group – such as an association of producers – or a natural or legal person working with the product to apply for its registration.<sup>138</sup> The particular member state has to justify the application and forward it to the EU Commission. If the application meets the protection criteria it is published in the Official Journal of the European Communities within six months of the application date.<sup>139</sup>

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<sup>136</sup> EU Regulation, above n 6.

<sup>137</sup> EU Regulation, above n 6, art 4.

<sup>138</sup> EU Regulation, above n 6, art 5.

<sup>139</sup> EU Regulation, above n 6, art 6.



An additional period of six months allows other member states to object to the registration.<sup>140</sup> Grounds for objection are the existence of an identical name or trade mark which was legally used in the market at the time of publication, or the fact that the term is generic.

The Regulation protects geographical indications against its direct and indirect use by others on identical products or where the use would exploit its reputation.<sup>141</sup> The registration system is not limited to members of the EU.<sup>142</sup> If a country that is not a member of the EU wants to take part in the system, it has to ensure that its product and indication control confirms with the EU system. Countries with a different legal system, especially regarding the protection of trade marks, face problems when trying to fulfil these requirements.

Enacting this Regulation was not merely a matter of producer and consumer protection or organising the market but also a question of economy. The Common Agricultural Policy of the EU is by far the biggest part in its financial budget. Hence, many commentators, especially from the United States, consider it as a practice of indirect subsidies, as a regulation like this does not primarily aim at intellectual property protection but at hidden subsidies within the Common Agricultural Policy system, another form of producer protection.<sup>143</sup>

Beside these from time to time polemic statements the question arises if the protection of intellectual property rights has ever had another purpose than the protection of local manufacturers, either industrial or agricultural. The international protection of geographical indications that guarantees quality and origin will positively influence the economic competitiveness of the European Union in international trade; just as the international protection of trade marks has improved the economy of the United States.

## 2 *Request by the United States*

In June 1999, the United States submitted a note to the WTO Dispute Settlement Body, criticising the Regulation and alleging that it violates TRIPs. The United States stated that it “does not provide national treatment with respect to geographical indications, and does not provide sufficient protection to pre-existing trademarks that

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<sup>140</sup> EU Regulation, above n 6, art 7.

<sup>141</sup> EU Regulation, above n 6, art 13.

<sup>142</sup> EU Regulation, above n 6, art 12.

<sup>143</sup> Jim Chen “A Sober Second Look at Appellations of Origin: How the United States Will Crash Frances Wine and Cheese Party” (1996) 5 *Minn J Global Trade* 29, 61.



are similar or identical to a geographical indication.”<sup>144</sup> Further, the United States believe that the Regulation violates atleast Articles 3, 16, 24, 63, and 65 of TRIPs. As the decision of the Dispute Panel is still pending, the following analyses the possible chances of the complaint.

### 3 Analysis

The key matters the complaint is concentrating on are national treatment<sup>145</sup> and the position of trade marks and their relation to geographical indications.<sup>146</sup> In general, the Regulation seems to treat nationals and foreigners equally since Article 12 of the Regulation allows non-EU-countries to take part in the system. The only difference is a procedural one as only EU members are entitled to object against the registration of a term.

A possible defense can be found in the common law of the United States. The United States Court of Appeals for the Second Circuit decided in the case *Murray v British Broadcasting Corp* on an issue regarding national treatment. It stated, “Murray argues, in essence, that the principle of national treatment contained in the Berne Convention mandates procedural opportunities identical to those accorded American plaintiffs alleging copyright infringement. We disagree.”<sup>147</sup> The European Union could use this recognition of the differences in procedures applied to national treatment by the United States as a possible defence against the complaint.<sup>148</sup> This practice seems atleast questionable as TRIPs is not only a bilateral but a multilateral treaty. Hence, it is not apparent why national legal circumstances should be used as a defence in this case. As a consequence, a violation of TRIPs Article 3 cannot be excluded.

Further, the United States accuses the European Union of violating TRIPs Articles 16 and 24. Article 16 grants the owner of a trade mark the right to exclude others from using a similar mark for goods or services which are similar to those the trade

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<sup>144</sup> WTO “European Communities; Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs; Request for Consultations by the United States” (7 June 1999) WTO Doc WT/DS174/1 <[http://docsonline.wto.org/gen\\_search.asp](http://docsonline.wto.org/gen_search.asp)> (last accessed 26 September 2001).

<sup>145</sup> TRIPs, above n 4, art 3.

<sup>146</sup> TRIPs, above n 4, arts 16(1), 24(5).

<sup>147</sup> *Murray v British Broad Corp* (1996) 81 F 3d 287, 290 (2d Cir).

<sup>148</sup> See Stacy D Goldberg “Who Will Raise the White Flag? The Battle between the United States and the European Union over the Protection of Geographical Indications” (2001) 22 U Pa J Int'l Econ L 107, 147.



mark is registered for if this use could cause a likelihood of confusion.<sup>149</sup> This “exclusive right” must not prejudice existing prior rights.

In cases where a trade mark and a geographical indication are similar or identical and subsequently trade mark law and geographical indication law collide, TRIPs protects the trade mark if it was applied for or registered prior to the geographical indication:<sup>150</sup>

[M]easures adopted to implement this Section shall not prejudice eligibility for or the validity of the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with, or similar to, a geographical indication.

Depending on the protection system which is used, this provision can be understood in two opposite ways; either that in those coincidental cases trade mark law always succeeds, or whichever right comes first deserves protection. Article 14 of the Regulation is the manifestation of the latter approach as it provides for a strict first-in-time, first-in-right system. Yet, Article 14(1) of the Regulation can also be understood in the way that if a trade mark and a geographical indication are applied for registration at the same time, the application for the geographical indication would be preferred.

Nevertheless, this issue mainly reflects the doctrinal differences between the United States and Europe. It seems more like a political maneuver than a real legal concern. It underlines once more the enormous economic value that is behind this issue. It is interesting that the United States, whose national laws are in few cases far from in line with WTO regulations,<sup>151</sup> chose the WTO dispute settlement procedure to attack the Regulation. And a regulation which establishes a multinational register for geographical indications, though not even for wine and spirits but for foodstuff. The United States have opened another front in this battle of systems beside the negotiations for TRIPs-plus which are described below.

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<sup>149</sup> TRIPs, above n 4, art 16(1).

<sup>150</sup> TRIPs, above n 4, art 24(5).

<sup>151</sup> Leigh Ann Lindquist “Champagne or Champagne? An Examination of U.S. Failure to Comply with the Geographical Provisions of the TRIPs Agreement” (1999) 27 Ga J Int'l & Comp L 309, 330-1.



## *E Proposed Changes*

### *1 Updating TRIPs within the scope of Article 23(4)*

The the compromise reached in TRIPs regarding the protection of geographical indications has left many unresolved questions as described above. The last years of implementing the provisions were dominated by national attempts to affect the legislative process in the direction of the certain national approach.

In reviewing the existing regulations in TRIPs, member countries concluded that the current situation is not completely satisfactory. Especially the European countries, which are interested in a broader protection of geographical indications, have made proposals to update TRIPs.<sup>152</sup> These proposals include detailed provisions for the establishment of a multilateral system of notification and registration of geographical indications for wines as mandated by TRIPs Article 23(4).

#### (a) The proposal of the European Union

The proposal of the European Union contains provisions for the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits. It reflects the discontent of the EU about the current state of forming such an institution and the hope that such a detailed and far-reaching proposition accelerates the whole process.

The main elements of the proposal illustrate the registration process, including the submission of geographical indications to be registered; how to proceed with geographical indications which are opposing the registration; the legal effect; and the possible ways to change the register.

To use the registration system a member presents a list of those geographical indications which are acknowledged and protected in the country of its origin; the relevant legislation has to be presented as well.<sup>153</sup> After the application is filed the other members have the opportunity to examine it in the period of one year. They may oppose the application if they present reasons within the context of TRIPs.<sup>154</sup>

Examples for a successful ground of opposition are that the indication applied for is not consistent with the definition of TRIPs Article 22(1); the indication is not

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<sup>152</sup> WTO Council for Trade-Related Aspects of Intellectual Property Rights "Proposal for a Multilateral Register of Geographical Indications for Wines and Spirits Based on Article 23.4 of the TRIPs Agreement" (28 July 1998) WTO Doc IP/C/W/107 <<http://docsonline.wto.org>> (last accessed 23 September 2001) (EU Proposal).

<sup>153</sup> EU Proposal, above n 153, I.

<sup>154</sup> EU Proposal, above n 153, III.



protected in its country of origin;<sup>155</sup> the geographical indication is generic pursuant to TRIPs Article 24(6); or one of the other cases described in Article 22(4). If there are no substantial oppositions after one year of the notification the geographical indication will “become fully and indefinitely protected in all WTO members”.<sup>156</sup> The members have to guarantee the effective protection which is required by TRIPs.

(b) The proposal of the United States

The proposal of the European Union could not remain unanswered. Therefore the United States published a counterproposal which took into account the concerns of other WTO member countries, including Australia, Japan, the Republic of Korea, Canada, Chile, and Hong Kong.<sup>157</sup> They feared that the proposal of the European Union would impose heavy and expensive procedural requirements on WTO members and the Secretariat of the WTO.

In contrast to the proposal by the European Union this proposal does not point out details of the registration system but simply describes which characteristics it should contain and which it should not.

Japan and the United States affirm that any registration system should not create new obligations or reduce the rights and obligations contained in Section 3 which simply emphasises the voluntary element in the registration system. The proposal does not specify what this voluntary system should look like and could consequently not serve as an exemplar for the negotiations of the new international registration system. It simply states that the WTO should issue the geographical indications which are protected in each member country and the details of protection, such as possible expiry dates. Before a member decides about the acceptance of a national registration it has to refer to this list. According to the United States, this procedure reflects the different approaches of protecting geographical indications which are used in the WTO countries. The United States believe that the registration system should be completely on a voluntary basis; if a member wants to oppose the protection of a geographical indication in another member country it has to do that in the country's own system.

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<sup>155</sup> TRIPs, above n 4, art 24(9).

<sup>156</sup> EU Proposal, above n 153, V.

<sup>157</sup> WTO Council for Trade-Related Aspects of Intellectual Property Rights “Proposal for a Multilateral System for Notification and Registration of Geographical Indications for Wines and Spirits Based on Article 23.4 of the TRIPs Agreement” (26 July 1999) WTO Doc IP/C/W/133/Rev1 <<http://docsonline.wto.org>> (last accessed 23 September 2001) (US Proposal).



This system is without doubt less protectionist and narrow than the proposal of the European Union. Hence, the European Union criticised the approach of the United States as the creation of a database with no significant influence on international protection of geographical indications.<sup>158</sup>

#### (c) The Proposal of Hungary

Hungary issued a proposal for a registration system as well.<sup>159</sup> The question could therefore be asked why Hungary made a separate proposal. The answer is quite banal. The chairman of the TRIPs Council at the time the discussion developed was Ambassador István Major of Hungary, whose responsibility was to settle conflicts and therefore provide a resolution for the differences in the area of geographical indications.<sup>160</sup>

The differences of this submission compared to that of the European Union are not significant. It is not as detailed as the European Union proposal, though it lays down the same principles, such as a strict priority right and the same international registration procedure.

The only difference that appears is on the subject of oppositions. After a successful opposition against the registration of a term according to TRIPs Articles 24(4), Article 24(5) or Article 24(6), the term may nevertheless be registered in that country, but the registration must refer to the successful challenge. Accordingly only those members which successfully opposed the registration are entitled to refuse registration of that term in their country.

This proposal is a compromise between those of the European Union and the United States as it does not call for an comprehensive international registration system where every term enjoys the same right in every member country. At the beginning of the negotiations the chance of success for this proposal would have been negligible. However, as it is a reasonable and therefore generally acceptable plan there are still chances to be recognised.

#### (d) Analysis

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<sup>158</sup> WTO News "1999 News Items: TRIPs Council 17 February 1999" <[http://www.wto.org/english/news\\_e/news99\\_e/pu190299.htm](http://www.wto.org/english/news_e/news99_e/pu190299.htm)> (last accessed 14 September 2001).

<sup>159</sup> WTO Council for Trade-Related Aspects of Intellectual Property Rights "Communication from Hungary" WTO Doc IP/C/W/255 <<http://docsonline.wto.org>> (last accessed 23 September 2001).



Regarding the proposal of the European Union some countries doubt whether its interpretation of voluntary meets the standard that is required by TRIPs Article 23(4). It asks for the creation of a registration system of geographical indications for wines "eligible for protection in those [m]embers participating in the system."<sup>161</sup>

The wording of this provision does not clarify its intention. Though, taking the Lisbon Agreement<sup>162</sup> into account which has already established a system for the protection of appellations of origins, it would make no sense if the aim of TRIPs should be narrower than this Agreement.<sup>163</sup> Additionally, the purpose of Article 23(4) is the expansion of protection as it is defined in Article 23, for that reason a halt on the level of protection established by the Lisbon Agreement would not be consistent. Furthermore, TRIPs endeavors to create international law. This international legal system can be joined by interested countries despite their varying national legal system in this area. This is a principle the whole Agreement establishing the World Trade Organisation derives from. The proposed registration system of the European Union would establish a multinational framework protecting geographical indications; the single country would not be urged to change its laws in this area or the existing domestic practice.

The proposal of the United States would establish a simple point of reference for national laws. It would not create an international law in the proper meaning of the word. Having the participation of only a few members would defeat the purpose of these negotiations which aim to increase the protection of individual geographical indications under Article 23. It would be inconsistent with the other obligations of TRIPs which aims at the uniformity and predictability of trade with intellectual property:<sup>164</sup>

Desiring to reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade; [...]

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<sup>160</sup> WTO News "1998 News Items; TRIPs Council 1-2 December 1998; Discussion develops on geographical indication" <[http://www.wto.org/english/news\\_e/news98\\_e/pe\\_e.htm](http://www.wto.org/english/news_e/news98_e/pe_e.htm)> (last accessed 24 September 2001).

<sup>161</sup> TRIPs, above n 4, art 23(4).

<sup>162</sup> Lisbon, above n 22.

<sup>163</sup> See Daniel Gervais *The TRIPs Agreement: Drafting History and Analysis* (Sweet & Maxwell, London, 1998) 131.

<sup>164</sup> TRIPs, above n 4, preamble.



It does not fit into these high purposes that beside the adjustment of trade mark law, patent law, and copyright law the protection of an area similar to trade mark law should be treated in another, gentle, way, establishing a weak system which is in addition restricted to two only two product groups. Hence, the interpretation of the European Union seems to be more consistent with the international legal framework it is part of and therefore a logical deduction of it.

But the proposal of the European Union contains a provision that would be against basic principles of TRIPs. Only those member countries need not protect a term that was applied for registration which had successfully opposed the registration.<sup>165</sup> First, if the application can be only opposed by reasons which are taken from the TRIPs agreement, then the success of this opposition means that the geographical indication can not be protected by TRIPs. And second, if only the opposing members need not protect the geographical indication, a violation of the most-favoured-nation principle seems to occur. This dilemma also appears in the Hungarian proposal. A possible solution would be that a geographical indication should not be registered at all if it is successfully opposed.<sup>166</sup>

## 2 *Updating TRIPs: Enhancing the scope*

Next to the establishment of a registration system for wines, discussions began concerning the scope of the system. TRIPs only covers a system that protects geographical indications for wines,<sup>167</sup> it does not authorise further efforts to extend this system to other products. Nonetheless, the European Union desires to launch discussions to enhance the coverage of protection to more products as soon as the registration system for wines is working.<sup>168</sup> But the European Union is not the WTO member that is in favour of a broader extension. Their proposal has been supported by such diverse countries as Iceland, Czech Republic, Morocco, India, Venezuela, Cuba, Turkey, and Nigeria.<sup>169</sup>

India may be used as an example for the various interests which are behind the request for a more extensive protection of geographical indications. In the case of

<sup>165</sup> EU Proposal, above n 153, V(3).

<sup>166</sup> Stacy D Goldberg "Who Will Raise the White Flag? The Battle between the United States and the European Union over the Protection of Geographical Indications" (2001) 22 U Pa J Int'l Econ L 107, 130.

<sup>167</sup> TRIPs, above n 4, art 23(4).

<sup>168</sup> EU Proposal, above n 153.



India the initial incident was the Neem Tree case.<sup>170</sup> This tree is native to India and used by Indian people for various medicinal purposes. A compound of the bark can be used to clean teeth, while the leaves and seeds have anti-fungal, antiseptic, and anti-viral characteristics and can also be used as natural pesticides. Azadirachtin, a chemical extracted from the seeds, was identified as an active pesticidal substance. When the agricultural chemical company W.R. Grace, Boca Raton, Florida, stabilised azadirachtin in water and patented both the stabilization process and the stabilized form of azadirachtin with the United States Patent Office, a coalition of 200 different organisations and 35 states petitioned the United States Patent Office to invalidate the patent, calling it an act of “intellectual and biological piracy”, since W.R. Grace would not have known of the tree’s scientific uses without the knowledge of the Indian people. Now India has no right to use the plant for developing medicinal or curative purposes.

Alerted by this incident, India decided to support any efforts to protect knowledge which is connected with geography, such as tea, spices, or handcrafts.

However, at the same Council meeting, several countries disagreed with the European position. The United States, Japan, Australia, Republic of Korea, Canada, Chile, and Hong Kong criticised the attempt as being against the purpose of TRIPs which only obliges negotiations for a registration system for wines and does not mention the protection of other products beside spirits in Article 22.<sup>171</sup>

Meanwhile, the discussion has increased. At a TRIPs Council meeting in March 2000 a bigger number of countries<sup>172</sup> pledged for an extension of the protection for geographical indications to other products as well.<sup>173</sup> They believe that a discussion about the scope of protection is within the meaning of TRIPs as Article 24(2) entitles the TRIPs Council to review the application of the provisions and this may lead to an

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<sup>169</sup> WTO News “1998 News Items; TRIPs Council 1-2 December 1998; Discussion develops on geographical indication” <[http://www.wto.org/english/news\\_e/news98\\_e/pe\\_e.htm](http://www.wto.org/english/news_e/news98_e/pe_e.htm)> (last accessed 24 September 2001).

<sup>170</sup> Muria Kruger “Harmonizing TRIPs and the CBD: A Proposal from India” (2001) 10 *Minn J Global Trade* 169, 173.

<sup>171</sup> WTO News “1998 News Items; TRIPs Council 1-2 December 1998; Discussion develops on geographical indication” <[http://www.wto.org/english/news\\_e/news98\\_e/pe\\_e.htm](http://www.wto.org/english/news_e/news98_e/pe_e.htm)> (last accessed 24 September 2001).

<sup>172</sup> European Union, Switzerland, Iceland, Turkey, the Czech Republic, Poland, Liechtenstein, Latvia, Estonia, Slovenia, Bulgaria, India, Pakistan, Mauritius, Kenya, Sri Lanka, Egypt, Cuba, Dominican Republic, Honduras, Indonesia, and Nicaragua.

<sup>173</sup> WTO News “2000 News Items; Intellectual property Council debates call to expand geographical indications protection” <[http://www.wto.org/english/news\\_e/news00\\_e/trips\\_e.htm](http://www.wto.org/english/news_e/news00_e/trips_e.htm)> (last accessed 24 September 2001).



increase of protection.<sup>174</sup> Further, Article 24(1) imposes on the WTO members to negotiate to increase the protection for geographical indications under Article 23. This can be understood in the way that not only the protection for the objects of protection should be increased, but also the range of this protection should be a matter of debates. Therefore, the negotiations should also deal with both issues.

The opponents<sup>175</sup> of this theory argue for a narrower topic of negotiations since a solution for the registration system of Article 23(4) are difficult enough. Therefore this step should be made before the other.<sup>176</sup> New Zealand, for example, states that at this point of the negotiations an extension of the scope of goods which should be covered by the registration system would be premature,<sup>177</sup> while Australia suggests to separate the two matters to avoid confusion and to smooth the progress of the negotiations.<sup>178</sup>

It is remarkable that a number of developing countries support the initiative of the European countries and that this number has increased over the years. This is all the more notable as the WTO generally is understood as an instrument of the developed countries to increase their wealth at the expense of the less developed countries.<sup>179</sup> Discussions do not only deal with the "classical" trade issues such as anti-dumping or trade-barriers but more often with intellectual property matters. Recently, questions were raised about plant and animal inventions<sup>180</sup> as well as the access to medicines.<sup>181</sup> These are examples where developing countries feared the protection of inventions of developed countries since a strict protection would mean a more expensive access to advantages which would significantly accelerate the developing process. Just a few months ago the United States dropped a dispute settlement case

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<sup>174</sup> WTO General Council "Preparations for the 1999 Ministerial Conference; Agreement on TRIPs; Extension of the Additional Protection for Geographical Indications to other Products; Communication from the Czech Republic" (14 June 1999) WTO Doc WT/GC/W/206 <<http://docsonline.wto.org>> (last accessed 24 September 2001).

<sup>175</sup> United States, Canada, Australia, New Zealand, Mexico, Brazil, Argentina, and Hong Kong China.

<sup>176</sup> WTO News "2000 News Items; Intellectual property Council debates call to expand geographical indications protection" <[http://www.wto.org/english/news\\_e/news00\\_e/trips\\_e.htm](http://www.wto.org/english/news_e/news00_e/trips_e.htm)> (last accessed 24 September 2001).

<sup>177</sup> WTO Council for Trade-Related Aspects of Intellectual Property Rights "Communication from New Zealand" (18 September 2000) WTO Doc IP/C/W/205 <<http://docsonline.wto.org>> (last accessed 24 September 2001).

<sup>178</sup> US Proposal, above n 158.

<sup>179</sup> See Victoria Tauli-Corpuz "TRIPs and its potential impacts on Indigenous People" <<http://www.wcc-coe.org/wcc/what/jpc/trips2.html>> (last accessed 25 September 2001).

<sup>180</sup> WTO News "2000 News Items; Intellectual property Council debates call to expand geographical indications protection" <[http://www.wto.org/english/news\\_e/news00\\_e/trips\\_e.htm](http://www.wto.org/english/news_e/news00_e/trips_e.htm)> (last accessed 24 September 2001).

<sup>181</sup> WTO News "2001 News Items" <[http://www.wto.org/english/news\\_e/news01\\_e/news01\\_e.htm](http://www.wto.org/english/news_e/news01_e/news01_e.htm)> (last accessed 26 September 2001).



against Brasil regarding the non-protection of United States HIV/AIDS medication patents.<sup>182</sup>

But despite these concerns many developing countries have discovered the chances TRIPs offers them. Especially the topic of geographical indications is a field that fits for the purposes of less-developed countries. Usually these nations lack industries whose inventions require intellectual property protection in forms of patents, trade marks or copyrights. Their treasures generally are traditional methods, recipes or craftsmanship in terms of cultural heritage. The easiest and most effective way to protect those traditions is by a system of geographical indications.

The current scope of protection is adjusted to the necessities of developed countries, especially thanks to the influence and long-lasting efforts of the European states. A broader protection for geographical indications would therefore contribute to a balanced protection of intellectual property rights.

A look at the potential cost of a strong expansion is necessary to examine the last point of criticism which is brought to the forefront by the opponents of TRIPs-plus. On 29 June 2001, Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay and the United States sent a communication to the TRIPs Council to underline the potential costs and implication of an extension of the protection of geographical indications.<sup>183</sup>

They state as regards the costs of implementing:<sup>184</sup>

Implementing and administering new laws would involve considerable costs in terms of both money and other resources for most governments, and may impact proportionately more on developing countries.

It is without doubt fact that changing the status quo always causes expenses, both energy and money. But expenses are in most cases not only a matter of spending but also – in reverse – of receiving. It is astonishing that the opposing countries have started to care about the potential costs for developing countries when it is apparent

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<sup>182</sup> United States Department of State “US, Brazil Withdraw HIV/AIDS Dispute from WTO Litigation” (25 June 2001) <<http://usinfo.state.gov/topical/econ/group8/summit01/www01062512.html>> (last accessed 26 September 2001).

<sup>183</sup> WTO Council for Trade-Related Aspects of Intellectual Property Rights “Communication from Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay and the United States” (29 June 2001) WTO Doc IP/C/W/289 <<http://docsonline.wto.org>> (last accessed 25 September 2001) (US Communication).

<sup>184</sup> US Communication, above n 184, Annex 16.



that these countries will receive direct benefits from the implementation process, the protection of their heritage. This is a matter that was not raised during the negotiations about a strict worldwide protection for trade marks and the expenditures of its implementation .

The Communication mentions a further potential source of costs:<sup>185</sup>

A corollary to this is the cost of the consumer confusion caused by the disappearance of terms customarily used to identify products. This will increase search and transaction costs for consumers, at least in the short to medium term, and potentially prices as well.

A confused consumer could buy another product than intended just because he or she was not able to find the desired article. Therefore, the prevention of consumer confusion is one of the most important aims of manufacturers and as a consequence of politics.

The possibility of consumer confusion is given if product names have to be changed due to a multilateral treaty. There are two arguments against this concern. First, an implementation process usually takes a couple of years so that both consumers and producers have the possibility to get used to new names. Producers normally change the name of a product step-by-step to guarantee an efficient transition. And second, a unification of product names within the WTO will prevent future consumer confusion since a famous local-named product can not be imitated as far as its term is concerned. The possibility of future dilution will decrease.

### *3 Possible outcome*

International treaties cannot be measured in short or medium terms as their negotiation processes usually are lengthy. At this point of the negotiations it is not yet foreseeable if and how TRIPs will be updated. The above analysis of the relating TRIPs provisions showed that the arguments for a broader protection of geographical indications are convincing; TRIPs seems to authorise further negotiations on the scope of their protection, their position within TRIPs and the legal logic in terms of a harmonising equal protection for all kinds of intellectual property support this aim as well. But the outcome will probably be a matter of political power and influence rather than of the better legal arguments.



#### IV MEANING FOR NEW ZEALAND

New Zealand is a useful example to show the impact of certain provisions within an international trade treaty. This is not only due to the special economic situation of this country, which mainly relies upon agricultural exports, but the controversy which exists in New Zealand regarding the "right" way to protect geographical indications.

##### A *Economic Situation*

From 1984 on, New Zealand's economy has been transformed from an agrarian society to an industrialised society by a number of structural economic reforms.

The last 16 years the various governments have removed all domestic and export subsidies and promoted economic and governmental efficiency. Today, New Zealand is one of the most open economies in the world with one of the lowest inflations of the industrialised countries and an annual growth of the manufacturing industry of 7.3 percent in the last 10 years.

The economic challenges New Zealand has to face in the future are related to the large current account deficit, the need to sustain the recent improvement in productivity growth, and its aging population.

Despite its efforts to reduce the dependance on the agricultural sector, New Zealand's exports in 2000 were dominated by agricultural products (52.22%), with an expected 53.34% in 2001.<sup>186</sup>

The agricultural sector that is of interest for this analysis is the wine industry. Commercial development of wine started in the sixties, though few wineries had successfully been producing wine before this time. Wine production was heavily protected as was most of the industry at that time as well.

At the end of the 1970s, government focussed on this sector after deciding that the domestic industry needed support to earn foreign exchange itself and to save foreign exchange by import substitution. The government introduced several tariffs, tariff quotas and a tariff threshold to make the import of cheap wine too expensive. Most of the produced wines were cheap since New Zealanders were not experienced wine drinkers at that time.

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<sup>185</sup> US Communication, above n 184, Annex 25.

<sup>186</sup> Ministry of Foreign Affairs and Trade "New Zealand External Trade Statistics June Years Ending 2001" <<http://www.mft.govt.nz/foreign/tead/tradestats2.html>> (last accessed 27 September 2001).



In the 1980s domestic producers started to expand and made some attempts to produce wines of medium and higher quality for export. In the last ten years New Zealand has developed a high reputation for producing wine, particularly sauvignon blancs.

In 1993, the award for the "World's Best Sauvignon" wine went to Jackson Estate, a small New Zealand vineyard with just four employees. It was an achievement both for the company and for the New Zealand wine industry. The largest export market for wine is Great Britain which takes a quantity of two thirds. New Zealand wines achieve an average value of GBP5.14 a bottle in Britain compared with the nearest competitor's value of GBP4.64 a bottle. In 2000, the annual production of wine was about 60.1 million litres, 40 million litres were consumed domestically. The 20 million exported litres had a value of NZ\$169 million.<sup>187</sup>

### **B Importance of Geographical Indications**

Generally, geographical indications are associated with agricultural products. New Zealand has tried to establish certain products such as wine and cheese on the world market, some of them having attributes which derive from their geographical production conditions. As a result, New Zealand geographic indications have become of commercial value to domestic producers.

New Zealand has carefully monitored the efforts of the European countries to extend the scope of protection for geographical indications and is unconvinced about the ratio of opportunities to risks for the local producers. In particular, stronger protection for traditional production terms is opposed as they are believed as being "generic", such as terms "Vintage" or "Reserve" for wines. The difficulty that occurs is that New Zealand's rejection of the European protection system and standards is potentially detrimental to New Zealand's export interests in the European Union.

Therefore, the key concern will be: "[T]o identify whether there are any areas in which our export interests could benefit and to ascertain the extent of potentially significant adverse impacts on key export industries."<sup>188</sup>

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<sup>187</sup> New Zealand Wine and Grape Industry "History and Statistics" <<http://www.nzwine.com/statistics/>> (last accessed 19 September 2001).

<sup>188</sup> Ministry of Foreign Affairs and Trade "New Zealand and the WTO" <<http://www.mft.govt.nz/foreign/wto.html>>.



It will be difficult for a country of this size and economical power to reach this goal.

### *C Status of Implementation*

The New Zealand parliament passed the Act in 1994 but it is still not enacted. The main problems occurred in establishing the registration system since New Zealand has to face the different interests of its local producers and its international trading partners.

#### *1 Geographical Indications Act 1994*

The act establishes a registration system of geographical indications used in relation to the marketing of goods which are protected in New Zealand. Regulations will create a system for registering geographical indications outside New Zealand. Specified goods will be subject to the Act. Although wine is, at this stage, the only good likely to be specified, registration is expected to extend to other goods.

Thus, it provides a more complex system than most of the European countries have up until now.

It defines a geographical indication as a description or presentation used to indicate the geographical origin of the goods, while geographical origin is then defined as a country, region, locality or linear feature such as a road, river or other similar feature.<sup>189</sup>

Once a geographical indication is registered, a person cannot label or give the impression that specified goods have been produced within that location if they have been produced elsewhere. Even translating a geographical indication into another language is deemed misleading. To do so is an offence against the Fair Trading Act 1986, which, generally, prohibits misleading or deceiving conduct in trade, and can be penalised with a fine of up to \$30,000 for an individual or up to \$100,000 for a body corporate.<sup>190</sup> It is no defence that the true geographical origin of the goods was referred to as well as the protected geographical indication, or that the protected

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<sup>189</sup> Geographical Indications Act 1994 <<http://www.brookers.co.nz/libraries/>> (last accessed 20 September 2001) s 2(1).

<sup>190</sup> Geographical Indications Act 1994, above n 191, s 4(1).



indication was accompanied by the words kind, type, style, imitation or any similar word or expression.<sup>191</sup>

Anyone may apply to the Surveyor-General to register a geographical indication.<sup>192</sup> A Geographic Indications Committee will then decide whether it should be registered.<sup>193</sup> So far, there are no published guidelines for the decision-making process. If the applicant is not satisfied with the decision, a review is possible.<sup>194</sup>

The Act will have two significant effects on New Zealand. First, it will prevent the use of foreign geographical indications, in particular from the European countries, in New Zealand; and second, it will allow successful New Zealand wine growers to gain legal recognition of their particular vineyard and so get the possibility of a nearly world-wide protection of their label.

## 2 *Legislational Background*

The legislation of the Geographical Indications Act 1994, which the New Zealand's parliament passed to fulfil its obligations of the TRIPs Agreement, took some time to develop once it had been decided to make it more comprehensive.<sup>195</sup> This decision was mainly influenced by pressure of the European Union.<sup>196</sup>

The European Union recognised very early that the compromise in TRIPs would take some time to implement in all member countries of the WTO and that the provisions regarding geographical indications allow space for interpretation.

This motivated the European Union to make bilateral agreements with those countries it has been especially interested, so they comply with the European approach.

To obtain this objective in New Zealand seemed to be easy due to its economic dependence. The European Union is New Zealand's second largest economic partner after Australia, taking approximately 18 percent of all exports, worth nearly \$4 billion. It is also the largest market for some key New Zealand exports, such as butter, lamb, kiwifruit, apples, wine, and venison. Returns in the western European

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<sup>191</sup> Geographical Indications Act 1994, above n 191, s 4(2).

<sup>192</sup> Geographical Indications Act 1994, above n 191, s 13.

<sup>193</sup> Geographical Indications Act 1994, above n 191, s 14.

<sup>194</sup> Geographical Indications Act 1994, above n 191, s 18.

<sup>195</sup> Kenneth B Poplewell "The TRIPs Agreement: Implementation and Enforcement" <<http://www.jpo.go.jp/saikine/nz.htm>> (last accessed 14 September 2001).

<sup>196</sup> Robert J Lonergan "Legal Developments in the New Zealand Wine Industry" (1996) 8 World Rep 1 <<http://www.hg.org/1410.html>> (last accessed 20 September 2001).



market for exporters are typically high, reflecting in many cases the high cost structures and managed trade regimes which are in place. The EU also currently provides almost 20 percent of New Zealand's total foreign direct investment.<sup>197</sup>

The European Union tried several times to influence the legislation process. For example, it proposed to enter an agreement about the protection of wine-related terms. It had already concluded a similar agreement with Australia in 1994.<sup>198</sup> Under this agreement, New Zealand would recognise European indications such as Chablis, Champagne, and Burgundy while the European Union would protect names such as Gisborne and Marlborough. One recent matter of debate involves the use of sherry and port in New Zealand. The European Union wants New Zealand to enact legislation to prevent the continued use of such names, which the Geographical Indications Act 1994 would provide for, while New Zealand believes that the current procedure that leaves enforcement to wine producers is sufficient.

The last major attempt of the European Union to influence the enactment process was in 1999 when New Zealand and The European Union signed a "Joined Declaration" describing the common political and economical aims for the future.<sup>199</sup> This mainly reiterated the purpose of TRIPs and contained no guidelines as to how protection of geographical indications should be exercised. It simply states that the parties of this agreement: "stress their attachment to the protection of intellectual property, including geographical indications, in accordance with the provisions of the WTO TRIPs Agreement."<sup>200</sup>

In 2001, the United States promoted its understanding of geographical indication protection when it concluded the Mutual Acceptance Agreement on Oenological Practices with Canada, Australia and New Zealand.<sup>201</sup> It provides that if a wine meets the local criteria for determining whether this wine may be sold on the domestic market, it will also be acceptable for domestic sale in all the other parties. Although there are various permitted winemaking methods in the member countries, it will no longer be possible to use such differences to keep a foreign wine out of the domestic

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<sup>197</sup> European Commission "Bilateral Trade Relations with New Zealand" <<http://europa.eu.int/comm/trade/bilateral/nwz.htm>> (last accessed 14 September 2001).

<sup>198</sup> Wine Agreement, above n 111.

<sup>199</sup> Signature of the Joined Declaration on Relations Between the European Union and New Zealand (4 May 1999) <<http://www.ecdel.org.au/en/nz/jointdeclarationnz.htm>> (last accessed 16 September 2001).

<sup>200</sup> Signature of the Joined Declaration on Relations Between the European Union and New Zealand, above n 200, 3 A.



market. The agreed practices are in contrast to the those in Europe, where every single oenological practice has to be approved. By signing this agreement New Zealand moved closer to the United States' approach of protecting geographical indications by trade mark law.

The negotiations for this treaty initiated the New Zealand government to review the Geographical Indications Act 1994 which was welcomed by the local wine industry.<sup>202</sup>

#### **D Future Developments**

It is not foreseeable which direction New Zealand will choose in protecting geographical indications. This is largely a political question and will primarily be influenced by economic considerations; for example which market is going to have the highest export chances for wines.

The New Zealand government could be forced to make a decision on this topic, in the upcoming WTO Ministerial Meeting in Doha, Qatar, on the 9-13 November 2001.

Until today,<sup>203</sup> the government has not announced its position in the negotiation process. The recently published Draft Ministerial Declaration states with regard to geographical indications that the registration system for wines and spirits should be completed and that negotiations about the extension "of the protection of geographical indications provided for in Article 23 to additional product areas" should be initiated.<sup>204</sup> The wording of this clauses seem to imply the European stance as it takes it for granted that Article 23 provides for negotiations increasing the scope of protection onto other products.

The provisional wording of the draft does not mean that the outcome or the tendency of the final paper are secure. The fact that decisions in the WTO usually have to be made unanimously leads to the expectation that the final compromise

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<sup>201</sup> Mutual Acceptance Agreement on Oenological Practices (Initialled on an *ad referendum* basis in Adelaide on 8 April 2001; signing expected in Toronto in September 2001) <<http://www.mft.govt.nz/help/file/nzwineaccess.html>> (last accessed 21 September 2001).

<sup>202</sup> The Wine Institute of New Zealand "Wine Industry Welcomes Review of Legislation" (3 Mar 2000) <<http://www.nzwine.com/media/>> (last accessed 21 September 2001).

<sup>203</sup> That is 29 September 2001.

<sup>204</sup> WTO General Council "Preperations for the Fourth Session of the Ministerial Conference; Draft Ministerial Declaration" <<http://www.mft.govt.nz/foreign/tndtead/wto/4thsession.html>> (last accessed 3 October 2001).



will not be a great step. And the opinion of New Zealand on this step will have no standing.

## V CONCLUSION

The development of the international protection of geographical indications will remain an area of interest in coming years.

The approach of nation states to this area of intellectual property has been diverse, largely due to their individual historical circumstances. The lack of consistency in these approaches has meant reaching some form of consensus has been difficult.

The legal circumstances of the relevant TRIPs provisions seem to support not only the establishment of a strict registration system for wine and spirits but also negotiations aiming on the enclosure of further products in this system. It is of general interest, particularly for developing countries, that the protection of geographical indications achieves a level of legal consistency comparable to other intellectual property rights covered by TRIPs.

Nevertheless, it appears that the decision making routine of the WTO will hinder the implementation of these aims and negotiations will be more a bilateral matter rather than a multilateral matter on WTO level.

The fourth Ministerial Conference in Qatar, due to commence in 9-13 November 2001 will be a test of how well this body can deal with such a difficult matter and whether it is rightly equipped to handle issues of international trade that will likely emerge in the future.



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