

# WORLD TRADE ORGANIZATION

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**Council for Trade-Related Aspects  
of Intellectual Property Rights**

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**COMMUNICATION FROM BANGLADESH, BULGARIA, CUBA, THE CZECH  
REPUBLIC, GEORGIA, HUNGARY, ICELAND, INDIA, JAMAICA,  
KENYA, THE KYRGYZ REPUBLIC, LIECHTENSTEIN,  
MOLDOVA, NIGERIA, PAKISTAN, SLOVENIA,  
SRI LANKA, SWITZERLAND AND TURKEY**

Revision

By means of a communication, dated 14 September 2001, the following text has been received from the Permanent Mission of Switzerland with the request that it be circulated as an unrestricted Council document. Since then, Bangladesh and Jamaica have requested that their delegations also be reflected as co-sponsors.

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**WORK ON ISSUES RELEVANT TO THE PROTECTION OF  
GEOGRAPHICAL INDICATIONS**

**EXTENSION OF THE PROTECTION OF GEOGRAPHICAL INDICATIONS FOR WINES  
AND SPIRITS TO GEOGRAPHICAL INDICATIONS FOR OTHER PRODUCTS**

**I. INTRODUCTION**

1. In their communication which was circulated in document IP/C/W/289, Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay and the United States present their views on the extension of the protection of geographical indications for wines and spirits to geographical indications for other products. They point out potential consequences which they fear could result from such an extension.

2. Document IP/C/W/289 raises three concerns in particular to which the communication in question would like to respond. These are:

- potential costs to Members resulting from extending the protection of geographical indications for wines and spirits to other products;
- potential effects on consumers; and
- potential effects on trade.

3. The purpose of the present communication is to show that the concerns contained in document IP/C/W/289 are unfounded and that the arguments put forward against extension are not valid. It is important to demonstrate and reiterate that such an extension of protection would benefit all Members, trade and consumers.

## II. POTENTIAL COSTS OF EXTENDING PROTECTION

4. The Members co-sponsoring the communication circulated as document IP/C/W/289 consider that extending the protection of geographical indications for wines and spirits to geographical indications for other products would necessitate the introduction of new administrative mechanisms, entailing costs for those Members that do not already provide for additional protection for products other than wines and spirits. The argument is put forward that this financial and administrative burden would outweigh the benefit of more effective protection of geographical indications for other products on an equal footing with those for wines and spirits.

5. It is difficult to follow this line of reasoning. In accordance with Article 23 of the TRIPS Agreement, Members (least-developed country Members excepted in accordance with Article 66.1 of the TRIPS Agreement), whether producers of wines and spirits or not, are already required to grant additional protection to geographical indications for wines and spirits as well as protection for geographical indications for other products in accordance with Article 22. Extension therefore does not imply the setting up of any new mechanism or scheme of protection, but would merely extend the level of protection required by Article 23 of the TRIPS Agreement for geographical indications for wines and spirits to geographical indications for other products. Thus, as for other intellectual property rights such as patents, trademarks or copyright, the TRIPS Agreement would provide for a more coherent and transparent solution for the protection of geographical indications.

6. According to Article 1.1 of the TRIPS Agreement, Members are free to determine the appropriate method of implementing the TRIPS obligation within their own legal system and practice. Therefore, the protection system or mechanism chosen by Members to implement Article 23 of the TRIPS Agreement in respect of geographical indications for wines and spirits could also be used to grant the protection of Article 23 of the TRIPS Agreement to geographical indications for other products. Some Members may have chosen to establish a national register for geographical indications in order to grant protection in accordance with Article 23. While this can prove to be an effective option for implementing obligations under Article 23 and facilitate protection, it is by no means the only one or a prerequisite.

7. Document IP/C/W/289 itself confirms on page 4, paragraph 5, that "*Members' governments are not themselves directly obliged under Article 23 to enforce protection for geographical indications, but simply to ensure that the legal means to do so are available. Therefore, even under Article 23 producers wishing to enforce protection of a certain geographical indication would do so via recourse to the available legal and/or administrative mechanisms...*".

8. In this context, it is worth recalling the essential difference between the protection provided by Article 22 and that required by Article 23. Unlike Article 22, Article 23 does not require evidence of the public being misled or the presence of an act of unfair competition in order to prevent the use of a geographical indication in respect of a product from a place other than the indicated region. Further, the use of accompanying expressions such as "style", "type", "kind", "imitation" or the like are prohibited, and protection is also provided when the indication is used in translated form.

9. Extending this protection would therefore not involve the creation of a new protection mechanism, but would simply mean that a geographical indication could only be used for products actually originating from the place indicated by the geographical indication. It would mean that the appreciation of whether or not the use of a geographical indication was lawful would no longer have to be based on the additional conditions of misleading the public or the presence of an act of unfair

competition. The question would be decided on the basis of objective, foreseeable criteria (namely the correct or incorrect use of a geographical indication, i.e. whether the product does actually originate from the place as indicated by the geographical indication used on that product) for geographical indications of all products alike.

10. To rely on the consumer (referred to as "the public" in the Agreement) in order to determine whether or not the use of a geographical indication is misleading or constitutes an act of unfair competition and making protection dependent on this is not adequate and effective protection of an intellectual property right. To take public opinion as the decisive criterion in granting protection results in unpredictable and uncertain protection, dependent on time and place. Such protection can lead to arbitrary decisions. This uncertainty and lack of transparency can be removed by extending the protection offered by Article 23 for geographical indications for wines and spirits to geographical indications for other products.

11. When looking at the cost issue, it is important to emphasize that if protection were to be extended, those entitled to prosecute the misuse of a geographical indication would no longer have to establish time-consuming and costly legal proof that by the use of the geographical indications the public is actually misled as to the true origin of the good or that such use constitutes an act of unfair competition. As with geographical indications for wines and spirits today, the authorities would simply have to examine whether the product actually originates from the place indicated by the geographical indication. This would clearly facilitate the procedures of enforcing the protection of geographical indications and result in a reduction of the workload of judicial and administrative authorities as well as cost advantages for the enforcement of geographical indications against misuse in general. This would more than offset any costs that might be incurred by extension.

### **III. POTENTIAL IMPLICATIONS OF EXTENSION FOR CONSUMERS**

12. Document IP/C/W/289 raises the concern that extension could imply search and transaction costs resulting from consumer confusion caused by the need to re-name and re-label products as well as by the disappearance of terms customarily used to identify products.

13. This reasoning is flawed. Geographical indications serve to 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 indication. Thus, geographical indications are to help consumers identify the true origin of a product they want to purchase and to prevent situations where consumers are misled as to the true geographical origin or the characteristics of the product.

14. By extending the additional protection of Article 23.1 of the TRIPS Agreement to include geographical indications for products other than wines and spirits and by prohibiting the false use of geographical indications in translations or accompanied by expressions such as "kind", "type", "style", "imitation" and the like, consumers are enabled to clearly and quickly determine whether the product they want to purchase does in fact originate from the territory referred to by the geographical indication as well as whether that product will actually have the qualities, reputation and other characteristics that are essentially attributable to its geographical origin. Consumers will no longer be influenced in their choice by the use of geographical indications in combination with a de-localising indication for products which try to free-ride upon the reputation of a geographical indication and the efforts and achievements of those to whom the geographical indication owes its reputation. Consumers are entitled to a real choice based on correct, distinctive indications. The use of indications such as "Carolina rice, made in India" should be just as illegitimate as "Napa Valley wine, produced in Bulgaria". With the extension of the protection of Article 23.1 to include geographical indications for products other than wines and spirits, such use of correctives would no longer be allowed and this would help prevent consumer confusion.

15. The concern expressed in document IP/C/W/289 that extension could lead to the need to re-label products and even result in the disappearance of terms customarily used to identify products, thereby confusing consumers, is not substantiated. The exceptions provided for in Article 24 of the TRIPS Agreement mean that indications which have been used in good faith and in a customary manner over some time and for specific products will not have to be abandoned. If protection were extended, markets would not be closed to such products and they would not need to be re-labelled.

16. These exceptions are proof that the TRIPS Agreement provides for flexibility, takes into account the interests of the various parties with an interest in the protection of geographical indications, and offers balanced solutions for extending protection.

17. Apart from the cases falling under the exceptions referred to in Article 24, it seems only legitimate to stop the continued use of geographical indications that do not reflect the true origin of a product. This would stop producers from free-riding on the reputation of others and protect geographical indications from the risk of becoming generic terms. It is difficult to understand any other line of argument, and questionable whether it would be advocated by the opponents of extension in relation to other sections of the TRIPS Agreement and areas of intellectual property rights.

18. One of the key reasons for advocating extension is a desire to prevent more geographical indications from becoming generic through their use in translated form or by the use of a corrective or de-localising indication for products which are not from the place of origin mentioned by the geographical indication used or do not possess the particularities and quality characteristics owed to that origin. In document IP/C/W/289 it is maintained that such use and the fair imitation of a product often enhances the intrinsic value of a geographical indication or the genuine product. This reasoning is rejected. Again, such a line of argument seems to lead to dangerous waters when applied to other fields of intellectual property rights. There is no valid argument why it should be different for geographical indications. The example of "feta" cheese cited in document IP/C/W/289 may serve as an example of the potential danger of a famous geographical indication becoming a generic if it is widely used with a de-localising indication.

#### **IV. POTENTIAL EFFECTS OF EXTENSION ON TRADE**

19. Document IP/C/W/289 points out that extension and the more effective protection of geographical indications resulting from it might have negative implications on trade. The argument set forth runs that certain industries, in particular those where the use of geographical indications is particularly relevant, such as dairy and food processing industries, could find access to lucrative trade opportunities in new and emerging markets closed to their products, or would incur costs due to the need to re-name or re-label their products.

20. As already pointed out, Article 24 of the TRIPS Agreement provides for exceptions to the protection of geographical indications which take due account of the need to balance the interests of the various parties that have an interest in the protection of geographical indications. However, the use of a geographical indication for products not from the place of origin indicated and not qualifying for one of the exceptions in Article 24 should be prevented. Otherwise, free-riding is encouraged.

21. Geographical indications are a form of intellectual property like patents, trademarks or copyright and the prevention of their misuse is legitimate. It is the '*raison d'être*' of the intellectual property rights system to protect such property effectively and to prevent free-riding, usurpation or misuse.

22. Equally, the reproach that the protection of geographical indications would restrict trade could be applied to other intellectual property rights as well. The question is simply what kind of trade is being referred to, and is it not legitimate to restrict trade which free-rides on the efforts and success worked for by others?

23. Quality products or products with distinctive, sought-after characteristics will always make a name for themselves and be a success on the market. But their reputation should be based on the intrinsic qualities they derive from their proper geographical origin and not free-ride on the achievements of others.

24. The concern that geographical indications could be used as a protectionist instrument to restrict trade, whether in agriculture or any other area, is unfounded. The provisions of the WTO Agreement are there to prevent this happening. If the protection of geographical indications for wines and spirits is extended to other products, goods will continue to circulate freely, ensuring to both producers and consumers that the geographical indication on a product does indeed correspond to the place of origin of the product.

## V. CONCLUSION

25. It is the purpose of the present paper to respond to the main concerns and issues raised in document IP/C/W/289 in respect of extension:

- The cost of extension, if any, would be more than offset by the benefits of more effective protection of geographical indications in world trade.
- Extension does not require the establishment of a new legal or administrative protection regime such as a register, but merely an extension of the scope of the protection Members already have to provide under Article 23 of the TRIPS Agreement for geographical indications for wines and spirits to those for other products. The cost factor is therefore not a valid argument against extension.
- Extension facilitates the protection and enforcement of geographical indications, since the misleading test and/or the proof of a case of unfair competition would no longer have to be established. A simple examination as to whether the product actually originates from the place indicated by the geographical indication used with that product would suffice, just as for wines and spirits. Extension therefore brings cost savings for judicial and administrative authorities as well as for those entitled to the use of a geographical indication and interested in the enforcement of their right against misuse.
- The purpose of extension is not to benefit those Members with a large number of geographical indications at the expense of those with few. The aim is to achieve a level playing field in the TRIPS Agreement for all geographical indications, enabling all Members and their products to benefit from the additional, more effective protection.
- Extension would prevent further geographical indications from becoming generic through misuse of such indications in translations or with de-localisators. Considering the exceptions from protection as contained in Article 24, extension is of particular interest and benefit to those Members who start to make use of and intend to develop their geographical indications as a marketing tool for their products in the future.
- The reasons why the protection currently provided for geographical indications for products other than wines and spirits is insufficient, why additional protection provides more effective protection and what benefits Members would gain from extension are addressed in detail in document IP/C/W/247/Rev.1.

26. In conclusion, it is recalled that extending the protection of geographical indications for wines and spirits to include geographical indications for other products would benefit all Members. It is of particular importance for Members in view of increasingly intense international trade. Efforts put into the reputation of a geographical indication and its intrinsic qualities deserve to be effectively protected. This can offer Members and their products new opportunities in a competitive global market, other than just the benefit of economies of scale. The more free trade is, the more important the protection of geographical indications becomes.

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