

Protection of Geographical Indications: Legal Conflicts between Trademark Law and *Sui Generis* System

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Abstract

The primary objective of this paper is to address the major conflicts between the Trademark law and Sui Generis System, which are creating obstacles towards effectively protecting Geographical Indication (GI) around the globe. Some of the major conflicts along with relevant other issues have been discussed here as literature review. Alongside, for deeply analysing the objective, this paper discusses possible efficient approaches towards protecting GI globally which would help find an effective international route for protecting GI. Subsequent issues regarding harmonization in different legal systems and effectiveness of international route of protecting GI highlighting the significance for the uniform approach have also been discussed. Finally, this paper seeks to conclude with a set of recommendations for resolving the conflicts through the uniform approach of protecting GI to find a new pathway for the development of a country.

Keywords: Geographical Indications, Trans Pacific Partnership Agreement (TPPA), WIPO, Intellectual Property

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INTRODUCTION

Winston Churchill, an inspirational writer, orator and the then British Prime Minister once said, “Champagne should be dry, cold, and free”. If you ask the question: where shall it come from? The answer will lead you to an intellectual property related issue, which deals with the concept of Geographical Indication (GI). A GI is a distinguished sign used to express the origin of the product where certain characteristics are necessarily attributable to that origin. There is a wide variety of legal mechanism available for the protection of GI around the world of which the two most commonly used legal systems among different countries are Trademark Law and *Sui Generis* System. Researches show that there exist synergies and conflicts between them.

LITERATURE REVIEW

Different studies, research reports and critical analyses can be found in connection with the present paper. Considering the scopes and limitations, some papers relevant to the present study have been selected for the purpose of discussion based on the depth of the argument and critical analysis.

The most significant study on the subject was done by Stephen Stern, Partner of *Corrs Chambers Westgarth* [1]. In his paper, he tried to depict the overlapping conflicting issues in Australia regarding the protection of GI. He also tried to show the conflicts involved in trademark infringement. He focused on the current dispute regarding ‘Great Western’ before the Australian Committee on GI, which is an example of this conflict and relevant to the present paper. In support of the purview of present paper, another article by Johan Flodgren [2] is extremely relevant. This article critically analyses the relationship between GIs and trademarks and focuses on the synergies and conflicts between them. In addition, he underlines the need for a globally efficient GI protection mechanism, which is pertinent to this research paper. Moreover, Hazel V J Moir’s paper [3] considers how GI policies are implemented in the EU. This paper also provides with the aspects of trade negotiations under Trans Pacific Partnership Agreement (TPPA) and foreshadows agreements between the EU and Australia and New Zealand. Another scholarly article by Mas Rahmah [4] would be discussed in the

paper that focuses on the main problems of protecting GI under Trademark law. The writer addresses some conflicting issues regarding the improper definition of GI, conflicts in the registrations system including other obstacles. Furthermore, he argues that trademark system is insufficient and incompatible for the protection of GI. He also approaches an alternative protection under *sui generis* law, which can be used as a supporting argument of this paper.

Although those papers have discussed different perspectives of protecting GI and some of the conflicts between the protection mechanisms of GI, the basic conflicts, their consequences, uniform approach and international protections have not been properly focused, and hence, the present paper tries to address those issues. In addition, other official publications, creative literature, research articles, WIPO Handbook, lectures notes, presentations slides and WIPO Publications have been consulted in writing this paper.

SIGNIFICANCE OF THE PROTECTING GI

There is no denying the fact that GIs have great socio-economic and cultural dimensions throughout the world. It has been increasingly used as a useful Intellectual Property (IP) tool for the development of the community, especially by the developing countries. It could also acquire high reputation and can be a valuable commercial asset. In addition, today's consumers are more than willing to know the commercial and geographical origin of products for taking informed purchasing decisions. Different researches show this fact as "A desire to buy goods of certain features has led to a clear tendency among consumers to buy food and other good of particular origin" [5]. GIs guarantee such desired features to the consumers. In the consumers-demand-driven market, greater certainty of the geographical origin of the products, GI is indispensable. Such a contemporary example of these tendencies can be found in an advertisement in Sweden for "Norsk torsk" meaning "Norwegian Salmon" through which consumers are informed about the origin of the salmon and thus be able to take well-informed purchasing decision. Due to the certain quality

or characteristics of GI products and their high market value, they are often faced with counterfeiting or misappropriation. Therefore, towards establishing the rights of the GI products, their national and international protection is highly desirable.

LEGAL CONFLICTS BETWEEN TRADEMARK LAW AND SUI GENERIS SYSTEM

Article 22 of the TRIPs agreement requires 'Legal means' for protecting GI, but it does not specify any 'Legal means', rather it leaves the form of protection to the members. Therefore, GI implementation occurs in the most diverse and uncoordinated manner [6]. Consequently, some conflicts arise and hence, there is no harmonized approach as well as no efficient global registration system for the protection of GI at present.

There are some conflicting issues between Trademark and *Sui Generis* System of Protecting GI related to the basic research question. The first conflict is related to the definition and principle of these two types of protection. Basically, "GI is a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin" [7]. On the contrary, a trademark is used to identify the origin of a good or service as a particular company. The GI is based on the collective effort, whereas the Trademark is an individual effort. In principal, trademark is the chief way for distinguishing products to secure economic benefit through exclusivity. While, competitions grew internationally, and such protection under trademarks seems to be insufficient, products needed to be distinguishable further. As a result, some countries like the EU started thinking of higher protection under *Sui Generis* system which is capable of creating value through exclusivity and sold at a higher price. In this connection, there are different opinions regarding which legal system should govern GIs in a more efficient way. This was a hotly debated issue within the Doha Development Agenda. In support of the EU's principle of protecting GI, some African and Asian Member States of the WTO advocate a stronger protection for GIs. On the other hand, the US, Australia and some other countries in Latin America opposed the

notion of ‘stronger protection’. The US considers GI as a subset matter of trademarks. Through trademark they provide with TRIPs-plus level of protection to GIs for domestic or foreign GI goods which create division with those countries. Some writers argue that “The division is thus not of a North-South type, rather between emigrant-immigrant countries” [8].

Another conflict is related to the origin of the product. Considering the basic principles of GI, it can be mentioned that there is a ‘cause and effect’ relationship between the GI and its ‘geographical origin’ while trademark is directly related to the ‘company’ (Commercial Origin) not the ‘Geographical origin’ of the goods. Although different spheres of distinguishing marks are used to represent GIs and trademarks, still conflicts arise when they are used for the identical products containing the same sign. The much-argued case before the Australian GI Committee on ‘Great Western’ can be cited. In this context, it is difficult to determine the owner of the trademark or GI. Some people argued to deal with this case under “first-in-time, first-in-right” concept, others either supports granting the exclusive GI rights or the co-existence of them. According to TRIPs, these conflicts can be dealt with “by prescribing that previously registered trademarks containing a protected GI can, under certain circumstances, be invalidated” [9]. As an example, such circumstances may occur when the use of a trademark “is of such a nature as to mislead the public” [10] regarding the origin. In such case, the producer has to prove the claim that “an illegitimate use of the GI is taking place” [11]. In case if the GI is related to wine or spirits, no such proof of misleading is required, and the trademark shall be invalidated. Moreover, in case of trademark registration in good faith or the rights have been acquired “through use”, a trademark shall prevail even it is “identical” or “similar” to the GI.

Protection of GIs in different countries like Australia, the EU, the US, India, Sri Lanka and Bangladesh has been analysed to focus on some conflicts. For example, the US protects their GI under Trademark law; the EU uses *Sui Generis* system of protection. There are some

other countries, which use bilateral agreements for the protection of GIs. As an example, Australia uses both domestic laws and bilateral agreement for the protection of GI, which creates conflicts resulting extra burden for the economy. It is evident that “As long as TRIPs does not provide a satisfactory level of protection for the EU’s GIs, it sees bilateral FTAs as a way to achieve progress on its goals” [12]. In case of Australia, the conflict starts with the enactment of the legislations in late 1993 for the protection of GIs. It “was comprised of a series of amendments to the Australian Wine and Brandy Corporation Act 1980” [13] with a view to fulfilling the obligations under the bilateral Agreement with “the European Community on Trade in Wine, and Protocol (‘Trade in Wine Treaty’)” [14]. In this treaty, the overlapping issues concerning the GI and Trademark were raised first. If every country has to go for bilateral or regional agreement besides domestic and international regulations, the question regarding the efficiency of those agreements arises. If such situations continue then “In fact there have been more problems generated by conflicts between Australian trademarks and Australian geographical indications” [15].

The dilution of the value of a trademark and infringement of trademark are two other important conflicting issues. When a trademark is registered as a GI, through complying the 85 per cent rule, it will be freely available for the use all producers of that region. In this way, they dilute the distinctiveness of the trademark and damage the goodwill.

GIs and trademarks are different IPRs, and cause conflicts in international trade. The former is based on the collective, whereas the latter is individual. Such a conflict is that, trademark license can be given to anyone else around world while GI license cannot be given to others outside of the geographic location. Some researchers argue that GI is not a property as, it cannot be sold, bought or licensed to the producers outside of the region. It can never be privately owned; as a result, it is different from Trademark. Some WTO members still think that GI is not at all an IP, as

a result as a subject matter of Trademark it very unsuitable.

There are some conflicts regarding registration systems protecting GI under both the systems. When GI has a huge reputation, some people try to register GI as a trademark or claims both type of registration as double protection which leads to certain conflicts and is exposed to misappropriation or counterfeiting.

SIGNIFICANCE OF HARMONIZATION IN DIFFERENT JURISDICTION

Different countries and regional systems protect GI through different approaches. Some countries protect GIs under "*sui generis*" legislation or decrees especially by the EU, France and Portugal. Some other countries use 'unfair competition law' or 'consumer rights protection law'. Others protect GI by collective marks or certification marks under Trademark law. Nevertheless, the concept of collective and certification marks differs from country to country and they are not owned by a collective body (association) rather owned by a certification authority. Like some other IPRs, the protection of GI is also based on the principles of territoriality. Being GI rights are territorial in nature, it is not sufficient to protect GI abroad. As an example of domestic law, which fails to efficiently protect GI, Indonesia Trademark Law (ITL), compliant with that of the Article 22-24 of the TRIPs Agreement can be mentioned. Mas argued that this law is inadequate due to its limited coverage and hence he suggested Sui Generis law as an alternative [16]. Moreover, international protection requires domestic protection. If the domestic and international systems do not have harmonization, it could be difficult to ensure international protection for the domestically protected GI.

EFFECTIVENESS OF INTERNATIONAL ROUTE OF PROTECTION

Early in this century, the necessity of protecting GI was felt. The French Law of May 1919 first laid down the criteria for protection. On the other hand, the Paris convention does not contain the notion of GI. Paragraph (2) of Article 1 of this convention covers 'Indication of Source' and 'Appellation of Origin', which

have still been used in international conventions and agreements. The 'Appellation of Origin' is directly linked with the area and production, which gives the product exclusivity due to that geographic origin. Whereas, 'Indication of Source' indicates only the source of that product or origin. Although there is no effective global rule for protecting GI abroad still, there are some ways of global protection. The basic principle of obtaining global protection is through obtaining domestic protection. Moreover, through bilateral agreements one country may seek protection of GI based on reciprocity. The most important way of International registering of GI is the Lisbon System of Appellations of Origin (AoO) which offers "an international registration". It is also possible by the WIPO's Madrid System as a "collective or certification mark" under the international Registration of Marks in a single international application. However, not all these international routes are effective, as not all countries follow the same principle. In addition, these conflicting issues claim the necessity of harmonization in protecting GIs in different countries. Moreover, the challenges of harmonization to explore an effective global approach for resolving these conflicts are crucial. As there is no global uniform system of protecting GI, one country may face the challenges to efficiently protect their GI domestically, which leads to create obstacles to protect their GI in other countries. Such is the case of protecting Sri Lankan 'Ceylon Tea' in the EU. Although this issue could be solved bilaterally, it poses the question as to why we need to use bilateral agreement if we have international route of protecting GI. Consequently, it can be argued that, the international route of protecting GI is neither effective nor sufficient. In this connection, an effective International Route of Protection is essential for resolving these conflicts.

RECOMMENDATIONS

The protection of GI through an efficient and clear-cut legal mechanism can play a vital role in the global market. Therefore, an international registration system is desirable to facilitate the mechanism. Realizing the above fact, it can be argued that the multifarious conflicts discussed above are really creating obstacles to the protection of GI globally as is evidenced in Australia, Sri Lanka and some other countries.

The ultimate result is the loss of the community which is engaged with the production of GI products. Besides, the necessity of harmonization is equally important which would lead further negotiation in the multilateral forum for consensus. Considering the above-mentioned discussions, analyses and debates the paper recommends the following:

- i) As Trademark law has different purposes and principles, so aiming to avoid the conflicts, the protection of GI should not be included under the purview of the Trademark law.
- ii) There is a fundamental and philosophical conflict between the two types of protection. Hence GI protection under Trademark is unsuitable, inappropriate and conflicting. It is not the best mechanism for ensuring greater protection and solution to the conflicting problem. Experience of many producers show that GI protection under Trademark law is complicated, less effective and costly. *Sui generis* would be more appropriate than Trademark. It allows costless registration; market surveillance cost under *Sui generis* is optional. Case of Ethiopia can be cited.
- iii) As the basic principle of GI is different from other IP, it should be protected under different legal systems. In this context *Sui Generis* protection may be adopted by all the countries as the best possible alternative option.
- iv) Minimum standard as set by the TRIPs agreement is not sufficient to ensure the protection of GI; rather it compels different countries to adopt different legal mechanism for protecting GI. It creates lack of legal harmonization in different countries. In this context, initiatives may be taken by WTO as well as WIPO to harmonize the domestic regulations which would ensure an effective and uniform approach of protecting GI domestically.
- v) Harmonization can be done through consensus among the member states realizing the fact that present different type of protection mechanisms in different countries are hindering free and fair flow of international trade in GI products.
- vi) To realize the necessity of harmonization among the member states, a comprehensive study may be conducted by the WTO or

WIPO which will focus on the challenges faced by different countries due to lack of harmonization among different countries.

- vii) Only domestic protection is not sufficient for gaining the fullest benefit from GI products. Global protection is crucial for ensuring such gain. One of the possible efficient approaches for protecting GI globally is to find an effective international route for protecting GI. WIPO can take initiatives regarding effective global protection of GI under single application process as ensured in case of patent under Patent Cooperation Treaty (PCT) application.
- viii) A monitoring mechanism may be developed in the WTO with a view to overseeing the progress of the annual submission under GI which will focus on the challenges faced by different member countries. In this context a uniform reporting format can be prescribed for the members.
- ix) It is believed by the different members that the protection of GI could be more efficient, which could be ensured through such monitoring mechanism. To encourage producers for investing, effort, time and money, an extended applicability of TRIPS Art 23 would be applied. Through this mechanism, quality goods could better be ensured for the consumers.
- x) In order to obtain a globally accepted and sustainable solution to GI protection, multilateral negotiations should be conducted focusing on the issues that a globally agreed, efficient and accepted scheme of protection should be ensured to utilize the advantages of GIs.
- xi) Through these negotiations WTO may focus on the usefulness for the overall growth and development of a country through the uniform approach of protection of GI.
- xii) A Working Group on GI could be established under WTO which will monitor the conflicts and find the effective mechanism and global harmonization from the success stories of different Free Trade Agreement.

CONCLUDING REMARKS

The prevalent conflicts between the two major GI protecting systems have been diagnosed as

the growing deterrent to the smooth functioning of the system, which, however, can be well get rid of by the creation of a global GI protecting mechanism by way of successfully implementing the above set of recommendations. As a matter of fact, an international mechanism of protecting GIs has been an overarching issue in the years, which has started with the Paris Convention and developed gradually. The 'Appellation of origin', a special form of international protection was introduced in that Convention. Later, the TRIPs Agreement provides with the international guidelines of GIs protection and sets certain minimum standards, which are obligatory for the WTO members. However, neither of them becomes successful due to the conflicts that arose. In this conflicting situation, a globally uniform and effective approach for the protection of GIs around the world has been inevitable. Through implementing the above recommendations, a new pathway for the development of a country under GI regime could be explored.

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