

# ANU Centre for European Studies Policy Notes

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## EU Trade Treaties and Geographical Indications

Geographical indications (GIs) are collective marks signalling the region from which a product comes. The product characteristics must derive from the land and climate (the “*terroir*”). GIs originated in Europe where the focus to date has been on agricultural products. This policy brief focuses on GIs for agricultural products.<sup>1</sup>

GIs are the most contested form of “intellectual property”, and the newest. Typically, New World countries, long settled by European emigrants, produce very similar products, using the production techniques and names which were their heritage. In New World countries names such as “feta”, “beaujolais” and “parmesan” have become generic descriptors for the characteristics of the product.

New World producers reject European claims that use of traditional names constitutes theft, deception or passing off. Indeed, their use of their cultural heritage to develop new industries has brought considerable product recognition in new markets. New World consumers are well aware of the origin of these products. In Australia, for example, Danish feta is well regarded.

It is important to note that GIs are only about *labelling, packaging and marketing*. Nothing in GI rules prevents any producer anywhere from using the techniques specified as being associated with the GI name. But they may not use the name to communicate the production techniques they have used.

### The current GI framework: TRIPS and trademarks

It was the EU who (alone) pushed for the inclusion of GIs in the Agreement of Trade-Related Intellectual Property Rights (TRIPS) as part of the Uruguay Round single undertaking. The European framework, established in 1992,<sup>2</sup> has two types of agricultural product GIs:

- Protected Designations of Origin (PDO) require that the whole production chain takes place within the specified geographical area, and the product’s quality or characteristics must be ‘essentially due to that area’; and
- Protected Geographical Indications (PGI): require production, processing, or preparation in the

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geographical area, and the quality, reputation, or other characteristics to be *attributable to* that area.<sup>3</sup>

PDOs are typical for wines, and the EU achieved a stronger form of monopoly for such products in TRIPS. Article 23 provides that the GI name may not be used for wines and spirits *in any form, even with a qualifier*. Within the EU both PDOs and PGIs have this strong form of protection and the EU is on record as wanting this protection for all GIs globally. Such a regime would prohibit labelling like “feta-style cheese, product of Tasmania”.

TRIPS includes a number of safeguards. Grandfathering provisions cover both strong-form wine/spirits GIs, and GIs in general. In particular, if a name or a trademark has been registered or used prior to the GI regime coming into force (i.e. pre-1995 for TRIPS), that name or trademark can continue to be used indefinitely (Articles 24.4 and 24.5). More generally, WTO members are not obliged to register GIs if the name is similar to customary names or to grape varieties (Article 24.6).

The EU’s *sui generis GI system* contrasts with trademark regimes, where GIs take the form of a collective mark. Under trademark law, an earlier mark always trumps a later mark. Nor can a geographic name normally be registered as a trademark – it must be left free for all regional producers to use. In contrast, the essence of GIs is the appropriation of geographic names for specific uses. Indeed, in the EU other uses of the name are highly constrained – one cannot market a “champagne of perfumes” let alone a “champagne of beers”. Allegedly this injures the reputation of champagne.<sup>4</sup> This is a substantially stronger right to exclude than that provided by trademark law. The GI rules remove the right to use their regional name from producers who are not making the registered GI product.

In the EU a GI can partly or fully override a trademark. As the feta case has shown,<sup>5</sup> long-term producers in Denmark

<sup>1</sup> Within Europe consideration is currently being given to extending the GI system to non-agricultural products. In other regions there is considerable interest in the possibility of using GIs to “protect” handicrafts. Consideration of handicraft GIs is beyond the scope of this paper.

<sup>2</sup> It was revised in 2006 (following a WTO dispute with Australia and the USA), then again in 2012 (following an impact assessment).

<sup>3</sup> All the inputs could be imported to the region, and only one production stage need take place in the region.

<sup>4</sup> Evans, G.E. and M. Blakeney. 2006. “The Protection of Geographical Indications After Doha: Quo Vadis?” *Journal of International Economic Law* 9(3): 575-614 at pp 581-6.

<sup>5</sup> *Federal Republic of Germany, Kingdom of Denmark supported by French Republic, United Kingdom of Great Britain and Northern Ireland v. Commission of the European Communities*, 25

and Germany are no longer allowed to use the name “feta” and must entirely re-label their products. An alternative short form for soft, white cheese made from sheep’s or goat’s milk and soaked in brine is not readily obvious.

### EU goals and recent trade treaty outcomes

There are reports that this issue is a trade treaty “deal-breaker” for the EU. To what extent has the EU achieved its main objectives in the five “new generation” EU treaties?<sup>6</sup> The principal goals are *sui generis* register-based systems, strong-form protection for all GIs, and administrative enforcement.

Two of the treaties appear to require *sui generis register-based systems*.<sup>7</sup> These are with Central America and Singapore. Both Canada and Korea retain trademarks systems and the Andean treaty does not directly touch on this issue: it is far shorter and less prescriptive than the other four treaties.

All five treaties list names that are to be recognised as GIs in the other jurisdictions.<sup>8</sup> These lists are subject to examination and opposition procedures in each country and there is a process for ensuring that names that have passed these processes are protected as GIs. In all cases the lists of names are very much longer for the EU than for the other party, and over time the EU lists have expanded. In the 2011 Korea agreement the EU listed 60 foods; in the 2013 Singapore agreement they listed 82 foods; and in the 2014 CETA they listed 173 foods (see Table 1).

The 2014 implementation report on the EU-Korea Free Trade Agreement (FTA) notes that the GI Working Group (WG) met for the first time in October 2012. The WG had discussed but not yet adopted rules of procedure. Clearly the priority for the WG was *the new GIs that the EU had already proposed*. The implementation report advises that:

“The EU emphasised the interest that EU Member States attach to GIs and the importance of increasing the list by as many GIs as necessary. Korea also announced the intention of proposing Korean GIs to the said Annex”.<sup>9</sup>

In fact the number of registered GIs in the EU is rapidly expanding (Figure 1). A special fast-track registration system was initially used to encourage GI applications, but in 2003 this was abandoned in favour of financial incentives.<sup>10</sup>

Another EU priority is to gain strong-form protection for all GIs.<sup>11</sup> It has achieved this with Korea, Singapore and

Canada. Canada has agreed to allow co-existence of EU GIs with pre-existing Canadian trademarks. The EU claims this as a strong precedential victory, as it “establishes for the first time in a ‘common law’ country like Canada a deviation from the principle ‘first in time first in right’”.<sup>12</sup> Canada has, however, grandfathered certain GI names, providing for perpetual rights for existing users of the names: feta, asiago, gorgonzola, fontina and munster. New producers will also be able to use these names, but with qualifiers. Canada has also specified that any new GI names cannot be the same as existing trademarks, so the agreed co-existence is more limited in scope than it first appears.

The third EU priority is administrative enforcement – this shifts enforcement costs from individual rights-holders to the overseas taxpayer. While the Canadian agreement provides for “enforcement by administrative action” (Article 7.4), it is unclear that this means administrative authorities would take action, or rights-holders can access administrative procedures. The EU has not claimed a precedent.

### Safeguards

TRIPS built certain safeguards around the new compulsory GI system. There is no prescribed approach. Strong-form GIs are limited to wines and spirits. All existing users of regional names are allowed to continue trading with those names, with no phase-out or time limits. Countries are not obliged to register GIs for names that are considered generic in that country.

Similarly, all five “new generation” EU treaties include important safeguards.<sup>13</sup> All provide that a GI will not be registered if it will cause confusion with an existing reputed or well-known mark, at least partially protecting trade mark owners from expropriation. Some allow continued trading using a geographic name if that has been past practice (Singapore, Canada). Some allow refusal of a GI if the name is customary.<sup>14</sup> Generally there is some form of prohibition on the use of plant variety or animal breed names – sometimes limited to where this will cause confusion (Korea), or to new GIs (Canada). All allow a person to use their own name to trade as long as this will not cause consumer confusion.

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October 2005, Cases C-465/02 and C-466/02, <http://www.curia.eu.int>.

<sup>6</sup> The EU adopted a new approach to trade negotiations in 2006. The *Global Europe* statement emphasises market access and GI issues (<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52006DC0567&from=EN>).

<sup>7</sup> These also include transparent registration and objections processes; administration and certification systems; alignment of product standards with GI names; and processes for adding new GIs. Colombia and Peru have agreed examination and objection procedures. All five treaties have procedures for adding new GIs.

<sup>8</sup> Though the most recent treaties do not yet show GI name lists for Singapore and Canada.

<sup>9</sup> [http://trade.ec.europa.eu/doclib/docs/2014/march/tradoc\\_152239.PDF](http://trade.ec.europa.eu/doclib/docs/2014/march/tradoc_152239.PDF), p.8.

<sup>10</sup> Op. cit (footnote 4), p. 584.

<sup>11</sup> This demand includes that symbols indicating the GI (e.g. flags) also be prohibited, which may raise costs for some existing trademark holders. See

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[http://trade.ec.europa.eu/doclib/docs/2014/december/tradoc\\_152982.pdf](http://trade.ec.europa.eu/doclib/docs/2014/december/tradoc_152982.pdf), pp.14-15.

<sup>12</sup> Ibid, pp. 14-15.

<sup>13</sup> The treaties with the Andean and Central American countries are more general than the other three treaties, with far fewer operational details specified, and fewer safeguards spelled out.

<sup>14</sup> In Central America countries can continue to use customary names even for wines and spirits.

## Critical issues in GI policy

In contrast to trademark law, the EU GI system provides strong-form exclusion of the right to use place names which have become generic in many markets. Despite feta being a generic name in Denmark, the European Court of Justice ruled that only certain Greek producers can use the name. Even uses of the name which clearly state the product's provenance are banned. Such GIs override both consumer rights and the rights of other producers. It is therefore reasonable to ask whether the details of the policy are well-designed, particularly with respect to regional boundaries, the scope of the production chain designated, and compensation where trademark rights are overridden or diluted. One might also ask what is the evidence that this restraint of trade actually provides a benefit to the owners of the GI? There is surprisingly little empirical literature on the impact of GIs. These issues are addressed in more detail in two companion papers.<sup>15</sup>

Key issues in trade negotiations from a New World perspective are:

- retention of the right to use weak-form GIs for all products except wines and spirits;
- retention of a trademark based system using collective marks for GIs, with procedures to minimise anti-competitive impacts;
- clear and absolute protection of all existing trademark rights;
- no GIs for generic, customary or proper nouns or for trademarked names; and
- enforcement action (and costs) to be borne by the rights-holder.

Further study of the Korean and Canadian outcomes should suggest strategies to minimise any losses in GI negotiations.

**Table 1** GIs proposed in “new generation” trade treaties by each party

	Korea	Colombia /Peru	Central America	Singapore	Canada
<b>EU wines</b>	80	63	110	90	---#
<b>EU spirits</b>	19	21	25	22	---#
<b>Total EU wines and spirits</b>	101	82	135	112	---#
<b>Partner wines and spirits</b>	1	1	2	---*	---#
<b>EU foods</b>	60	34	88	82	173 <sup>b</sup>
<b>Partner foods</b>	63	3	8	---*	---#
<b>Partner non-foods</b>	---	2	---	---*	
<b>Total EU GIs</b>	161	116	223	194 <sup>a</sup>	
<b>Total partner GIs</b>	64	5	10	*	

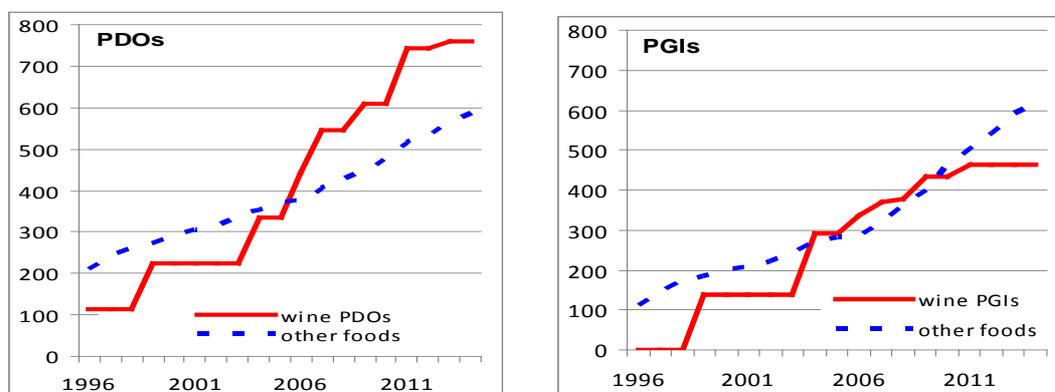
\* Despite being completed in December 2012, there is not yet a final document, and Singapore may yet table GIs. The Singapore parliament passed a new GI statute in April 2014. Implementation of the statute is tied to ratification of the treaty.

# The EU-Canada Wine Agreement will apparently be rolled into CETA. CETA Annex X.05 – Amendments to Wines and Spirits Agreements – does not list any changes to already agreed wine and spirit GIs. No Canadian foods are yet listed in the CETA draft.

a The summary document states 196.

b The summary document states 145.

**Figure 1** EU registered GIs (wine and other agricultural products): cumulative registrations, by year of registration



Note: Calculated from data from DOOR and E-Bacchus. At end of the end of 2014 there were 1,224 wine products registered (of which 759 were PDOs) and 1,201 other agricultural products (of which 585 were PDOs)

<sup>15</sup> Moir, H.V.J., 2015, *European Trade Treaties: key intellectual property demands*, ANU Centre for European Studies Briefing Paper; and Moir, H.V.J., 2015, “Geographic Indications: heritage or terroir?”, Paper presented at 10th Annual Conference of the EPIP Association (European Policy for Intellectual Property), Session 4B – Geographical Indications and Regions, 2-3 September 2015, University of Glasgow.



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