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## **TPP's *coup de grâce* for the shield against becoming generic: Trademark system victorious as Geographical Indication system**

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### **INTRODUCTION**

In the struggle for supremacy between two diametrically opposed systems to protect geographical indications (GIs), the Trans-Pacific Partnership Agreement (TPP) gives the decisive push in favour of the trademark system. This has profound implications for generic geographical names, not only for TPP members, but also for their trade partners. In 1925, The Hague Act of the Paris Convention for the Protection of Industrial Properties (Paris Convention) introduced the obligation to protect appellations of origin (AOs), but it left the Paris Union members complete freedom in regard of the method to achieve this objective.

Already in 1891, the Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods (Madrid Agreement) was signed.<sup>1</sup>

The treaty, which has now 36 contracting members, does not have any definition of indication of source of goods, but obliges member states to take certain measures against all goods bearing a false or deceptive indication of a country or place of origin.<sup>2</sup> Article 4 Madrid Agreement makes clear that regional appellations concerning the source of products of the vine, such as "*Chardonnay*", fall within the public domain.<sup>3</sup>

Then, in 1958, the Lisbon Agreement for the Protection of AOs and their International Registration (Lisbon Agreement), a Special Union under the Paris Convention, ushered in a *sui generis* regime of international registration. After a probation time of one year, it erects an incontestable shield for AOs against becoming generic. The protection against usurpation of AOs and GIs, which goes far beyond consumer protection against confusion, dilution or deception, was further extended in 2015 with the Geneva Act of the Lisbon Agreement (Geneva Act).<sup>4</sup> This treaty also cleared the way for intergovernmental organizations such as the EU and the *Organisation Africaine de la Propriété intellectuelle* to become members.

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<sup>1</sup> Part I Act revised at Washington on 2 June 1911, at The Hague on 6 November 1925, at London on 2 June 1934, and at Lisbon on 31 October 1958. Part II Act of Stockholm of 14 July 1967.

<sup>2</sup> Articles 1, 2, 3 and *3bis* Madrid Agreement.

<sup>3</sup> This exception can also be found in Article 24(6) TRIPS, footnote 21 to Article 18.32(1) TPP.

<sup>4</sup> Article 11(2) Geneva Act.

Although the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) of 1994 is agnostic about whether a *sui generis* or trade mark system is protecting geographical names, it has elements that can undermine the protection of generic geographical names in the non-wine and spirits products categories. However, with the signing of the TPP system in 2015, a deathblow is given to the *sui generis* system of protecting GIs.

This Chapter is composed of the following Sections: Section 2 Emergence of the *sui generis* system; Section 3 “Peaceful” co-existence between the *sui generis* and trademark systems; Section 4 The last spasm of the *sui generis* system and victory for the trademark system; Section 5 Conclusions.

## SECTION 2 EMERGENCE OF THE *SUI GENERIS* SYSTEM

The Hague Act of the Paris Convention of 1925 introduced the obligation to protect AOs, but it left the Paris Union members complete freedom in regard of the method to achieve this objective. However, the French established a *sui generis* regime for the protection of *appellations d'origine contrôlées* (AOC). This inspired the *sui generis* systems of first the Lisbon Agreement and subsequently the EU system for protected designations of origin (PDOs) and protected geographical indications (PGIs).

### AOC

The French AOC system, with its roots in the Middle Ages, gained momentum at the end of the 19<sup>th</sup> Century. The increased Trans-Atlantic contact brought some vine diseases such as *Phylloxera* from the U.S., which killed around seventy percent of all vines in France.<sup>5</sup> This catastrophe led to an enormous deficit of genuine French wine and a concomitant supply of counterfeit French wine. Increasingly, vintners became the driving force behind the protection of geographical designations linked to a delineated *terroir*,<sup>6</sup> specialized grape types and production techniques.

The AOC system, which went beyond the indication of origin: linking the product to special characteristics based on natural and human factors. It was codified by the Law on the protection of AO in 1919 and institutionalized by the founding of the *Institute national des appellations d'origine* (INAO) in 1935. Because of the economic success of the AOC wines and spirits system,<sup>7</sup> the AOC concept was broadened to all agricultural or alimentary products that meet the above requirements by Law of 2 July 1990.<sup>8</sup> The provisions, codified in the French Consumer Code,<sup>9</sup> prescribed that these products can only benefit from AOC status if they “possess a duly established

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<sup>5</sup> It is thought that Agoston Haraszthy, who started Sonoma’s oldest winery, Buena Vista Winery, in 1857 unintentionally caused *Phylloxera*. Haraszthy went to France, Germany and Switzerland and brought back 350 cuttings from different types of grapes. These Old World plants then were exposed to the New World indigenous plant diseases. When some of these plants were returned to France, *Phylloxera* spread like wildfire.

<sup>6</sup> Read the seminal article on the rationales and rationalizations of *terroir* and the *sui generis* system vs the trademark system by Professor Hughes. Justin Hughes, ‘Champagne, Feta, and Bourbon - the Spirited Debate About Geographical Indications’ (2006) 58 Hastings LJ 299 <<http://ssrn.com/abstract=936362>> accessed 13 July 2016.

<sup>7</sup> INAO, ‘History and concept, Genesis of the AOC’ <<http://www.cipast.org/download/AnM21.pdf>> accessed 13 July 2016.

<sup>8</sup> Act no. 90-558.

<sup>9</sup> Articles L115-1 to L115-20 *Code de la Consommation*.

reputation and have been subject to an approval procedure.”<sup>10</sup> Geographical names may be registered as a trademark, according to Section VII of the French Intellectual Property Code,<sup>11</sup> if it is not a name of a place that has a special reputation<sup>12</sup> or if that name is an AO.<sup>13</sup> The French Consumer Code protects against confusion<sup>14</sup> and dilution.<sup>15</sup> However, Article L115-5 Consumer Code, introduces a protection against usurpation: “The geographical name which constitutes the AO or any other wording evoking said mark, may not be used for any similar product, without prejudice to legislative or regulatory provisions in force on 6 July 1990, nor for any other product or service where this use is likely to detract from or debase the standing of the AO.”<sup>16</sup> This means that mentioning the AO in combination with the word ‘style’, ‘like’, ‘type’ or ‘imitation’ is not allowed. This is not conducive for transparent consumer information. Nor can any evocations be used, such as “*Cham’alal*” for an alcohol-free drink aimed at Muslims obviously evocating *Champagne*.<sup>17</sup> Furthermore in contrast to the protection of GIs via trademark law, Article L115-5 Consumer Law also introduces a shield against becoming generic: “The AOC may never be considered to be of a generic nature and fall within the public domain.” The State Council will create an AO by decree,<sup>18</sup> or INAO proposes an AO to the Ministry of Agriculture who makes the decision.<sup>19</sup>

### **Lisbon Agreement and EU PDO/PGI system**

Inspired by AOC’s strict linkage between *terroir* and products and high level of protection, the Lisbon Agreement was introduced in 1958.<sup>20</sup> The Lisbon Agreement is a Special Union under the Paris Convention and ushered in a *sui generis* regime of international registration which, after a probation time of one year, erects an incontestable shield for AOs against becoming generic. Under the Lisbon Agreement member countries can apply to register an AO with the International Bureau.<sup>21</sup> This institute will notify the other member countries,<sup>22</sup> which may declare within a year

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<sup>10</sup> Article L115-1 *ibid.*, “An *appellation d’origine* is constituted by the name of a country, of a region or of a locality serving to designate a product which originates from there and the quality or character of which is due to the geographical location, comprising natural and man-made factors.”

<sup>11</sup> Article L. 711-1 *Code de la propriété intellectuelle*.

<sup>12</sup> Article L. 711-2, 3, 6 *ibid.*

<sup>13</sup> Article L. 711-4 *ibid.*

<sup>14</sup> Article L115-3 *Code de la Consommation* provides a prohibition against information causing confusion in regard with the origin of the products.

<sup>15</sup> The prohibition of Article L115-5 *ibid.*, “to detract or debase the standing” is similar to the protection against dilution by blurring and tarnishment, which EU and US trademark law provides to respectively well-known and famous trademarks.

<sup>16</sup> *Yves Saint Laurent Parfums v INAO, CIVC et al.* [1993] INPI: M19930474 (Court of appeal, Paris, 1<sup>st</sup> Chamber A) 15 December 1993.

<sup>17</sup> *Rothwell Properties Ltd. v CIVC, INAO (Cham’alal)* [2010] INPI: M20100795 2009/07276 (Court of appeal, Paris, division 5, 1<sup>st</sup> Chamber) 3 November 2010.

<sup>18</sup> Article L. 115-2 *Code de la Consommation*.

<sup>19</sup> Article L. 115-6 *ibid.*

<sup>20</sup> Article 2(1) Lisbon Agreement provides the definition of AO: “the geographical denomination of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.”

<sup>21</sup> Article 5(1) Lisbon Agreement.

<sup>22</sup> Article 5(2) *ibid.*

after receipt of the notification of registration that they cannot ensure the protection of the AO, and the reasons why this is the case.<sup>23</sup>

The EU, an intergovernmental organization, could not become a member of the Lisbon Union Assembly. Inspired by both the AOC system and the Lisbon Agreement, the EU established its own *sui generis* registration system.<sup>24</sup> In 1992, the Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (Regulation 2081/92) was introduced. In contrast to these goods, the EU provides a minimum standard of protection of the geographical names for wines and leaves the regulation of this protection to EU members. Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organization of the wine market,<sup>25</sup> provides many specific requirements of how to produce the different kinds of wine. The Quality Wine (QWpsr)<sup>26</sup> produced in specific regions and Table Wine<sup>27</sup> dichotomy was replaced with the PDO and PGI division.<sup>28</sup> For the PDO there needs to be a relation between the product and its origin, marked by many specifically established natural and human factors.<sup>29</sup> The acknowledgment of AOCs as PDO's is a mere formality, confirming the lineage between AOC and PDO. A PGI is the name of a region, specific place or, in exceptional cases, a country used to describe an agricultural product or a foodstuff originating in that region, specific place or country, which possesses a specific quality, reputation or other characteristics attributable to that geographical origin and the production and/or processing and/or preparation of which take place in the defined geographical area.

### **Protection against confusion, dilution, deception and usurpation**

Article 4 Lisbon Agreement clarifies that the AOs are protected against confusion, dilution and deception by the Paris Convention, Madrid Agreement or by virtue of national legislation or court decisions. Following the example of the AOC system, the Lisbon Agreement is best known for its protection against usurpation.<sup>30</sup>

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<sup>23</sup> Article 5(3) *ibid.*

<sup>24</sup> The U.S. complained at the WTO Dispute Panel that the EU's *sui generis* system did not register any PDOs/PGIs of non-EU countries, thereby violating the national treatment principle of Article 3 TRIPS. The panel confirmed that this was the case and the EU adapted its regulation. *European Communities—Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs* (15 March 2005) WT/DS174/R.

<sup>25</sup> Lists of suitable grape varieties; details of required wine-growing methods; the regulation of enrichment and sweetening practices; stipulation of a minimum natural alcoholic strength; maximum yield by hectare; analysis of wines and assessment of organoleptic characteristics; ensuring that grape production, wine making and development are carried out within the specified region; the circumstances under which quality wine may be downgraded to table wine status. Commission of the EC, Working paper, 'Wine, Common Market Organisation', February 2006.

<sup>26</sup> Council Regulation (EEC) No 823/87 of 16 March 1987 laying down special provisions relating to quality wines produced in specified regions [1987] OJ L084.

<sup>27</sup> *Ibid.*

<sup>28</sup> Annex I Commission Regulation (EU) No 401/2010 of 7 May 2010 amending and correcting Regulation (EC) No 607/2009 laying down certain detailed rules for the implementation of Council Regulation (EC) No 479/2008 as regards protected designations of origin and geographical indications, traditional terms, labelling and presentation of certain wine sector products [2010] OJ L117/13.

<sup>29</sup> The product cannot be reproduced outside its area of origin. Production, processing and preparation phases should be carried out in the same geographical area in which the natural and human factors are located.

<sup>30</sup> Article 3 Lisbon Agreement: "Protection shall be ensured against any usurpation or imitation, even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as "kind," "type," "make," "imitation", or the like."

The EU provides protection for agricultural goods and foodstuffs via Regulation 2081/92 against confusion, deception<sup>31</sup> and dilution.<sup>32</sup> And in similar maximalist wording as Article 3 Lisbon Agreement, the protection against usurpation can be found in Article 13(1)(b) Regulation 2081/92.<sup>33</sup>

### Shield against genericity

Article 6 Lisbon Agreement clarifies that AOs which have been granted protection in one of the countries of the Special Union cannot be deemed to have become generic, as long as it is protected as an AO in the country of origin.<sup>34</sup>

Article 13(3) Regulation 2081/92 expounds that protected names may not become generic. However, the drawbridge of protection will only be raised after registration. Article 3(1) Regulation 2081/92 points out that names that have become generic may not be registered. Three factors should be taken into account when assessing whether a name has become generic: the existing situation in the state of origin; the situation in the other member states; and the relevant national or Community laws.<sup>35</sup> Before Regulation 2081/92 would enter into force, Article 3(1)(3) Regulation 2081/92 prescribed that a non-exhaustive indicative list of the generic names of agricultural products or foodstuffs should be drawn up and published in the Official Journal of the European Communities.<sup>36</sup> According to Denmark, Germany and France, “*feta*”,<sup>37</sup> which was legally marketed in EU member countries outside Greece,<sup>38</sup> should also be on this list of generic names, even though the name was already registered. The ECJ, as the CJEU was then called, annulled the registration of “*feta*” in the Annex to Regulation (EC) No 1107/96.<sup>39</sup> The Commission,

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<sup>31</sup> Article 13(1)(c) Regulation 2081/92, “any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin; (d) any other practice liable to mislead the public as to the true origin of the product.”

<sup>32</sup> Article 13(1)(a) *ibid.*, “any direct or indirect commercial use of a name registered in respect of products not covered by the registration in so far as those products are comparable to the products registered under that name or insofar as using the name exploits the reputation of the protected name;”

<sup>33</sup> Article 13(1)(b) *ibid.*, “any misuse, imitation or evocation, even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as “style”, “type”, “method”, “as produced in”, “imitation” or similar;”.

Judgment of the Spanish Supreme Court (First Chamber) no. 107/206, 1 March 2016, in which “*Champim*”, a fruit fizzy drink aimed at children, was not considered evocative of Champagne. Caroline Pina, “‘*Champim*’ vs ‘*Champagne*’, little brother wins the battle’ (Kluwer Trademark Blog, 15 April 2016) <<http://kluwertrademarkblog.com/2016/04/15/champim-vs-champagne-little-brother-wins-the-battle-2/>> accessed 13 July 2016.

<sup>34</sup> Countries of the Special Union have one year to declare that they cannot protect the AO whose registration has been notified to them. Article 5(3) Lisbon Agreement.

<sup>35</sup> Article 3(1) Regulation 2081/92.

<sup>36</sup> Only the following names made the list: *Brie*, *Camembert*, *Cheddar*, *Edam*, *Emmentaler* and *Gouda*. Since the Treaty of Nice in 2003 this journal is called Official Journal of the EU.

<sup>37</sup> It is interesting to note that “*feta*”, literally means “slice” in Greek.

<sup>38</sup> ECJ annulled Regulation No 1107/96 in so far as it registered the name “*feta*” as a PDO. Joined Cases C-289/96, 293/96 and 299/96 *Denmark and Others v Commission* [1999] ECR I-1541, ECLI:EU:C:1999:141, para 99, <<https://www.ipcuria.eu/details.php?t=3&reference=C-289/96>> accessed 13 July 2016.

<sup>39</sup> Commission Regulation (EC) No 1107/96 of 12 June 1996 on the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Regulation No 2081/92 [1996] OJ L 148, p. 1. Under Article 1(1) of that Regulation, the name “*feta*” in the Annex thereto in Part A, under the heading ‘cheeses’ and the country ‘Greece’, was registered as a PDO.

after taking into account an advisory opinion of the Scientific Committee,<sup>40</sup> adopted the contested regulation.<sup>41</sup> Germany and Denmark reapplied for annulment of the registration of “*feta*”. However, by Judgment of 25 Oct 2005,<sup>42</sup> the ECJ dismissed the action by Germany and Denmark, and “*feta*” remains protected as a PDO.

Where a registered name contains within it the name of an agricultural product or foodstuff which is considered generic, the use of that generic name on the appropriate agricultural product or foodstuff shall not be considered to be in violation of the usurpation protection.<sup>43</sup> However, member states may maintain national measures authorizing the use of expressions that violate protection against usurpation for a period of not more than five years after the date of publication of this Regulation,<sup>44</sup> provided that the products have been marketed legally using such expressions for at least five years before the date of publication of this Regulation; the labelling clearly indicates the true origin of the product.

### **Conflicts between trademarks and AOs, PDO/PGIs**

Article 5(6) Lisbon Agreement makes clear that if the AO which has been granted protection pursuant to notification of its international registration has already been used by third parties in that country from a date prior to such notification, then that country has two years to phase-out that trademark in favor of the AO. In other words: a senior trademark that is identical to the appellation will be tolerated for up to two years. If no country opposes the AO within a year, the AO becomes incontestable and is shielded against becoming generic, as long as it is protected as an AO in the country of origin.<sup>45</sup> So under the Lisbon Agreement AOs are clearly superior to trademarks.

In contrast to the Lisbon Agreement, the EU regulations almost completely apply the ‘first in time, first in right’ principle while protecting PDO and PGI. Article 14(1) Regulation 2081/92 explains that if an application of a trademark was submitted before the date of the publication of the application for the PDO or PGI in the Official Journal of the European Communities, it has priority. The exception to the ‘first in time, first in right’ principle is that where the application of trademark and PDO/PGI were at the same time, the latter takes priority.

Article 14(2) Regulation 2081/89 states that concurrent use of a trademark and a PDO or PGI is sometimes possible: use of a trademark which was registered in good faith before the date on which application for registration of a PDO or PGI was lodged may continue, where there are no grounds

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<sup>40</sup> “The Scientific Committee takes the view that the exhaustive overall analysis of the legal, historical, cultural, political, social, economic, scientific and technical information notified by the member states or resulting from investigations undertaken or sponsored by the Commission leads to the conclusion that in particular none of the criteria required under Article 3 Regulation 2081/92 to show that a name is generic have been met and that consequently the name “*feta*” has not become “the name of an agricultural product or a foodstuff which, although it relates to the place or the region where this product or foodstuff was originally produced or marketed, has become the common name of an agricultural product or a foodstuff”. Joined cases C-465/02 and 466/02 *Germany and Denmark v Commission (Feta)* [2005] ECLI:EU:C:2005:636, para 33, <<https://www.ipcuria.eu/details.php?t=3&reference=C-465/02>> accessed 13 July 2016.

<sup>41</sup> Commission Regulation (EC) No 1829/2002 of 14 October 2002 amending the Annex to Regulation (EC) No 1107/96 with regard to the name “*Feta*” [2002] OJ L 277, p. 10.

<sup>42</sup> *Supra* note 38.

<sup>43</sup> Article 13(1)(sub d) Regulation 2081/92. Compare this with the multi-component term solution of Article 18.34 TPP *infra* note 92.

<sup>44</sup> Article 13(2) *ibid*.

<sup>45</sup> Article 6 *ibid*.

for invalidity or revocation of the trademark. The trademark cannot consist exclusively of a sign or indication which designates a geographical origin,<sup>46</sup> deceiving<sup>47</sup> or misleading<sup>48</sup> the public as to the geographical origin of the good or service. A PDO or PGI shall not be registered, according to Article 14(3) Regulation 2081/89, where, in light of a trademark's reputation, renown and the length of time it has been used, registration of a PDO or PGI is liable to mislead the consumer as to the true identity of the product.

The EU is clearly phasing-out wine trademarks that are identical to geographical names.<sup>49</sup> Wine producer Torres registered the trademark “Torres” in Portugal in 1962. In 1989, the Portuguese government passed legislation to recognise “Torres Verdas” as the geographical name for a wine producing region in the north of Portugal. Torres successfully complained to the Commission, which resulted in Regulation 3897/91<sup>50</sup> amending Regulation 2392/89, to allow trademarks for wines identical to geographical names protected in the EU that were used 25 years uninterruptedly before the registration of the geographical name. In addition, the EU is phasing-out the generic use of EU GIs in New World countries via bilateral treaties.<sup>51</sup>

### **SECTION 3 “PEACEFUL” CO-EXISTENCE BETWEEN *SUI GENERIS* AND TRADEMARK SYSTEMS**

#### **Protecting GIs via trademarks and AVA**

In the U.S., as well as in other New World countries, GIs are viewed as a subset of trademarks.<sup>52</sup> For these countries certification or collective marks are the preferred way to protect GIs. A collective mark is “a trademark or service mark ... used by the members of a cooperative, an association, or other collective group or organization”.<sup>53</sup> A certification mark is “a mark used upon or in connection with the products or services of one or more persons ... to certify regional or other origin, material, mode of manufacture, quality, accuracy or other characteristics of such goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.”<sup>54</sup>

The *sui generis* systems with their protection against usurpation and shields against genericity are perceived by the New World countries as not conducive to information for consumers, costly for trademark holders and stifling for innovation. Protecting GIs as trademarks makes use of an already existing trademark regime so that no additional government resources are needed. The

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<sup>46</sup> Article 3(1)(c) Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks [1988] OJ L040.

<sup>47</sup> Article 3(1)(g) *ibid.*

<sup>48</sup> Article 12(2)(b) *ibid.*

<sup>49</sup> Article 40(3) Council Regulation (EEC) 2392/89 of 24 July 1989 laying down general rules for the description and presentation of wines and grape musts [1989] OJ L 232, allowed registered trademarks for wines identical to geographical names protected in the EU to be used until 31 December 2002, provided that the trademark was registered before 1 January 1986, and has been used uninterruptedly since 1 January 1984.

<sup>50</sup> Council Regulation (EEC) No 3897/91 of 16 December 1991 amending for the third time Regulation (EEC) No 2392/89 laying down general rules for the description and presentation of wines and grape musts [1991] OJ L368.

<sup>51</sup> The Agreement between the European Community and Australia on trade in wine of 30 January 2009, for example provides transitional phase-out periods of one and ten years for generic use in Australia of certain EU GIs.

<sup>52</sup> ‘Geographical Indication Protection in the United States, Global IP System’ (USPTO) <[www.uspto.gov/sites/default/files/web/offices/dcom/olia/globalip/pdf/gi\\_system.pdf](http://www.uspto.gov/sites/default/files/web/offices/dcom/olia/globalip/pdf/gi_system.pdf)> accessed 13 July 2016.

<sup>53</sup> 15 U.S.C. § 1127.

<sup>54</sup> *Ibid.*

trademark system is also familiar with GIs that are not merely geographical names, but can also include non-traditional trademarks, such as colours, sounds and three-dimensional marks. In addition, private owners are not forced to wait for their government to take action against infringement, which is the case with *sui generis* systems. Protecting GIs via trademarks also fulfills the national treatment requirement of TRIPS.<sup>55</sup>

Despite the U.S.' preference for the trademark system it does use a *sui generis* system to protect the geographical names for wines: the American Viticultural Areas (AVA) system. The Bureau of Alcohol, Tobacco and Firearms (BATF), part of the Secretary of Treasury office, regulates the use of domestic and foreign GIs through its labeling power.<sup>56</sup> In 1979, BATF enacted regulations for the establishment of the AVA. BATF classifies geographical designations for wines into generic, semi-generic and non-generic.<sup>57</sup> Subsequently, an American competitor of the AOC "Chablis" was able to register the trademark "Chablis with a Twist" with the USPTO.<sup>58</sup>

## GATT and TRIPS

Before TRIPS became effective in 1995, the 1947 General Agreement on Tariffs and Trade (GATT) provided Article IX:6 on the protection of distinctive regional or geographical names. No specific standards were imposed, but there were calls on the GATT contracting parties to cooperate in this field. The GATT panel in *Japan - Customs Duties, Taxes and Labelling Practices on Imported Wines and Alcoholic Beverages*<sup>59</sup> concluded in 1987 that Article IX:6 GATT was designed to protect "distinctive regional and geographical names of products of the territory of a contracting party as are protected by its legislation". The GATT panel did not agree that when Japanese spirits used the English words "whisky" or "brandy" or Japanese wines used "chateau" or "vin rose", it was detrimental to the protection of distinctive regional or geographical names of products of the territory of a contracting party.<sup>60</sup>

The TRIPS negotiations about the different intellectual property rights were uncontentious, except for GIs.<sup>61</sup> U.S., Canada and Australia did not want any protection for GIs in TRIPS, but the EU persisted. And when they succeeded, they also wanted protection against usurpation for all products. The compromise was Article 23 TRIPS that will give enhanced protection for wines and spirits.

Article 22(1) TRIPS provides a definition of GIs: "... 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." The difference between this definition of a GI and the definition of an AO according to Article 2(1) Lisbon Agreement, is that the latter requires both natural and human factors, instead

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<sup>55</sup> Article 3(1) TRIPS.

<sup>56</sup> 27 C.F.R. section 4.1.

<sup>57</sup> *Ibid.* 4.24(b)(2): "Examples of semi-generic names which are also type designations for grape wines are *Angelica*, *Burgundy*, *Claret*, *Chablis*, *Champagne*, *Chianti*, *Malaga*, *Marsala*, *Madeira*, *Moselle*, *Port*, *Rhine Wine* (syn. Hock), *Sauterne*, *Haut Sauterne*, *Sherry*, *Tokay*."

<sup>58</sup> *INAO v Vintners International Co.*, 958 F.2d 1574 (Fed. Cir. 1992).

<sup>59</sup> (1987) (GATT L/6216 - 34S/83) paras 5.14-5.15.

<sup>60</sup> *Ibid.*

<sup>61</sup> "GIs was perhaps the most emotional topic of the negotiations, not only for its economic and trade impact but also for the sociocultural and historical aspects involved. While it is feasible to deal with one's own market, the fear relates to the possibility of losing third markets." Thu-Lang Tran Wasescha, 'Negotiating for Switzerland' in Jayashree Watal and Antony Taubman (eds), *The Making of the TRIPS Agreement, Personal Insights from the Uruguay Round Negotiations* (WTO Geneva 2015).

of either/or. Trademarks can fulfill the requirements of Article 22(1) TRIPS to function as a GI. But, as shall be pointed out below, senior trademarks representing separate rights that can conflict with GIs, are separately mentioned in the provisions of Section 3 TRIPS.

TRIPS does not have an international register nor notification<sup>62</sup> system for GIs, although Article 23(4) TRIPS is prescribing negotiations for such a multilateral system for wines. At the Doha Ministerial Conference, it was agreed that issues related to the extension of the protection of GIs to products other than wines and spirits will be addressed in the TRIPS Council.<sup>63</sup> However, not even a consensus could be reached about whether there is a mandate to negotiate GI extension and whether other products than wines and spirits should get enhanced protection and if there would be enhanced protection for other products than wines and spirits, what exceptions should be created, and what transitional phase-out period for generic GIs is needed.<sup>64</sup>

TRIPS protects against misleading<sup>65</sup> or unfair competition<sup>66</sup> in regard to GIs. A trademark that contains or consists of GIs of goods not originating in the territory indicated or that is misleading, shall be refused from registration or invalidated.<sup>67</sup> Article 22(4) TRIPS makes clear that even though a GI is literally true as to the territory, region or locality in which the goods originate, if it falsely represents to the public that the goods originate in another territory, it should be refused or invalidated. For example, there are many New World towns named for Old World cities.<sup>68</sup>

Just as the Lisbon Agreement and the EU PDO/PGI system, Article 23(1) TRIPS provides protection against usurpation for wines and spirits GIs. However, it prevents the use of a GI identifying wines for wines not originating in the place indicated by the GI in question or identifying spirits for spirits not originating in the place, even where the true origin of the goods is indicated or the GI is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like. So, it does not protect as the Lisbon Agreement and EU PDO/PGI system against geographical names on dissimilar goods.

Article 23(3) TRIPS expounds that in case of homonymous GIs for wines, protection shall be accorded to each indication, unless a GI, although literally true, falsely represents a geographical origin. The TRIPS members need to come to a practical solution by differentiating the GIs from each other, to prevent that consumers will be misled.

Article 24(1) and (2) TRIPS states that members shall not refuse to conduct negotiations or to conclude bilateral or multilateral agreements to increase individual wine GIs, and the TRIPS Council should review the process. Both the EU and U.S. have been very active in concluding

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<sup>62</sup> The rationale of notification is to permit opposition hearings and to see whether a country allows co-existence of GIs and Trademarks.

<sup>63</sup> Doha WTO Ministerial 2001: Ministerial Declaration (20 November 2001) WT/MIN(01)/DEC/1, para 18.

<sup>64</sup> James Otieno-Odek, ‘The Way Ahead – What Future for Geographical Indications?’ (Worldwide Symposium on GIs, Parma, Italy 27-29 June 2005) 2.

<sup>65</sup> Article 22(2)(a) TRIPS provides protection against the use of any means in the designation or presentation of a good that misleads as to the geographical origin of the good. This use of any means goes further than the use of the name.

<sup>66</sup> Article 22(2)(b) *ibid.* incorporates protection against unfair competition referring to Article 10bis Paris Convention (1967).

<sup>67</sup> Article 22(3) *ibid.*

<sup>68</sup> Aschenbach tracked the names of 15 European capitals and Egypt’s Cairo and found 56 U.S. cities named Berlin, 41 named London, 32 named Athens, 31 named Lisbon, 27 named Moscow, 24 named Dublin, 19 named Warsaw and 12 named Amsterdam. Joy Aschenbach, ‘New World Towns Names For Great Old World Cities’ (National Geographic, 25 December 1988), <[http://articles.sun-sentinel.com/1988-12-25/features/8803140047\\_1\\_place-names-russian-capital-idaho-town](http://articles.sun-sentinel.com/1988-12-25/features/8803140047_1_place-names-russian-capital-idaho-town)> accessed 13 June 2015.

bilateral and multilateral agreements. The EU is trying to repropertise its list of 41 geographical names that were perceived as generic by New World countries, better known as “the claw-back list”,<sup>69</sup> via EU free-trade agreements and via specific GI agreements. The U.S. on its turn, is lobbying for the protection of GIs via trademarks.

### **Conflict between trademarks and AOs, PDOs/PGIs or GIs**

One can argue that TRIPS establishes minimum standards for the protection and enforcement of intellectual property rights. Therefore TRIPS should allow for higher standards, such as the protection against usurpation and the shield against becoming generic set by the Lisbon Agreement or EU PDO/PGI system. Article 24(3) TRIPS prescribes that members shall not diminish the protection of GIs that existed immediately prior to the date of entry into force of the WTO Agreement, so before 1 January 1995. This is relevant for those TRIPS members that are also members of the Lisbon Agreement or the EU or both. According to the International Trademark Association, TRIPS’ coexistence mechanism contradicts and supersedes Article 5(6) Lisbon Agreement, which mandates the phase-out in two years of pre-existing trademarks that conflict with a subsequent AO.<sup>70</sup> The Lisbon Agreement is not specifically exempted from derogation as is the Paris Convention, among other intellectual property treaties under Article 2(2) TRIPS and may contradict the exclusive right afforded to trademark owners under Article 16(1) TRIPS.<sup>71</sup>

In case of a conflict with another GI, Article 24(4) TRIPS allows for the continued and similar use of this particular GI of another member identifying wines or spirits in connection with goods or services. This exception is on the condition that the nationals or residents who have used the GI should have done so in a continuous manner with regard to the same or related goods or services in the territory of that member either for at least ten years preceding 15 April 1994 or in good faith preceding that date.

### **Conflicts between trademarks and TRIPS**

Article 23(2) TRIPS makes clear that the registration of a trademark which contains or consists of a GI identifying wines or spirits shall be refused or invalidated, with respect to such wines or spirits not having this origin. Article 24(5) TRIPS states that where a trademark has been applied for or registered in good faith, or where rights to a trademark have been acquired through use in good faith either before the date of application of these provisions in that member as defined in Articles 65 and 66 TRIPS, which allow members depending on their developmental or transitional state to delay the application of TRIPS from one to 10 years following the date of entry into force, or before the GI is protected in its country of origin. Measures 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 GI.

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<sup>69</sup> Commission, ‘WTO talks: EU steps up bid for better protection of regional quality products’, IP/03/1178, (28 August 2003) <[http://europa.eu/rapid/press-release\\_IP-03-1178\\_en.htm?locale=en](http://europa.eu/rapid/press-release_IP-03-1178_en.htm?locale=en)> accessed 13 July 2016.

<sup>70</sup> In its 1996 report INTA’s Geographical Indications Task Force concluded that the TRIPS Agreement unambiguously protects all pre-existing trademarks against usurpation by GIs. ‘Policy and Advocacy, Board Resolutions Protection of Geographical Indications and Trademarks’ (INTA, 24 September 1997) <[www.inta.org/Advocacy/Pages/ProtectionofGeographicalIndicationsandTrademarks.aspx](http://www.inta.org/Advocacy/Pages/ProtectionofGeographicalIndicationsandTrademarks.aspx)> accessed 13 July 2016.

<sup>71</sup> *Ibid.*

## Genericity

TRIPS does not have any shield for its GIs against becoming generic. Article 24(6) TRIPS explains that members do not need to protect any GIs with respect to goods or services for which the relevant indication has become generic. There is no obligation under TRIPS to protect GIs which are not or cease to be protected in their country of origin, or which have fallen into disuse in that country.<sup>72</sup> Members also do not need to protect indications identical with a customary name of a grape variety existing in the territory of that member.<sup>73</sup>

## SECTION 4 THE LAST SPASM OF THE *SUI GENERIS* SYSTEM AND VICTORY FOR THE TRADEMARK SYSTEM

### Geneva Act

The Geneva Act of 2015 introduces a number of flexibilities compared to the previous version of the Lisbon Agreement. It establishes a system of international registration that protects not only AOs, but also GIs. The Geneva Act allows intergovernmental organizations to become members. Therefore, the door is now open for an EU membership. Art 2(1) Geneva Act provides the definition for AO: “any denomination known as referring to such area, which serves to designate a good as originating in that geographical area, where the quality or characteristics of the good are due exclusively or essentially to the geographical environment, including natural and human factors, and which has given the good its reputation;” and a definition for GIs: “any indication which identifies a good as originating in that geographical area, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.” Article 11(1) Geneva Act expands the Lisbon Agreement’s protection for AOs to GIs against confusion,<sup>74</sup> dilution<sup>75</sup> and deception.<sup>76</sup> Article 11(2) Geneva Act provides protection against usurpation for both AOs and GIs.<sup>77</sup>

### Conflict between trademarks and AOs, GIs

The ‘first in time, first in right’ principle is used in Article 11(3) Geneva Act, which prescribes contracting parties to refuse or invalidate the registration of a later conflicting trademark, and Article 13(1) Geneva Act to allow prior trademark rights applied for or registered in good faith, or acquired through use in good faith. This principle becomes even more pronounced where the law of a contracting party provides limited exception to the rights conferred by a trademark to the effect

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<sup>72</sup> Article 24(9) TRIPS.

<sup>73</sup> Similar to Article 4 Madrid Agreement and footnote 21 to Article 18.32(1) TPP.

<sup>74</sup> Article 11(1)(a)(i) Geneva Act: “use of the AO or the GI in respect of goods of the same kind as those to which the AO or the GI applies, not originating in the geographical area of origin or not complying with any other applicable requirements for using the AO or the GI;”

<sup>75</sup> Article 11(1)(a) *ibid.*, “(ii) in respect of goods that are not of the same kind as those to which the AO or GI applies or services, if such use would indicate or suggest a connection between those goods or services and the beneficiaries of the AO or the GI, and would be likely to damage their interests, or, where applicable, because of the reputation of the AO or GI in the Contracting Party concerned, such use would be likely to impair or dilute in an unfair manner, or take unfair advantage of, that reputation;”

<sup>76</sup> Article 11(b) *ibid.*, “any other practice liable to mislead consumers as to the true origin, provenance or nature of the goods.”

<sup>77</sup> Article 11(2) *ibid.*, “Paragraph (1)(a) shall also apply to use of the AO or GI amounting to its imitation, even if the true origin of the goods is indicated, or if the AO or the GI is used in translated form or is accompanied by terms such as “style”, “kind”, “type”, “make”, “imitation”, “method”, “as produced in”, “like”, “similar” or the like.”

that such a prior trademark in certain circumstances may entitle its owner to prevent a registered AO or GI from being granted protection or used in that contracting party, protection of the registered AO or GI shall not limit the rights conferred by that trademark in any other way.<sup>78</sup>

### **Protection against becoming generic but ‘first in time, first in right’**

Article 12 Geneva Act: “registered AOs and registered GIs cannot be considered to have become generic in a contracting party.” However, the Agreed Statement concerning Article 12 clarifies that it is understood that this is without prejudice to the application of the provisions concerning prior use, as, prior to international registration, the denomination or indication constituting the AO or GI may already, in whole or in part, be generic in a contracting party other than the contracting party of origin.

### **TPP**

In 2015, the TPP was signed.<sup>79</sup> Section E Geographical Indication in Chapter 18 Intellectual Property, provides eight provisions on GIs.<sup>80</sup> The EU concluded trade agreements with TPP signatories Vietnam<sup>81</sup> and Canada,<sup>82</sup> which largely secured the high protection of GIs desired by the EU. However, for the TPP members Japan and the U.S., the multilateral agreement is highly germane in case of protecting GIs via trademarks and thus being able to oppose and cancel generic trademarks.

The definitions of GIs in Articles 18.1(1)(4) TPP and 22(1) TRIPS are identical in meaning. At first sight, TPP is agnostic about how GIs are protected: through a trademark or *sui generis* system or any other legal means.<sup>83</sup> However, in Section C on Trademarks, Article 18.19 TPP clarifies that each member “shall also provide that signs that may serve as GIs are capable of protection under its trademark system.” Indeed, this is the deathblow for any exclusive *sui generis* system of a TPP member state.

Article 18.32 TPP protects against confusion of non-wine/spirits GIs with a good faith application or registration<sup>84</sup> or acquisition<sup>85</sup> of a trademark. If the GI is a generic term,<sup>86</sup> then TPP members shall oppose or cancel the non-wine/spirits GIs. If a term no longer meets the conditions upon which the protection or recognition of a GI was originally granted in a TPP member state, than the other TPP members states no longer have to protect the term as a GI.<sup>87</sup>

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<sup>78</sup> Article 13(1) Geneva Act.

<sup>79</sup> Legally verified text TPP New Zealand [26 January 2016] Section E: Geographical Indications, Chapter 18 Intellectual Property <[www.mfat.govt.nz/assets/\\_securedfiles/trans-pacific-partnership/text/18-intellectual-property-chapter.pdf](http://www.mfat.govt.nz/assets/_securedfiles/trans-pacific-partnership/text/18-intellectual-property-chapter.pdf)> accessed 13 July 2016.

<sup>80</sup> Articles 18.1(1)(4), 18.30-18.36 TPP. However, Article 18.19 TPP, although located Section C Trademarks is crucial for GI as well.

<sup>81</sup> EU–Vietnam Free Trade Agreement, 2 December 2015.

<sup>82</sup> Comprehensive Economic and Trade Agreement between EU and Canada, 5 July 2016.

<sup>83</sup> Article 18.30 TPP.

<sup>84</sup> Article 18.32(1)(a) *ibid.*

<sup>85</sup> Article 18.32(1)(b) *ibid.*

<sup>86</sup> Article 18.32(1)(c) *ibid.*, “a term customary in common language as the common name for the relevant good in the territory of the Party”.

<sup>87</sup> Article 18.32(3) *ibid.*

Generic GIs for wines and spirits are untouchable, unless the GI refers to products of the vine for which the relevant indication is identical with the customary name of a grape variety existing in the territory of that Party.<sup>88</sup>

For the first time a multilateral agreement is giving guidelines for determining whether a term is generic. The TPP provides some non-exhaustive factors that authorities of TPP member states should take into account how consumers understand a term.<sup>89</sup> They include: “whether the term is used to refer to the type of good in question, as indicated by competent sources such as dictionaries, newspapers and relevant websites; and how the good referenced by the term is marketed and used in trade in the territory of that Party.”<sup>90</sup> Another innovation of TPP is that it provides a solution for GIs that are or have become generic. An individual component of a term might be generic, and therefore cannot be protected as a GI. However, TPP also provides a solution if a generic term is part of a multi-component term,<sup>91</sup> then the whole is protectable as a GI.<sup>92</sup>

For the first time producers of agricultural products and foodstuffs could directly sue governments for not invalidating a generic trademark, under the Investor-State Dispute Settlement system of Chapters 9 and 28 TPP. No longer are they dependent on the willingness of their government to take on their case.

If TPP member states protect GIs via international agreements, they shall not preclude the possibility that the protection or recognition of a GI ceases,<sup>93</sup> unless the GIs refer to wines and spirits.<sup>94</sup> This means that despite bilateral or multilateral agreements, TPP members can oppose or cancel generic terms for non-wine/spirits goods. This breaks open any shield TPP members might have against genericity.

## SECTION 5 CONCLUSIONS

AOC, Lisbon Agreement, EU’s PDO/PGI regime and the Geneva Act set up *sui generis* registration systems in order to protect the AOs, PDOs/PGIs and GIs against confusion, dilution, deception and usurpation. These *sui generis* systems have a shield against becoming generic in common.

In relation to conflicts between senior trademarks designating PDOs/PGIs and GIs, the EU and TRIPS primarily apply the “first in time, first in right” principle. The Geneva Act also follows this principle, but it expands the usurpation principle and shield against becoming generic to GIs. While TRIPS does not have a shield against genericity, Article 24(3) TRIPS could potentially link GIs to a usurpation standard under for example the Lisbon Agreement. The TPP clearly gives preference to protection of GIs via certification and collective marks and a non-usurpation standard which is arguably less costly and better for innovation. The question is whether the maximalist doctrine for multilateral treaties have reached its zenith with the Geneva Act. Since this multilateral treaty allows intergovernmental organizations to become members, the EU could drastically

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<sup>88</sup> Footnote 21 to Article 18.32(1) *ibid.* Similar to Article 4 Madrid Agreement and Article 24(6) TRIPS.

<sup>89</sup> Article 18.33 *ibid.*

<sup>90</sup> *ibid.*

<sup>91</sup> The contours of a similar solution can be found in Article 13(1)(sub d) Regulation 2081/92: “Where a registered name contains within it the name of an agricultural product or foodstuff which is considered generic.”

<sup>92</sup> Article 18.34 TPP. As mentioned above, *Gouda* is considered a generic term by itself, but neither are the multi-component terms *Noord-Hollandse Gouda* nor *Gouda Holland*. Compare this to Article 13(1)(sub d) Regulation 2081/92 *supra* note 43.

<sup>93</sup> Article 18.36(3) *ibid.*

<sup>94</sup> Article 18.36(2) *ibid.*

change the significance of this *sui generis* system. Then again, the TPP suggests that the pendulum is swinging back for multilateral treaties towards a trademark dominated GI system that protects non-wines and spirits against confusion, dilution and deception, but not against usurpation. By demanding that TPP members be able to protect GIs via trademarks, Article 18.19 TPP gave a deathblow to any exclusive *sui generis* regime. Nevertheless, *a fortiori*, the battle for hegemony of the *sui generis* or trademark system will continue along the vault line of the Old and New Worlds at the level of bilateral free-trade agreements and specific GI agreements.