

EFFECTS OF THE EXTENSION OF GEOGRAPHICAL INDICATIONS: A SOUTH ASIAN PERSPECTIVE

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Geographical indications (GIs) associate names and places or production areas with products. They are distinctive signs that permit the identification of products on the market. GIs make it possible to add value to the natural riches of a country and to the skills of the population, and they give local products a distinguishable identity. If they are used in the proper way and are well protected, they can become an effective marketing tool of great economic value. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), which has more than 130 signatories, is the first international treaty to protect GIs through substantive provisions. In it, however, a clear distinction is made between the level of protection provided to wines and spirits and that provided to other products. Many countries, therefore, are actively working within the World Trade Organization to extend the existing protection that the Agreement grants to GIs for wines and spirits to GIs for all products. This paper is an attempt to analyse the issues relating to the scope extension of GIs under the TRIPS Agreement, especially with regard to South Asian countries. The paper argues that South Asian countries should equip their international property rights regimes to effectively protect the reputation of their geographical indications and their intrinsic qualities. In addition to the benefit of economies of scale, this would offer their products new opportunities in a competitive global market.

I. INTRODUCTION

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement),¹ which came into force on 1 January 1995, is the most comprehensive multilateral agreement on intellectual property. It covers the main categories of intellectual property rights, establishes standards of protection as well as rules on enforcement, and

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¹ The Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement) is an international agreement administered by the World Trade Organization that sets down minimum standards for many forms of intellectual property regulation. Specifically, the TRIPS Agreement contains requirements that nations' laws must meet with regard to: (a) copyright, including the rights of performers, producers of sound recordings and broadcasting organizations; (b) geographical indications, including appellations of origin; (c) industrial designs; (d) integrated circuit layout-designs; (e) patents; (f) monopolies for the developers of new plant varieties; (g) trademarks; (h) trade dress; and (i) undisclosed or confidential information. The legal text is available at www.wto.org/english/docs_e/legal_e/27-trips_01_e.htm.

provides for the application of the World Trade Organization (WTO)² dispute settlement mechanism for the resolution of disputes between WTO members. The intellectual property rights covered by the TRIPS Agreement are: copyrights and related rights; trademarks; geographical indications (GIs); industrial designs; patents; layout designs of integrated circuits; and protection of undisclosed information.

Geographical indications associate names and places or production areas with products. Scotch, Tequila, Bordeaux, Roquefort (cheese), Parma (ham) are prime examples of GIs as high-value commercial denominations. A whole section (Part II, section 3) of the TRIPS Agreement is dedicated to these geographical indications. GIs are distinctive signs which permit the identification of products on the market. If they are used in the proper way and are well protected, they can become an effective marketing tool of great economic value. GIs make it possible to add value to the natural riches of a country and to the skills of the population, and they give local products a distinguishable identity (Blakeney 2001).

The TRIPS Agreement, with more than 130 signatories, is the first international treaty which protects GIs through substantive provisions and provides an enforcement mechanism through WTO. In it, however, a clear distinction is made between the level of protection provided to wines and spirits and that provided to other products. Except for wines and spirits, it is all too easy to misuse GIs. Although a number of countries have developed effective legislation to protect GIs for all products, national regulations that apply only in one country are not sufficient in a global economy. Convinced of the economic benefit and great trade potential inherent in GIs, many countries around the world are actively working within WTO to have the existing protection granted by the Agreement to GIs for wines and spirits extended to cover GIs for all products (Escudero 2001).

The European Union seeks to use GI as a tool to consolidate the reputation and market niche of certain agricultural products, and to maintain its level of agricultural exports with regard to both quantity and value. The interests of the United States of America, on the other hand, relate to increased market access for agricultural products, and GI protection is seen as a potential protectionist barrier to such products. In general terms, the United States in its regional/bilateral agreements treats GIs as another form of trademark, thus emphasizing the exceptions clause under article 24.5 of the TRIPS Agreement. The European Union, in contrast, seeks to establish, through its regional/bilateral agreements, a *sui generis* form³ of GI protection that clearly prevails over conflicting trademarks. Thus, the European Union seeks to eliminate the exceptions available under article 24.5 of the TRIPS Agreement. This has led to a stalemate at WTO regarding the scope extension of GIs (Das 2007).

² The World Trade Organization (WTO) provides a forum for negotiating agreements aimed at reducing obstacles to international trade and ensuring a level playing field for all, thus contributing to economic growth and development. WTO also provides a legal and institutional framework for the implementation and monitoring of these agreements, as well as for settling disputes arising from their interpretation and application. See www.wto.org/english/thewto_e/whatis_e/whatis_e.htm for details on the organization.

³ Literally meaning "of its own kind".

This paper is an attempt to analyse the issues relating to the scope extension of GIs under the TRIPS Agreement. Section II will explain the conceptual differences between indications of source, appellations of origin and GIs. Section III focuses on the economic value of GIs. Section IV traces the historical background of TRIPS Agreement provisions on GIs. Section V discusses the inherent problems of the protection currently granted to GIs at the international level and the possible impact of the scope extension of GIs to products other than wines and spirits. Section VI discusses the implications of extended GIs for South Asia, with a special focus on India.

II. CONCEPTS

The terminology traditionally applied in treaties in the field of geographical indications administered by the World Intellectual Property Organization (WIPO)⁴ distinguishes between “indications of source” and “appellations of origin” (WIPO 2001). The term “indication of source” is used in articles 1(2) and 10 of the Paris Convention for the Protection of Industrial Property (Paris Convention). It is also used throughout the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods of 1891 (the Madrid Agreement). There is no definition of “indication of source” in those two treaties, but article 1(1) of the Madrid Agreement clarifies what is meant by the term: “All goods bearing a false or deceptive indication by which one of the countries to which this Agreement applies, or a place situated therein, is directly or indirectly indicated as being the country or place of origin shall be seized on importation into any of the said countries”.

Consequently, an indication of source can be defined as an indication referring to a country, or to a place in that country, as being the country or place of origin of a product. It is important that the indication of source relates to the geographical origin of a product and not to another kind of origin, for example, an enterprise that manufactures the product. This definition does not imply any special quality or characteristics of the product on which an indication of source is used. Examples of indications of source are the mention, on a product, of the name of a country, or indications such as “made in ...”.

The term “appellation of origin” is defined in the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of 1958 (Lisbon Agreement). The Agreement establishes an international system of protection for appellations of origin which are already protected under the national law of one of the State parties to that Agreement. Protection is subject to the international registration of that appellation of origin. Article 2(1) of the Lisbon Agreement defines the term “appellation of origin” as: “the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors”.

Under this definition, an appellation of origin can be regarded as a special kind of indication of source, because the product for which an appellation of origin is used must have a quality and characteristics that are due exclusively or essentially to its origin. Examples of

protected appellations of origin are Bordeaux (wine), Noix de Grenoble (nuts), tequila (spirit) and Jaffa (oranges).

The definition of geographical indication is given in part II, section 3, article 22.1 of the TRIPS Agreement: "Geographical indications are, for the purposes of this Agreement, indications which *identify a good* as originating in the territory of a Member [of WTO], 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*" (italics added).

According to this definition, a GI is an indication or sign borne by *any* product identified by the geographical indication as originating in a territory, region or locality, where (a) there is a specific quality, reputation or another characteristic inherent in these products, and (b) this quality, reputation or other characteristic is essentially attributable to the geographical origin of the products. This could, for example, include local geographical factors (such as climate and soil) or human factors present at the place of origin of the products (such as certain manufacturing techniques or a traditional production method).

The definition of a geographical indication is flexible enough, as it can protect the geographical names of localities, regions or countries or any name that evokes a geographical origin as long as the name meets the above requirements. At the same time, such a definition clearly excludes rules of origin or indications of source that indicate only the GI, but not any quality, reputation or other characteristic of the product. In this vein, rules of origin are a tool for tariff classification and must be distinguished from geographical indications within the meaning of the TRIPS Agreement (Addor and Grazioli 2002).

If the definitions of indication of source, appellation of origin and geographical indication are compared, the following can be observed. Indication of source is the broadest term; it comprises both geographical indication and appellation of origin. Indications of source require only that the product on which the indication of source is used originate in a certain geographical area (made in ...). Thus, there are indications of source that would seem not to be covered by the definition of geographical indication under the TRIPS Agreement, namely those whose use on products does not imply a particular quality, reputation or characteristic of those products. Geographical indications are more broadly defined than appellations of origin. In other words, all appellations of origin are geographical indications, but some geographical indications are not appellations of origin.

III. ECONOMIC AND SOCIAL RATIONALE OF GEOGRAPHICAL INDICATIONS

The basic economic function of geographical indications is to protect the goodwill of products to which they relate. There is no agreed definition of goodwill, at least in international trademark law. It can be conveniently defined as the "tendency or likelihood of a consumer to repurchase goods or services based upon the name or source of goods and services" (WIPO 2003).

Although goodwill is not the same as, say, an invention or a copyrighted work, it is equally intangible and thus possesses the same public-good property—it may be used on any number of related goods or services. Therefore, an unauthorized exploitation of a trademark's goodwill is, from an economic point of view, always feasible (Rangnekar 2002). It is no wonder then that the unauthorized use of a trademark has been recognized as a legal issue for quite some time and is known in law as counterfeiting. The TRIPS Agreement defines counterfeiting, in a footnote to article 51 in section 4, as follows: "counterfeit trademark goods shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation".

There is, however, an additional economic impact of geographical indications. By virtue of their basic function of distinguishing the goods or services of one enterprise from the same or similar goods or services of other enterprises, trademarks are the main building block of market identity (Das 2007). The notion of market identity can be best explained by a simple analogy. It can be said that trademarks play the same role in the identification of goods or services as personal names play in the identification of individuals. Similar reasoning applies to geographical indications, although they relate to a group of enterprises rather than a single enterprise. It can also be said that geographical indications play the same role as citizenship. Market identity significantly encourages inventive and other creative activity. After all, a product based on a highly valuable invention can succeed on the market only if the product itself is recognized to be innovative—but this recognition can be achieved only with the assistance of branding, that is, with trademarks and/or geographical indications. In other words, success based on inventive activity depends on the success of market identity, whereas the reverse does not necessarily hold true.

GIs serve to protect intangible assets such as market differentiation, reputation and quality standards. They enable the linking of a specific product to the territory from which it originates. GIs convey the cultural identity of a nation, region or a locality and add a human dimension to goods that are increasingly subject to standardized production for mass consumption. GIs are understood by customers to denote the origin and the quality of products. GIs are increasingly recognized as a tool for securing consumers' loyalty by establishing the link between product attributes and the geographical origin. In economic terms, a GI essentially enables producers to increase profits through product differentiation (Chaturvedi 2002).

Many GIs have acquired valuable reputations which, if not adequately protected, could be misrepresented by dishonest commercial operators. False use of GIs by unauthorized parties is detrimental to consumers and legitimate producers. The former are deceived and are falsely led into believing that they are buying a genuine product with specific qualities and characteristics while they in fact get an imitation. The latter suffer damage because valuable business is taken away from them and the established reputation for their products is damaged.

GIs as an instrument of intellectual property protection have specific features that, in contrast to other intellectual property rights (IPRs), are considered relatively more amenable to the customary practices of indigenous communities (UNDP 2007). As no institution (firm or individual) exercises exclusive monopoly control over the knowledge or information embedded in the protected indication (or the good), it remains in the public domain. Many indigenous communities consider their knowledge as a heritage to be protected for the lifetime of their culture. A particular indication is protected as long as the good-place-quality link is maintained and the indication not rendered generic.

Traditional knowledge and GIs share a common element insofar as they both protect accumulated knowledge typical to a specific locality. While traditional knowledge expresses the local traditions of knowledge, GIs stand for the specific geographical origin of a typical product or production method. Traditional knowledge establishes a social relationship between the product and a person, while GIs are traditional insofar as they represent food and production systems endogenous to a specific region. Geographical indications may substitute for intellectual property protection of traditional knowledge (Panizzon 2006). As such, fears of the commodification of traditional knowledge on account of GIs are not entirely valid. To the extent that products draw on distinctive traditional methods of production that have been preserved and nurtured over time by communities specific to a region, GIs can be used as a legal tool to develop, market and protect a brand.

A GI is a collective right that is open to all producers in the region that observe the specified codes and produce in the demarcated geographical region. The “holders” of a GI do not have the right to assign the indication, which is provided to holders of trademarks (article 20 of the TRIPS Agreement) and patents (article 28.2, TRIPS Agreement). Closely following this, the good-place link underlying GI protection automatically prohibits the transfer of the indication to producers outside the demarcated region. Nor can the indication be used on similar goods originating from outside the designated geographical area. In effect, the result of protection is to limit the class and/or location of people who may use the protected indication. GI protection, however, is no guarantee against the misappropriation of traditional knowledge, and other strategies to protect such knowledge must be adopted. Yet GIs remain meaningful in enabling “people to translate their long-standing, collective, and patrimonial knowledge into livelihood and income” (Bérard and Marchenay 1996).

IV. HISTORICAL BACKGROUND OF THE PROVISIONS OF THE TRIPS AGREEMENT

Prior to the TRIPS Agreement, some international treaties, such as the Paris Convention, the Madrid Agreement and the Lisbon Agreement, contained provisions on the protection of indication of source and appellations of origin. Even though some of these treaties contained strong provisions for the protection of appellations of origin, their practical results were meagre. First, because the Paris Convention included only a general provision on this matter, and second, because the Madrid and Lisbon Agreements had limited membership.

The Paris Convention

The Paris Convention was agreed in 1883 and complemented by the Madrid Protocol of 1891. It was revised at Brussels (1900), Washington D.C. (1911), The Hague (1925), London (1934), Lisbon (1958) and Stockholm (1967), and amended in 1979. The Paris Convention, as of 22 October 2009, had 173 signatory states.

This treaty was the first multilateral agreement to provide protection for indications of source and appellations of origin. Article 1(2) of the Paris Convention includes indications of source and appellations of origin as aspects of industrial property protection. Article 10(1) provides for indications of source the same remedies prescribed in respect of goods unlawfully bearing a trademark or a trade name "in cases of direct or indirect use of a false indication of source of the goods or the identity of the producer, manufacturer, or merchant".

According to the Convention, the main remedies for unlawfully bearing an indication of source are seizure of the product upon importation, or at least prohibition of importation, or seizure within the country. Article 10*bis* of the Paris Convention obliges members to provide protection against unfair competition and contains a non-exhaustive list of some acts that are to be prohibited. This provision gives the basis for the protection against misleading indications of source, including appellations of origin. The Paris Convention does not provide for any remedies in case of infringement of this provision.

The Madrid Agreement

The Madrid Agreement was adopted in 1891 and revised at Washington D.C. (1911), The Hague (1925), London (1934), and Lisbon (1958). It was supplemented by the Additional Act of Stockholm (1967), and had a membership of 35 signatory states as of 22 October 2009. In the last 25 years (1985-2009), only six new States have become parties to the treaty. Unlike the Paris Convention, which is a general treaty that provides protection for a broad range of different categories of industrial property rights, the Madrid Agreement provides specific rules for the repression of false and deceptive indications of source.

The Agreement establishes rules on how seizure should take place and defines the competent authority to enforce these kinds of measures. It also contains a special provision by which the courts of each country can decide what indications of source do not fall within the provisions of the Agreement, because of their generic character; regional appellations concerning the source of products of the vine are excluded from such a reservation. This provision, in article 4 of the Agreement, could be considered the reasons why sectoral geographical indications need special protection, especially those concerning wines and spirits. Finally, it should be noted that GIs can be protected as collective marks, certification marks or guarantee marks.

The Lisbon Agreement

This Agreement was concluded in Lisbon on 31 October 1958. It was revised in Stockholm in 1967 and amended in 1979. Any member of the Paris Convention may accede to the treaty. As of 19 October 2009, there were 26 States party to the Agreement. In the last 20 years (1989-2009) only 10 new States have acceded to the Agreement. There are two basic requirements for an appellation of origin to be protected, in accordance with the terms of this Agreement: (a) the appellation of origin should be protected in its country of origin; and (b) the appellation of origin should be registered in the International Register of WIPO.

According to the Regulations under the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, applications for the international registration of an appellation of origin are to be addressed to the International Bureau in Geneva by the competent office of the country of whose name, or the country in which is situated the region or locality whose name constitutes the appellation of origin which has given the product its reputation.

TRIPS Agreement

Another of the important features of the TRIPS Agreement, with regard to geographical indications, is that it is bound to enforce its application according to minimum standards. It also provides a strong dispute settlement mechanism under the WTO system. Article 71 of the TRIPS Agreement provides for periodic review and article 23 provides for negotiations aimed at increasing the protection of individual geographical indications. As stated, the TRIPS Agreement is the first international treaty providing wide coverage for geographical indications, and has the largest signatory membership on this issue. The provisions contained in section 3 of the Agreement were the result of a complex and difficult process of negotiations.

The Agreement contains a clear triple distinction in the level of protection for geographical indications related to (a) all products, (b) wines and spirits, and (c) wines only. The Agreement, at the time of its adoption, represented the particular interest of the European wine-producing countries, which supported stronger and special protection to this kind of product, compared to the standard protection granted to other products.

Since the adoption of the TRIPS Agreement, signatory countries have become more aware of the need for sufficient protection of geographical indications for all products. Also, the ongoing negotiations in the field of industrial and agricultural products, as pursued by WTO, reflects the growing importance of extending the level of protection given to geographical indications for wines and spirits to all products. Such protection is an invaluable marketing tool and an added value for exports, because it increases the chances of market access for such goods. The extension of the additional protection of article 23 to geographical indications for products other than wines and spirits must be part of the global vision of a multilateral trade system (WTO 2008).

V. ADDITIONAL LEVEL OF PROTECTION TO WINES AND SPIRITS: SOME ISSUES

Article 22.1 of the TRIPS Agreement defines geographical indications which are protected by the TRIPS Agreement (see section II). While there is just one definition for all geographical indications, part II, section 3 of the TRIPS Agreement provides for two different levels of protection.

Article 22 covers geographical indications for products other than wines and spirits. In contrast to article 23, article 22 limits the protection of geographical indications to cases where the public is misled by the use of a geographical indication as to the true geographical origin of the product, or where such use constitutes an act of unfair competition (the “misleading test”).

Article 23 provides for additional protection of geographical indications in the category of wines and spirits. Under Article 23, there is no need to prove that the public is misled or that using a certain geographical indication constitutes unfair competition. The use of accompanying expressions such as “style”, “type”, “kind” and “imitation” are prohibited and protection is also provided when the indication is used in translated form. The burden of proof does not rest with the plaintiff (WIPO 2001). Under article 23, competitors not producing within the geographical area are simply prevented from using the corresponding denomination, and they may not use trademarks containing or consisting of geographical indications used to identify wines or spirits (subject to the exceptions provided for in article 24).

Exceptions under article 23.1

A term claimed as a GI must fit the criteria set out in the TRIPS definition mentioned above. Even if the product meets this definition, several important exceptions can render some terms non-protectable, at least in the territories of some members:

- (a) Some existing use would be preserved. Article 24.4 grandfathers⁵ the existing use of GIs for wine and spirits, and this could be extended to all products if article 23.1 was extended. This means that it might not be possible to prevent other members from using a GI that they are already using domestically;
- (b) Generic⁶ terms would remain non-protectable. A term that has already become generic in a particular country would remain generic and non-protectable, despite

⁵ The World Intellectual Property Organization (WIPO) was established by the WIPO Convention in 1967 with a mandate from its Member States to promote the protection of intellectual property throughout the world through cooperation among states and in collaboration with other international organizations. For more information, see www.wipo.int/portal/index.html.en.

⁶ This is true if such symbols are capable of indicating the origin of the goods without literally naming the place of their origin, for example, basmati.

the extension of coverage (article 24.6). This exception could affect terms with geographical origins that have become well known globally (for example Cheddar cheese);

- (c) Failure to protect in the country of origin removes others' obligation to protect. Before a member could expect to obtain protection of its GIs in the countries of other members, it would have to provide *domestic* protection for those GIs (article 24.9). That protection might have to be at the article 23 level. For the reasons set out below, this could place onerous obligations on all members.

Aside from these exceptions, the protection article 23 affords geographical indications for wines and spirits is notably enhanced compared to that provided in article 22 for other products, which relies on the "misleading test". The limited protection granted by article 22 has several deficiencies.

Free riding

In order for the protection of Article 22 of the TRIPS Agreement to apply, the undue use of a geographical indication has to mislead the public as to the geographical origin of the product or must constitute an act of unfair competition. The same applies to refusing or invalidating the registration of a trademark containing or consisting of a geographical indication with respect to goods not originating in the territory indicated.

The requirement of the "misleading test" in article 22 is tailored to suit unfair competition or consumer protection regulations. Compared to the protection granted by article 23 to geographical indications for wines and spirits, however, it does not provide sufficient intellectual property protection for the benefit of the producers entitled to use a geographical indication. It enables free riding by other producers on the renown of a geographical indication. A producer may use a geographical indication for his product, even if it does not originate in the territory purported, as long as the product's true origin is indicated on the label. Thus, a producer can profit from the use of a famous geographical indication and argue that it is not misleading the consumer. One example of such misguidance is a case where a producer uses the geographical indication Geneva on a clock-face even though the clock does not originate from Geneva, but engraves the true origin on the back of the clock.

Legal uncertainty

The requirement of the "misleading test" results in legal uncertainty as to the enforcement of protection for an individual geographical indication at the international level. It is up to the national courts and the national administrative authorities to decide whether or not the public is being misled by a particular use of a geographical indication, and to enforce their decision. However, whether or not the public is being misled and how the legal and administrative authorities apply and interpret this discretionary element of "misleading

the public” differs from country to country, resulting in inconsistent decisions. Such legal uncertainty undermines and damages the good functioning of international trade in goods having the added value of a geographical indication. It can be avoided by granting the level of protection as provided by article 23 of the TRIPS Agreement, which does not require the “misleading test” or evidence of unfair competition, to all geographical indications.

Burden of proof

The “misleading test” carries another disadvantage, namely, in order to defend a geographical indication for a product under this article, it is up to the plaintiff to prove to judicial or administrative authorities that the public has been misled, or that there has been an act of unfair competition. This is complicated and expensive. There is no such burden of proof put on the producer in the domain of geographical indications for wines and spirits. In contrast, article 23 specifically prohibits per se the use of geographical indications for wines and spirits not originating in the place indicated by the geographical indication. This standard of protection should apply to geographical indications for other products as well.

Extending the scope of article 23.1 of the TRIPS Agreement

The practical effect of article 23.1 is to permit interested parties to prevent, without having to prove that the public is misled or that there is an act of unfair competition:

- (a) The use of the geographical indication by others, generally, for products not originating in the place indicated by the geographical indication in question (e.g., unqualified use of Napa Valley by French producers in France);
- (b) The use of the geographical indication even in conjunction with an additional indication in which the true place of origin of the products is indicated (for example, Napa Valley of France);
- (c) The use of the geographical indication even if the geographical indication is used in translation (for example, Valle de los Cactus);
- (d) The use of the geographical indication if is accompanied by expression such as “kind”, “type”, “style” or “imitation” (for example, Napa Valley type).

This protection is supplemented by that of article 22.2(b), which seeks to prevent other illegitimate uses of the terms or signs that are not contemplated specifically by article 23.1, also covering cases where a geographical indication denoting a special kind of product is used in the designation or presentation of another category of products.

The extension of article 23.1 of the TRIPS Agreement to products other than wines and spirits has no implications for the definition of article 22.1, as this debate concerns only the different level of protection between geographical indications for wines and spirits

and those for other products. However, it is important to note that the TRIPS definition of geographical indications does not distinguish between products and, therefore, constitutes both a premise and a precedent of harmonious, balanced protection of all geographical indications on all products.

The anomaly of inconsistent treatment

Geographical indications stand on an equal footing with other intellectual property rights such as trademarks or copyright. In none of the other fields of intellectual property rights is a difference made in the level of protection of those rights according to product categories. A uniform level of protection applies. There are no logical or legal reasons that could justify two different levels of protection in the field of geographical indications.

It is the absence of article 23 cover for these other GIs that enables competitors from outside a region to usurp the reputation of a GI, thereby dividing a considerable share of the market away from the legitimate right holders. This kind of illegitimate practice not only damages the reputation of the original GI, but also deprives the genuine right holders of the full benefit of the investments they put into developing their goods and creating goodwill and reputation in the market. Consumers are also likely to be misled into thinking that they are purchasing an authentic good with a certain well-specified quality and characteristics, whereas they are actually buying an imitation (WTO 2001a).

No substantive justification for discriminatory treatment

To treat geographical indications for wines and spirits differently from those for other products is substantively unjustified. The geographical origin confers, whether due to natural or human factors, intrinsic qualities to a good that a similar product without this origin will not have. The geographical origin, from a commercial point of view, has the same importance for all products. Often, the trade value of geographical indications for products other than wines and spirits is even higher than a specific geographical indication for a wine or a spirit. Examples include famous geographical indications such as Darjeeling tea, Carolina rice, Maine lobster and Bukhara carpets. With the extension of article 23, the existing imbalance of section 3 will disappear, providing the same level of effective protection to geographical indications for all products.

The rationale behind extension

A solid case can be made for extending protection, as outlined below:

- (a) The TRIPS Agreement would ensure the same protection for all geographical indications, irrespective of the product. The protection currently provided for geographical indications for products other than wines and spirits is inadequate. It does not prevent products whose names are ineligible for the geographical indication from free riding on the reputation of genuine geographical indications;

this harms legitimate producers and the marketing of products actually originating from the place indicated by the geographical indication. Extension would provide an adequate level of protection to geographical indications for all products (WTO 2001b);

- (b) Currently there are no economic or systemic reasons why certain types of products should have more protection for geographical indications. The risk of confusion between products originating in a specific region and having a special quality due to that origin, on the one hand, and products using the same denomination but not having the qualities derived from that specific region, on the other, is important and damaging for any product, not just for wines and spirits;
- (c) Legitimate producers of a product identified by a geographical indication would be better protected against illegal use of the GI of such category of products. Competitors not producing such product within the indicated geographical area would be prevented from illegitimately using the geographical indication of such products. Hence all producers would have a clear view of the situations in which use of a GI for products of the same category is lawful or not. Legitimate users of GIs would not have to undergo costly procedures to demonstrate that the consumer is confused as the applicable test of article 23.1 of the TRIPS Agreement (that is, whether the geographical indication is used on a product not originating in the place referred by the geographical indication) is easier to ascertain than the one required by article 22.2. The test would therefore be made objective and judicial decisions would be uniform and harmonious, as the final decision is not left to the judge's perception of whether the public is actually misled (WTO 2002);
- (d) Illegitimate use of a geographical indication with a *délocalisant* (that is, semi-generics) indicating the true origin or use in translation or with expression such as "kind", "type", "style" or "imitation" would be prevented for all geographical indications and would help prevent more GIs from becoming generic and gradually losing all economic value;
- (e) Extended protection of GIs facilitates product identification by the consumer. Consumer choice is enhanced;
- (f) Extension would open new market opportunities by preventing trade distortions. The benefits would foster the development of local rural communities and encourage a quality agricultural and industrial policy. As is the case for products protected via trademarks, those covered by adequate GI protection would be in a better position to benefit from enhanced access to third-country markets. As such, a GI regime would bring economic benefits to producers worldwide, not only to producers in countries where the local protection of GIs is already stronger than in WTO;

- (g) The creation of comprehensive GI protection is not incompatible with the smooth future development of business activities that take place in one WTO member State on the basis of denominations protected in other WTO member States on an exclusive basis. The same problem has been satisfactorily addressed in the context of wines and spirits as the TRIPS Agreement already provides enough elements of flexibility, such as exceptions and transitional periods, to ensure that trade flows are not disrupted. Transitional periods and exceptions can accommodate the interests of producers and make re-labelling unnecessary. Therefore, extension as such would not affect the production and exportation of products;
- (h) Introducing a domestic GI legislation and implementing any new law entails administrative costs. Because the TRIPS Agreement leaves the actual implementation decision to WTO members, it is not clear how much a higher level of protection for other products would actually cost. Extending the level of protection to other products does not in and of itself entail new costs, but would impose new costs to those countries that want to claim GIs on other products for the first time. However, extending the type of protection afforded to wine and spirits under the TRIPS Agreement could lower the legal costs of enforcing GIs by making enforcement decisions less subjective.

The relationship between trademarks and GIs

Geographical indications and trademarks are two distinct categories of intellectual property rights that might enter into conflict. The TRIPS Agreement devotes articles 23.2 and 22.3 to those conflicts when they concern wines and spirits or other products, respectively.

Article 23.2 of the TRIPS Agreement establishes that “the registration of a trademark for wines which contains or consists of a geographical indication identifying wines or for spirits which contains or consists of a geographical indication identifying spirits shall be refused or invalidated, ex officio if a Member’s legislation so permits or at the request of an interested party, with respect to such wines or spirits not having this origin”.

Article 22.3 sets out a different rule for GIs for non-wines and spirits by establishing that “a Member shall, ex officio if its legislation so permits or at the request of an interested party, refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that Member is of such a nature as to mislead the public as to the true place of origin”. This article does not come into play in the case of the registration of a trademark which contains or consists of a GI identifying another category of products as the one identified by the GI. In such circumstances, the general standard protection of article 22.3 applies.

To sum up, the protection currently granted by articles 22.3 and 23.2 of the TRIPS Agreement precludes the registration and validity of registered trademarks containing or

consisting of geographical indications when they are borne by wines and spirits and permitted when they are borne by other products, if they do not mislead the public.

As extension would make article 23.2 applicable to all products, the reference in article 23.2 to wines and spirits would be no longer necessary and should be replaced by a reference to “products of the same category not having that origin”. This would facilitate the examination of the trademarks by administrative authorities, trademark registrars or judges. Such reviewers would refer to a simple, objective criterion (that is, do the products identified by a trademark, which contains or consists of a GI, really have the geographical origin referred by the GI?) when deciding whether or not to refuse the registration of a trademark, if their legislation so permits, or to invalidate the trademark for products not originating in the indicated region. In addition, the legitimate producers and other interested parties (for example, legitimate producers from the geographical location, representative associations from those areas, or even consumer associations) would obtain a more effective and less costly protection of their GIs against trademarks. Trademark holders and applicants would also have a clearer vision of whether a trademark containing a geographical indication could be used or not. This would also be instrumental in clarifying the relationship between trademarks and geographical indications.

Establishment of a multilateral system of notification and registration of GIs

Article 23.4 of the TRIPS Agreement provides for the establishment of a multilateral system of notification and registration of GIs for wines. The Singapore Ministerial Declaration of 1996 extended the provision to spirits as well. If extended, such a system would contribute to the implementation of more effective GI protection in general. A coherent approach would suggest that the systems be open to all GIs. This would facilitate the burden of proof of the plaintiffs and the workload of the judges when having to decide on the legitimacy of the use of a GI. Such a register would serve as a helpful reference to civil and administrative authorities.

Therefore, it seems necessary that nothing in article 23.4 should prevent a system of notification and registration of geographical indications from being open to any GI that meets the definition of article 22.1 of the TRIPS Agreement. This issue, however, is being discussed separately from the question of extension at the WTO forum.

VI. APPLICATION IN SOUTH ASIA

The case of basmati rice is well known. Basmati, a variety of *Oryza sativa*, is the fragrant, long, slender rice with a nutty flavour that has been grown in the northern parts of the Indian subcontinent for hundreds of years. Among the hundred or more types of aromatic rice in the world, basmati is probably the most expensive—India earns over \$400 million annually in basmati exports. In September 1997, Texas-based RiceTec Inc. was awarded Patent No. 5663484 on basmati rice lines and grains by the United States Patent and Trademark Office (USPTO). This caused a furore in the subcontinent, and provoked India to

lodge an immediate protest. RiceTec had made 20 patent claims, essentially covering: (a) rice plants with characteristics identical to basmati; (b) grain produced by such plants; and (c) a method of selecting rice plants, based on the starch index test. Following the challenge by India, in September 2000 RiceTec withdrew 4 of its 20 claims. In March 2001, USPTO told RiceTec that, of its remaining claims, only three were approved, issuing it a varietal patent to market the types of basmati developed by it, and not cultivated and bred traditionally by farmers in India and Pakistan. Together, India and Pakistan need to fight for a GI for basmati to protect their export markets.

Other well-known examples of GIs in South Asia include: Himalayan waters, Alphonso and Sindhri mangoes, Bhutanese red rice, Pakistani shu (windproof woollen fabric) and ajrak (designs from Sindh), jasmine (Hom Mali) rice, Ceylon and Darjeeling teas, and Phulkari of Pakistan, among others. India, Pakistan and Sri Lanka have taken a stand internationally in favour of extending GI protection to products other than wines and spirits.

Development implications of GIs

Explicit economic gains are important, but issues of community rights to ownership of traditional knowledge, consumer welfare and global equity are development goals worth pursuing for their own intrinsic merits. GIs have an important bearing on the four dimensions of human development: empowerment, productivity, equity and sustainability. They confer on owners legitimate rights, empowering them; they offer opportunities to make productive use of those rights which, given the characteristics of the assumed owners of these rights (mostly low-income agricultural and artisanal societies), can be expected to contribute to an equitable distribution of benefits. The legal-economic incentives could then create a virtuous cycle of other incentives to nurture and sustain traditional methods and know-how, which could contribute to intergenerational equity.

South Asian countries should take this up as a development issue, as geographical indications are linked with the livelihoods of the people residing the designated areas. Most GIs in South Asia are linked to products related to agriculture, fisheries, crafts and artisanal works, which are also some of the sectors that provide livelihoods to large sections of the poor. In order to examine the socio-economic implications of a GI, the entire supply chain of the product concerned needs to be examined. While GI protection may indeed strengthen the sector concerned by yielding financial benefits, these benefits may not be shared equitably among various stakeholders along the supply chain of the product. If the higher price commanded by the product on account of GI protection is confined to the more powerful actors on the upper stream of the supply chain and do not filter down to the weaker sections of the chain, it will nullify the development implications of GI protection. Given such possibilities, the realities on the ground of the impact of GI protection on rural development in the region are worth investigating.

For a start, countries in South Asia need to provide IPR protection at home first, as domestic protection is an essential prerequisite for TRIPS Agreement protection. GI registration, in itself, builds up valuable reputations and goodwill. Creating a national

catalogue of GIs marries the old and the new: the national imperative of creating awareness about traditional products and knowledge, with preparedness to engage internationally with the trade of goods and ideas in the twenty-first century (UNDP 2007). Thus, countries in the subregion will need to strengthen their databases on GIs, their socio-economic and cultural values, associated features such as the microenterprises they can spin off, and their attraction for tourism or investment. Anticipating more sophisticated cases of disputes over GIs, there is a need to determine and codify scientific attributes of their products on which legal verdicts can be based, instead of relying on subjective, connoisseur-determined statements on reputation, as is largely the case now (Das 2007).

IPR regimes of the South Asian countries⁷

IPR regimes in Pakistan, Sri Lanka and India are in their infancy, while Afghanistan, Nepal and Bhutan are very small players in world trade.

Pakistan

Pakistan does not have a sui generis system of GI protection yet. GIs receive some protection under the country's Trade Marks Ordinance, 2001 and Trade Marks Rules, 2004. This includes:

- (a) Special laws for the protection of geographical indications or appellations of origin;
- (b) Trademark laws in the form of collective marks or certification marks;
- (c) Laws against unfair competition;
- (d) Consumer protection laws;
- (e) Specific laws or decrees that recognize individual geographical indications.

A draft Ordinance on GIs of Goods (Registration and Protection) has not yet been promulgated due to expert criticism that it is vague. Pakistan, nonetheless, foresees a registration system akin to that of trademarks, whereby community applicants file an application, which is then examined by a Registrar of GIs for its merit; factors such as prior registration and public opposition would also be addressed. Work on GIs in Pakistan is new; awareness grew after the above-mentioned patenting of basmati grains and lines.

Sri Lanka

Sri Lanka relies overwhelmingly on its most famous GI, Ceylon tea, which brings in nearly \$700 million in annual export earnings and provides employment to over 1 million people. The country has drawn up its own provisions for protecting GIs: part IX, chapter

⁷ Information for this section has been gathered from the respective websites of Government authorities related to the protection of intellectual property.

XXXIII under the new Intellectual Property Act, passed on 12 November 2003. Its definition and scope of protection go beyond the TRIPS Agreement by extending stronger protection to agricultural products on par with wines and spirits. The Act's definition of GI is identical to article 22.1 of the TRIPS Agreement, and it also has a provision for homonymous GIs.

Although it has a *sui generis* system of GI protection, Sri Lanka has not opted for a registration system. Some critics note that this type of GI protection is akin to copyright protection, and hence vulnerable. GI protection is also offered through trademark laws; however, these place most of the burden on the country's courts and the industries, which are required to seek remedies in the form of injunctions or damages.

The new laws on GIs in Sri Lanka do not cover handicrafts and fishery products, and they could be said to be less comprehensive than their Indian counterparts. In addition to the separate section on GIs, the Intellectual Property Act also accords protection through section 103 (marks), sections 160 and 161 (unfair competition) and under offences and penalties for a false declaration of a GI.

India

The definition of GIs included in section 1(3)(e) of the Geographical Indication of Goods (Registration and Protection) Act 1999 is as follows:

“[G]eographical indication”, in relation to goods, means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be.

The explanation added to this definition adds: “for the purposes of this clause, any name which is not the name of a country, region or locality of that country shall also be considered as the geographical indication if it relates to a specific geographical area and is used upon or in relation to particular goods origination from that country, region or locality, as the case may be”. This clearly leaves room for providing protection to symbols⁸ as well as geographical names. Notably, while the TRIPS Agreement (article 22.1) requires “a given quality, reputation or other characteristic” of the good to be essentially attributable to its geographical origin, the Geographical Indication of Goods (Registration and Protection) Act, in the case of manufactured goods, includes the additional requirement that one of the activities of either the production, processing or preparation of the good concerned must be carried out in the place of its geographical origin. This requirement is more stringent than that under article 22.1 of the TRIPS Agreement.

⁸ This is true if such symbols are capable of indicating the origin of the goods without literally naming the place of their origin, for example, basmati.

Section 11(2)(a) of the Act stipulates what an application for registration should contain and refers to the “geographical environment, with its inherent natural and human factors”. Notably, the inclusion of human factors becomes vital for India, to ensure that potential GIs associated with various handicraft products of Indian origin also get protected. For instance, Kancheepuram silk is a product of skilled labour from Tamil Nadu; Kolhapuri chappals are products of skilled labour from Maharashtra. The TRIPS Agreement is silent on whether the requirements implied may be attributed to natural factors (for example, climate), or whether those characteristics that result from human factors (such as artisans residing in a particular region) may also be covered under the definition contained in article 22.1.

The counterpart of article 22.2 of the TRIPS Agreement can be found in section 21(1) (a) of the Geographical Indication of Goods (Registration and Protection) Act, which gives the proprietor and authorized users of a registered GI the right to prevent any infringement of the GI concerned. The provision related to trademarks under article 22.3 of the TRIPS Agreement has been complied with in section 25(a) of the Act. Article 23.1 of the TRIPS Agreement relates to wines and spirits alone, while under the Act, the central Government has been given the discretion to accord additional protection to goods notified in the official Gazette.

A Geographical Indications Registry with all-India jurisdiction operates in Chennai, as per the Act. Agricultural, natural or manufactured goods can be registered as GIs if they fall under the definition in section 1(3)(e) of the Act, as described above. Ultimately, eligibility is determined by the Registrar of Geographical Indications, on receipt of the application.

GI registration gives to the registered proprietor and its authorized users the legal right to the exclusive use of the GI and also the right to obtain relief in case of its infringement. The exclusion of unauthorized persons from misusing GI would ensure that genuine products of the rightful producers are marketed. The registration of a GI is valid for 10 years and can be renewed successively for further periods of 10 years. A registered GI cannot be assigned, transmitted, mortgaged, pledged or licensed. Under the Geographical Indications of Goods (Registration & Protection) Act, any association of persons, producers, organization or authority established by or under the law can apply for protection of a GI. The only criterion is that the applicant must represent the interest of the producers.

VII. CONCLUSION

Effective protection involves a balance of interests between consumers, producers and governments. Consumers have an interest in not being misled by geographical indications, producers have a trade interest in protecting those reputational characteristics of a product that are related to its geographical origin, and governments have an interest in ensuring that international obligations relating to geographical indications are administered in an efficient and equitable manner. Opponents of extended protection for all GIs argue that such conditions would effectively be protectionism. In their view, GIs are a means to close off future market access opportunities for emerging industries. However, GIs have no

exclusive character with regard to production. Anyone outside the designated area can still produce and sell the goods in question, just under another name. The benefits of extending GI protection can be summed up as follows:

- (a) The cost of extension, if any, would be more than offset by the benefits of more effective protection of geographical indications in world trade;
- (b) Extension does not require the establishment of a new legal or administrative protection regime such as a register, but merely an extension to other products of the protection members already must provide wines and spirits under article 23 of the TRIPS Agreement;
- (c) 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. Extension therefore could represent a cost savings for judicial and administrative authorities as well as for those who are entitled to the use of a geographical indication and interested in the enforcement of their right against misuse;
- (d) 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;
- (e) Extension would prevent further geographical indications from becoming generic through the misuse of such indications in translations or through delocalization. Considering the exceptions from protection as contained in article 24 of the TRIPS Agreement, extension is of particular interest and benefit to those members who make use of their GIs and intend to develop them as a marketing tool for their products.

In conclusion, extending the protection of GIs for wines and spirits to include GIs for other products would benefit all members. South Asian countries should equip their IPR regimes to effectively protect the reputation of their GIs and their intrinsic qualities. In addition to the benefit of economies of scale, this could offer their products new opportunities in a competitive global market. The freer trade is, the more important the protection of geographical indications becomes.

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