



GEOGRAPHICAL INDICATIONS

AS

INTELLECTUAL PROPERTY:

IN SEARCH OF EXPLANATIONS OF TAIWAN'S GI CONUNDRUM

By

SZU-YUAN WANG

Supervisors:

Mr Ashley Wilton

Professor Alison Firth

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Abstract

Taiwan is facing a GI conundrum, symptoms of which are conceptual confusion between GIs and trademarks, the perennial overhaul of the GI registration system and the structural collapse between IP and non-IP law. Taiwan's situation epitomises the inherent difficulty of accommodating GIs under the general framework of IP.

IP is a generic title for patents, copyright, and trademarks and so forth. There are two characteristics shared by the various forms of IP, namely, the intangibility of subject matter and the negativity of the rights granted. IP is a form of government intervention in the economy designed to correct market failures. While patents and copyright are designed to overcome the public good problem, the justification for trademarks involves information asymmetry.

Taking a doctrinal, international and comparative approach and using economic theory, the thesis analyses the difficulties of accommodating GIs under the IP framework as manifested in the TRIPS Agreement, which establishes GIs as a form of IP, and its two implementing paradigms, namely, the US trademark paradigm and the EU *sui generis* paradigm. The TRIPS GI provisions are anomalous in the IP framework. The US paradigm represents efforts to subsume GIs under existing trademark law. These efforts result in theoretical uncertainties because of the inherent incompatibility between the concept of GIs and trademarks. The EU paradigm establishes GIs as a separate category of IP, which represents a deviation from established IP system.

List of Abbreviations

Am J Int'l L	The American Journal of International Law
Am U Int'l L Rev	American University International Law Review
Amer J Agr Econ	American Journal of Agricultural Economics
AOC	<i>appellation d'origine contrôlée</i>
Ariz L Rev	Arizona Law Review
Asian J WTO & Int'l Health L & Pol'y	Asian Journal of WTO & International Health Law and Policy
ATF	Bureau of Alcohol, Tobacco and Firearms
AVAs	American viticultural areas
AVC	<i>Association Viticole Champenoise</i>
B C Int'l & Comp L Rev	Boston College International & Comparative Law Review
B U Int'l L J	Boston University International Law Journal
Berkeley Tech L J	Berkeley Technology Law Journal
BIRPI	<i>Bureaux Internationaux Réunis pour la Protection de la Propriété Intellectuelle</i>
BLR	Bond Law Review
Brook J Int'l L	Brooklyn Journal of International Law
Brook L Rev	Brooklyn Law Review
Brown J World Aff.	Brown Journal of World Affairs
Bus Law.	The Business Lawyer
Cal L Rev	California Law Review
CAP	Common Agricultural Policy
Cardozo Arts & Ent L J	Cardozo Arts & Entertainment Law Journal
Cardozo J Int'l & Comp L	Cardozo Journal of International and Comparative Law
Cardozo L Rev	Cardozo Law Review
CFR	Code of Federal Regulations
Chi J Int'l	Chicago Journal of International Law
Chi-Kent L Rev	Chicago-Kent Law Review
CIVC	<i>Comité interprofessionnel du Vin de Champagne</i>
CLJ	Cambridge Law Journal
COLAs	Certificate of Label Approvals
Colum Bus L Rev	Columbia Business Law Review
Colum J Asian L	Columbia Journal of Asian Law
Colum J Env't'l L	Columbia Journal of Environmental Law
Colum J Eur L	Columbia Journal of European Law
Colum J Transnat'l L	Columbia Journal of Transnational Law
Colum L Rev	Columbia Law Review
CTM	Community Trade Mark
CUP	Cambridge University Press
Currents Int'l Trade L J	Current International Trade Law Journal
Drake J Agric L	Drake Journal of Agricultural Law
Duke J Comp & Int'l L	Duke Journal of Comparative & International Law
E L Rev	European Law Review

EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EAGGF	European Agricultural Guarantee and Guidance Fund
EBOR	European Business Organization Law Review
EC	European Communities
ECJ	European Court of Justice
ECJILTP	The Estey Centre Journal of International Law and Trade Policy
ECLR	European Competition Law Review
EEC	European Economic Community
EIPR	European Intellectual Property Review
EJIL	European Journal of International Law
Emory Int'l L Rev	Emory International Law Review
Emory L J	Emory Law Journal
EU	European Union
Eur J Law Econ	European Journal of Law and Economics
FDA	Food and Drug Administration
Fed Cir B J	The Federal Circuit Bar Journal
Fordham Intell Prop Media & Ent L J	Fordham Intellectual Property, Media & Entertainment Law Journal
Fordham L Rev	Fordham Law Review
Ga J Int'l & Comp L	Georgia Journal of International and Comparative Law
GAEC	good agricultural and environmental condition
GATT	General Agreement on Trade and Tariffs
Geo Int'l Evt'l L Rev	Georgetown International Environmental Law Review
Geo Wash J Int'l L & Econ	George Washington Journal of International Law and Economics
GIs	geographical indications
Harv J L & Pub Pol'y	Harvard Journal of Law & Public Policy
Hastings Int'l & Comp L Rev	Hastings International and Comparative Law Review
Hastings L J	Hastings Law Journal
Hous L R	Houston Law Review
ICCLR	International Company and Commercial Law Review
ICJ	International Court of Justice
IIC	International Review of Intellectual Property and Comparative Law
Ill L Rev	Illinois Law Review
ILO	International Labour Organisation
ILSA J Int'l & Comp L	ILSA Journal of International & Comparative Law
Int T L R	International Trade Law and Regulation
Int'l & Comp L Q	International and Comparative Law Quarterly
Int'l L	International Lawyer
Iowa L Rev	Iowa Law Review
IP	intellectual property
IPQ	Intellectual Property Quarterly
IPRs	intellectual property rights
J Contemp Leg Issues	Journal of Contemporary Legal Issues
J Int'l Econ L	Journal of International Economic Law
J L & Econ	Journal of Law and Economics
J Leg Stud Educ	The Journal of Legal Studies Education

JAL	Journal of African law
JBL	Journal of Business Law
JIPLP	Journal of Intellectual Property Law and Practice
JPTOS	Journal of the Patent & Trademark Office Society
JWIP	Journal of World Intellectual Property
Kan J L & Pub Pol'y	Kansas Journal of Law & Public Policy
Ky L J	Kentucky Law Journal
Leader	<i>Liaison entre actions de développement rural</i>
Legal Stud F	Legal Studies Forum
Loy U Chi Int'l L	Loyola University of Chicago Law Journal
Managing Intell Prop	Managing Intellectual Property
Marq Intell Prop L Rev	Marquette Intellectual Property Law Review
Mich J Int'l L	Michigan Journal of International Law
Mich St L Rev	Michigan State International Law Review
Minn J Global Trade	Minnesota Journal of Global Trade
MJIL	Melbourne Journal of International Law
MLR	The Modern Law Review
MqJBL	Macquarie Journal of Business Law
MqLJ	Macquarie Law Journal
N C L Rev	North Carolina Law Review
N Ir Legal Q	Northern Ireland legal quarterly
Nw J Int'l & Bus	Northwestern Journal of International Law & Business
OECD	Organisation for Economic Co-operation and Development
OJ	Official Journal of the European Union
OUP	Oxford University Press
Pac Rim L & Pol'y J	Pacific Rim Law & Policy Journal
PDO	Protected designation of origin
PGI	Protected geographical indication
Rev Cent East Eur Law	Review of Central and East European Law
SA Merc L J	South Africa Mercantile Law Journal
San Joaquin Agric L Rev	San Joaquin Agricultural Law Review
Santa Clara Computer & High Tech L J	Santa Clara Computer and High Technology Law Journal
SFP	Single Farm Payment
SMU L Rev	SMU Law Review
St Louis U L J	Saint Louis University Law Journal
Stan L Rev	Stanford Law Review
Sw U L Rev	Southwestern University Law Review
Tem L Rev	Temple Law Review
Tenn L Rev	Tennessee Law Review
Tex L Rev	Texas Law Review
TIPLJ	Texas Intellectual Property Law Journal
TIPO	Taiwan Intellectual Property Office
TK	traditional knowledge
TM	trademark
TMA	Trademark Act
TMEP	Trademark Manual of Examining Procedure
TMR	Trademark Reporter
Transnat'l L & Contemp Probs	Transnational Law & Contemporary Problems

Transnat'l Law	The Transnational Lawyer
TRIPS/TRIPs	The Agreement on Trade-Related Aspects of Intellectual Property Rights
TTAB	Trademark Trial and Appeal Board
TTB	Alcohol and Tobacco Tax and Trade Bureau
Tul J Int'l & Comp L	Tulane Journal of International and Comparative Law
U Chi L Rev	University of Chicago Law Review
U Colo L Rev	University of Colorado Law Review
U Dayton L Rev	University of Dayton Law Review
U Pa J Int'l Econ L	University of Pennsylvania Journal of International Economic Law
UCLA Law Review	UCLA Law Review
UK	United Kingdom
UMKC L Rev	University of Missouri-Kansas City Law Review
UN	United Nations
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNTS	United States Treaty Series
US/USA	United States of America
USC	United States Code
USDA	United States Department of Agriculture
USGS	United States Geological Survey
USPTO	United States Patents and Trademark Office
Va J Int'l L	Virginia Journal of International Law
Va L Rev	Virginia Law Review
Vand J Ent & Tech L	Vanderbilt Journal of Entertainment & Technology Law
Vand J Transnat'l L	Vanderbilt Journal of Transnational Law
Vand L Rev	Vanderbilt Law Review
Wake Forest L Rev	Wake Forest Law Review
Wash & Lee L Rev	Washington and Lee Law Review
Whittier L Rev	Whittier Law Review
Widener L Rev	Widener Law Review
WIPO	World Intellectual Property Organization
WTO	World Trade Organization
Yale J Int'l L	The Yale Journal of International Law
Yale L J	The Yale Law Journal

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Chapter 1 General Introduction

1.1 Background

1.1.1 Taiwan's GI conundrum

Taiwan became the 144th Member of the World Trade Organization (WTO) in January 1, 2002. As a WTO member, Taiwan is obliged to protect a form of intellectual property known as “geographical indications” (GIs).¹ Under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS),² GIs are “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.”³ The TRIPS Agreement mandates two levels of protection for GIs. For GIs for all goods, protection is based on consumer protection and the prevention of unfair competition.⁴ For GIs for wines and spirits, the level of protection is higher in the sense that there is no need to show that consumers might be misled or the use constitutes an act of unfair competition.⁵ Well-known examples of GIs include “Champagne”, “Tequila”, and “Roquefort”.⁶ In Taiwan, the term “geographical indications” is officially translated into

¹ Taiwan was formally approved to be a member of the WTO on 11 November 2001 when the Ministerial Conference in Doha, Qatar, endorsed the island's accession protocol. Chinese Taipei (Taiwan) has been a member of WTO since 1 January 2002. Further background information on Taiwan's WTO membership, *see* Steve Charnovitz, ‘Taiwan's WTO Membership and Its International Implications’ 1 *Asian J WTO & Int'l Health L & Pol'y* (2006) 401.

² Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299 [hereinafter TRIPS Agreement].

³ TRIPS Agreement, art. 22.1.

⁴ TRIPS Agreement, art. 22.2 .

⁵ TRIPS Agreement, art. 22.3; Daniel Gervais, ‘Traditional Knowledge: Are We Closer to the Answer(s)? The Potential Role of Geographical Indications’ 15 *ILSA J. Int'l & Comp. L.* (2008-2009) 551, 562.

⁶ WTO <http://www.wto.org/english/tratop_e/trips_e/gi_e.htm> (visited Feb 21, 2012).

Chinese as “地理標示”.⁷ In its 2004 Communication to the TRIPS Council, the Taiwanese government enumerated the three elements of the Taiwanese GI regime as the Trade Mark Act, the Fair Trade Act, and the Tobacco and Alcohol Administration Act.⁸ While the Fair Trade Act and the Tobacco and Alcohol Administration Act provide administrative regulation for the prohibition of false or misleading representation of GIs, the heart of Taiwanese GI regime is the Trademark Act. Apart from “negative protection”, which prevents geographical terms being registered as trademarks, the Trademark Act also provide for “positive protection” of GIs, namely, the registration of geographical terms as certification marks. Later in 2007, collective trademarks were added as a means of positive protection.

Taiwan’s GI regime is characterized by conceptual confusion, doctrinal dilemma, and practical difficulties. Symptoms of such a chaotic state are the confusion between GIs and trademarks, perennial overhauls of the mechanism governing “positive protection”, and the conceptual confusion between IP and non-IP.

1.1.1.1 Interpreting GIs as trademarks

According to the Taiwan Intellectual Property Office (TIPO), the governmental agency in charge of Taiwan’s intellectual property policy-making and administration,⁹ the adoption of this “trademark approach” is inspired by existing international paradigms. Taiwan’s policy-makers, as well as commentators, identify two IP paradigms of GI protection. One is the EU *sui generis* paradigm and, the other, the trademark paradigm as advocated by the United States. Whereas the former establishes GIs as a form of intellectual property in its own right and protects GIs through *sui generis* legislation, the latter protects GIs as a subset of

⁷ Taiwanese Trademark Act 2003 (hereinafter, TMA 2003) art. 23.

⁸ WTO Doc. IP/C/W/117/Add.30 Taiwan, Penghu, Kinmen and Matsu, Council for Trade-Related Aspects of Intellectual Property—Review under Article 24.2 of the Application of the Provisions of the Section of the TRIPS Agreement on Geographical Indications (16 June 2004) 1.

⁹ TIPO <<http://www.tipo.gov.tw/ch/index.aspx>>.

trademark and subsumes them under existing trademark law.¹⁰ The reasons for adopting the trademark approach are twofold. First, in the eyes of Taiwan's policy-makers, GIs are similar to trademarks. GIs are "commercially valuable source-identifiers" and, thus, are similar to trademarks in terms of their function and value. GIs and trademarks are also similar in terms of the rationale behind their legal protection, that is, consumer protection and prevention of unfair competition. Misuse of GIs may be detrimental to the interests of consumers and constitute unfair competition between producers.¹¹ Secondly, subsuming GIs under existing trademark law is easy and convenient.¹²

This interpretation raises three questions. First, under the TRIPS Agreement GIs and trademarks are two separate categories of intellectual property rights (IPRs). If GIs and trademarks are the same thing, then, why is it necessary to create two separate categories of IP under TRIPS Agreement? Secondly, TRIPS Agreement provides two levels of protection for GIs. Taiwanese policymakers' interpretation only addresses the level of protection for GIs for all goods, which is based on consumer protection and prevention of unfair competition rationales and fails deal with the additional level of protection for wine and spirits. Thirdly, Taiwanese Trademark Act establishes the "registration protection principle" under which "protection" means acquisition of trademark rights through registration.¹³ To acquire the registered and protected status, the mark in question must meet three statutory requirements. Failure to comply with any of these requirements will lead to the refusal of registration and the mark unprotectable: (i) the mark in question must "be composed of a word, figure, symbol, colour, sound, three-dimensional shape or a combination thereof";¹⁴ (ii) the mark in question must be capable of being "expressed in a visually perceptible representation";¹⁵ (iii) the mark must be "distinctive enough for relevant consumers of the goods or services to

¹⁰ TIPO, 'Geographical Indications: Taiwan's Protection Mechanism' <http://oldweb.tipo.gov.tw/trademark/trademark_law/explain/trademark_law_2_26.asp> (visited Feb 14, 2010).

¹¹ TIPO, 'Understanding Geographical Indications' <http://oldweb.tipo.gov.tw/trademark/trademark_law/explain/trademark_law_2_25.asp#> (visited Feb 14, 2010). Taiwanese scholars also hold this view. For example, MC Wang, 'The Asian Consciousness and Interests in Geographical Indications' 96 TMR (2006) 906, 914 states: "Among these models, two major ones are the trademark model, associated primarily with the United States, and the French appellation of origin model...these models...are all oriented toward a twofold purpose: one the one hand, preventing misleading use and misappropriation of collective goodwill, and hence, on the other, protecting consumers."

¹² TIPO (n 11).

¹³ TIPO <http://www.tipo.gov.tw/en/FAQ_AnswerPage.aspx?faqid=1236&path=2647> (visited July 20, 2012); DT Wang, *Trademark Law* (2nd edn, Wunan 2011) 6; CF Lin, *Trademark* (Wunan 2009) 39.

¹⁴ TMA 2003, art 5.1.

¹⁵ TMA 2003, art 17.1.

recognize it as identification to that goods or services and to differentiate such goods or services from those offered by others”.¹⁶ Non-distinctive elements may be included in a registered trademark in the condition that “the applicant disclaims the exclusive right for using the said feature.”¹⁷ A registered trademark confers on its proprietor the right to exclude others from using that particular sign in relation to specified commercial activities.¹⁸ Such exclusive rights may be infringed by using the trademark in Taiwan without his consent.¹⁹ A registered trademark confers on its proprietor certain exclusive rights to use that particular sign in relation to specified commercial activities.²⁰ Such exclusive rights may be infringed by using the trademark in Taiwan without his consent.²¹ The proprietor of a registered trademark may also license,²² assign,²³ create a pledge over,²⁴ or abandon²⁵ his trademark rights. The proprietor also has the rights to customs and border measures²⁶ The duration of registration lasts for ten years from the date of publication.²⁷ Registration may be renewed for further periods of ten years.²⁸ The proprietor’s exclusive rights in a registered trademark may not be infringed by the use of the trademark in Taiwan without his consent: (i) Bona fide and fair use of one’s own name or title or the name, shape, quality, function, place of origin, or other description of goods or services, provided that the use is for non-trademark purposes;²⁹ (ii) A three-dimensional shape of a good or package “indispensable for performing its intended functions”.³⁰ (iii) Bona fide use prior to the filing date of a registered trademark;³¹ (iv) Goods bearing a registered trademark are traded or circulated in the marketplace by the trademark right holder or by an authorized person, or are offered for auction or disposal by a relevant agency, the right holder shall not claim trademark rights on the said goods.³² This “positive protection” for GIs is only available for certification mark and collective trademark. Negative protection for GIs refers to Articles 23.1(11) and 23.1(18). Article 23.1(11)

¹⁶ TMA 2003, art 5.2.

¹⁷ TMA 2003, art. 19.

¹⁸ TMA 2003, art. 29.1.

¹⁹ TMA 2003, art. 29.2 .

²⁰ TMA, 2003, art. 29.1.

²¹ TMA 2003, art. 29.2.

²² TMA 2003, art. 33.

²³ TMA 2003, art. 35.

²⁴ TMA 2003, art. 37.

²⁵ TMA 2003, art. 38.

²⁶ TMA 2003, art. 65.

²⁷ TMA 2003, art. 27.1.

²⁸ TMA 2003, art. 27.2.

²⁹ TMA 2003, art. 30.1(1).

³⁰ TMA 2003, art. 30.1(2).

³¹ TMA 2003, art. 30.1(3).

³² TMA 2003, art. 30.2.

provides for the refusal of an application of trademark registration if the proposed mark is considered as “likely to mislead the public with respect to the nature, quality, or place of origin of the designated goods or services.”³³ Article 23.1(18) provides for the refusal of a mark “that is identical or similar to a geographical indication of wines and spirits of a country or region that mutually protects trademark with the Republic of China, and is designated for use on wines and spirits.”³⁴ This seems to suggest that GIs are categorically incompatible with trademarks.

1.1.1.2 The perennial overhauls of positive protection

The mechanism for registering GIs as certification marks and collective trademarks is characterized by perennial overhauls. The Trademark Act 2003, the first official response to GI obligation, simply added “place of origin” to the categories of qualities certifiable by certification marks. Later, a whole new administrative mechanism for “the registration of geographical indications as certification marks” was introduced by TIPO in 2004. It incorporated TRIPS’ definition of GIs and established procedures to ensure the existence of a required link between the product and the place of origin. It also introduced a decision-making process in which the decision of granting GI protection was a joint decision by the TIPO and relevant government authorities in charge of the products identified by the GI, such as Ministry of Agriculture and Ministry of Treasury. This mechanism was abolished in 2007 when the registration of “geographical certification mark” and “geographical collective trademark” was introduced by TIPO. At the heart of this new mechanism lies the requirement of distinctiveness of the geographical term. The verification of link between the product and place was not needed anymore. The TIPO now became the sole authority for granting GI protection. Further sea change came in mid-2011 with the adoption of the Trademark Act 2012.³⁵ The Trademark Act 2012 codifies the terms “geographical certification mark” and “geographical collective mark”. The TRIPS definition of GIs is now formally incorporated into the concept of geographical certification mark and geographical collective mark.

³³ TMA 2003, art. 23.1(11).

³⁴ TMA 2003, art. 23.1(18).

³⁵ TMA 2012 was scheduled to enter into force in 2012 and thus termed the Trademark Act 2012.

Strikingly, the requirement of distinctiveness is abolished. Joint decision-making process is reintroduced, not for the qualification of product but for the qualification of the applicant.

(1) Trademark Act 2003

The Trademark Act 2003, the first official response to GI obligation, simply added “place of origin” to the categories of certifiable by certification marks. Under Taiwanese trademark law, a “certification mark is used to certify the characteristics, quality precision, place of origin or other matters of another person’s goods or services shall apply for certification mark registration.”³⁶ That is, unlike general trademarks, a certification mark is not used to indicate a single business source. It is, instead, “used by multiple people who comply with the labelling requirements in connection with their respective goods or services.”³⁷ Only “a juristic person, an organization or a government agency capable of certifying another person’s goods or services” is eligible for applying for certification mark registration.³⁸ The owner of a certification mark is not allowed to use the mark. He is obliged to “control the use of the mark, supervise the authorized users’ use, and ensure that the certified goods or services meet the articles governing use.”³⁹ The owner of a certification must “permit any person who complies with the requirements to apply for using the certification mark.”⁴⁰ 2003 saw the registration of the first geographical certification mark, “Chi-Shang rice”.⁴¹ This certification mark is registered by Chi-Shang Township Office of Taitung County to certify “rice originating from the Chi-Shang Township of Taitung County, and its quality meets the “Criteria Governing Chi-Shang Rice quality rice logo” established by the owner of the certification mark.”⁴²

³⁶ TMA 2003, art. 72.1.

³⁷ Examination Guidelines on Certification Marks, Collective Trademarks and Collective Membership Marks 2007 (hereinafter, Examination Guidelines 2007) 5-6.

³⁸ TMA 2003, art. 72.2.

³⁹ Examination Guidelines 2007, 6.

⁴⁰ Examination Guidelines 2007, 6.

⁴¹ Wang (n 11) 935.

⁴² Examination Guidelines 2007, 2.1.

Effect of registration of a geographical certification mark: If, after a geographical certification mark is registered, any application to register the same "geographical name" as a trademark such that the goods or services identified under the geographical indication may mislead the public with respect to the quality, nature or place of origin, the application shall be rejected pursuant to Article 23-1(11) of the Trademark Act. For example, after “池上米” (Chinese characters for “Chi-Shang rice”) is registered, another person's application to register the same geographical name as part of a” trademark, which is likely to mislead the public with respect to the place of origin, shall be rejected. However, any registered trademark acquired prior to the registration of the corresponding geographical certification mark is not affected, and the owner of the geographical certification mark has no right to prohibit the owner of the trademark from using that geographical name in good faith and in a reasonable manner.⁴³

(2) Main Points for GI Registration 2004

TIPO adopted the “Main Points for the Registration of Geographical Indications as Certification Marks” in September 2004 (hereinafter, the GI Registration Points 2004). The GI Registration Points established a whole new administrative mechanism for the registration of geographical indications as certification marks. The GI Registration Main Points 2004 has three main features. First, it incorporated TRIPS’ definition of GIs.⁴⁴ TIPO further analyses the three elements of this definition as (i) the indication must be a geographical name or a picture or word related to that geographical term which identifies the nexus between a given good and that geographical area; (ii) the geographical area in question may be the entire territory of a WTO Member, a single administrative unit, combination of several administrative units, or a specific area where the raw materials grow or processing takes place; and (iii) there must be a nexus between a given quality, reputation or other characteristic of the good and that geographical area.⁴⁵

⁴³ Examination Guidelines 2007, 2.4.4.

⁴⁴ The Main Points for the Registration of Geographical Indications as Certification Marks 2004 (hereinafter, GI Registration Points 2004) 2.1.

⁴⁵ GI Registration Points 2004, 2.2.

Secondly, it establishes procedures to verify the existence of a required link between the product and the place of origin. TIPO sets three alternative criteria for determining the existence of the good-place nexus. First, all production stages (raw materials, processing, and packaging) take place in the designated area. Secondly, the main raw materials (tea leaves, for example) originate in the designated area and small portion of raw materials come from other areas; or, thirdly, the very production stage, which gives the product its distinctive feature takes place in that area.⁴⁶ The applicant must submit a product specification, which contains the following information: (i) Definition of the geographical area; (ii) Raw materials and their place of origin; (iii) Description of the raw materials, including physical, chemical, microbiological, sensual characters and evidence of such characters; (iv) Description of methods of production, including the local conventional or unvarying methods; and (v) Description and evidence of the specific facts or factors in relation to the geographical environment, such as, the soil, climate, wind, water quality, altitudes, humidity and their connection to the product.⁴⁷

Thirdly, it also introduced a decision-making process in which the decision of granting GI protection was made jointly by the TIPO and relevant government authorities in charge of the products identified by the GI, such as Ministry of Agriculture and Ministry of Treasury. By and large, an application for registration of a geographical indication as certification mark will be examined by TIPO under the normal procedures for certification marks. Realizing that TIPO is not in the best position to judge the product-place nexus, the “Main Points”, obliges TIPO to acquire the professional opinions in this regard from the Council of Agriculture when the product in question is an agricultural product other than wine and alcohol or the Treasury of the Ministry of Finance when the product is wine or alcohol.⁴⁸

However, this new registration mechanism seems to add nothing to the effects of positive protection. Ali Shan (meaning Mt. Ali or Ali Mountain) is one of the most prestigious tea

⁴⁶ GI Registration Points 2004, 2.3.

⁴⁷ GI Registration Points 2004, 3.2.2.2(2).

⁴⁸ GI Registration Points 2004, 4.1.

production regions in Taiwan as well as in the Chinese speaking world. The Chia-Yi County Council registered as a geographical certification mark “Chia Yi County Alishan High Mountains Tea” (嘉義縣阿里山高山茶) on 16 December 2006.⁴⁹ This certification mark is used to certify tea produced in six towns located around the Ali mountain area and complying with government safety regulations in relation to the use of chemicals. The Name “Ali Shan” is not disclaimed.⁵⁰ A search of TIPO’s database on 10 April 2011 displays 104 entries containing the name “阿里山”(Ali Shan). Among them, 12 are in the application procedure (pending) and 92 are registered. Among the 92 registered, 37 are registered for tea products. Among the 37, 24 are registered after the geographical certification mark Alishan was registered on 16 December 2006.

(3) The Examination Guidelines 2007

The GI Registration Point 2004 was abolished in 2007 when the “Examination Guidelines on Certification Marks, Collective Trademarks and Collective Membership Marks” (hereinafter, the Examination Guidelines 2007) was introduced by the TIPO. The Examination Guidelines 2007 marked the beginning of new phase of Taiwanese GI law. It, instead of using the term “geographical indications”, adopts the terms “geographical certification mark” (產地證明標章)⁵¹ and “geographical collective trademark” (產地團體商標).⁵² Most importantly, the TIPO now required “distinctiveness” of the mark as the *sine qua non* condition for registration of geographical certification marks and geographical collective trademarks. The place-product nexus was no more required. The TIPO now became the sole competent authority in charge of the examination of application for registration of geographical certification marks and geographical collective trademarks.

⁴⁹ Registration number 01242948 (16/12/2006).

⁵⁰ TIPO <http://tmsearch.tipo.gov.tw/TIPO_DR/servlet/InitLogoPictureWordDetail?sKeyNO=095042675> (visited July 20, 2012).

⁵¹ Examination Guidelines 2007, 2.2.3.2.

⁵² Examination Guidelines 2007, 3.3.2.

Like in the case of individual trademarks, distinctiveness is a *sine qua non* condition for the registration of geographical certification marks. The TIPO expounds the meaning of distinctiveness of a geographical certification mark as follows:

“A “geographical certification mark” mainly comprises a geographical name and differs from a generally descriptive “indication of source.” A general “indication of source” only describes the place where the goods or services are manufactured, produced or provided, for instance, “台灣製造” (meaning “made in Taiwan”) and “made in Taiwan.” On the other hand, a “geographical certification mark” is used to certify that one’s goods or services originate in a certain geographical region and the certified goods or services have a certain quality, reputation or other features attributed to the specific natural or human factors of its geographical environment. In other words, because the geographical name has garnered certain reputation due to its use over time, consumers would immediately associate the geographical name with the certified goods or services as soon as they encounter it; therefore, the geographical indication may be granted registration because of distinctiveness.”⁵³

A collective trademark is “mainly used by the members of a collective group in order to identify the goods or services operated or offered by its members.”⁵⁴ That is, a collective trademark allows the consumer to distinguish goods or services provided by a member of a collective group from those not offered by its members. Only a “business association, social organization, or any other group that exists as a juristic person” is eligible for applying for the registration of a collective trademark.⁵⁵ It is commented that “[c]ollective trademarks are still trademarks by nature. While ordinary trademarks are used to identify a single source of goods or services, collective trademarks are used by the members of a given group on the goods or services provided by the members of that group.”⁵⁶ A collective trademark is similar to a general trademark in that they are both used to indicate the business source of goods or services.⁵⁷ The main difference between these two categories of marks lies, according to the

⁵³ Examination Guidelines 2007, 2.4.1.2.

⁵⁴ TMA 2003, art. 77.

⁵⁵ Examination Guidelines 2007, p. 32.

⁵⁶ Wang (n 13) 20.

⁵⁷ Examination Guidelines 2007, p. 32

TIPO, in their respective relations to its user. A general trademark is used by the trademark owner himself/herself if no license is made. A collective trademark is jointly used by the members of a group on the goods or services of the respective members, but the owner of the collective trademark may, for the purpose of launching advertising campaigns for its members, use the collective trademark to promote the goods or services offered by its members.⁵⁸ Under Taiwanese trademark law, the main difference between a collective trademark and a certification mark is that the former is closed and the latter is open to the public. That is, whereas a collective trademark is used by the members of a collective group, a certification mark of a certification mark must permit anyone complying with the prescribed requirements to use the mark.⁵⁹

As in the case of trademarks, a geographical collective trademark is not registrable if it is considered as being descriptive.⁶⁰ A geographical collective mark however becomes registrable if it “has acquired distinctiveness as specified in Article 23-4 of the Trademark Act.”⁶¹ The TIPO envisages the process in which a geographical name may acquire distinctiveness as follows:

“Unlike an “indication of source” with a general descriptive nature, a “geographical collective mark” not only denotes the place where the goods or services are manufactured, produced or provided, but also signifies that the goods or services identified thereunder have certain quality, reputation or other characteristics attributable to the natural or human factors of that geographical region. Therefore, a geographical collective trademark identifies the goods or services originating in a particular region that has certain quality or characteristics. In other words, as the geographical name has acquired certain reputation after a long-term use, consumers can immediately associate it with the designated goods or services. Such

⁵⁸ Examination Guidelines 2007, p. 33.

⁵⁹ Examination Guidelines 2007, 3.1.

⁶⁰ Examination Guidelines 2007, 3.4.1.2.

⁶¹ Examination Guidelines 2007, 3.4.1.2.

geographical collective trademark may be registered because it meets the distinctiveness requirements of a geographical collective trademark.”⁶²

Given the importance of distinctiveness, the TIPO provides a series of definitions to clarify the concept of distinctiveness under the Trademark Act. For individual trademarks, “distinctiveness of a trademark relates to how it denotes the source of goods or services and distinguishes such goods or services from those of others.”⁶³ A general collective trademark is deemed distinctive “if it is able to distinguish the goods or services of the members of a collective group from those goods or services of non-member parties.”⁶⁴ For TIPO, the “distinctiveness of a general certification mark refers to the characteristics, quality, precision or other matters that is/are used to certify one’s goods or services; the use of which on the certified goods or services is sufficient to distinguish them from the goods or services that are not certified.”⁶⁵ This definition is, however, ambiguous and elusive.

Thus, TIPO creates new concept of distinctiveness for geographical certification marks and geographical collective trademarks. This new concept incorporates the definition of GIs under the TRIPS Agreement.

(4) Trademark Act 2012

Further sea change of GI protection came in mid-2011 with the adoption of the Trademark Act 2012.⁶⁶ TMA 2012 codifies the terms “geographical certification mark” and “geographical collective mark”. The TRIPS definition of GIs is partly incorporated into the definition of geographical certification mark and geographical collective trademark.

⁶² Examination Guidelines 2007, 3.4.1.2.

⁶³ Examination Guidelines on Distinctiveness of Trademarks 2009, 2.

⁶⁴ Examination Guidelines 2007, 3.4.1.1.

⁶⁵ Examination Guidelines 2007, 2.4.1.1.

⁶⁶ Under TMA 2012, GIs are dealt with in Chapter 3 (arts. 80-94) Certification Marks, Collective Marks, and Collective Trademarks.

Strikingly, the requirement of distinctiveness is abolished. Joint decision-making process is reintroduced, not for the qualification of product but for the qualification of the applicant. It also contains provisions explicitly dealing with the effects of registration.

The Trademark Act 2012 codifies the terms “geographical certification mark” and “geographical collective mark”.⁶⁷ Article 80.1 defines certification marks as a mark used by its proprietor to certify the specific quality, precision, materials, method of production, place of origin, or other matters of others’ goods or services and to distinguish the certified goods or services from those uncertified.⁶⁸ Article 80.2 further states the good or service certified by a geographical certification mark must have “a given quality, reputation, or characteristic.” There is, however, no requirement for the essential nexus between the product and place. For example, the place name “Taipei” (台北) cannot be registered as a geographical certification mark for rice noodle because it has no connotation of a given quality, reputation, or characteristic for rice noodle and describes simply the place of origin. On the other hand, since “Meinong” (美濃) has been famous for quality rice noodle, this will meet the definition of geographical certification marks.⁶⁹ Article 88.2 uses and defines the term “geographical collective trademark.” Article 89.3 requires the proprietor of a geographical collective mark to admit the membership of anyone whose good or service complying with Article of Use. Thus, the distinction between certification mark and collective trademark seems blurred. Articles 80.2 and 88.2 provide for registration as geographical certification mark or geographical collective trademark respectively “a sign containing that geographical term or a sign capable of indicating that geographical area.”⁷⁰ Strikingly, the distinctiveness requirement does not apply to the “geographical name” used in geographical certification mark or geographical collective trademark.⁷¹ Intriguingly, it is not necessary to disclaim the geographical name in question.⁷²

⁶⁷ TMA 2012, art. 88.2.

⁶⁸ TMA 2012, art. 80.1.

⁶⁹ Explanatory Notes to Article 80 of TMA 2012.

⁷⁰ TMA 2012, arts. 80.2 and 88.2.

⁷¹ TMA 2012, arts. 84.1 and 91.

⁷² TMA 2012, arts. 84.1 and 91.

This provision is a reiteration of the fair use exception to trademark rights.⁷³ It is explained that the purpose of this provision is to “safeguard the freedom of one’s right to describe his goods or services.”⁷⁴

These provisions break the general rules of trademark law and seem to suggest that exclusive rights be granted in relation to geographical certification marks and geographical collective trademarks disregarding the lack of distinctiveness. However, this speculation is compromised when one reads Article 84.2 which reads: “The proprietor of a geographical certification mark is not entitled to prohibit the use of the signs to indicate the geographic origin of their goods or services in according with honest practices in industrial or commercial matters.”⁷⁵

The Trademark Act 2012 contains provisions explicitly dealing with the effects of GI registration. As aforementioned, the Trademark Act 2012 waives the distinctiveness requirement for the registration of geographical names as geographical certification marks or collective trademarks. It further provides that it is not necessary to disclaim such geographical names.⁷⁶ The general trademark rule is that non-distinctive elements may be included in a registered trademark in the condition that “the applicant disclaims the exclusive right for using the said feature.”⁷⁷ This seems to suggest that the registration of a geographical certification mark or geographical collective mark will confer exclusive rights over its owner despite the lack of distinctiveness. The picture becomes ambiguous when one reads the provision providing that “proprietor of a geographical certification mark is not entitled to prohibit the use of the signs to indicate the geographic origin of their goods or services in according with honest practices in industrial or commercial matters.”⁷⁸ This provision is a reiteration of the fair use exception to trademark rights.⁷⁹ Under the fair use doctrine, the proprietor’s exclusive rights in a registered trademark are not infringed by the

⁷³ TMA 2012, art. 36.

⁷⁴ General Statement to TMA 2012.

⁷⁵ TMA 2012, art. 84.2.

⁷⁶ TMA 2012, arts. 84.1 and 91.

⁷⁷ TMA 2010, art. 19.

⁷⁸ TMA 2012, art. 84.2.

⁷⁹ TMA 2012, art. 36.

use of the trademark in Taiwan without his consent if the use constitutes the use of one's own name or title or the name, shape, quality, function, place of origin, or other description of goods or services.⁸⁰ It is explained that the purpose of adding this provision here is to "safeguard the freedom of one's right to describe his goods or services."⁸¹ As a result, no one's right to use the registered geographical name is affected. The owner can exclude no one from using the registered geographical name to indicate the geographical origin of his goods or services.

(5) Positive protection for GIs has been existing prior to 2003

The certification mark was first included under TMA 1993. Under TMA 1993, certification marks are used to certify characteristics, quality, precision, or other matters of goods or services.⁸² As it has been argued, this provision is already broad enough to cover "place of origin".⁸³ A survey of TIPO's trademark register also confirms that there were certification marks registered prior to the entering into force of TMA 2003 on 28 November 2003, which may certify the place of origin of products. Examples include "CALIFORNIA" with a device to certify that the cling peach products identified are originated from California, USA and comply with the quality standards set by the proprietor of the mark (certifier),⁸⁴ "QUALITY USA" quality standards with a device as a certification mark certifying "the certified peanut products are absolutely originated in the USA and comply the relevant US Federal standards and regulations,"⁸⁵ "IQF EDAMAME OF TAIWAN" with a map of Taiwan to certify that Edamame are originated in Taiwan and their quality and sanitation comply with the standards set by the certifier,⁸⁶ and "JAMAICA BLUE MOUNTAIN" to certify that the coffee beans identified are originated in Jamaican Blue Mountain area and their storage, processing, and packaging comply with the requirements of the certifier.⁸⁷

⁸⁰ TMA 2012, art. 30.1(1).

⁸¹ General Statement to TMA 2012.

⁸² TMA 1993, art. 73.1.

⁸³ WY Chen, *Trademark Law* (Sanmin 1998) 17-19.

⁸⁴ Registration No. 00000002 (04/16/1995).

⁸⁵ Registration No. 00000075 (11/01/2002).

⁸⁶ Registration No. 00000104 (09/16/2003)

⁸⁷ Registration No. 00000095 (07/01/2003)

It is, thus, argued that the explicit listing of “place of origin” under TMA 2003 does not create any new legal right. It is simply a declaratory gesture used to articulate Taiwan’s determination to implement its TRIPS obligations.⁸⁸

Similar situation is found in the registration of geographical collective trademarks. Collective trademarks were first added to Taiwan’s trademark law in 2003.⁸⁹ In 2007, as a response to the 2005 incident that the names of 7 well-known Taiwanese tea production districts were registered as trademark in China, the government decide to enhance GI protection by allowing the registration of “geographical collective marks”.⁹⁰ However, the registration of “geographical collective trademarks” is not provided under TMA 2003 proper. It is, instead, recognized under the Examination Guidelines for Certification Marks, Collective Marks, and Collective Membership Marks 2007.⁹¹ TIPO treats the “geographical collective trademark” as a special type of collective trademarks. Section 3.1 of the 2007 Examination Guidelines states that: “In addition to a general collective trademark, the applicant may apply to register a geographical name as a geographical collective trademark, which is jointly used by the members of a collective group incorporated within the defined geographical region to denote the source of goods or services they offer.”⁹² Therefore, the registration of geographical collective trademarks was only officially allowed under The Examination Guidelines 2007. There are, however, collective trademarks registered prior to 2007, which seem to be capable of performing the same function as “geographical collective trademarks”. YAMAGATA SAKE BREWERY ASSOCIATION (Japan) (山形縣酒造合作社日本) registered the collective trademark “山形讚香 YAMAGATA SANGA” for Japanese wine and sake on 16 December 2005.⁹³ The Italian CONSORZIO PRODUTTORI MARMO BOTTICINO CLASSICO registered “MARMO BOTTICINO CLASSICO” for marble products on 01 September 2006.⁹⁴ “PARMA” for ham was registered as collective trademark by the Italian

⁸⁸ WY Chen, *Trademark Law* (3rd edn, Sanmin 2005) 29.

⁸⁹ TIPO, ‘Comparative Study on the Examination and Infringement of Collective Trademark, Certification Mark and Collective Membership Mark’ (2006) 7 <<http://www.tipo.gov.tw/ch/NodeTree.aspx?path=3524>>.

⁹⁰ Examination Guidelines 2007, 3.1.

⁹¹ Examination Guidelines 2007, 3.1.

⁹² Examination Guidelines 2007, 3.1.

⁹³ Registration No. 01188326 (16/12/2005).

⁹⁴ Registration No. 01227793 (01/09/2006).

“CONSORZIO DEL PROSCIUTTO DI PARMA” on 16 July 2007.⁹⁵ The Goat Farmer Association R.O.C. registered on 01 October 2006 the collective trademark “國產優質生鮮羊肉 TAIWAN FRESH GOAT MEAT (with picture)” for goat meat.⁹⁶ According to the Goat Farmer Association R.O.C., the function of this collective trademark is to certify that the goat meat identified is originated from Taiwan and thus facilitate the consumer to distinguish domestic goat meat from the imported.⁹⁷

1.1.1.3 GI protection and the scope of IP law

The concept of GIs also challenges the established concept of Taiwanese IP law. As discussed, apart from trademark law, Taiwanese GI regime also includes the Fair Trade Act and Tobacco and Alcohol Administration Act.⁹⁸ The Fair Trade Act is the legislation governing Taiwan’s antitrust law and unfair competition law.⁹⁹ It was first enacted in 1992 and subsequent amendments have been made in 1999, 2000, 2002, and 2010. The Fair Trade Act is enacted to maintain trading order, protect consumers’ interests, ensure fair competition, and promote economic stability and prosperity.¹⁰⁰ The Fair Trade Act establishes the Fair Trade Commission as the competent authority.¹⁰¹ The Fair Trade Commission is an independent regulatory commission under the executive branch.¹⁰² It has the power to “investigate and handle, upon complaints or *ex officio*, any violation of the provisions of this Law that harms the public interest.”¹⁰³ It is charged with drafting fair trade policy, laws, regulations, and investigating and handling various activities impeding competition, such as monopolies, mergers, concerted actions, and other restraints on competition or unfair trade

⁹⁵ Registration No. 01271826 (16/07/2005).

⁹⁶ Registration No. 01232137 (01/10/2006).

⁹⁷ Taiwan Livestock Research Institute <<http://www.angrin.tlri.gov.tw/goat/gfa52/gfa52p38-39.htm>> (visited July 29, 2012).

⁹⁸ WTO (n 8) 1.

⁹⁹ That is, the Fair Trade Act regulates both “antitrust” and “unfair competition.” This arrangement has been heavily criticized by Taiwanese scholars since the drafting stage of the Fair Trade Act. See, for example, YC Chen, *Understanding Intellectual Property Rights* (3rd edn, Economic Daily 1987); Chao, JM, et al, *Introduction to Intellectual Property Law* (2nd edn, Angle 2003) 239-276, 242.

¹⁰⁰ Fair Trade Act 2010, art. 1.

¹⁰¹ Fair Trade Act 2010, art. 25.1.

¹⁰² DT Wang, *Fair Trade Law* (4th edn, Wunan, 2010) 29.

¹⁰³ Fair Trade Act, art. 26.

practices on the part of enterprises.¹⁰⁴ The Fair Trade Act regulates activities of “enterprises”, which refers to a company, a sole proprietorship or partnership, a trade association, and any other person or organization engaging in transactions through the provision of goods or services.¹⁰⁵

The Fair Trade Act does not provide a general definition of “unfair competition”. Articles 18 to 23 provide a non-exhaustive list of specific acts constituting unfair competition, including restriction on resale price;¹⁰⁶ hampering fair competition;¹⁰⁷ counterfeit;¹⁰⁸ false or misleading presentations or symbol;¹⁰⁹ damaging other enterprises’ goodwill;¹¹⁰ multi-level sales.¹¹¹ Article 24 is a general provision which prohibits “any deceptive or obviously unfair conduct that is able to affect trading order.”¹¹² Article 21 of the Fair Trade Act is classified as a general provision for consumer protection law.¹¹³ According to Taiwanese government, GI protection falls with the scope of Article 21 of the Fair Trade Act, which prohibits the false or misleading presentations or symbols. This is because:

“For any use of geographical indications that constitutes unfair competition, Article 21 of the Fair Trade Law, in conformity with Article 10*bis* of the Paris Convention, provides that enterprises shall not make false or misleading representations either on their products or in the advertisements of their products. In addition, they shall not sell, transport, export or import goods bearing false or misleading representations.”¹¹⁴

¹⁰⁴ The Fair Trade Commission, <<http://www.ftc.gov.tw/internet/english/doc/docDetail.aspx?uid=198&docid=234>> (visited October 31, 2009)

¹⁰⁵ Fair Trade Act 2010, art. 2.

¹⁰⁶ Fair Trade Act 2010, art. 18.

¹⁰⁷ Fair Trade Act 2010, art. 19.

¹⁰⁸ Fair Trade Act 2010, art. 20.

¹⁰⁹ Fair Trade Act 2010, art. 21.

¹¹⁰ Fair Trade Act 2010, art. 22.

¹¹¹ Fair Trade Act 2010, art. 23.

¹¹² CH Hsu, ‘Unfair Competition: TRIPs/WTO and Comparative Perspectives’ Taiwan Bar Journal (2007) 19, 27.

¹¹³ Pijan Wu and Caroline Thomas, ‘Taiwan’s Fair Trade Act: Achieving the “Right” Balance?’ 26 Nw J Int’l L & Bus (2005-2006) 643, 648.

¹¹⁴ WTO (n 8) 2.

Under Article 21.1, it is held by the Fair Trade Commission that the term “Shin-Tzu Rice Noodle” (Shin-Tzu is a county in northern Taiwan) refers to the flavour, rather than the geographical origin of the rice noodle in question.¹¹⁵ In a 1998 case, the Fair Trade Commission held that the term “Scotch Whisky” or its Chinese translation “蘇格蘭威士忌” can only be used to identify whisky originated in Scotland. Placing “Scotch Whisky” or “蘇格蘭威士忌” on the bottles or packages of whisky not originated in Scotland may constitute making or using false or misleading representations or symbol as to place of origin.¹¹⁶

To provide clear guidelines for the application of Article 21, the Fair Trade Commission adopted “Guidelines governing the use geographical terms under Article 21” in 1996, which was amended in 2005.¹¹⁷ According to the “Guidelines”, the nature of the good is an important factor when determining whether a geographical term constitutes a geographical indicator.¹¹⁸ First, for natural agricultural, forest, pastoral, and mineral products, the principle is that the geographical term shall be determined as indication of source unless the geographical term in question has become a generic term.¹¹⁹ Second, for processed agricultural, forest, pastoral, and mineral products: the geographical term normally refers to either the geographical source of the raw materials or the geographical area where the product is processed.¹²⁰ Finally, for industrial products if the product is manufactured in one area, the geographical term indicates the geographical area of manufacturing. If the manufacture of the product involves several geographical areas, the geographical term shall refer to the area where the “substantial transformation” takes place.¹²¹

¹¹⁵ Fair Trade Commission Doc. No. 07724 (29 November 1994).

¹¹⁶ The Scottish Whisky case (19 January 1998 (87) Decision No. 026) at National Treasury Agency website <<http://www.nta.gov.tw/dbmode93/Content.asp?CatId=333>> (visited October 31, 2009).

¹¹⁷ Fair Trade Commission, Fair Trade Commission Disposal Directions (Guidelines) on Handling Cases Governed by Article 21 of the Fair Trade Act (10 July 1996 as amended 26 August 2005) [hereinafter Fair Trade Act Article 21 Guidelines].

¹¹⁸ Fair Trade Act Article 21 Guidelines.

¹¹⁹ Fair Trade Act Article 21 Guidelines.

¹²⁰ Fair Trade Act Article 21 Guidelines.

¹²¹ Fair Trade Act Article 21 Guidelines.

The Tobacco and Alcohol Administration Act is enacted to promote the sound administration of the tobacco and alcohol business and products.¹²² The competent authority under this Act is the Ministry of Finance.¹²³ The Tobacco and Alcohol Administration Act regulates the production, manufacturing, repackaging, and other relevant activities by alcohol business operators, which include producers, importers, and sellers.¹²⁴ Under the Tobacco and Alcohol Administration Act, producers and importers may choose to label the geographical indications of the wine or spirits.¹²⁵ That is, the labelling of geographical indications is voluntary rather than mandatory. Producers or importers may choose to label geographical indications on their alcohol products, but the labelling shall not constitute false or misleading representation. Each violation is subjected to a fine and the products are to be recalled and corrections to be made within a given period. Failure to comply will result in temporary manufacturing or import prohibition for six to twelve months, and confiscation of all merchandise in question.¹²⁶

The Tobacco and Alcohol Administration Act is supplemented by the “Regulations Governing the labelling of the Alcohol Products.” Article 13.1 incorporates the TRIPS definition of GIs.¹²⁷ Pursuant to Article 13.2, the labelling of alcohol products shall not be used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like, to convey erroneous impression or inference as to the origin of the alcohol product, even where the true origin of the product is indicated.¹²⁸ What name actually constitutes a geographical indication is a matter left to be decided by the law of each region or country.¹²⁹ For the purposes of evidence, Article 13.3 mandates where an alcohol product is labelled with a geographical indication, a certificate of the geographical indication issued by the government or chamber of commerce authorized by the government of the place (country) of production be submitted to the central competent authority for examination before the alcohol product is declared to the Customs or released from the factory.¹³⁰

¹²² The Tobacco and Alcohol Administration Act 2004, art. 1.

¹²³ The Tobacco and Alcohol Administration Act 2004, art. 2.

¹²⁴ The Tobacco and Alcohol Administration Act 2004, art. 5.

¹²⁵ The Tobacco and Alcohol Administration Act 2004, art. 33.2.

¹²⁶ The Tobacco and Alcohol Administration Act 2004, art. 33.2.

¹²⁷ The Regulations Governing the Labelling of the Alcohol Products, art. 13.1.

¹²⁸ The Regulations Governing the Labelling of the Alcohol Products, art. 13.2.

¹²⁹ The Regulations Governing the Labelling of the Alcohol Products, art. 13.1.

¹³⁰ The Regulations Governing the Labelling of the Alcohol Products, art. 13.3.

The listing of Article 21 of the Fair Trade Act and the Tobacco and Alcohol Administration Act as part of GI law leads to two developments. First, commentators start to include miscellaneous laws and regulations,¹³¹ such as the Food Administration Act,¹³² Consumer Protection Act,¹³³ the Merchandise Labelling Law,¹³⁴ and even the Trade Law,¹³⁵ into Taiwanese GI law, as long as they contain provisions regulating the labelling of place of origin of products. Second, commentators start to include Article 21 of the Fair Trade Act as part of intellectual property law because GIs are a form of intellectual property.¹³⁶

1.1.2 Taiwan's GI conundrum in the broader context

Is it possible that this conundrum is simply caused by Taiwan's unfamiliarity with the GI issue? Prior to the 1980s, Taiwanese IP laws were criticized for their limited scope of recognition and protection of IPRs, inadequate deterrence for infringements, and protectionist provisions. Foreign entities were denied national treatment, and unrecognized foreign entities often were denied protection of their IPRs as well as standing to seek redress.¹³⁷ Under the pressure of US trade retaliation, Taiwan started major IP law reform in the 1980s.¹³⁸ The "crucial turning point" in the development of Taiwanese IP law occurred when Taiwan realized the political and economic importance of its accession to the GATT/WTO and the concomitant IP protecting obligation.¹³⁹ This goal became the main impetus behind Taiwan's

¹³¹ Wang (n 11) 926.

¹³² Wang (n 102) 217.

¹³³ JH Chen, 'The Research among the Protection of Geographical Indications' 25 *Fu Jen Law Review* (2004) 1, 40.

¹³⁴ Yu-Ching Chong, 'A Comparative Study on Legal Protection for Geographical Indications' (Master degree dissertation, Shih Hsin University, Taiwan, 2008) 167.

¹³⁵ Yi-Hsuan Lee, 'A Study of the Protection of Geographical Indications' (Master degree dissertation, National Chiao Tung University, Taiwan, 2006) 191. Chia-Jung Li, 'Research on Our Country Protection of Geographical Indication under WTO Structure' (Master degree dissertation, National Chung-Cheng University, Taiwan 2007) 81.

¹³⁶ JM Chao, et al, *Introduction to Intellectual Property Law* (7th edn, Angle 2010) 324-334.

¹³⁷ Y. Kurt Chang, 'Special 301 and Taiwan: A Case Study of Protecting United States Intellectual Property in Foreign Countries' 15 *Nw. J. Int'l L. & Bus.* (1994-1995) 206, 217.

¹³⁸ KC Liu, 'The Protection of Well-Known Marks in Taiwan: From Case Study to General Theory' 90 *TMR* (2000) 866, 867; Chang (n 137) 217-218.

¹³⁹ Liu (n 138) 867.

further IP reform. By 1998, one commentator was able to claim proudly that: “Taiwan’s statutory regime for Intellectual Property protection now by and large complies with the TRIPS Agreement. In some areas, the regime reaches beyond the Agreement’s threshold.”¹⁴⁰ Other commentators found that there is no basic difference between Taiwan’s IP law and TRIPS Agreement.¹⁴¹

The picture is, however, completely different when it comes to GIs. GI protection has been viewed as a new IP issue to Taiwan. One commentator describes GIs a “purely transplanted norm for Taiwan”.¹⁴² TIPO claims GIs as a brand new legal norm introduced into Taiwan as a result of the implementation of the TRIPS Agreement:

“After having joined the WTO, we have to implement the TRIPS obligations regarding geographical indications, but geographical indication is brand new norm that our people are not familiar with. What is a geographical indication? What is the scope of protection? How to claim the protection? These are all foreign to us.”¹⁴³

The “unfamiliarity” assumption is found unsatisfactory as soon as one realizes the existence of the “global struggle over geographical indications.”¹⁴⁴ The inclusion of GIs in the Uruguay Round Negotiations was initiated by the EU and resisted by the United States, Canada, Australia¹⁴⁵ and some Latin American countries.¹⁴⁶ This disagreement was described as

¹⁴⁰ Andy Y. Sun, ‘From Pirate King to Jungle King: Transformation of Taiwan’s Intellectual Property Protection’ 9 *Fordham Intell Prop Media & Ent L J* (1998-1999) 67, 83.

¹⁴¹ Chao, et al (n 136) 378.

¹⁴² Wang (n 11) 943.

¹⁴³ TIPO ‘*How Much Do You Know about Geographical Indications? Registration of Certification Marks Is Required for Their Protection*,’ quoted in Wang (n 11) 935. Here Wang also notes that before Taiwan’s accession to WTO in 2002, geographical indication laws are used mostly to protect European wine and spirit GIs: “In the early days of Taiwan’s geographical indication laws, they were used mostly to protect the geographical indications for European wines and spirits. During the consultation stage when Taiwan was joining the WTO, the Ministry of France, at the request of the European Union that the European geographical indications for wines be protected, promised to incorporate this protection into the Tobacco and Alcohol Administration Act. There were numerous cases involving the misuse of GIs for Scottish whisky and French wines. In the Taiwan-EU bilateral agreement, signed in 1998, Taiwan also promised to protect whisky and other wines from Europe.”

¹⁴⁴ Kal Raustiala and Stephen R. Munzer, ‘The Global Struggle over Geographical Indications’ 18 *EJIL* (2007) 337.

¹⁴⁵ Stacy D. Goldberg, ‘Who Will Raise the White Flag? The Battle between the United States and the European Union over the Protection of Geographical Indications’ 22 *U Pa J Int’l Econ L* (2001)107, 109-110.

“North-North division”¹⁴⁷, “New World v. Old World”,¹⁴⁸ or “immigrant v. emigrant countries”¹⁴⁹ The struggle continues and escalates after the conclusion of TRIPS Agreement and Taiwan itself is one of the participants. In 2002, Taiwan joined Argentina, Australia, Canada, Chile, Dominican, El Salvador, Guatemala, New Zealand, Paraguay, the Philippines, and the United States in opposition to the extension of the higher level of protection for GIs for wines and spirits to all goods.¹⁵⁰ This is because “after thoughtful review, we have concluded that extension will not provide meaningful benefits but will instead create new difficulties.”¹⁵¹ In 11 March 2005, Taiwan joined a group of countries, including Argentina, Australia, Canada, Chile, Ecuador, Mexico, New Zealand and the United States, supporting the establishment of a non-binding and voluntary multilateral register for wine GIs.¹⁵² This group of countries propose a decision by the TRIPS Council to set up a voluntary system where notified geographical indications would be registered in a database. Those governments choosing to participate in the system would have to consult the database when taking decisions on protection in their own countries. Non-participating members would be “encouraged” but “not obliged” to consult the database.¹⁵³

The following comments testify the existence of the GI conundrum:

¹⁴⁶ Julie Chasen Ross and Jessica A. Wasserman, ‘Trade-Related Aspects of Intellectual Property Rights’ in Terence P. Steward (ed.) *The GATT Uruguay Round: A negotiating History (1986-1992) Volume II: Commentary* (Kluwer Law and Taxation Publishers 1993) 2245-2333, 2302-2303.

¹⁴⁷ Albrecht Conrad, ‘The Protection of Geographical Indications in the TRIPS Agreement’ 86 TMR (1996) 11, 29-31

¹⁴⁸ Kevin M. Murphy, ‘Conflict, Confusion, and Bias under TRIPs Articles 22-24’ 19 Am U Int’l L Rev (2003-2004) 1181, 1186; Lina Montén, ‘Geographical Indications of Origin: Should They Be Protected and Why?—An Analysis of the Issue from the U.S. and EU Perspectives’ 22 Santa Clara Computer & High Tech. L. J. (2005-2006) 315, 315. Justin Hughes, ‘Champagne, Feta, and Bourbon: The Spirited Debate about Geographical Indications’ 58 Hastings L J (2006) 299, 301-302.

¹⁴⁹ José Manuel Cortés Martín, ‘TRIPS Agreement: Towards a Better Protection for Geographical Indications?’ 30 Brook J Int’l L (2004) 117, 127.

¹⁵⁰ WTO Doc. IP/C/W/386 (8 November 2002) “Implications of Article 23 Extension”, communication from Argentina, Australia, Canada, Chile, the Dominican Republic, El Salvador, Guatemala, New Zealand, Paraguay, the Philippines, Chinese Taipei and the United States.

¹⁵¹ WTO (n 150) para. 1.

¹⁵² WTO Doc. TN/IP/W/10/Rev.2 (24 July 2008) “Proposed draft trips council decision on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits” Submission by Argentina, Australia, Canada, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Japan, Korea, Mexico, New Zealand, Nicaragua, Paraguay, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, South Africa and the United States, p. 1.

¹⁵³ WTO, <http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#wines_spirits>

- (i) “Geographical indications (GIs) are intellectual property rights.”¹⁵⁴
- (ii) GIs “are not property.”¹⁵⁵
- (iii) “...GIs are private property rights”¹⁵⁶
- (iv) “GIs...are inherently collective...”¹⁵⁷
- (v) GIs “are usually group or state-owned property.”¹⁵⁸
- (vi) “GIs should be considered trademarks...”¹⁵⁹
- (vii) “...GIs are functionally similar to Trademarks.”¹⁶⁰
- (viii) “...GIs and trademarks are inherently different intellectual property rights.”¹⁶¹
- (ix) GIs and trademarks are “quibbling siblings, members of the broader family of unfair competition law”¹⁶²
- (x) GIs “are rather part of a general regime of protection against misrepresentation”¹⁶³
- (xi) “Geographical indications are...labels of origin...”¹⁶⁴
- (xii) Geographical indications (GIs) “are distinctive signs...”¹⁶⁵

¹⁵⁴ Martín (n 149) 117.

¹⁵⁵ Stephen Stern, ‘Are GIs IP?’ 29 EIPR (2007) 39, 40.

¹⁵⁶ Lynne Beresford, ‘Geographical Indications: The Current Landscape’ 17 Fordham Intell Prop Media & Ent L J (2006-2007) 979, 980.

¹⁵⁷ Justin Hugehs et al, ‘Panel II: That’s a Fine Chablis You’re Not Drinking: The Proper Place for Geographical Indications in Trademark Law’ 17 Fordham Intell Prop Media & Ent L J (2006-2007) 933, 940.

¹⁵⁸ Marsha A. Echols, ‘Geographical Indications for Foods, TRIPS and the Doha Development Agenda’ 47 JAL (2003) 199, 201.

¹⁵⁹ Ruth L. Okediji, ‘The International Intellectual Property Roots of Geographical Indications’ 82 Chi-Kent L Rev (2007) 1329, 1363.

¹⁶⁰ Dev Gangjee, ‘Protecting Geographical Indications as Collective Trademarks: The Prospects and Pitfalls’ IIP Bulletin (2006) 112, 112.

¹⁶¹ Martín (n 149) 151.

¹⁶² Dev Gangjee, ‘Quibbling Siblings: Conflicts between Trademarks and Geographical Indications’ 82 Chi-Kent L Rev (2007) 1253, 1253.

¹⁶³ Annette Kur in Hughes, J et al, ‘Panel II: That’s a Fine Chablis You’re Not Drinking: The Proper Place for Geographical Indications in Trademark Law’ 17 Fordham Intell Prop Media & Ent L J (2006-2007) 933, 940,

¹⁶⁴ Elizabeth Barham, ‘Translating Terroir: The Global Challenge of French AOC Labeling’ 19 Journal of Rural Studies (2003) 127, 127.

¹⁶⁵ Felix Addor and Alexandra Grazioli, ‘Geographical Indications beyond Wines and Spirits: A Roadmap for a Better Protection for Geographical Indications in the WTO TRIPS Agreement’ 5 JWIP (2002) 865, 865.

(xiii) "...GIs are geographical names, which trademark doctrine considers descriptive and therefore unprotectable."¹⁶⁶

(xvi) A "GI...is by definition descriptive..."¹⁶⁷

(xv) "Although GIs are...not purely descriptive terms, their function is analogous to a descriptive function."¹⁶⁸

(xvi) "A GI...is both descriptive of origin and distinctive."¹⁶⁹

(xvii) "Welcome to the new international intellectual property right...wherein generic names gain geographical indication status..."¹⁷⁰

(xviii) GIs can be applied to every sort of product.¹⁷¹

(xix) "...the law of geographical indications is about foodstuffs."¹⁷²

By now, it is clear that the GI conundrum is not unique to Taiwan. It is a common phenomenon with theoretical interests as well as policy significance. Taiwan as a country with a well-established IP regime has been struggling with the problem of accommodating GIs. TRIPS, the multilateral agreement which sets universal minimum standards has been experiencing a GI struggle since its negotiating stage. Academics from different jurisdictions and disciplines fail to agree on the basic relation between GIs and IP. All these make it reasonable to hypothesize that there must be some fundamental or inherent difficulty accommodating GIs under the concept of IP.

¹⁶⁶ Gangjee (n 160) 112.

¹⁶⁷ Addor and Grazioli (n 165) 871.

¹⁶⁸ Marsha A Echols, *Geographical Indications for Food Products: International Legal and Regulatory Perspectives* (Kluwer Law International 2008) 242.

¹⁶⁹ Gangjee (n 160) 118-119.

¹⁷⁰ Xuan-Thao N. Nguyen, 'Nationalizing Trademarks: A New International Trademark Jurisprudence?' 39 *Wake Forest L Rev* (2004) 729, 731.

¹⁷¹ Addor and Grazioli (n 165) 865.

¹⁷² Hughes (n 148) 303.

1.2 Objectives, hypotheses and questions

This thesis is an attempt to provide explanations of Taiwan's GI conundrum, that is, the puzzling questions that Taiwanese policymakers and scholars have been facing in implementing Taiwan's obligation of protecting geographical indications (GIs) under the TRIPS Agreement by exploring and clarifying the relation between IP and GIs. By doing so, this research will, in turn, be exploited as the foundation for formulating practical guidelines for the making of GI policies either at the domestic or at international level. This research proceeds under two hypotheses: (i) there is an inherent incompatibility between the concept of GIs and the established IP system and (ii) the policy rationales behind *sui generis* GIs and trademarks are different.

As already identified, Taiwan's GI conundrum has been manifested in the confusion between GIs and trademarks, perennial overhaul of the positive protection, and the conceptual confusion between IP and non-IP. Now that GIs have been established as a form of IP under the TRIPS Agreement, two implementing paradigms are recognized, and Taiwan has a well-development IP regime prior to accession to WTO, then why does the conundrum occur? More specifically, this research will ask:

(i) Why is there a GI conundrum even though the TRIPS Agreement has established GIs as a form of IP with a specifically defined subject matter and universal minimum standards of protection?

(ii) Why is there a GI conundrum even though Taiwan has followed the US trademark paradigm and mobilized, trademarks, certification marks, and collective trademarks, and other administrative measures to implement TRIPS obligations?

(iii) Why, given that Taiwanese policymakers have recognized two GI-protecting paradigms, that is, the US trademark paradigm and the EU *sui generis* paradigm, the latter seems to be ignored?

(iv) What policy implications will an understanding of the GI conundrum provide for Taiwan's policymakers?

1.3 Scope and focus

This study is neither about the relative merits or demerits of different GI-protecting approaches or measures nor about the formulation of an immediate solution to the international GI debates. What this study concerns is the relation between GIs and IP. Therefore, the concepts of intellectual property (IP) and geographical indications (GIs) constitute the focuses of this thesis.

There is no general legal definition of IP under multilateral treaties.¹⁷³ The WIPO Convention of 1967 “defines” IP by listing its protectable subject matter or examples of types of rights, including “the rights relating to—literary, artistic and scientific works—performances and performing artists, photographs and broadcasts—inventions in all fields of human endeavour—scientific discoveries—industrial designs—trade marks, service marks, and commercial names and designations—protection against unfair competition and all other rights resulting from intellectual activities in the industrial, scientific, literary or artistic fields.”¹⁷⁴ A similarly technique is exploited in the TRIPS Agreement. Article 1.2 provides that “For the purposes of this Agreement, the term “intellectual property” refers to all categories of intellectual property that are the subject of Sections 1 through 7 of Part II.”¹⁷⁵ This thesis does not provide a thorough examination of each of the category. To serves its purposes, this study will construct an analytical framework for IP. As constructed in Chapter

¹⁷³ Peter Drahos, ‘Intellectual Property and Human Rights’ 3 I.P.Q. (1999) 349, 350; Dwijen Rangnekar, ‘The Intellectual Properties of Geography’ 31 EIPR (2009) 537, 537.

¹⁷⁴ Convention Establishing the World Intellectual Property Organization, July 14, 1967, 828 U.N.T.S. 3 [hereinafter WIPO Convention], art. 2 para. viii.

¹⁷⁵ TRIPS Agreement, art. 1.2 (Accordingly, these rights include: copyright and related rights, trademarks, geographical indications, industrial designs, patents, layout-designs (topographies) of integrated circuits, and protection of undisclosed information.)

2 of this thesis, this analytical framework will deal with three aspects of IP, namely, its terminology, shared characteristics, and economic justifications.¹⁷⁶

Although the TRIPS Agreement provides a legal definition of GIs and certain minimum standards for their protection, there is no consensus on what this definition actual means and how these standards should be implemented. Despite all the diverse interpretations and national and regional regimes, there are two generally recognized two implementing paradigms, i.e. the US trademark paradigm and the EU *sui generis* paradigm. This study focuses on these three regimes.

Although, the TRIPS Agreement establishes GIs as a separate category of IP, many WTO Members protect GIs under existing trademark law. Under the law of the United States and in most of the common law countries, the concept of GIs is subsumed with the definition of “mark” and thus regulated under the existing trademark law.¹⁷⁷ This is also the case in countries, such as, Brazil, Ethiopia, Indonesia, the Russian Federation, and South Africa.¹⁷⁸ The United States system has been regarded as the paradigm of the preference for a trademark system and private rights as the legal means to protect geographical indications.¹⁷⁹

The term “*sui generis* GI law” generally refers to the protection of GIs through specific systems separated from trademark law.¹⁸⁰ *Sui generis* GI laws generally provide “relatively stronger levels of producer protection when compared to trademark law.”¹⁸¹ Protection under such systems is normally based on registration and collective in nature.¹⁸² It is reported in 2010 that some 76 countries protect GI through *sui generis* systems, which provide for

¹⁷⁶ See *infra* Chapter 2, terminology and definition (2.2.1); shard characteristics (2.2.2); economic justification (2.3).

¹⁷⁷ M. G. Coeper, ‘The Protection of Geographical Indications in the United States of America, with Particular Reference to Certification Marks’ *Industrial Property* (1990) 232, 233.

¹⁷⁸ Echols (n 168) 127-148.

¹⁷⁹ Echols (n 168) 135.

¹⁸⁰ Gangjee (n 160) 114.

¹⁸¹ Gangjee (n 162) 1267.

¹⁸² Massimo Vittori, ‘The International Debate on Geographical Indications (GIs): The Point of View the Global Coalition of GI Producers--oriGIN’ 13 *JWIP* (2010) 304, 304.

registration of geographical names as a separate kind of intellectual property right.¹⁸³ One further characteristic of *sui generis* GI protection is that it dominantly concerns food products.¹⁸⁴ *Sui generis* GI law usually provide specialized registers for GIs. The European Union, for example, maintain registers for GIs for wine, spirit drinks, and other agro-food products.¹⁸⁵ The EU GI law have generally been regarded by scholars as the paradigm of the *sui generis* approach.¹⁸⁶ Apart from the EU, a number of countries, such as, Chile, China, and India also protect GIs under *sui generis* systems.¹⁸⁷ According to WIPO The most important specific feature that is common to protected appellations of origin and registered geographical indications appears to be that their legal protection is based on an act of public law (law, decree, ordinance) which stands at the conclusion of an administrative procedure. Through this administrative procedure, important parameters such as the demarcation of the area of production and production standards are defined.¹⁸⁸ Some WTO Members have adopted specific legislation to define and protect GIs. Generally, such protection is based on registration.¹⁸⁹

EU GI law as it stands now consists of three Regulations, covering three types of products, namely, agro-food products, wines and spirit drinks respectively. Handcrafts and other

¹⁸³ Vittori (n 182) 304.

¹⁸⁴ Nonetheless, the registability of other types of products, such as traditional handcrafts or textiles, has never been completely excluded from national or international systems. Dev Gangjee reports that “the majority of registration pending before India’s national GI Registry consist of traditional crafts and textile products” and that “the International Lisbon register includes ‘Olinala’ for wooden handcrafted objects, ‘Jablonec’ (‘Gablonz’) for utility and decorative glassware, and ‘Kraslice Krajky’ for embroidery and lace goods.” (See Dev Gangjee, ‘Geographical Indications and Human Rights’ in Paul Torremans (ed.) *Intellectual Property and Human Rights* (Kluwer Law International 2008) 383-395, 391).

¹⁸⁵ For wines and spirit drinks: BACCHUS; for agricultural products and foodstuffs: DOOR.

¹⁸⁶ The EU system as the paradigm of the *sui generis* approach: see, for example, Amy B. Trubek and Sarah Bowen, ‘Creating the Taste of Place in the United States: Can We learn from the French?’ 73 *GeoJournal* (2008) 23, 24; Echols (n 174) 3; Tim Josling, ‘The War on *Terroir*: Geographical Indications as a Transatlantic Trade Conflict’ 57 *Journal of Agricultural Economics* (2006) 337, 343. French AOC system is also regarded as the paradigm of *the sui generis* approach, see, for example, Barham (n 164) 128; Bradley M. Bashaw, ‘Geographical Indications in China: Why Protect GIs with Both Trademark Law and AOC-Type Legislation’, 17 *Pac. Rim L. & Pol’y J.* (2008) 73, 73; Hughes (n 148) 306. Molly Torsen, ‘Apples and Oranges: French and American Models of Geographical Indications Policies Demonstrate an International Lack of Consensus’ 95 *TMR* (2005) 1415.

¹⁸⁷ Managing IP, ‘Your Guide to Geographical Indications Worldwide’ 184 *Managing Intell. Prop.* (2008) 42.

¹⁸⁸ WIPO, ‘Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Obtaining Protection in Other Countries’ SCT/8/4 (2002) 8.

¹⁸⁹ Bernard O’Connor, *The Law of Geographical Indications* (Cameron May, 2004) 74. O’Connor also notes that The 1998 Geographical Indications Act of Singapore (Geographical Indications Act 1998, No 44, <http://clea.wipo.int>) gives the owner of a geographical indication automatic protection just like copyright protection.

products are excluded.¹⁹⁰ The protection of GIs for agricultural products and foodstuffs at the EU level was first established in 1992 under Council Regulation 2081/92.¹⁹¹ The GI Regulation 2081/92 was superseded by GI Regulation 510/2006.¹⁹² The adoption of this new Regulation in 2006 was a response to the decision of the WTO Panel, which found the 1992 Regulation failed to provide national treatment to non-European WTO members because registration of GIs from a non-EU countries were contingent on the government of that country adopting a system of reciprocal GI protection. The panel also found that the requirement for government-monitored inspection structures under the 1992 Regulation discriminated against foreign nationals.¹⁹³ The main difference between the 1992 and 2006 Regulations is that the protection under the 2006 Regulation is extended to foreign geographical indications, irrespective of whether the foreign government provides reciprocal protection. Foreign parties with an interest in a geographical indication are now able to apply directly to the Commission, rather than having first to register with a national government. Beyond these changes, the 2006 Regulation is similar to its 1992 predecessor.¹⁹⁴ Therefore, cases and comments under the GI Regulation 1992 are still relevant for the purposes of this study.

GIs for wines and spirits are regulated under Council Regulation (EC) No 479/2008¹⁹⁵ and Regulation (EC) No 110/2008 of the European Parliament and the Council on spirit drinks¹⁹⁶ respectively. Being modelled on Council Regulation 510/2006,¹⁹⁷ all three Regulations have the same policy context. While there are certain procedural and technical differences based on specific requirements for the product types, the structure for the three systems are similar:

¹⁹⁰ European Commission, 'Agricultural Product Quality Policy: Impact Assessment, Part B, Geographical Indications' (08-4-09) 4.

¹⁹¹ 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 [1992] OJ L208/1 [hereinafter GI Regulation 1992].

¹⁹² Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs [2006] OJ L93/12.

¹⁹³ WTO Panel Report: EC—Trademarks and Geographical Indications WT/DS174/R, adopted 20 April 2005.

¹⁹⁴ Lionel Bently and Brad Sherman, *Intellectual Property Law* (3rd edn, OUP 2009) 982.

¹⁹⁵ Council Regulation (EC) No 479/2008 of 29 April 2008 on the common organisation of the market in wine, amending Regulations (EC) No 1493/1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and repealing Regulations (EEC) No 2392/86 and (EC) No 1493/1999 [2008] OJ L148/1 [hereinafter Wine Regulation 2008].

¹⁹⁶ Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling, and protection of geographical indications on spirit drinks repealing Council Regulation (EEC) No 1576/89 [2008] OJ L39/16 [hereinafter Spirit Regulation 2008].

¹⁹⁷ Wine Regulation 2008, Recital (27).

type of protection, definitions, administrative enforcement, relationship with trademarks, rules on coexistence with homonymous names, creation of a register, and role of a production specification.¹⁹⁸ The reason for having three systems of registration and protection of GIs in the EU is “partly the result of specificities of the products concerns and the progressive implementation a protection system for each type of production.”¹⁹⁹ Since Council Regulation 510/2006 for agro-food products serves as the model for EU GI law, it constitutes the focus of this study.

1.4 Research methodology

The methodology used for the accomplishment of the present thesis is literature-based since no field research is conducted. This research will involve a qualitative critique of both academic literature and existing evidence. This thesis exploits economic theory as explanatory and normative guidelines and an analytical framework for IP. The present researcher is aware of the existence of other theoretical bases of intellectual property. Bell divides them into two broad categories. One is the utilitarian, instrumentalist theory and the other, the natural rights, right-based, deontological theory. He further observes that different countries may prefer different justifications. The United States and United Kingdom and other Anglo-Saxon countries favour utilitarian over deontological justifications. Other countries tend to reverse that order, favouring rights-based justifications to copyright over utility-based claims.²⁰⁰

Before further introducing the method adopted in this study, it is necessary to explain why the natural rights, right-based, deontological justifications are not adopted.

¹⁹⁸ European Commission, ‘Green paper on Agricultural Product Quality: Product Standards, Framing Requirements and Quality Schemes’ (Brussels, 15.10.2008, COM(2008) 641 final) 15 (an example of these differences is that both the PDO and PGI are available for wines and agricultural products and foodstuffs, but only PGIs can be registered for spirit drinks.)

¹⁹⁹ European Commission (n 197) 15.

²⁰⁰ Tom W. Bell, ‘Authors’ Welfare: Copyright as a Statutory Mechanism for Redistributing Rights’ 69 *Brook L Rev* (2003) 229, 236-237.

Under the natural right theory, the basic reason for intellectual property, as for other tangible property, is that a man should have the natural right to own what he produces. This right-based argument is normally connected to the property theory of the eighteenth-century philosopher, John Locke:

“Though the earth and all inferior creatures be common to all men, yet every man has a “property” in his own “person.” This nobody has any right to but himself. The “labour” of his body and the “work” of his hands, we may say, are properly his. Whatsoever, then, he removes out of the state that nature hath provided and left in it, he hath mixed his labour with it, and joined to it something that is his own, and thereby makes it his property. It being by him removed from the common state Nature placed it in, it hath by his labour something annexed to it that excludes the common right of other men. For this “labour” being the unquestionable property of the labourer, no man but he can have a right to what that is once joined to, at least where there is enough, and as good left in common for others.”²⁰¹

Locke’s argument was an attempt to legitimize the existence of private property. Locke started his inference by the insertion of two metaphysical promises. The first is that in the state of nature, natural resources are common to all men. And the second is that everyone has a property in his own person and labour. Property rights are only granted to those whose labour adds value to the goods they take away from the common stock subject to the condition that there is ‘enough and as good’ left in common for others. For some scholars, this theory provides a ‘simple but powerful reason’ for intellectual property regime because ‘a man uses nothing to produce it other than his mind.’²⁰² The reason for this approval is apparent. One can easily draw a parallel between Locke’s theory and intellectual property. The public domain can be viewed as the counterpart of Locke’s common stock. Propertization of part of the public domain is justified when authors or inventors mix their ‘mental labour’ with what they take from the public domain as long as they leave ‘enough and as good’ for others. By and large, this theory provides us with a self-contained and

²⁰¹ John Locke, *Second Treaties on Government*, 26, V.

²⁰² David I. Bainbridge, *Intellectual Property* (6th edn, Pearson Longman 2007) 17.

morally persuasive justification. That is, the grant of intellectual property requires no exogenous justification. It is granted simply because ‘it is right and proper to do so’.²⁰³

Nevertheless, using this theory to justify intellectual property may evoke a methodological problem. That is, Locke’s argument may be used out of context. Locke seemed to have based his argument on the concept of tangible goods. He found it necessary to justify private ownership because the owner ‘removed’ out of the common stock what had been common to all men. It is, however, hard to see what is removed out of the public domain in the creation of intellectual property. The fact that one writes a story consisting of ten thousand different words does not prevent anyone from using these words. Again, does one take away anything from anyone when he figures out a new method of catching rats? Obviously, he does not. This new method does not exist before he figures it out and all the old methods are still there for others’ use. Locke’s theory invokes property rights to protect fruits of one’s labour. If A’s neighbour eats his apple, he will not be able to have that apple for lunch. Therefore, he needs legal rights to stop others from eating his apple. But if A’s neighbour who overhears the song A wrote for his daughter decides to use that song to entertain his girlfriend A can still enjoy the pleasure of singing it. Again, sharing a new rat-catching method with other does not hamper one’s own use of that method or weaken its effectiveness. Since it is impossible for others to interfere with one’s intellectual creations, what is the point of invoking property right protection?

The Lockean justification has also been attacked from a technical perspective. As Landes and Posner have argued, this theory may fail to take into consideration the actual process of intellectual creation:

“[I]ntellectual creation is a cumulative process—each creator of “new” intellectual property building on his predecessors—and since copyright and particularly patent law give a long-term property right to someone who may have won the race to come up with the new

²⁰³ Bently and Sherman (n 194) 33.

expressive work or new invention by just a day, it is unclear to what extent an intellectual property right can realistically be considered the exclusive fruit of its owner's labor."²⁰⁴

Natural rights theory is also criticized for its lack of ability to provide explanatory power and normative guidance.²⁰⁵ Most seriously, it is argued that natural rights theory has been misleading the development of IP law. According to Lessig, a right-based theory may lead people to becoming "accustomed to thinking of the monopoly rights that the state extends not as privileges granted to authors in exchange for creativity, but as rights. And not as rights that get defined or balanced against other state interests, but as rights that are, like natural property rights, permanent and absolute."²⁰⁶

Whereas the natural right and reward theory justify intellectual property by considering what is good or fair for the author or inventor, the incentive theory has its argument based on what is good for society as a whole, at least in the economic sense. The essence of this theory is that intellectual property is not an end itself; it is an instrument for the stimulation of other matter, such as innovation or competition. It presupposes that innovation is good for the society or the public in general. It also presupposes that the supply of intellectual goods will be under the optimal level without proper incentives. This argument provides us with a utilitarian justification free from the entanglement of moral or other metaphysical considerations. Its merit is especially clear when dealing with areas where intellectual creations are the result of the intertexture of individuals and new technologies. This theory may be promising in providing normative guidance and explaining the working of intellectual property system, such as why the exclusive rights are only granted for a certain period of time and are subjects to a variety of exceptions. This is because it views the grant of intellectual property as a cost-benefit trade-off. Intellectual property bears social costs. It is, first if all, very costly to enforce. Its monopolistic nature can lead to deadweight loss and rent-seeking and, thus, misallocation of resources. In addition, it creates artificial barriers to the access of

²⁰⁴ William M Landes and Richard A Posner *The Economic Structure of Intellectual Property Law* (The Belknap Press of Harvard University Press 2003) 4.

²⁰⁵ Bently and Sherman (n 194) 34; Landes and Posner (n 204) 5.

²⁰⁶ Lawrence Lessig, 'Copyright's First Amendment' 48 *UCLA L Rev* (2001) 1057, 1068.

information. The more expansive intellectual property rights are the heavier the social costs. Thus, it is important to strike a balance between benefits and costs.²⁰⁷

More specifically, this study adopts the economic approach which views IP as a form of government intervention in the economy.²⁰⁸ Traditionally, economists identify three basic reasons why the government intervenes in the economy. First, the government may do so to improve economic efficiency by correcting market failures. Second, government may intervene to pursue social values of fairness, or equity, by altering market outcomes. Finally, the government may aim to pursue other social value by mandating the consumption of some goods, called merit goods, and prohibiting the consumption of some goods, called merit bads.²⁰⁹ This will form the overall analytical framework for this study.

Table 1: Reasons for government intervention in the economy:²¹⁰

Government intervention in the economy					
Correcting market failures				Pursuing social equity	Promoting merit goods and discouraging merit bads
Imperfect competition	Information asymmetry	Externalities	Public goods		

1.5 Outline

The rest of this thesis is structured as follows:

²⁰⁷ Landes and Posner (n 204) 21-24

²⁰⁸ See below 2.3.

²⁰⁹ Joseph E. Stiglitz and Carl E. Walsh, *Economics* (4th edn, W. W. Norton & Company 2006) 377.

²¹⁰ This Table is compiled by the present researcher mainly based on Stiglitz and Walsh (n 209) 377 and Dennis W. Carlton and Jeffrey M. Perloff, *Modern Industrial Organization* (4th edn, Pearson 2005) 83.

Chapter 2 constructs an analytical framework of IP for subsequent discussion. This analytical framework will examine three broad aspects of IP including (i) terminology and definition; (ii) shared characteristics; and (iii) the economic rationales behind the institution. It will identify the concept of exclusivity, or the right to exclude, as hallmark of IP. It also adopts an economic explanation of IP, which justifies government's intervention in the market through IP by the need to correct market failures.

Chapter 3 introduces GIs as established under the TRIPS Agreement. The Chapter depicts GIs as they are under the TRIPS Agreement and identifies the anomalous or unique features of GIs vis-à-vis the general picture of IP under the TRIPS. It will (i) provide an overview of TRIPS Agreement, including its historical background and main elements; (ii) trace the unique historical background leading to the inclusion GIs in the TRIPS Agreement; (iii) introduce and analyse GI provisions under TRIPS Agreement.

Chapter 4 explores the relation between GIs and IP in the context of the US trademark paradigm for GI protection. Realizing that under US law, GIs are more than an IP issue, the main body of this Chapter is divided into two parts. The first part deals with GI protection under trademark law. It will examine how and why GIs protected as trademarks, certification marks, and collective trademarks. Two elements are examined: exclusivity and economic rationales. The second part introduces and analyse how and why GIs are treated and exploited under laws regulating product labelling and advertising.

Chapter 5 explores the relation between GIs and IP in the context of the EU *sui generis* law by examination EU GI regulation for agro-food products. This will include (i) the historical and theoretical foundations of EU *sui generis* GI law; (ii) elements of the GI Regulation, and (iii) and analysis of the IP status and legitimacy of EU *sui generis* GI law.

Chapter 6 summarizes the findings of this study, explains the causes of Taiwan's GI conundrum, and provides policy recommendations for policymakers.

Chapter 2 Intellectual Property: An Analytical Framework

2.1 Introduction

This chapter provides an analytical framework for the subsequent discussion by identifying certain minimum parameters of the concept of intellectual property. It will do so by examining aspects of intellectual property, including terminology, shared characteristics, and economic justifications.

2.2 What is intellectual property?

This section answers that question “what is intellectual property?” by clarifying its terminology and definition and identifying the two common characteristics shared by all types of intellectual property rights, that is, the intangibility of subject matter and the negativity of rights conferred.

2.2.1 Terminology and definition

The term “intellectual property” was coined in the late nineteenth century when it was perceived that copyright, patent, and trademark laws, which recognized a new class of rights in intangible creations, had more in common with each other than with the older forms of

property known to Roman law.²¹¹ Traditionally, this term was used to describe the copyright protection of authors and to distinguish this from industrial property, i.e., patents for inventions, industrial design rights, trademarks and the like.²¹² Intellectual property is today “a generic title for patents, copyright, trademarks, design rights, trade secrets and so forth.”²¹³ Such usage became popular from the 1960s with the establishment of the World Intellectual Property Organization (WIPO).²¹⁴ Landes and Posner provide the forming definition of intellectual property:

“By “intellectual property” we mean ideas, inventions, discoveries, symbols, images, expressive works (verbal, visual, musical, theatrical), or in short any potentially valuable human product (broadly, “information”) that has an existence separable from a unique physical embodiment, whether or not the product has actually been “propertized,” that is, brought under a legal regime of property rights.”²¹⁵

Phillips and Firth further distinguish the “ordinary common-sense description of intellectual property” from the “legal description of intellectual property”. In its ordinary common-sense meaning, intellectual property simply “comprises all those things that are ‘intellectual’ because they emanate from the use of the human brain...”²¹⁶ The legal description of

²¹¹ Jerome H. Reichman, ‘Charting the Collapse of the; Patent-Copyright Dichotomy: Premise for a Restructured International Intellectual Property System’ 13 *Cardozo Arts & Ent L J* (1994-1995) 475, 480.

²¹² William Cornish, ‘The International Relations of Intellectual Property’ 52 *CLJ* (1993) 46, 46. According to G. H. C. Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property as Revised at Stockholm in 1967* (BIRPI 1969) 20, the term “industrial property” is a traditional but not entirely exact denomination for certain exclusive rights regarding creative ideas or distinguishing signs or designations in the industrial or commercial field, supplemented by certain rules against unfair behavior in the same field. The term is inexact because, first, industrial property presents no more than an analogy with normal property. Second, the rules against unfair behavior are not necessarily related to property at all. The vestige of this traditional division can still be seen. WIPO, for example, divides intellectual property into two categories: “Industrial property, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source; and Copyright, which includes literary and artistic works such as novels, poems and plays, films, musical works, artistic works such as drawings, paintings, photographs and sculptures, and architectural designs. Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and those of broadcasters in their radio and television programs.” See WIPO <<http://www.wipo.int/about-ip/en/>> (visited May 06, 2012).

²¹³ William Cornish, *Intellectual Property: Omnipresent, Distracting, Irrelevant?* (OUP 2004) 2.

²¹⁴ Mark A. Lemley, ‘Property, Intellectual Property, and Free Riding’ 83 *Tex L Rev* (2005) 1031, 1033.

²¹⁵ Landes and Posner *The Economic Structure of Intellectual Property Law* (The Belknap Press of Harvard University Press 2003) 1.

²¹⁶ Jeremy Phillips and Alison Firth, *Introduction to Intellectual Property Law* (4th edn, Butterworths 2001) 3.

intellectual property “differs from the colloquial in that it focuses upon the rights which are enjoyed in the produce of mind, rather than upon the produce itself.”²¹⁷

Recently, some scholars have expressed their discontent with the term intellectual property and advocate its replacement by “IP” (the abbreviation of intellectual property) or “IPR” (the abbreviation of intellectual property right). Such discontent is two-pronged. First, it is argued that the term intellectual property scarcely describes trademarks and similar marketing devices and the use of “IP” or “IPR” will “help to deflate the grandiloquence inherent in “intellectual property”.”²¹⁸ It was, further, claimed by Merges that “conventional wisdom would have it that trademark law has long been an odd fit in the great triumvirate of intellectual property.”²¹⁹ Secondly, there is a concern that such terminology may lead (or mislead) people to draw improper analogy between intellectual property and tangible property.²²⁰ Advocating the replacement of “intellectual property” by “IP”, Lemley asserts that “[i]f people think of intellectual property as a form of property because of its name and are misled by the connection, then the name should probably go.”²²¹

2.2.2 Shared characteristics

²¹⁷ Philips and Firth (n 216) 4.

²¹⁸ William Cornish and David Llewelyn, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* (6th edn, Sweet & Maxwell 2007) 3. See also Nuno Pires de Carvalho, *The TRIPS Regime of Antitrust and Undisclosed Information* (Kluwer Law International 2008) 5 (noting that “Geographical indications, merchants’ reputation, trademarks, and lists of clients are also protected, in spite of not resulting from the exercise of creativity.”) The US Supreme Court draw a sharp distinction between trademarks and other forms of intellectual property in the *Trade-Mark Cases*, 100 U.S. 82 93-94 (1897). There it is noted that trademarks do not themselves “depend upon novelty, invention, discovery, or any work of the brain. It requires no fancy or imagination, no genius, no laborious thought.”

²¹⁹ Robert P. Merges, ‘One Hundred Years of Solicitude: Intellectual Property Law, 1900-2000’ 88 Cal L Rev (2000) 2187, 2206.

²²⁰ Further discussion about the differences between IP and real property, see Mark A. Lemley, ‘What’s Different about Intellectual Property’ 83 Tex L Rev (2004-2005) 1097.

²²¹ Lemley (n 214) 1075. There are, however, scholars advocating for treating intellectual property as real property: See e.g. Frank H. Easterbrook, ‘Intellectual Property Is Still Property’ 13 Harv J L & Pub Pol’y (1990) 108, 113 (arguing that “treating intellectual property as property should appeal not only to utilitarians but also to libertarians. Intellectual property is no less the fruit of one’s labor than is physical property. True, you need the government to enforce your rights by preventing strangers from using your ideas to make their own products, but you ordinarily need the government to enforce your rights in physical property against predators.”)

IP law confers property rights on certain forms of information. There are three recognized basic bodies,²²² central types,²²³ or major areas,²²⁴ of IP, namely, patents, copyright, and trademarks. Patents provide time-limited protection for inventions, that is, new solutions to technical problems,²²⁵ whether products or processes, in all fields of technology.²²⁶ Such protection involves granting temporary exclusive rights to prevent others from making and exploiting the invention.²²⁷ Copyright protects the “form of expression” of ideas.²²⁸ Copyright protection extends to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such.²²⁹ This is known as the idea-expression dichotomy.²³⁰ The creativity protected by copyright law lies in the choice and arrangement of words, musical notes, colours and shapes. Copyright owners are granted time-limited rights against those who copy or otherwise take and use their original works.²³¹ Trademarks provide protection for goodwill to marketing symbols,²³² which may be any sign or any combination of signs which are capable of distinguishing the goods or services of one undertaking from those of other undertakings.²³³ Trademarks generally grant exclusive rights to prevent third parties from using similar signs for identical or similar goods. Trademark rights may be maintained in perpetuity.²³⁴ Over time, intellectual property has been extended to new subject matter. Such extension has been achieved either by accretion or by emulation. Whereas accretion involves re-defining an existing right so as to encompass the novel material, emulation refers to the “creation of a new and distinct right by analogy drawn more or less eclectically from the types already known.”²³⁵ Such new IP rights are generally referred to as

²²² Marshall A. Leaffer, ‘Protecting United States Intellectual Property Abroad: Toward a New Multilateralism’ 76 Iowa L Rev (1990-1991) 273, 273-274.

²²³ Cornish and Llewelyn (n 218) 7.

²²⁴ Merges (n 219) 2191.

²²⁵ WIPO <http://www.wipo.int/freepublications/en/intproperty/909/wipo_pub_909.html#ip> (visited Oct 06, 2011).

²²⁶ TRIPS Agreement, art. 27.1.

²²⁷ Hamdallah Zedan, ‘Patents and Biopiracy: The Search for Appropriate Policy and Legal Responses’ 12 Brown J World Aff (2005-2006) 189, 192.

²²⁸ WIPO (n 225).

²²⁹ TRIPS Agreement, art. 9.2.

²³⁰ J. Thomas McCarthy, Roger E. Schechter, and David J. Franklyn, *McCarthy’s Desk Encyclopedia of Intellectual Property* (3rd edn, The Bureau of National Affairs 2004) 283.

²³¹ WIPO (n 225). See also TRIPS Agreement, art. 9.2; Marci A. Hamilton, ‘The TRIPS Agreement: Imperialistic, Outdated, and Overprotective’ 29 Vand J Transat’l L (1996) 613, 615 and 622.

²³² Cornish and Llewelyn (n 218) 7.

²³³ TRIPS Agreement, art. 15.1.

²³⁴ David R. Downes, ‘How Intellectual Property Could Be a Tool to Protect Traditional Knowledge’ 25 Colum J Envtl L (2000) 253, 270-271.

²³⁵ Cornish (n 212) 46.

“*sui generis*” IPRs.²³⁶ *Sui generis* is a Latin term meaning “of its own kind”, “forming a class of its own”, or “unique”.²³⁷ In the IP context, the term *sui generis* is used to identify “a legal classification that exists independently of other categorizations because of its uniqueness or because of the specific creation of an entitlement or obligation.”²³⁸ Examples of *sui generis* IPRs include *sui generis* design rights,²³⁹ utility models,²⁴⁰ semiconductor chips,²⁴¹ and database rights.²⁴²

Two characteristics shared by the various forms of IP have been identified by scholars. One relates to the nature of subject matter of IP and the other, the nature of rights granted. First, it is observed that various forms of IP, despite all the technical differences between them, “establish property protection over intangible such as ideas, inventions, signs, and information.”²⁴³ The intangibility of subject matter differs IP from the more familiar tangible

²³⁶ Jeremy H. Reichman, ‘Legal Hybrids between the Patent and Copyright Paradigms’ 94 Colum L Rev (1994) 2432, 2443 (noting that “...the characteristic response to any given instance of market failure deemed worthy of corrective action was to codify *sui generis* regimes of exclusive property rights, built on modified patent or copyright principles, that overcame the lack of natural lead time and established incentive structures to reward and stimulate innovators in the fields concerned.”)

²³⁷ Elizabeth A. Martin (ed.), *Oxford Dictionary of Law* (5th edn, OUP 2003) 484.

²³⁸ Catherine Colston and Jonathan Galloway, *Modern Intellectual Property Law* (3rd edn, Routledge 2010) 317.

²³⁹ Bodenhausen (n 212) (noting that “Industrial designs may be excluded as consisting of those ornamental aspects or elements of a useful article, including its two-dimensional or three-dimensional features of shape and surface, which make up the appearance of the article.”) Reichman (n 236) 2461-2462 (summarizing common features of “*sui generis* designs law” as “normally protect two-dimensional designs three-dimensional models that enhance the appearance of industrial products by means of form or a particular combination of lines, colors, or appealing features. Generally, such laws require registration and deposit, objective novelty, and some degree of qualitative innovation, but not necessarily a full examination of the prior art. Functionally determined designs are excluded in principle, although not always in practice. The exclusive rights provided are nominally those of patent law and the term of duration, initially rather short, has been lengthened to ten or fifteen years in most countries.”)

²⁴⁰ Reichman (n 236) 2442-2443; Bodenhausen (n 212) 22 (describing utility models as “second-class patents” because they “embody an exclusive right destined to cover industrial innovations of lesser importance than patentable inventions, with possible restrictions as to the kind of innovations to which they apply” and the “exclusive right granted in this form is normally of shorter duration than that of a patent.”)

²⁴¹ Another example of *sui generis* IPR is the Semiconductor Chip Protection Act (SCPA) of 1984, 17 USC § 904 (1988). See Frank Emmert, ‘Intellectual Property in the Uruguay Round—Negotiating Strategies of the Western Industrialized Countries’ 11 Mich J Int’l L (1989-1990) 1317.

²⁴² Colston and Galloway (n 238) 317 (using the EU Database right as an example of a new *sui generis* right: “Databases not reaching the copyright standard of originality may be protected by the new *sui generis* database right. This is a property right in a database...provided that there has been substantial investment in obtaining, verifying or presenting its contents. It was introduced by the Database Directive, implemented (in the UK) by Part III of the Copyright and Right in Databases Regulation 1997 [CRDR].).

²⁴³ Lionel Bently and Brad Sherman, *Intellectual Property Law* (3rd edn, OUP 2009) 1-2.

property.²⁴⁴ IP, as one commentator puts it, is “nothing more than a socially-recognized, but imaginary, set of fences and gates. People must believe in it for it to be effective.”²⁴⁵

The other common characteristic of IP is the negative nature of rights. This point is emphasized by Cornish and Llewelyn that:

“One characteristic that shared by all types of IPR is that they are essentially negative: they are rights to stop others doing certain things—rights, in other words, to stop pirates, counterfeiters, imitators and even in some cases third parties who have independently reached the same ideas, from exploiting them without the licence of the right-owner. Some aspects of intellectual property confer positive entitlements, such as the right to be granted a patent or to register a trade mark upon fulfilling the requisite conditions; but these are essentially ancillary.”²⁴⁶

Such negative rights, as argued by Cornish, are referred to as property because “they are good against persons with whom no relationship exists” and also because they are “exclusive rights to prevent other people from doing things.”²⁴⁷ The negativity of IPRs is the corollary of the intangibility of subject matter. That is, due to the intangibility of subject matter, the possession or utilisation of the goods in question does not impede *per se* others from possessing or using them simultaneously.²⁴⁸ Therefore, the right in intangible goods, such as knowledge, ideas, or reputation, “must be the right to exclude others from using and exploiting ideas, for possession alone is not enough to secure exclusivity.”²⁴⁹

2.3 Economic justifications for IP

²⁴⁴ Leaffer (n 222) 279.

²⁴⁵ Hamilton (n 231) 616.

²⁴⁶ Cornish and Llewelyn (n 218) 6.

²⁴⁷ Cornish (n 213) 46-47.

²⁴⁸ Carvalho (n 218) 12.

²⁴⁹ Carvalho (n 218) 13.

A justification is an “action of showing something to be just, right, or proper.”²⁵⁰ It has been felt that the status and legitimacy of intellectual property need to be justified. This is because the grant of IPRs is a policy choice which impinges on the traders, the press and media, and the public. On the other hand, the conventional arguments which justify the grant of private property rights in land and tangible resources are often premised on the scarcity or limited availability of such resources, and the impossibility of sharing, it seems especially important to justify the grant of exclusive rights over resources—ideas and information—that are not scarce and can be replicated without direct detriment to the original possessor of the intangible.²⁵¹

Scholars, analysing IP through the lens of economics, view IP as a form of government intervention in the economy. Hovenkamp, for example, explicitly describes intellectual property as a form of government intervention aimed at correcting some sources of market failure.²⁵² He argues that:

“At some level even the most hard core neoclassicists concede that some markets are efficient only if the state intervenes...In fact, however, the existing IP system is a very elaborate effort to correct a market failure...Anyone who does not believe that the IP laws are a form of regulation has not read the Patent, Lanham, or Copyright Acts and the maze of technical rules promulgated under them.”²⁵³

Hovenkamp’s insight is reinforced by other IP scholars. Lemley describes intellectual property as “government regulation in the classic neutral sense of the term—government intervention in the free market to alter the outcome it would otherwise produce because of a perceived market failure.”²⁵⁴ Similarly, Ghosh submits that “patent law should be viewed as a form of regulation integrated into other activities of the modern regulatory state.”²⁵⁵ Through

²⁵⁰ *The Shorter Oxford Dictionary* vol. I (5th edn, OUP 2002) 1474.

²⁵¹ Bently and Sherman (n 243) 3-4.

²⁵² Joseph E. Stiglitz and Carl E. Walsh, *Economics* (4th edn, W. W. Norton & Company 2006) Glossary A-6 (defining “market failures” as “situations in which a market economy fails to attain economic efficiency.”)

²⁵³ Herbert Hovenkamp, ‘Antitrust and the Regulatory Enterprise’ *Colum Bus L Rev* (2004) 335, 336.

²⁵⁴ Lemley (n 214) 1073-74.

²⁵⁵ Shubha Ghosh, ‘Patents and the Regulatory State: Rethinking the Patent Bargain Metaphor after Eldred’ *19 Berkeley Tech L J* (2004) 1315, 1317.

the lens of market failures, a generally accepted distinction is made between patents and copyright on the one hand and trademarks on the other. While the former are designed to address the public good problem,²⁵⁶ the latter are legal responses to the problems of information asymmetry.²⁵⁷

2.3.1 Public good problem and incentives for innovation

The main economic justification for patents and copyright is that they serve as incentives for the goals of promoting innovation and progress.²⁵⁸ Advocates of this theory argue that the subject matter of intellectual property, namely, information and ideas, is characterized by what economists call ‘public good’ characteristics. A public good is a commodity with two closely related characteristics. One is ‘non-rivalrous consumption’, which means the consumption of a public good by one person does not leave less for any other consumer. The other characteristic of public goods is ‘non-excludability’, which means the costs of excluding non-paying beneficiaries are so high that no private profit-maximizing firm is willing to supply the good.²⁵⁹ The standard example of a public good is national defence.²⁶⁰ In contrast, a private good, such as a hot dog, is consumed by only one consumer—it cannot be consumed by another as well.²⁶¹

²⁵⁶ See e.g., Wendy J. Gordon, ‘Asymmetric Market Failure and Prisoner’s Dilemma in Intellectual Property’ 17 U Dayton L Rev (1991-1992) 853, 854; Patrick Croskery, ‘Institutional Utilitarianism and Intellectual Property’ 68 Chi-Kent L Rev (1992-1993) 631; Dan L. Burk and Mark A. Lemley, ‘Policy Levers in Patent Law’ 89 Va L Rev (2003) 1575, 1580; Stiglitz and Walsh (n 209) 457; and Laura A. Heymann, ‘The Trademark/Copyright Divide’ 60 SMU L Rev (2007) 55, 63.

²⁵⁷ See e.g., Mark A. Lemley, ‘The Modern Lanham Act and the Death of Common Sense’ 108 Yale L J (1998-1999) 1687, 1695; Stacy L. Dogan and Mark A. Lemley, ‘Trademarks and Consumer Search Costs on the Internet’ 41 Hous L R (2004) 777, 786.

²⁵⁸ See e.g., Reichman (n 236) 2434 and Shubha Ghosh, ‘Globalization, Patents, and Traditional Knowledge’ 17 Colum J Asian L (2003) 73, 75. It is, however, noteworthy that intellectual property is but one of the factors affecting innovation, see Michael A. Carrier, *Innovation for the 21st century: Harnessing the Power of Intellectual Property and Antitrust Law* (OUP 2009) 22 (noting that other important determinants of innovation may include government funding for basic research, the education system, science and engineering talent, company atmosphere, business climate, and tax policy.)

²⁵⁹ Robert Cooter and Thomas Ulen, *Law and Economics* (4th edn, Pearson: Addison Wesley Longman 2004) 47.

²⁶⁰ Stiglitz and Walsh (n 252) 241-242; Dennis W. Carlton and Jeffrey M. Perloff, *Modern Industrial Organization* (4th edn, Pearson 2005) 83.

²⁶¹ Carlton and Perloff (n 260) 83.

Economists also view information or idea as a public good.²⁶² It can be easily observed from daily experience that one person's use of an idea or information does not diminish its availability for others to use. Thus, consumption of information is non-rivalrous. Meanwhile, the costs of excluding some people from learning about a new idea can be high because the transmission of ideas is so cheap. Information, therefore, is non-excludable.²⁶³ The public good characteristics of information and ideas beget the problems of free-riding and 'non-appropriability'. That is, they are generally costly to produce and cheap to transmit. Popular music, for example, is costly to make and recordings are cheap to copy. The instant the producer sells information to the buyer, that buyer becomes a potential competitor with the original producer. A buyer of a compact disk recording at a music store can copy the disk immediately and resell it to others. He can undercut the original producer because he bears only the cost of transmission, not the cost of production. Customers will also try to "free ride" by paying no more than the cost of transmission. The fact that producers have difficulty selling information for more than a fraction of its value is called the problem of non-appropriability.²⁶⁴

As a consequence of these two problems, rational producers will refuse to invest their own time and money in creating new information products. They will, instead, wait for others to do so and then free ride the fruit. The result of such collective rational behaviour is the insufficient supply of intellectual goods.

As advocates of the incentive theory, Burk and Lemley assert, in the patent context, that:

"There is virtually unanimous agreement that the purpose of the patent system is to promote innovation by granting exclusive rights to encourage invention. The standard account of the patent system recounts how such exclusive rights address the public goods nature of inventions that are expensive to produce but easy to appropriate. The consensus position has been that such legal restraints on patentable inventions are justifiable if they offer a net

²⁶² Carlton and Perloff (n 260) 83.

²⁶³ Cooter and Ulen (n 259) 120.

²⁶⁴ Cooter and Ulen (n 259) 120.

benefit to society, trading the disutility of restricted output and higher prices for the greater social utility of inventions that might otherwise not be produced.”²⁶⁵

Similarly, Netanel justifies copyright protection by arguing that:

“Unlike most goods and services, creative and informational works can be enjoyed by unlimited numbers of persons without being consumed...Copyright protection is necessary because, in its absence, unbridled competition from free riders who are able to copy and distribute the work without paying copyright royalties would drive the price for user access to its near-zero marginal cost. This free rider problem, in turn, would greatly impair author and publisher ability to recover their fixed production costs. In a world without copyright, only authors unconcerned with monetary remuneration would produce creative expression and only publishers with no need for financial return would invest in selecting, packaging, marketing, and making such expression available to the public. Without copyright, creative expression would likely be both underproduced and, no less importantly, underdisseminated.”²⁶⁶

It can be observed that the incentive theory paints a rather pessimistic picture of IP. Lemley has gone so far as to claim IP as “a necessary evil.”²⁶⁷ The reason for such a pessimistic attitude lies in the realization of the social costs imposed by the IP system. Criticisms of the IP system are several-fold. First, it may create monopoly power. Exclusive rights to prevent other people from doing things are at least monopolistic in a legal sense, if not necessarily in an economic one.²⁶⁸ Its monopolistic nature can lead to deadweight loss²⁶⁹ and rent-seeking²⁷⁰ and, thus, misallocation of resources. In addition, it creates artificial barriers to the access of information. Secondly, being market-oriented, the IP system spreads the burdens of

²⁶⁵ Burk and Lemley (n 256) 1580.

²⁶⁶ Neil W. Netanel, ‘Copyright and a Democratic Civil Society’ 106 Yale L J (1996) 283, 292-293. See also Wendy J. Gordon, ‘Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and Its Predecessors’ 82 Colum L Rev (1982) 1600, 1602.

²⁶⁷ Mark A. Lemley, ‘Ex Ante versus Ex Post Justifications for Intellectual Property’ 71 U Chi L Rev (2004) 129, 131.

²⁶⁸ Cornish (n 213) 46-47.

²⁶⁹ John Sloman, *Essentials of Economics* (3rd edn, Pearson Education Limited 2004) 212-213 (Deadweight loss can be defined as the “loss of consumer plus producer surplus in imperfect markets.” Consumer surplus is the excess of what a person would have been prepared to pay for a good, i.e. the utility, over what that person actually pays. Producer surplus is the excess of total revenue over total cost, i.e. profit.)

²⁷⁰ Rodger D. Blair and Thomas F. Cotter, *Intellectual Property: Economic and Legal Dimensions of Rights and Remedies* (CUP 2005) 16 at n. 22 (“Economic rent” is the value derived from an investment in excess of one’s opportunity cost. Rent-seeking problem: rent-seeking behaviour occurs when people seek “economic rent”, that is, value in excess of that which they could obtain next-best investment.)

the system among those who buy the knowledge goods, and thus spreads the burden based on consumer preferences. It cannot induce investment that is not projected to yield a profit under current rules of IP, but by punishing those who make non-remunerative investments, enforces a kind of discipline on investment decisions.²⁷¹ Thirdly, under the IP system, there would be cost associated with deciding the granting of patents, the protection of IP, and the litigation. Costly to enforce: the costs of implementing a system of IP laws include establishing the infrastructure of an IP regime, and mechanisms for enforcement of IP rights as well as the post-implementation costs such as the costs of scrutinizing the validity of claims to patent rights and adjudication upon actions for infringement.²⁷² Enforcement of IPRs is especially difficult because the boundary of rights is very not clear. In many cases, it is impossible to know whether one is “trespassing” upon another’s IPR.²⁷³ Fourthly, the inventors or creators bear risks because it is market-mediated and the reward is, therefore, not guaranteed. It is estimated that at least two-third of all patents turn out to be worthless.²⁷⁴

As a result, the incentive theory of intellectual property dictates that intellectual property rights should be granted only where necessary.” This theory is promising in providing normative guidance and explaining the working of intellectual property system, such as why the exclusive rights are only granted for a certain period of time and are subjects to a variety of exceptions.²⁷⁵ This is because it views the grant of intellectual property as a cost-benefit trade-off. Intellectual property bears social costs. The more expansive intellectual property rights are the heavier the social costs. Thus, it is important to strike a balance between benefits and costs.²⁷⁶

²⁷¹ Peter M. Gerhart, ‘The Tragedy of TRIPS’ 2007 Mich St L Rev (2007) 143, 150 at n 25.

²⁷² Lauren Loew, ‘Creative Industries in Developing Countries and Intellectual Property Protection’ 9 Vand J Ent & Tech L (2006-2007) 171.

²⁷³ Lemley (n 220) 1100.

²⁷⁴ Lemley (n 220) 1103.

²⁷⁵ This does not mean that the incentive theory can provide exact answers to these technical issues. H. Hovenkamp (‘Antitrust and the Regulatory Enterprise’ 2004 Colum Bus L Rev (2004) 335, 336-337) argues that IP laws are “very rough guesses about the optimal scope of protection”: “In fact, the detailed regulatory regimes that we call the IP laws are filled with very rough guesses about the optimal scope of protection—ranging from the duration of patents and copyrights to the scope of patent claims and fair use of copyrighted material. The range of government estimation that goes on in the IP system is certainly as great as in regulation of, say, retail electricity or telephone service.”

²⁷⁶ Landes and Posner (n 215) 21-24.

IP is not the only policy tool for the promotion of innovation. Recognition through publication, academic tenure, and prizes for achievements may also provide incentives.²⁷⁷ An often mentioned alternative system to IP is subsidy or direct reward by government.²⁷⁸ Netanel, for example, claims that in the absence of massive government or private subsidy, some measure of copyright protection is necessary to support authors and publishers engaged in the creation and dissemination of original expression.²⁷⁹ Occasionally, IP is analogous to a form of government subsidy which is “designed to influence supply in market away from the competitive norm just as support from the National Endowment of the Arts, the National Institutes of Health, or crop supports to farmers are.”²⁸⁰ The main feature of a subsidy system is that it spreads the burdens of the system among taxpayers, who may or may not benefit from the investment. The distribution of the burden depends on the tax rate. The subsidy can directly target certain fields for investment but is not subject to any penalty if the investment turns out not to be beneficial. It is argued that the government subsidy possesses some advantages vis-à-vis the IP system. First, under the subsidy system incentives to innovate are provided without granting innovators monopoly power over price.²⁸¹ This can engender significant increase in consumer welfare in some areas. Pharmaceutical products, for example, would be far cheaper and more widely used.²⁸² Secondly, under this system, innovations would pass immediately into the public domain, becoming freely available to all. Therefore, subsequent innovators are free to improve it immediately.²⁸³

However, as it has been observed, the subsidy system also possesses certain inherent shortcomings. First, there is a problem of government ignorance. Unlike the decentralized marketplace, the government may lack the knowledge of what needs to be invented or how to value new inventions. Incorrect decisions on the part of government decision-makers could result in insufficient investment in invention or investing in the wrong types of invention or

²⁷⁷ Downes (n 234) 260.

²⁷⁸ Steven Shavell and Tanguy van Ypersele, ‘Rewards versus Intellectual Property Rights’ 44 *J L & Econ* (2001) 525, 526; Gerhart (n 271) 150.

²⁷⁹ Netanel (n 266) 292-293.

²⁸⁰ Lemley (n 214) 1073-74.

²⁸¹ Shavell and Ypersele (n 278) 526.

²⁸² Shavell and Ypersele (n 278) 543-545. J. F. Duffy, ‘The Marginal Cost Controversy in Intellectual Property’ 71 *U Chi L Rev* (2004) 37, 45-46 (One suggestion to alleviate this problem under the IP system is for the monopolists to engage in price discrimination—charging more for some units of the good than for others.)

²⁸³ Shavell and Ypersele (n 278) 525.

under-or-overvaluation of what has been invented.²⁸⁴ Government subsidies can, thus, lead to misallocation of resources unless the government has very good information and the will to use it.²⁸⁵ Second, there is a rent-seeking problem. That is, competition for government funding also lead to rent-seeking problems on the part of private actors or agency captured by the affected industries.²⁸⁶

2.3.2 Information asymmetry and institutionalization of reputation

The economic justifications for trademarks involve another subset of market failures known as information asymmetry, which refers to the situation wherein one party in an economic relationship has more information than the other.²⁸⁷ This theory argues that trademarks operate in the public interest because they increase the supply of information to consumers and, thereby, the efficiency of the market.²⁸⁸ The starting point of this argument is that in many markets, sellers have much better information as to the unobservable features of a commodity for sale than the buyers.²⁸⁹ Nelson contends that it is difficult for consumers to obtain information about the quality variation of products. Such limitations of consumer information about quality have profound effects on the market structure of consumer goods.²⁹⁰ Based on how information regarding to quality is accessed by or conveyed to consumers, economists classify goods into three categories, namely, search goods, experience goods, and credence goods. In the case of search goods, consumers can ascertain quality prior to purchase through inspection and/or research. In the case of experience goods, consumers can ascertain quality after purchase through use and experience. In the case of credence goods, neither prior inspection nor subsequent use is sufficient to ascertain quality. Purchase decisions will be based mainly on the information provided by the producer. Independent

²⁸⁴ Blair and Cotter (n 270) 16.

²⁸⁵ Duffy (n 282) 43-44.

²⁸⁶ Blair and Cotter (n 270) 16.

²⁸⁷ Sloman (n 269) 215.

²⁸⁸ Bently and Sherman (n 243) 700.

²⁸⁹ Nicholas S. Economides, 'The Economics of Trademarks' 78 TMR (1988) 523, 526; Hovenkamp (n 253) 339.

²⁹⁰ P. Nelson, 'Information and Consumer Behavior' 78 The Journal of Political Economy (1970) 311, 311.

certification becomes important.²⁹¹ It is argued that information asymmetry impacts negatively on the market. In his seminal work ‘Market for “Lemons”: Quality Uncertainty and the Market Mechanism’, Akerlof, taking the market for second hand cars as an example, illustrates how information asymmetry could lead to adverse selection and moral hazard:

“An asymmetry in available information has developed: for the sellers now have more knowledge about the quality of a car than the buyers. But good cars and bad cars must still sell at the same price—since it is impossible for a buyer to tell the difference between a good car and a bad car... For most cars traded will be the “lemons,” and good cars may not be traded at all. The “bad” cars tend to drive out the good (in much the same way that bad money drives out the good) [...] the bad cars sell at the same price as good cars since it is impossible for a buyer to tell the difference between a good and a bad car; only the seller knows.”²⁹²

Thus, asymmetrical information in relation to the quality of goods will impact adversely on the market. Higher-quality products will be driven out of the market, resulting in a drop in the quality of goods supplied and some consumers will no longer be able to satisfy their preferences.²⁹³

“Reputation” is used by economists as shorthand of the quality expectation on the part of consumers.²⁹⁴ When saying that a firm has a good reputation, we are, more often than not, referring to “the “goodwill” value of the firm’s brand name or royal customer patronage.”²⁹⁵ The concept of reputation only operates in a world of asymmetrical information. If all attributes of the product were imperfectly observable prior to purchase, then, the consumer would simply make the best choice. Previous purchasing experience would be irrelevant. Contrarily, if product attributes are difficult to be observed in advance, consumers tend to

²⁹¹ D Rangnekar, ‘The Socio-Economics of Geographical Indications: A Review of Empirical Evidence from Europe’ (Geneva: UNCTAD-ICTSD 2004) 9-10; C Bramley and JF Kirsten, ‘Exploring the Economic Rationale for Protecting Geographical Indications in Agriculture’ 46 *Agrekon* (2007) 69, 74.

²⁹² George A. Akerlof, ‘The Market for “Lemons”: Quality Uncertainty and the Market Mechanism’ 84 *The Quarterly Journal of Economics* (1970) 488, 490.

²⁹³ Bramley and Kirsten (n 291) 75.

²⁹⁴ Carl Shapiro, ‘Consumer Information, Product Quality, and Seller Reputation’ 13 *The Bell Journal of Economics* (1982) 20, 22.

²⁹⁵ Carl Shapiro, ‘Premiums for High Quality Products as Returns to Reputations’ 98 *The Quarterly Journal of Economics* (1983) 659, 659.

rely on the quality of products offered by the same producer in the past as an indicator of future level of quality.²⁹⁶ Thus, the concept of reputation serves to an extent to bridge the market failure associated with asymmetry of information. Since consumers rely on sellers' reputation, a seller who chooses to enter the high quality segment of the market must initially invest in his reputation via the production of quality merchandise. Thus, in the context of information asymmetry, reputation becomes not only an indicator, but also an inducer, of quality.²⁹⁷

The importance of trademarks in the world of information asymmetry is that they reduce consumers' cost of search for desirable attributes of products:

“The economic role of the trademark is to help the consumer identify the unobservable features of the trademarked product. This information is not provided to the consumer in an analytical form, such as an indication of size or a listing of ingredients, but rather in summary form, through a symbol which the consumer identifies with a specific combination of features. Information in analytical form is a complement to, rather than a substitute for trademarks.”²⁹⁸

Thus, trademarks, as distinctive signs, are able to protect reputation through the process of “institutionalization of reputation.”²⁹⁹ That is, they are able to institutionalize reputation by making use of a process which requires formalization of the relationship between the product and the source or origin. Legal protection is needed because a successful trademark attracts not only customers but also free-riders. In the absence of legal impediments, competitor A could easily pass his own products off as having come from B by duplicating B's trademark because the cost of duplicating someone else's trademark is small and the incentive to incur this cost in the absence of legal impediments will be greater the stronger the trademark. The free-riding competitor will, at little cost, capture profits associated with a strong trademark because some consumers will assume (at least in the short run) that the free rider's and the

²⁹⁶ Shapiro (n 295) 659.

²⁹⁷ Bramley and Kirsten (n 291) 76.

²⁹⁸ Economides (n 289) 527-528. Similar argument, see also, Dogan and Lemley (n 257) 786-788 and Heymann (n 256) 65.

²⁹⁹ Bramley and Kirsten (n 291) 76.

original trademark holder's brands are identical.³⁰⁰ The result would be higher search costs for consumers and a disincentive to firms to invest in goodwill and quality products and services.³⁰¹ If the law does not prevent it, free riding may eliminate the incentive to develop a valuable trademark in the first place.³⁰²

Trademark is not designed to deal with the public good problem. As argued by Landes and Posner, a trademark is not a public good in the sense that it has social value only when used to designate a single brand. If A develops a strong trademark for his brand that other completing firms are free to affix to their own brands, the information capital embodied in A's trademark will be destroyed. In contrast, unauthorized copies of a copyrighted work will not destroy the value of the work.³⁰³ Unlike copyright and patent law, the trademark is not designed to offer its holder incentives to innovate or create.³⁰⁴ Trademark law aims to provide business with an incentive to provide consistency in the quality of their products or services, rather than the development of the trademark itself.³⁰⁵ Patents and copyright incentivize future creation by granting exclusive rights to creators over their creation, which insulating them from market competition. They, thus, represent a departure from the competitive market.³⁰⁶ Trademark law, on the contrary, is an affirmation of competition. It facilitates market competition by making information less expensive.³⁰⁷

The registration of a trademark does not give the owner a monopoly in either the mark, or the underlying goods or services in connection with which the trademark is registered. If one has to use the term "monopoly", it is only a monopoly over the use of the mark in connection with the goods and services for which it is registered.³⁰⁸ Therefore, the characterization of trademarks as monopolies is unhelpful in clarifying the nature of trademark rights.³⁰⁹ The

³⁰⁰ Landes and Posner (n 215) 168.

³⁰¹ Stacy L. Dogan and Mark A. Lemley, 'The Merchandising Right: Fragile Theory of *Fait Accompli*?' 54 *Emory L J* (2005) 461,466.

³⁰² Landes and Posner (n 215) 168

³⁰³ Landes and Posner (n 215) 72-173.

³⁰⁴ Heymann (n 256) 56.

³⁰⁵ Dogan and Lemley (n 257) 801, at n. 93.

³⁰⁶ Dogan and Lemley (n 301) 467.

³⁰⁷ Dogan and Lemley (n 257) 787.

³⁰⁸ Hector MacQueen, et al, *Contemporary Intellectual Property Law and Policy* (2nd edn, OUP 2011) 540.

³⁰⁹ Bently and Sherman (n 243) 716.

most obvious social cost of trademarks is that it restricts other traders from using the using the same or similar sign.³¹⁰ More expansive trade mark protection, which gives a trade mark holder the ability to control non-trade mark uses or uses of similar marks in relation to dissimilar goods, impose further costs. Some such regulations may even restrict free speech.³¹¹ Trademark rights also incur the problem of cost of enforcement. Trademark rights cover an undefined set of similar terms that will be based on what consumers ultimately find confusing in surveys. As a result, not only is there no way to determine the scope of trademark rights *ex ante*, but even a court decision won't fix it in time or space, as changes in consumer beliefs will change the scope of rights.³¹²

2.4 Conclusion

Intellectual property (IP) is a generic title for patents, copyright, and trademarks and so forth. IP is a form of government intervention in the market, which creates exclusive rights over certain intangibles, such as, ideas, inventions, and signs. IP is traditionally justified by the need to correct market failures. While patents and copyright are designed to overcome the public good problem by providing market-based incentives for innovations, the justification for trademarks involves another subset of market failure, namely, information asymmetry.

³¹⁰ Bently and Sherman (n 243) 716.

³¹¹ Bently and Sherman (n 243) 716.

³¹² Lemley (n 220) 1101.

Chapter 3 Geographical Indications under the TRIPS Agreement

3.1 Introduction

The TRIPS Agreement is an integral part of the Agreement Establishing the World Trade Organization (WTO). As one of the multilateral trade agreements, it is binding on all members and hence is also a condition of membership for countries which have not yet joined the WTO.³¹³ The TRIPS Agreement marks the beginning of the global IP epoch.³¹⁴ Since the outset, the GI has been an anomaly of the TRIPS Agreement. At the negotiating stage, it does not follow the North-South disagreement typical in other topics of IP negotiations. It is, instead, characterized as North-North division, New World v. Old World, or immigrant v. emigrant countries. It is also an issue for continuing negotiations. That is, in sharp contrast with the TRIPS provisions on other categories of IP, which were written as complete and final, the GI negotiation is unfinished and the TRIPS Agreement mandates for continuing negotiations. Articles 22 to 24 of the TRIPS Agreement are devoted to deal with geographical indications. These provisions represent a strategic compromise and are characterized by illogicality, inconsistency, and inconclusiveness. The TRIPS Agreement mandates two levels of protection for GIs. The differential treatment was not based on

³¹³ About the background, negotiating history, and general introduction of the TRIPS Agreement, see, Susan K. Sell, 'Intellectual Property as a Trade Issue: From the Paris Convention to GATT' 13 *Legal Stud F Studies Forum* (1989) 407; Marshall A. Leaffer, 'Protecting United States Intellectual Property Abroad: Toward a New Multilateralism' 76 *Iowa L Rev* (1990-1991) 273; Julie Chasen Ross and Jessica A. Wasserman, 'Trade-Related Aspects of Intellectual Property Rights' in Terence P. Steward (ed.) *The GATT Uruguay Round: A negotiating History (1986-1992) Volume II: Commentary* (Kluwer Law and Taxation Publishers 1993) 2245-2333; Frederick M. Abbot, 'The WTO TRIPS Agreement and Global Economic Development' 72 *Chi-Kent L Rev* (1996) 385; Keith E. Maskus, 'The International Regulation of Intellectual Property' 134 *Weltwirtschaftliches Archiv* (1998) 186; Christopher Arup, *The New World Trade Organization Agreements* (CUP 2000) 177-211; Susan K. Sell, 'Industry Strategies for Intellectual Property and Trade: The Quest for TRIPS, and Post-TRIPS Strategies' 10 *Cardozo J Int'l & Comp L* (2002) 79; Laurence R. Helfer, 'Regime Shifting: The TRIPS Agreement and New Dynamics of International Intellectual Property Law Making' 29 *Yale J Int'l L* (2004) 1; Daniel Gervais, *The TRIPS Agreement: Drafting History and Analysis* (3rd edn, Sweet & Maxwell 2008).

³¹⁴ Peter Drahos, 'Intellectual Property and Human Rights' 3 *IPQ* (1999) 349, 355.

economic or any other logic reasons, but rather a strategic compromise between the EU and the US. The standard protection for GIs for goods reflects the US trademark justifications, which is based on the prevention of consumer confusion and unfair competition. The additional protection for wines and spirit drinks represents the victory of EU. However, the policy rationale behind this level of protection is not explicitly expressed in the TRIPS Agreement. Under the WTO framework, the GI issue is not limited to the TRIPS Agreement. It is also an issue for agricultural negotiations.

3.2 The TRIPS Agreement

3.2.1 TRIPS Agreement: the global epoch of IP

The General Agreement on Tariffs and Trade (GATT) was signed in Havana in 1947. From 1948 to 1994, GATT served as an unofficial *de facto* international trade organization which provided the rules for much of the international trade. Over the years GATT evolved through several rounds of negotiations.³¹⁵ The objectives of the early GATT negotiations rounds were primarily to reduce tariffs, the customs duties imposed on merchandise imports.³¹⁶ The reduction of non-tariff barriers (NTBs), such as, quotas, import licensing systems, sanitary regulations, prohibitions, etc., became the main concern of the last two GATT Tokyo and Uruguay Rounds.³¹⁷ The Uruguay Round, which lasted from 1986 to 1994, is the last and largest GATT round. It was in the Uruguay Round that negotiators decided that the World Trade Organization (WTO) come into being on 1 January 1995.³¹⁸ Whereas GATT mainly dealt with trade in goods, the WTO and its agreements now also cover trade in services, and

³¹⁵ WTO, 'Understanding the WTO' <http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact1_e.htm> (visited September 22, 2011).

³¹⁶ WTO, 'Glossary' <http://www.wto.org/english/thewto_e/glossary_e/glossary_e.htm> (visited September 22, 2011).

³¹⁷ There were eight rounds of trade negotiations during the GATT period: Geneva (1947), Annecy (1949), Torquay (1950), Geneva (1956), Dillon (1960-61), Kennedy (1962-67), Tokyo (1973-79), Uruguay (1986-94), see, Mitsuo Matsushita, Thomas J. Schoenbaum, and Petros C. Mavroidis, *The World Trade Organization: Law, Practice, and Policy* (2nd edn, OUP 2006) 6.

³¹⁸ WTO Agreement, art. 1. See also Matsushita, Schoenbaum, and Mavroidis (n 317) 7.

intellectual property.³¹⁹ The TRIPS Agreement is the result of a modern trend of harmonizing IP, which started in the end of the 19th century with the conclusion of the Paris Convention of 1883.³²⁰

The history of patents and copyright can be traced back to the system of royal privileging which seems to have operated in most of Europe. The Venetians are credited with the first properly developed patent law in 1474.³²¹ In 1710, the Great Britain enacted the first modern copyright statute, the Statute of Anne.³²² The early history of trademarks has been obscure.³²³ It is argued that the use of trademarks “dates from the very earliest times of which we have knowledge.”³²⁴ It is, however, noted that trademark in their modern sense, as indicators of source of traded goods, were in common use in ancient Roman.³²⁵ Similarly, it is reported that the use of trademarks can be traced back over one thousand years in ancient China.³²⁶ As early as the thirteenth century, the copying of valuable marks had become a common infringement which was severely punished.³²⁷ The first distinctive recognition of modern trademark doctrine by an English court appeared in 1783.³²⁸ The second part of the 19th century saw the proliferation in Europe of national IP regimes. Outside of Europe, IP laws spread along colonial pathways.³²⁹ Up to this point, IP protection was subject mainly to the principle of territoriality, that is, the principle that intellectual property rights did not extend beyond the territory of the sovereign which had granted the rights. Thus, IP owners found themselves facing a classic free-riding problem.³³⁰

³¹⁹ WTO, ‘Understanding the WTO’ (n 315).

³²⁰ Nuno Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs* (Kluwer Law International 2006) 22.

³²¹ Drahos (n 314) 350.

³²² Rodger D. Blair and Thomas F. Cotter, *Intellectual Property: Economic and Legal Dimensions of Rights and Remedies* (CUP 2005) 32.

³²³ Lionel Bently and Brad Sherman, *Intellectual Property Law* (3rd edn, OUP 2009) 713.

³²⁴ Edward S. Rogers, ‘Historical Matter Concerning Trade Marks’ 9 Mich L Rev (1910-1911) 29, 29.

³²⁵ William M Landes and Richard A Posner *The Economic Structure of Intellectual Property Law* (The Belknap Press of Harvard University Press 2003) 1.

³²⁶ KC Liu, ‘The Protection of Well-Known Marks in Taiwan: From Case Study to General Theory’ 90 TMR (2000) 866, 866.

³²⁷ Rogers (n 324) 33.

³²⁸ Rogers (n 324) 40. Here, Rogers refers to *Singleton v. Bolton*, (1783) Doug. 203. He quotes as evidence Lord Mansfield’s words that: “If the defendant had sold a medicine of his own under the plaintiff’s name or mark that would be a fraud for which an action would lie.”

³²⁹ Drahos (n 314) 352.

³³⁰ Drahos (n 314) 352.

Since the late nineteenth century, some countries, concerned with the protection of their domestic interests, promoted the international scope of IP.³³¹ This movement led to the conclusion of the Paris Convention for the Protection of Industrial Property of 1883, which was designed to protect patents, trademarks, industrial designs, trade names, appellations of origin, and utility models³³² and the Berne Convention for the Protection of Literary and Artistic Works of 1886.³³³ These two conventions ushered in the multilateral era of international co-operation in intellectual property.³³⁴ The World Intellectual Property Organization (WIPO), the main international organization governing IP protection,³³⁵ was created by the Convention Establishing the World Intellectual Property Organization, which was opened for signature on July 14, 1967 and came into force in 1970.³³⁶ In 1974, WIPO became a specialized agency of the United Nations (UN). By 1992, WIPO administered 24 IP treaties most important among them were the Paris Convention and the Berne Convention. A further aspect of WIPO's achievement was the administrative framework for obtaining protection beyond one's own country. This became increasingly less burdensome through the adoption "registration treaties" and agreements concerning "classification systems".³³⁷ From the IP owners' point of view, WIPO-administered treaties has not been able to provide adequate international protection of IP. The Paris Convention and Berne Convention were built around two basic propositions, namely, the substantive minima and the principle of national treatment.³³⁸ Under the substantive minima, signatory states provided in their domestic law certain minimum levels of IP protection, which were initially quite undemanding and in most cases meant to reflect the existing state practice.³³⁹ Second, under the principle of national treatment, a signatory state was obliged to offer protection to

³³¹ Graeme B. Dinwoodie, 'The Architecture of the International Intellectual Property System' 77 *Chi-Kent L. Rev.* (2002) 993, 994; Lionel Bently and Brad Sherman (n 323) 5; Ross and Wasserman (n 313) 2247.

³³² Paris Convention for the Protection of Industrial Property, Mar. 20. 1883, 828 U.N.T.S. 107, last revised at Stockholm, July 14, 1967 [hereinafter Paris Convention].

³³³ Berne Convention for the Protection of Literary and Artistic Works, September 9, 1886, 828 U.N.T.S. 221 [hereinafter Berne Convention].

³³⁴ Drahos (n 314) 354.

³³⁵ There are other international organizations involved in international IP protection. The Universal Copyright Convention is administered by UNESCO and the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations is administered jointly WIPO, UNESCO, and ILO. The United Nations Educational Scientific and Cultural Organization (UNESCO) also has part to play in IP protection, see, Ross and Wasserman (n 313) 2248-2249.

³³⁶ Convention Establishing the World Intellectual Property Organization, July 14, 1967, 828 U.N.T.S. 3 [hereinafter WIOP Convention].

³³⁷ Daniel J. Gervais, 'The Internationalization of Intellectual Property: New Challenges from the Very Old and the Very New' 12 *Fordham Intell Prop Media & Ent L J* (2002) 929, 937-938.

³³⁸ Dinwoodie (n 331) 994-995.

³³⁹ Dinwoodie (n 331) 995.

nationals of other signatory states that matched the protection it afforded its own nationals.³⁴⁰ The principle of national treatment is thus, fundamentally, a rule of non-discrimination. It allows countries the autonomy to develop and enforce their own laws, while meeting the demand for international protection. Thus, the principle of national treatment, as commented by Bently and Sherman, is “a mechanism of international protection without harmonization.”³⁴¹ The main problem with the national treatment principle is that it is useless for foreigners if a state does not provide adequate treatment for its own nationals.³⁴² In addition to the weak standards of protection, these existing international agreements do not provide for powers to enforce intellectual property rights or means to settle disputes.³⁴³ WIPO has been ineffective at adjudicating IP disputes. In spite of the fact that both the Paris and the Berne Conventions refer to the International Court of Justice (ICJ) in the Hague as the dispute adjudicating forum,³⁴⁴ this was not implemented.³⁴⁵ Seeking to enhance IP protection under WIPO framework was, however, very difficult. First, some most notorious piracy countries were not members to Paris Convention or Berne Convention. It was reported in 1988 that Argentina, Brazil, India, Mexico, Republic of Korea, Singapore, and Taiwan were the seven worse pirating countries.³⁴⁶ Some of these countries were not members and thus not subject to WIPO rules. India, Singapore, and Taiwan were not signatories to the Paris Union and Korea, Singapore, and Taiwan were not signatories to the Berne Union.³⁴⁷ The political structure of WIPO made it impossible for the industrialized countries to enhance IP protection.³⁴⁸ In a nutshell, “The international world of intellectual property over which WIPO presided was a world in which sovereign states had agreed to certain foundational principles, the most important being the principle of national treatment. By no means was it a world in which there was a harmonization of technical rules. States retained enormous

³⁴⁰ Paris Convention, art. 2; Berne Convention, art. 5.

³⁴¹ Bently and Sherman (n 323) 5.

³⁴² Frank Emmert, ‘Intellectual Property in the Uruguay Round—Negotiating Strategies of the Western Industrialized Countries’ 11 *Mich J Int’l L* (1989-1990) 1317, 1341.

³⁴³ Gary M. Hoffman, George T. Marcou, and Charles Murray, ‘Commercial Piracy of Intellectual Property’ 71 *JPTOS* (1989) 556, 557-558.

³⁴⁴ Berne Convention, art. 33; Paris Convention, art. 28.

³⁴⁵ Dinwoodie (n 331) 993, 995; Elaine B. Gin, ‘International Copyright Law: Beyond the WIPO & TRIPS Debate’, 86 *JPTOS* (2004) 763, 780.

³⁴⁶ Emmert (n 342) 1328.

³⁴⁷ Emmert (n 342) 1340.

³⁴⁸ Sell (1989) (n 313) 408 (noting that as of January 1986, 97 states were parties to the Paris Convention. About 64 of these members were developing countries.); Gin (n 345) 779-780.

sovereign discretion over intellectual property standard setting.”³⁴⁹ This period, as characterised by Drahos, “was a world in which a lot of free-riding was tolerated.”³⁵⁰

As it has been argued that the free-riding of IP may incur profound economic consequences not only to the right-holders but also to their countries. Manufacturers of affected products have a direct loss in sale revenues; this is often directly related to losses in tax revenues, and may also result in job losses. In social terms, the illegal business of counterfeiting and piracy brings with it all the negative side effects of clandestine labour.³⁵¹ However, there are reasons for developing countries to provide weak IP protection. First, IP protection may simply be too new a concept for their legal tradition.³⁵² Second, free-riding of IP may be exploited as a strategy of development for some developing countries. This is because free-riders enrich not only themselves but also, at least in the short run, the countries in which they operate. Through free-riding, developing countries can procure needed goods and services at little cost, while industries that specialize in producing counterfeiting goods employ thousands of workers.³⁵³

Prior to the 1970s, the United States government’s role in the international protection of US companies’ IPRs was very limited. US companies with substantial investment in foreign countries were able to negotiate an acceptable arrangement with a host government in relation to the protection of their IPRs. The situation started to change during the 1970s. Technological improvements made it much easier to copy products. Certain countries became centres of piracy.³⁵⁴ In some countries, governments, in pursuit of their own industrial policy, even rolled back the level of protection provided. India, for example, withdrew patent

³⁴⁹ Drahos (n 314) 354.

³⁵⁰ Drahos (n 314) 355.

³⁵¹ WIPO, ‘What are the economic and social consequences of piracy and counterfeiting’ <<http://www.wipo.int/enforcement/en/faq/counterfeiting/faq04.html>> (visited September 26, 2011).

³⁵² Leaffer (n 313) 282.

³⁵³ Leaffer (n 313) 282.

³⁵⁴ Gary Hoffman, *Curbing International Piracy of Intellectual Property: Policy Options for a Major Exporting Country* (Annenberg Washington Program 1989) 8. (defining “piracy” as “the unauthorised taking of another person’s intellectual property through substantial duplication or production of a substantially similar product or information for commercial purposes.”)

protection for pharmaceutical products.³⁵⁵ Realising that the problem was structural and beyond their ability, US companies found “the option of involving the US government in a more activist role became more attractive.”³⁵⁶ In the early 1980s, the US government received pressure from its industries to use its domestic law to assure protection in foreign markets. Industries complained that they lost billions in revenue annually to counterfeiting.³⁵⁷ Dissatisfied with the international state of affairs relating to IP protection, the US began to use its economic muscle to ensure that countries around the world seeking economic favours from it reformed their IP laws and their mechanisms for enforcement to stem what was perceived by the US to be major losses resulting from counterfeiting and other forms of piracy.³⁵⁸

The inclusion of IP as a negotiating issue under the Uruguay Round of trade talks was initiated by the United States and supported by Europe, Canada and Japan.³⁵⁹ The adoption of such a trade-based approach to IP protection was the result of both the power of various industry associations, and the specific ideas and policy prescriptions that they promoted. This powerful group of associations mobilized behind a trade-based conception and presented themselves as part of the solution to America’s trade problems. These associations captured the imagination of American policymakers who sought to stave off an apparently impending protectionist approach to trade policy.³⁶⁰ The US industries also managed to secure support from European and Japanese industries.³⁶¹ Thus, the incorporation of IPRs into the WTO, manifested in the move from WIPO to GATT to TRIPS, was nominally carried out by trade officials from the United States and the EU. But it was a strategy adopted at the urging of American and European IP industries, which were dissatisfied with status quo approaches to IP law-making and foresaw considerable advantage from shifting negotiations into the trade regime.³⁶² The basic rationale behind the inclusion is that most aspects of IP law have effects

³⁵⁵ R. Michael Gadbaw, ‘Intellectual Property and International Trade: Merger or Marriage of Convenience?’ 22 *Vand J Transnat’l L* (1989) 223, 227.

³⁵⁶ Gadbaw (n 355) 223, 228.

³⁵⁷ Ross and Wasserman (n 313) 2254.

³⁵⁸ Gerald Dworkin, ‘Intellectual Property in the International Arena: An Updating Perspective’ *JBL* (1992) 326, 326.

³⁵⁹ Emmert (n 342) 1344.

³⁶⁰ Sell (2002) (n 313) 88.

³⁶¹ About how US industries secured the support of their trade-based approach to IP protection, see Sell (2002) (n 313) 90-93.

³⁶² Helfer (n 313) 19.

on trade.³⁶³ The group of developed countries believed that the absence of protection or inadequate protection of intellectual property rights within the territory of certain countries was equivalent to a barrier to trade, and therefore that the GATT should deal with this issue.³⁶⁴ It is argued that the failure of many developing in providing adequate IP protection may amount to non-tariff barriers against foreign exports.³⁶⁵ Certain institutional features of the GATT/WTO made it a superior venue for the United States and EU to negotiate IP protection standards. First, these states enjoy significant negotiating leverage in the GATT/WTO.³⁶⁶ Second, the ability to link intellectual property to other issue as within the GATT/WTO expanded the zone of agreement among states with widely divergent interests.³⁶⁷ Third, the GATT's dispute settlement system was perceived to be far more effective than the mechanism for reviewing states' compliance with WIPO-based conventions.³⁶⁸ The developing countries led by Brazil and India argued that IP issues were the exclusive territory of WIPO and that GATT was not the forum for IP.³⁶⁹ Developing countries join the multilateral trade system because they, like the developed countries, seek the large scale economic gains offered by a multilateral system of trade.³⁷⁰ From the developing countries point of view, accepting TRIPS was in exchange of market access to developed countries in other areas.³⁷¹ The rationale that presided over the harmonization of IP in the TRIPS was that IP was a "bargaining chip for obtaining access to market."³⁷² With the conclusion of the TRIPS Agreement, intellectual property is no longer a matter solely within the sovereign power of individual nations. Rather, IP has become a substance governed by international law. As such, the US, along with other WTO Members, loses sovereign power over IP policy.³⁷³ The TRIPS Agreement has transformed intellectual property rights into internationally governed rights, leaving what seems like very little discretion to sovereign

³⁶³ Paul Demaret, 'The Metamorphoses of the GATT: From the Havana Charter to the World Trade Organization' *Colum J Transnat'l L* (1996) 123, 162.

³⁶⁴ Demaret (n 363) 163.

³⁶⁵ Carvalho (n 320) 23.

³⁶⁶ Helfer (n 313) 21.

³⁶⁷ Helfer (n 313) 21.

³⁶⁸ Helfer (n 313) 22.

³⁶⁹ Michael Blakeney, *Trade Related Aspects of Intellectual Property: A Concise Guide to the TRIPs Agreement*, (Sweet & Maxwell 1996) 1-2.

³⁷⁰ Ruth L. Gana, 'Prospects for Developing Countries under the TRIPS Agreement' 29 *Vand J Transnat'l L* (1996) 735, 736.

³⁷¹ Carvalho (n 320) 25; Helfer (n 313) 22; Gana (n 370) 739.

³⁷² Carvalho (n 320) 25.

³⁷³ Donald P. Harris, 'TRIPS' Rebound: An Historical Analysis of How the TRIPS Agreement Can Ricochet back against the United States' 25 *Nw J Int'l L & Bus* (2004-2005) 99, 101-102. (Harris (p. 111) defines 'sovereignty': "Sovereignty is about decision-making. It refers to a state's unlimited power, which is subject to only those rules of international law that the state has expressly accepted.").

states.³⁷⁴ This is because not seeking WTO membership is not a truly viable option for most countries. Neither is disregard for TRIPS' requirements in light of the harsh retaliatory sanction that could be imposed.³⁷⁵ The objective of TRIPS is also to eliminate 'free-riding' distortions resulting from the fact that some countries did not protect IPRs.³⁷⁶

3.2.2 IP protection under TRIPS Agreement

TRIPS' most significant features include: (i) linking intellectual property rights to trade for the first time in a multilateral international IP agreement, and (ii) requiring member countries to implement and enforce minimum standards for protecting intellectual property rights.³⁷⁷ The stated objective of TRIPS Agreement is to liberalize the international trading system while protecting the private rights of IP owners by reducing piracy and misappropriation.³⁷⁸ Its overall concern is to overcome "territorial limitations on intellectual property rights."³⁷⁹ This is achieved through two aspects of TRIPS: (i) establishing domestic IP regime; (ii) non-discrimination (ii) dispute settlement Offering IP protection to the persons of other Members. Two general principles apply to all types of IP: the national treatment³⁸⁰ and the most-favoured nation.³⁸¹ This section deals with three aspects of the required domestic regime: the substantive minimum standards for IP protection, enforcement, and acquisition and maintenance. "Members shall give effects to the provisions of this Agreement. Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this

³⁷⁴ Harris (n 373) 114.

³⁷⁵ Harris (n 373) 116.

³⁷⁶ Harris (n 373) 105.

³⁷⁷ Harris (n 373) 104.

³⁷⁸ TRIPS Agreement, Preamble and art. 7.

³⁷⁹ Jerome H. Reichman, 'Universal Minimum Standards of Intellectual Property Protection under the TRIPS Component of the WTO Agreement' 29 Int'l L (1995) 345, 346.

³⁸⁰ The national treatment obligation of the TRIPS Agreement is contained in Article 3 thereof. Under Article 3, each WTO Member is obliged to "accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property". The meaning of "protection" is explained at the Footnote to Article 3 as including "matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as those matters affecting the use of intellectual property rights specifically addressed in this Agreement."

³⁸¹ Under TRIPS Agreement, art 4 the most-favoured-nation treatment requires each WTO Member to accord immediately and unconditionally to the nationals of all other Members any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country with regard to the protection of intellectual property.

Agreement. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.” Thus, WTO Members must implement in their domestic law the protection required by the TRIPS Agreement. According to the Panel in Canada-Term of Patent Protection (, the discretion of Members under Article 1.1 to determine the appropriate method of implementing their obligations under the TRIPS Agreement did not extend to choosing with which obligation to comply.³⁸² The Panel in China-Intellectual Property Rights held that WTO Members are free to determine the appropriate method of implementation and implement higher standards subject to conditions; but they do not have the freedom to implement a lower standard.³⁸³ Therefore, the provisions of the TRIPS Agreement are minimum standards only; the Agreement “is not intended to be a harmonisation agreement,”³⁸⁴ but it also allows WTO members to implement protection beyond the minimum standards “Countries have much less opportunity to decide whether it suits their situation to offer high or low levels of protection.”³⁸⁵

3.2.2.1 National treatment and most-favoured-nation treatment

Under the national treatment (NT), each member state must extend the same protection to nationals of other member states as to its nationals.³⁸⁶ NT permits countries to vary the level of protection they give to IP according to what they see as their needs, provided that they do not discriminate between foreigners and locals. The TRIPS moderates this effect by standardizing levels of protection between members.³⁸⁷ The most-favoured-treatment (MFN) is not included under the Paris Convention. MFN is one of the basic principles of TRIPS Agreement, under which, with regard to the protection of IP, an advantage, favour, privilege or immunity granted by a member to the nationals of any other country shall be accorded

³⁸² WTO Panel Report: Canada—Patent Term WT/DS/170/R, adopted 12 Oct 2000, upheld by the Appellate Body Report WT/DS170/AB/R.

³⁸³ WTO Panel Report: China—Intellectual Property Rights WT/DS/362/R, adopted 20 March 2009, para. 7.513.

³⁸⁴ Hiroko Yamane, *Interpreting TRIPS: Globalisation of Intellectual Property Rights and Access to Medicines* (Hart Publishing 2011) 150.

³⁸⁵ Arup (n 313)187.

³⁸⁶ TRIPS Agreement, art. 3.1.

³⁸⁷ Arup (n 313)184.

immediately and unconditionally to the nationals of other members.³⁸⁸ The most-favoured-nation provision not only prevents a member from preferring its own citizens over non-citizens from other member states but also generally prohibits discrimination between nationals of different member states.³⁸⁹ Certain advantages, favours, privileges or immunities are exempted from this MFN obligation, including: (i) deriving from international agreements on judicial assistance or law enforcement of a general nature and not particularly confined to the protection of intellectual property; (ii) granted in accordance with the provisions of the Berne Convention (1971) or the Rome Convention authorizing that the treatment accorded be a function not of national treatment but of the treatment accorded in another country; (iii) in respect of the rights of performers, producers of phonograms and broadcasting organizations not provided under this Agreement; (iv) deriving from international agreements related to the protection of intellectual property which entered into force prior to the entry into force of the WTO Agreement, provided that such agreements are notified to the Council for TRIPS and do not constitute an arbitrary or unjustifiable discrimination against nationals of other Members.³⁹⁰ Taken together, the national treatment and MFN provisions attempt to rectify the damage that some states recently inflicted on the international intellectual property system by unilaterally asserting claims of material reciprocity with respect to hybrid legal regimes falling in the penumbra between the Paris and Berne Conventions.³⁹¹

3.2.2.2 Dispute settlement

According to Helfer, the GATT's dispute settlement system was one of the "institutional features" which motivated the United States and the EC to shift intellectual property law making from WIPO to GATT.³⁹² The TRIPS Agreement is the first international treaty to introduce a system of sanctions against members who do not enforce the minimum protection

³⁸⁸ TRIPS Agreement, art. 4.

³⁸⁹ Paul J. Heald, 'Trademarks and Geographical Indications: Exploring the Contours of the TRIPS Agreement' 29 *Vand J Transnat'l L* (1996) 635, 638.

³⁹⁰ TRIPS Agreement, art. 4.

³⁹¹ Jerome H. Reichman, 'Universal Minimum Standards of Intellectual Property Protection under the TRIPS Component of the WTO Agreement' in Carlos M. Correa and Abdulqawi A. Yusuf (eds.) *Intellectual Property and International Trade: The TRIPS Agreement* (2nd edn, Kluwer Law International 2008) 23-82, 26-27.

³⁹² Helfer (n 313) 20-23.

of intellectual property rights.³⁹³ The TRIPS Agreement makes the WTO's dispute settlement mechanism available to address conflicts arising under TRIPS, and significantly provides for the possibility of cross-retaliation for states that fail to abide by WTO's Dispute Settlement Body's rulings. Enforcement includes trade sanctions, which consists of compensatory and retaliatory withdrawal of trade concessions and the imposition of tariffs and quotas. The overall benefits of TRIPS are exemplified in the following comments:

“The real genius of TRIPS lies in its provisions establishing a system of dispute resolution between member states.”³⁹⁴

“...the enforcement system of the new WTO was probably one of the most attractive features of the GATT to the intellectual property community” and the incorporation of TRIPS into the GATT means that “member states will, for the first time, have a place to resolve disputes concerning the recognition of copyright, patent, trademark, and related rights.”³⁹⁵

“...the enforcement provisions of the TRIPS Agreement fill a gap in the pre-existing intellectual property conventions, which either ignored the issue of effective implementation of agreed minimum standards or relegated to the theoretical possibility of litigation before the International Court of Justice.”³⁹⁶

3.2.2.3 Substantive minimum standards of protection

For the purposes of the TRIPS Agreement, “intellectual property” refers to seven subject-matter categories enumerated in Sections 1 to 7 of Part II, including copyright and related

³⁹³ Joanna Schmidt-Szalewski, ‘The International Protection of Trademarks after the TRIPS Agreement’ 9 Duke J Comp & Int’l L (1998) 189, 192.

³⁹⁴ Heald (n 389) 635, 650.

³⁹⁵ Rochelle Cooper Dreyfuss and Andreas F. Lowenfeld, ‘Two Achievements of the Uruguay Round: Putting TRIPS and Dispute Settlement Together’ 37 Va J Int’l L (1997) 275, 277.

³⁹⁶ Jerome H. Reichman (n 391) 64. See also Paris Convention, art. 28(1) (Any dispute between two or more countries of the Union concerning the interpretation or application of this Convention, not settled by negotiation, may, by any one of the countries concerned, be brought before the International Court of Justice by application in conformity of the Statute of the Court, unless the countries concerned agree on some other method of settlement.); Berne Convention, art. 33.

rights, trademarks, geographical indications, industrial designs, patents, layout designs of integrated circuits, and undisclosed information.³⁹⁷ According to the Preamble of TRIPS³⁹⁸, IPRs are private rights³⁹⁹ and the underlying policy objectives of national systems for the protection of IP include developmental and technological objectives.⁴⁰⁰ Instead of setting up, in itself, a body of international IP law, the Agreement establishes minimum standards for protection in each of the seven areas. WTO members must adjust their domestic laws so that those laws comply with its parameters.⁴⁰¹ The TRIPS Agreement establishes minimum standards for the protection of IP rights in each of the seven defined areas of IP, meaning that WTO Members are generally entitled to provide higher but not lower levels of IP protection.⁴⁰²

(1) Patents

TRIPS Articles 27 to 34 deals with the protection of patents. Patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application.⁴⁰³ However, WTO Members may exclude from patentability inventions, the prevention within their territory of the commercial exploitation of which is necessary to protect *ordre public* or morality, including the protection of human, animal or plant life or health or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by their law.⁴⁰⁴ WTO Members may also exclude from patentability (i) diagnostic, therapeutic and surgical methods for the treatment of humans or animals and (ii) plants and animals other than micro-organisms, and essentially biological processes for

³⁹⁷ TRIPS Agreement, art. 1.2.

³⁹⁸ A preamble generally declares the intention of the parties in entering into the agreement. Without creating binding obligations, preambles of a treaty can provide ‘context’ for the purpose of treaty interpretation. See Yamane (n 384) 148.

³⁹⁹ TRIPS Agreement, Preamble, Recital 4.

⁴⁰⁰ TRIPS Agreement, Preamble, Recital 5.

⁴⁰¹ Kevin M. Murphy, ‘Conflict, Confusion, and Bias under TRIPS Articles 22-24’ 19 Am U Int’l L Rev (2003-2004) 1181, 1192.

⁴⁰² Andrew D. Mitchell and Tania Voon, ‘TRIPS’ in Daniel Bethlehem, et al (eds.) *The Oxford Handbook of International Trade Law* (OUP 2009) 187-208, 187.

⁴⁰³ For the purposes of this Article, the terms “inventive step” and “capable of industrial application” may be deemed by a Member to be synonymous with the terms “non-obvious” and “useful” respectively.

⁴⁰⁴ TRIPS Agreement, art. 27.2

the production of plants or animals other than non-biological and microbiological processes. However, WTO Members shall provide for the protection of plant varieties either by patents or by an effective *sui generis* system or by any combination thereof. The provisions of this subparagraph shall be reviewed four years after the date of entry into force of the WTO Agreement.⁴⁰⁵

TRIPS also attempts to harmonize the patent term by providing a minimum 20-year term of protection counted from the filing date.⁴⁰⁶ During the term of protection, the owner of a patent enjoys certain rights to exclude and rights to authorize.

Under Article 28.1, a patent shall confer on its owner the following exclusive rights: (i) where the subject matter of a patent is a product, to prevent third parties not having the owner's consent from the acts of: making, using, offering for sale, selling, or importing for these purposes that product and (ii) where the subject matter of a patent is a process, to prevent third parties not having the owner's consent from the act of using the process, and from the acts of: using, offering for sale, selling, or importing for these purposes at least the product obtained directly by that process.⁴⁰⁷ Patent owners shall also have the right to assign, or transfer by succession, the patent and to conclude licensing contracts.⁴⁰⁸

TRIPS allows WTO Members to provide "limited exceptions" to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.⁴⁰⁹

⁴⁰⁵ TRIPS Agreement, art. 27.3

⁴⁰⁶ TRIPS Agreement, art. 33.

⁴⁰⁷ TRIPS Agreement, art. 28.1

⁴⁰⁸ TRIPS Agreement, art. 28.2

⁴⁰⁹ TRIPS Agreement, art. 30

(2) Trademarks

TRIPS Articles 15 to 21 lay down the rules for protection of trademarks. Article 15.1 defines a trademark as “[a]ny sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings.”⁴¹⁰ Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.⁴¹¹

For the purposes of trademark protection, signs can be broadly divided into three categories, namely, distinctive, descriptive, and generic. A trademark, in order to function, must be distinctive. A sign that is not distinctive cannot help the consumer to identify the goods of his choice. Distinctiveness is a relative, rather than absolute, concept. Distinctive character must be evaluated in relation to good to which the trademark is applied. For example, the word apple or an apple device cannot be registered for apples, but is highly distinctive for computers. The test whether a trademark is distinctive is bound to depend on the understanding of the consumer. There are different degrees of distinctiveness.⁴¹² As a rule of thumb, if a sign is not distinctive its registration should be refused. By and large, it is up to the registrar to prove lack of distinctiveness, and in the case of doubt the trademark should be register. Some trademark laws put the onus on the applicant to show that his mark ought to be registered.⁴¹³ Descriptive terms are “those that serve in trade to designate the kind, quality, intended purpose, value, place of origin, time of production or any other characteristic of the goods for which the sign is intended to be used or is being used.”⁴¹⁴ A sign is generic when it

⁴¹⁰ TRIPS Agreement, art. 15.1.

⁴¹¹ TRIPS Agreement, art. 15.1

⁴¹² WIPO Intellectual Property Handbook (2nd edn, WIPO Publication No. 489(E) 2004) [hereinafter WIPO Handbook (2004)] 71-72.

⁴¹³ WIPO Handbook (2004) 73.

⁴¹⁴ WIPO Handbook (2004) 73.

“defines a category or type to which the goods belong.” Examples of generic terms include “furniture”, “chair”, “coffee”, “instant coffee”, etc.⁴¹⁵

Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.⁴¹⁶ The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.⁴¹⁷ Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity for the registration of a trademark to be opposed.⁴¹⁸

Initial registration, and each renewal of registration, of a trademark shall be for a term of no less than seven years. The registration of a trademark shall be renewable indefinitely.⁴¹⁹ During the term of protection, the owner of a trademark enjoys the right to exclude third parties from using the mark as well as the right to authorize the use of the mark.

The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.⁴²⁰ Members may determine conditions on the licensing and assignment of trademarks, it being understood that

⁴¹⁵ WIPO Handbook (2004) 73.

⁴¹⁶ TRIPS Agreement, art. 15.3

⁴¹⁷ TRIPS Agreement, art. 15.4

⁴¹⁸ TRIPS Agreement, art. 15.5

⁴¹⁹ TRIPS Agreement, art. 18.

⁴²⁰ TRIPS Agreement, art. 16.1

the compulsory licensing of trademarks shall not be permitted and that the owner of a registered trademark shall have the right to assign the trademark with or without the transfer of the business to which the trademark belongs.⁴²¹

Two specific paragraphs deal with the protection of well-known marks. First, Article 16.2 extends the applicability of Article 6*bis* of the Paris Convention (1967) to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.⁴²²

Article 6*bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.⁴²³

TRIPS Agreement allows WTO Members to provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.⁴²⁴

The owner of a registered trademark is granted “the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those which the trademark is registered where such use would result in a likelihood of confusion.”⁴²⁵ A likelihood of confusion is

⁴²¹ TRIPS Agreement, art. 21.

⁴²² TRIPS Agreement, art. 16.2

⁴²³ TRIPS Agreement, art. 16.3

⁴²⁴ TRIPS Agreement, art. 17

⁴²⁵ TRIPS Agreement, art. 16.1.

presumed when identical marks are used on identical goods or services.⁴²⁶ WTO Members are free to determine conditions on the licensing and assignment of trademarks.⁴²⁷ The owner of a registered trademark also has the right to assign the trademark with or without the transfer of the business to which the trademark belongs.⁴²⁸ Heald interprets this provision as to “allow the assignment of a trademark without its attendant goodwill”.⁴²⁹ Registration of a trademark shall be for term of no less than seven years that may be renewed indefinitely.⁴³⁰

3.2.2.4 Domestic enforcement

Titled “Enforcement of Intellectual Property Rights”, Part III of the TRIPS Agreement constitutes “a major addition to the international provisions for intellectual property protection.”⁴³¹ Under the Paris Convention, a country was under no obligation to enact legislation permitting seizure or prohibiting importation of infringing goods.⁴³² WTO Members are required to provide adequate and effective enforcement mechanisms for IP protection, including civil and administrative proceedings, border measures, and criminal penalties for violations of IP rights.⁴³³ In a nutshell, WTO Members, with respect to the enforcement of IPRs, are obliged to ensure the availability of effective, fair and equitable enforcement procedures for IPRs covered by the TRIPS Agreement.⁴³⁴ Civil judicial procedures concerning the enforcement of IPRs shall be made available to right holders.⁴³⁵ Criminal procedures and penalties shall be applicable at least in the cases of wilful trademark counterfeiting or copyright piracy on a commercial scale.⁴³⁶

⁴²⁶ TRIPS Agreement, art. 16.1.

⁴²⁷ TRIPS Agreement, art. 21.

⁴²⁸ TRIPS Agreement, art. 21.

⁴²⁹ Heald (n 389) 643.

⁴³⁰ TRIPS Agreement, art. 18.

⁴³¹ Arup (n 313) 199.

⁴³² Paris Convention, art. 9(6); Heald (n 389) 649.

⁴³³ TRIPS Agreement, arts. 41-61.

⁴³⁴ TRIPS Agreement, arts. 41.1 and 41.2.

⁴³⁵ TRIPS Agreement, art. 42.

⁴³⁶ TRIPS Agreement, art. 61.

3.2.2.5 Acquisition and maintenance of IPRs

Under article 62 of TRIPS Agreement, which deals with the “acquisition and maintenance of intellectual property and related *inter-partes* procedures”, Members may require, as a condition of the acquisition or maintenance of the intellectual property rights compliance with reasonable procedures and formalities.⁴³⁷ Where the acquisition of an intellectual property right is subject to the right being granted or registered, Members shall ensure that the procedures for grant or registration, subject to compliance with the substantive conditions for acquisition of the right, permit the granting or registration of the right within a reasonable period of time so as to avoid unwarranted curtailment of the period of protection.⁴³⁸ Procedures concerning the acquisition or maintenance of intellectual property rights and, where a Member's law provides for such procedures, administrative revocation and *inter partes* procedures such as opposition, revocation and cancellation, shall be governed by the general principles set out in paragraphs 2 and 3 of Article 41;⁴³⁹ Final administrative decisions in any of the procedures referred to under paragraph 4 shall be subject to review by a judicial or quasi-judicial authority. However, there shall be no obligation to provide an opportunity for such review of decisions in cases of unsuccessful opposition or administrative revocation, provided that the grounds for such procedures can be the subject of invalidation procedures.⁴⁴⁰

3.3 The inclusion of GIs under TRIPS Agreement

The inclusion of geographical indications in the Uruguay Round Negotiations was initiated by the EU. In 1987, the EU, Japan, and the US submitted their opinions on ‘trade problems encountered in connection with intellectual property rights.’⁴⁴¹ The EU was the only party

⁴³⁷ TRIPS Agreement, art. 62.1.

⁴³⁸ TRIPS Agreement, art. 62.2.

⁴³⁹ TRIPS Agreement, art. 62.4.

⁴⁴⁰ TRIPS Agreement, art. 62.5.

⁴⁴¹ GATT Doc. MTN.GNG/NG11/W/7 (May 29, 1987) “Submissions from Participants on Trade Problems Encountered in Connection with Intellectual Property Rights”.

that identified GI protection as an issue. According to the EU, the protection of appellation of origin and of other geographical indications is of fundamental importance in many areas especially in the field of foodstuffs such as wines and spirits. The wine and spirits sector is one which is particularly vulnerable to imitation, counterfeit and usurpation. Such unfair trading practices cause serious damage not only to producers who, under appellation of origin regimes, are subject to extremely demanding conditions of production, but also to consumers, who are misled as to the real nature, quality and origin of the products offered. The effects of such practices involve unfair trade, not only in the markets of countries who do not respect appellation of origin but also in third country markets where EU products have to compete with those from such countries.⁴⁴² After stating the necessity of protection, the EU went on deploring the insufficiency of GI protection at the international level. From the EU's point of view, the three WIPO-administered international treaties dealing with GI protection, namely, the Paris Convention, the Madrid Agreement, and the Lisbon Agreement failed to provide adequate protection. The Paris Convention is limited in that the only sanction foreseen is possible seizure on importation, since no general civil or criminal law protection has been provided for. Equally the Madrid and Lisbon Agreements, while providing for more extensive protection, suffer from less than widespread membership.⁴⁴³

3.3.1 Protection under WIPO-administered treaties

3.3.1.1 Paris Convention for the Protection of Industrial Property 1883

The Paris Convention includes “indications of source or appellations of origin” as subject matter of protection of industrial property.⁴⁴⁴ “Indications of source or appellations of origin” were left undefined. According to Bodenhausen the word “or” in the text of the Convention was “introduced at a time when the terminology was more fluid, is no longer quite

⁴⁴² GATT (n 441) at 2.

⁴⁴³ GATT (n 441) at 3.

⁴⁴⁴ Paris Convention, art. 1(2) provides: “The protection of industrial property has as its object patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and the repression of unfair competition.”

correct.”⁴⁴⁵ In 1958, however, the International Bureau explained that “indications of source or appellations of origin” should be understood as referring to two distinct things. Whereas an indication of source is merely a geographical designation, indicating simply the place of production, manufacture, or excerption of certain products, an appellation of origin designates a geographical denomination corresponding to a country, region, or other locality serving as the appellation of the product originating therein and which product is known by this appellation on account of certain renowned qualities owing exclusively and essentially to particular geographical conditions or to particular methods of production or manufacture.⁴⁴⁶

Instead of introducing an international standard,⁴⁴⁷ the Paris Convention obliged its parties to provide protection for an interested party against “direct or indirect use of a false indication of the source of goods.”⁴⁴⁸ Certain protective measures at the borders under the national law are required. (Article 9 of the Paris Convention.) The Paris Convention contains a separate Article 10, “the purpose of which is to protect indications of origin over and above the national-treatment clause of article 2.”⁴⁴⁹

The Paris Convention has generally been viewed as an ineffective international agreement because the substantive levels of protection were low, enforcement procedures were not absolutely required, and no credible body existed to resolve inter-sovereign disputes.⁴⁵⁰ Though the Paris Convention has over one hundred signatories, it is generally viewed as an ineffective international agreement because it contained no enforcement provisions. In addition, the Paris Convention essentially contained no substantial provision for the protection of geographic indications, and it left to the member nations to devise “border

⁴⁴⁵ G. H. C. Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property as Revised at Stockholm in 1967* (BIRPI 1969) 23.

⁴⁴⁶ Stephen S. Ladas, *Patents, Trademarks, and Related Rights: National and International Protection*, vol. III (Harvard University Press 1975) 1574.

⁴⁴⁷ Felix Addor and Alexandra Grazioli, ‘Geographical Indications beyond Wines and Spirits: A Roadmap for a Better Protection for Geographical Indications in the WTO TRIPS Agreement’ 5 *JWIP* (2002) 865, 876.

⁴⁴⁸ Paris Convention, art. 10(1). The scope of interested parties is defined in Article 10(2) as: “Any producer, manufacturer, or merchant, whether a natural person or a legal entity, engaged in the production or manufacture of or trade in such goods and established either in the locality falsely indicated as the source, or in the region where such locality is situated, or in the country falsely indicated, or in the country where the false indication of source is used.”

⁴⁴⁹ Ladas (n 446) 1577.

⁴⁵⁰ Heald (n 389) 655.

measures for false indications without defining the conditions for protection.”⁴⁵¹ It is specifically pointed out that one weakness of the Paris Convention is that it prevents only the importation of goods containing false geographical indications but it is not applicable to these that are merely misleading⁴⁵² “Geographical indications can be misleading although not false.” An example is “California Chablis” for a term that is not false but could nevertheless be misleading.⁴⁵³ The main strength of the Paris Convention is that it successfully attracts a huge number of members.⁴⁵⁴

3.3.1.2 Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods 1891

The Paris Convention permits members states to enter into other arrangements for the protection of industrial property.⁴⁵⁵ The discontent with the Paris Convention led to some countries to enter the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods in 1891.⁴⁵⁶ The Madrid Agreement was based on a French proposal and “was drafted to specifically for France’s needs”.⁴⁵⁷ The Madrid Agreement does not directly define the term “indications of source”. Article 1(1), however, “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.”⁴⁵⁸

⁴⁵¹ Xuan-Thao N. Nguyen, ‘Nationalizing Trademarks: A New International Trademark Jurisprudence?’ 39 Wake Forest L Rev (2004) 729, 759. See also Albrecht Conrad, ‘The Protection of Geographical Indications in the TRIPS Agreement’ 86 TMR (1996) 11, 23.

⁴⁵² Conrad (n 451) 25.

⁴⁵³ Conrad (n 451) 25 at n. 73.

⁴⁵⁴ Conrad (n 451) 28.

⁴⁵⁵ Paris Convention, art. 19.

⁴⁵⁶ Ladas (n 446) 1578.

⁴⁵⁷ J. Thomas McCarthy and Veronica Colby Devitt, ‘Protection of Geographic Denominations: Domestic and International’ 69 TMR (1979) 199, 207.

⁴⁵⁸ Madrid Agreement, art. 1(1). Based on this provision, Addor and Grazioli ((n 447) 867) define “indication of source” as “[a]ny expression or sign used to indicate that a product or a service originates in a country, region or a specific place, without any element of quality or reputation.”

The Madrid Agreement has been viewed as a step further in GI protection when compared to the Paris Convention because it provides an indirect definition of “indication of source”, protects false and deceptive indication of source, and achieves a higher standard of treatment for “regional appellations concerning the source of products of the vine” in relation to generic issue.⁴⁵⁹ As has been described, “Madrid Agreement contained a controversial provision that prohibited member countries from treating geographical indications of wines as generic terms.”⁴⁶⁰ Thus, it is said that the Madrid Agreement “is of minor importance except for certain regional wine appellations.”⁴⁶¹

The Madrid Agreement has not been successful in attracting contracting parties. Only 29 countries joined the Madrid Agreement by 1990 and 35 by 2010.⁴⁶² The United States is not a member of the Madrid Agreement. Simon suggests that the United States’ refusal to participate is “indicative of its position that strict protection for industrial property is an unnecessary and undesirable restriction on trade name use and would only benefit foreign producers.”⁴⁶³ The unwillingness of many countries to accede to the Madrid Agreement is owing to two main reasons. First, it is said that one reason for the Madrid Agreement’s lack of support may be that many countries do not possess important appellations of localities or regions concerning manufactured or agricultural products which need to be protected.⁴⁶⁴ Another reason for objections of the Madrid Agreement focuses primarily on its treatment of generic names. Under the Madrid Agreement each country may decide whether appellations have become generic except those for products of the vine.⁴⁶⁵ This may be seen as discrimination against other products⁴⁶⁶ and is criticized as only working for French

⁴⁵⁹ Addor and Grazioli (n 447) 887

⁴⁶⁰ Madrid Agreement, art. 4. See also Nguyen (n 451) 759.

⁴⁶¹ McCarthy and Devitt (n 457) 207.

⁴⁶² WIPO <http://www.wipo.int/treaties/en/statistics/StatsResults.jsp?treaty_id=3&lang=en> (visited September 26, 2011)

⁴⁶³ Lori E. Simon, ‘Appellation of Origin: The Continuing Controversy’ 5 *Nw J Int’l L & Bus* (1983-1984) 132, 149.

⁴⁶⁴ Ladas (n 446) 1599; Madrid Agreement, art. 4.

⁴⁶⁵ McCarthy and Devitt (n 457) 206. McCarthy and Devitt (206-207): “In general, if a geographic denomination becomes so associated with a product that customers regard it as the name of the product, regardless of its true geographic origin, then the term has become the generic name of the product. The criterion for such degeneration is public usage. That is, what does the public think the word denotes—the generic name of the product or a mark indicating merely one source of that product. Under United States law no one may claim exclusive rights to a generic term.” Therefore, it is difficult for the United States adherence to Madrid Agreement since “many foreign appellations have become generic in the United States for a wide variety of wines.”

⁴⁶⁶ Addor and Grazioli (n 447) 877.

interests.⁴⁶⁷ Some countries are reluctant to give up the power of their courts to determine the genericness of geographical indicators.⁴⁶⁸ “In general, if a geographic denomination becomes so associated with a product that customers regard it as the name of the product, regardless of its true geographic origin, then the term has become the generic name of the product. The criteria for such degeneration is public usage. That is, what does the public think the word denotes—the generic name of the product or a mark indicating merely one source of that product. Under United States law no one may claim exclusive rights to a generic term.” Therefore, it is difficult for the United States adherence to Madrid Agreement since “many foreign appellations have become generic in the United States for a wide variety of wines.”⁴⁶⁹

3.3.1.3 Lisbon Agreement for the Protection of Appellation of Origin and Their International Registration 1958

The object of the Lisbon Agreement for the Protection of Appellation of Origin and their International Registration is to deal with “the special case of appellations of origin as distinct from indications of source” because it was felt that “article 10 of the Paris Convention and the Madrid Arrangement did not ensure an effective protection of appellations of origin.”⁴⁷⁰ This agreement was, again, concluded under the French influence and the protection established by this agreement is very similar to the system that had already developed in France.⁴⁷¹ The Lisbon Agreement obliges its signatories “undertake to protect on their territories... appellations of origin of products of other countries of the Special Union.”⁴⁷² Article 2.1 of the Lisbon Agreement defines “appellation of origin” as “the geographical name of a country, region, or locality, which serves to designate a product originating therein,

⁴⁶⁷ McCarthy and Devitt (n 457) 206.

⁴⁶⁸ Ladas (n 446) 1600.

⁴⁶⁹ McCarthy and Devitt, (n 457) 206-207

⁴⁷⁰ Ladas (n 446) 1062 (noting that different legal approaches have been taken to appellations of origin and indications of source: Ladas (1062) further states the “constant position” of the International Bureau that “[t]he latter [indication of origin] involved the problem of suppression of false or misleading indications under the general rules of the law of unfair competition. Appellations of origin involve a property right in a name for the producers or manufacturers entitled to use such name by virtue of regulations of their own country or by virtue of Court decisions recognizing this right.”)

⁴⁷¹ Bernard O’Connor, *The Law of Geographical Indications* (Cameron May 2004) 178.

⁴⁷² Lisbon Agreement, art. 1(2).

the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.”⁴⁷³

It is said that this definition is derived from the French concept of “*appellations d’origine*.”⁴⁷⁴ The protection for appellation of origin under the Lisbon Agreement has been described as “absolute protection” by commentators.⁴⁷⁵ By virtue of Article 3, parties are obliged to protect appellations of origin 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.”⁴⁷⁶ And it prohibits any geographical indication to be considered generic, so long as the geographical indication is protected in the country of origin.⁴⁷⁷

The Lisbon Agreement also establishes a registration system for appellations of origin.⁴⁷⁸ This international registration, as Ladas has pointed out, would “serve the purpose of giving precise information to other countries on the appellation in question and also of defining the persons entitled to claim rights in the same.”⁴⁷⁹ The proposition of registration is that the country of origin must recognize and protect the appellation in question. Pursuant to Article 1(2), in order to qualify for registration at the International Bureau of WIPO, an “appellation of origin” must be “recognized” and “protected” in the “country of origin”, that is, “the country whose name, or the country in which is situated the region of locality whose name, constitutes the appellation of origin that has given the product its reputation.”⁴⁸⁰ The manner in which recognition takes place is determined by the domestic legislation of the country of origin.⁴⁸¹ Once an appellation is protected in its country of origin and registered with the WIPO, each member country to the Lisbon Agreement is required to protect that appellation

⁴⁷³ Lisbon Agreement, art. 2(1).

⁴⁷⁴ Conrad (451) 26.

⁴⁷⁵ McCarthy and Devitt (n 457) 208; Nguyen (n 451) 759.

⁴⁷⁶ Lisbon Agreement, art. 3.

⁴⁷⁷ Lisbon Agreement, art. 6.

⁴⁷⁸ The registration system is administered by WIPO: searchable database: “Lisbon Express” <<http://www.wipo.int/ipdl/en/lisbon/>>.

⁴⁷⁹ Ladas (n 446) 1602.

⁴⁸⁰ Lisbon Agreement, art. 2(2).

⁴⁸¹ WIPO, “General Overview of the Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration” <<http://www.wipo.int/export/sites/www/lisbon/en/docs/overview.pdf>>.

within its own borders—subject to a one year window in which the country “may declare that it cannot ensure the protection of an appellation of origin whose registration has been notified to it.”⁴⁸²

The Lisbon Agreement successfully provides a definition of appellation of origin, establishes an international registration system, and achieves “absolute protection” for appellations of origin for all categories of products. Nonetheless, the Lisbon Agreement has not been an attractive treaty.⁴⁸³ Up to 1970, only eight countries, namely, Cuba, France, Haiti, Hungary, Italy, Israel, Mexico, and Portugal joined the Lisbon Agreement. The number of contracting parties was 27 by early 2011.⁴⁸⁴ Two main reasons have been used to explain the Lisbon Agreement’s unpopularity. First, it is argued that the international protection is granted only if the geographical indication is protected in the country of origin “as such”; hence, the concept of protection through the law of unfair competition or the law of advertising is not recognized. A number of states are not willing to transform their system of protection in order to be compatible with the standards of the Lisbon Agreement.⁴⁸⁵ Cotton suggests that since “the treaty only applies to the appellations of origin “recognized and protected as such in the country of origin”, members may only give notice of those appellations protected by a legislative, administrative, or judicial act. This appears to define appellations of origin as those created by fiat by the state and controlled by the state—a public right, not a privately owned rights.”⁴⁸⁶ One further reason for the unpopularity of the Lisbon Agreement lies in its treatment of the generic issue.⁴⁸⁷ McCarthy and Veronica Devitt accurately stated that:

“The unpopularity of the Lisbon Arrangement...is in no small measure attributable to its treatment of genericness. Under the Lisbon Arrangement an appellation of origin cannot be

⁴⁸² A general introduction to the operation of the Lisbon system, see Justin Hughes, ‘Champagne, Feta, and Bourbon: The Spirited Debate about Geographical Indications’ 58 *Hastings L. J.* (2006) 299, 312.

⁴⁸³ As of May 2010, there are 26 contracting parties
<http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=10>.

⁴⁸⁴ WIPO <http://www.wipo.int/treaties/en/statistics/StatsResults.jsp?treaty_id=10&lang=en>.

⁴⁸⁵ Conrad (n 451) 26. See also Michael Blakeney, ‘Geographical Indications and Trade’ 6 *Int T L R* (2000) 48, 52.

⁴⁸⁶ Amy P. Cotton, ‘123 Years at the Negotiating Table and still No Dessert? The Case in Support of TRIPS Geographical Indication Protections’ 82 *Chi-Kent L Rev* (2007) 1295, 1303.

⁴⁸⁷ Michael Blakeney (n 485) 52; Eva Gutierrez, ‘Geographical Indicators: A Unique European Perspective on Intellectual Property’ 29 *Hastings Int’l & Comp L Rev* (2005) 29, 34; Nguyen (n 451) 760; McCarthy and Devitt (n 457) 208; Conrad (n 451) 26.

deemed generic by any of the members of the Special Union as long as it is protected in its country of origin, which is the country in which the named region or locality is situated.”⁴⁸⁸

Thus, the United States is not a member again mainly because of the generic issue.⁴⁸⁹

3.3.2 The disagreement and compromise during the Uruguay Round Negotiations

In the spring of 1990, the EU tabled a Draft Agreement containing a section dealing with “geographical indications including appellations of origin”.⁴⁹⁰ The EU Draft provided a definition of geographical indications, (which is based on the appellation of origin).⁴⁹¹ It also laid down a series of “restricted acts”, which were considered by the EU as constituting an act of unfair competition, including use which is susceptible to mislead the public as to the true origin of the product. More specifically, these acts included “any direct or indirect use in trade in respect of products not coming from the place indicated or evoked by the geographical indication in question”, “any usurpation, imitation or evocation, even where the true origin of the product is indicated or the appellation or designation is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like; and “the use of any means in the designation or presentation of the product likely to suggest a link between the product and any geographical area other than the true place of origin.”⁴⁹²

⁴⁸⁸ McCarthy and Devitt (n 457) 208.

⁴⁸⁹ McCarthy and Devitt (n 457) 208.

⁴⁹⁰ GATT, “Draft Agreement on the Trade-Related Aspects of Intellectual Property, Communication from the European Community” GATT Doc. No. MTN.GNG/NG11/W/68 (Mar. 29 1990) [hereinafter EU Draft].

⁴⁹¹ EU Draft (n 490), art. 19 reads “Geographical indications are, for the purpose of this agreement, those which designate a product as originating from a country, region or locality where a given quality, reputation or other characteristic of the product is attributable to its geographical origin, including natural and human factors.”

⁴⁹² EU Draft (n 490) art. 20.

The EU's proposal was resisted by some former immigrant countries, like the USA, Australia and Canada.⁴⁹³ EU's demand was also opposed by many Latin American countries under the concern that as "former colonies of European nations, their businesses would suffer if geographic indications linked to past colonial powers were now seen as trademark infringement."⁴⁹⁴ They claim that protection of geographical indications has to be limited to cases where the public is misled, and that generic or semi-generic indications are not capable of enjoying protection at all.⁴⁹⁵ Thus, this disagreement does not follow the North-South division typical in other topics of intellectual property negotiations. It is, instead, described as "North-North division"⁴⁹⁶, "New World v. Old World",⁴⁹⁷ or "immigrant v. emigrant countries"⁴⁹⁸

The resistance by the New World has its historical and industrial background. While European countries developed different specialty cheese over centuries, the United States producers acquired knowledge of cheese production from immigrants who brought the production processes from their countries of origin. Thus, US-produced cheeses are almost entirely derivatives of European originals. Gradually, US consumers have come to recognize the names of cheeses which originated in Europe as a type of a product, not a location. Because US consumers' general attitude regarding the substitutability of cheeses as well as the fact that the most US produced cheeses are based on traditional European cheeses, the US is reluctant to restrict the use of GIs.⁴⁹⁹

⁴⁹³ LA Lindquist, 'Champagne or Champagne? An Examination of U.S. Failure to Comply with the Geographical Provisions of the TRIPS Agreement' 27 *Ga J Int'l & Comp L* (1999) 309, 315-6; Stacy D Goldberg, 'Who Will Raise the White Flag? The Battle between the United States and the European Union over the Protection of Geographical Indications' 22 *U Pa J Int'l Econ L* (2001) 107, 109-110.

⁴⁹⁴ Ross and Wasserman (n 313) 2302-2304.

⁴⁹⁵ Anthony Howard and Jorg Reinbothe, 'The State of Play in the Negotiations on Trips (GATT/Uruguay Round)' 13 *EIPR* (1991) 157, 161.

⁴⁹⁶ Conrad (n 451) 29-31

⁴⁹⁷ Murphy (n 401) 1186; Lina Montén, 'Geographical Indications of Origin: Should They Be Protected and Why?—An Analysis of the Issue from the U.S. and EU Perspectives' 22 *Santa Clara Computer & High Tech L J* (2005-2006) 315, 315; Hughes (n 482) 301-302.

⁴⁹⁸ José Manuel Cortés Martín, 'TRIPS Agreement: Towards a Better Protection for Geographical Indications?' 30 *Brook J Int'l L* (2004) 117, 127.

⁴⁹⁹ Ivy Doster, 'A Cheese by Any Other Name: A Palatable Compromise to the Conflict over Geographical Indications' 59 *Vand L Rev* (2006) 873, 890-891.

Similar development can be found in the wine industry in US, Australia, and New Zealand. European settlement in the US goes back to the late 16th century, but it was two centuries later that wine was first successfully produced there. The first successful commercial wine production in the US began in Indiana around 1806.⁵⁰⁰ In the 1800s, the United States experienced a huge influx of immigrants from Europe. Many of these immigrants brought their wine-making skills and vine cuttings with them. These growers named the wines they produced after the regions from which they came. American wine producers at the end of the twentieth century continue to produce wines bearing these designations.⁵⁰¹ The “Prohibition” is generally considered the period in the US, 17 January 1920 to 5 December 1933, during which, the “manufacture, sale, or transportation of intoxicating liquors” throughout the country was prohibited. The Prohibition had disastrous consequence to US wine industry.⁵⁰² The Second World War, by cutting off European supplies, brought new prosperity to US wine industry. American wines, after “the bad old examples set in the 19th century, continued to use generic names such as Burgundy, Chablis, Sherry, and Champagne.”⁵⁰³ In the late eighteenth century Australian settlers brought vine cuttings with them. Between 1820 and 1840 commercial viticulture was progressively established in Australia.⁵⁰⁴ During the 1840s, influential colonists encouraged European vintners to migrate to Australia to assist settlers in their winemaking efforts. As a result of these migrations, Australian began to use European geographical indications as wine types. Some Australian wineries continue to use European GIs to identify various domestically produced wines.⁵⁰⁵ New Zealand Missionaries were responsible for New Zealand’s first grapevines in the early nineteenth century.⁵⁰⁶ New Zealand also tried to lure European wine makers to establish a wine industry. Many European geographical designations appear on wine currently produced in New Zealand as well.⁵⁰⁷

Later, the United States tabled a Draft Agreement also containing a section dealing with the protection of “geographical indications including appellation of origin.”⁵⁰⁸ The US proposal

⁵⁰⁰ Jancis Robinson, *The Oxford Companion to Wines* (3rd edn, OUP 2006) 719.

⁵⁰¹ Lindquist (n 493) 313.

⁵⁰² Robinson (n 500) 549.

⁵⁰³ Robinson (n 500) 720.

⁵⁰⁴ Robinson (n 500) 42.

⁵⁰⁵ Lindquist (n 493) 313-314.

⁵⁰⁶ Robinson (n 500) 480.

⁵⁰⁷ Lindquist (n 493) 314.

⁵⁰⁸ GATT, “Draft Agreement on the Trade-Related Aspects of Intellectual Property Rights, Communication from the United States” GATT Doc. No. MTN.GNG/NG11/W/70 (May 11 1990) [hereinafter US Draft].

did not define the term geographical indications. It obliges contracting parties to “protect geographic indications that certify regional origin by providing for their registration as certification or collective marks.”⁵⁰⁹ It also mandates the protection for “non-generic appellations of origin for wine by prohibiting their use when such use would mislead the public as to the true geographic origin of the wine.”⁵¹⁰ As pointed by commentators, generally speaking, whereas the EU demanded high level of protection of GIs based on the concept of unfair competition, prohibiting even the use of GIs even when accompanied by words such as “type” or “style” and the “rollback” of a list of terms used as generic terms in other countries, the US proposed a lower level of protection based on misuse and “some type of grandfathering for existing terms”⁵¹¹ “Furthermore, the EC proposal placed the burden on governments to monitor what might be considered a geographical indication, rather than requiring manufacturers to register”⁵¹²

The final inclusion of GIs in the TRIPS Agreement has been described as “a classic compromise.”⁵¹³ The limited success of EU was as follows (i) the inclusion of GIs as a category of IP in the TRIPS Agreement; (ii) a definition of GIs; (iii) the higher level of protection for wines and spirits and (iv) the built-in clauses for further negotiations. For the US the success was (i) the standard protection for GIs for all goods; (ii) an array of exceptions and (iii) room for interpretation and implementation of Articles 22 to 24 indicate that “the most on which these parties could agree was that, in principle, GIs should be included in a multilateral agreement on intellectual property.”⁵¹⁴ The incoherence in terms of level of protection that WTO Members are obliged to provide EC-levels of protection for wine and spirit GIs but lower for other GIs and issues were left open for further negotiation are viewed as “testament to the deep divisions over how GIs ought to be protected.”⁵¹⁵ According to Okediji, the EU agreed to compromise because, first, the EU had a “responsibility and a stake in ensuring a successful outcome of the TRIPS negotiations” to secure other key areas of the TRIPS Agreement common to U.S./EU interests. Secondly, the

⁵⁰⁹ US Draft (n 508) art. 18.

⁵¹⁰ US Draft (n 508) art. 19.

⁵¹¹ Ross and Wasserman (n 313) 2304. See also Conrad (n 451) 29-30.

⁵¹² Ross and Wasserman (n 313) 2304.

⁵¹³ Christine Haight Farley, ‘Conflicts between U.S. Law and International Treaties Concerning Geographical Indications’ 22 Whittier L Rev (2000-2001) 73, 77.

⁵¹⁴ Michael Handler, ‘The WTO Geographical Indications Dispute’ 69 MLR (2006) 70, 71. See also Ross and Wasserman (n 313) 2305.

⁵¹⁵ Handler (n 514) 71. See also Ross and Wasserman (n 313) 2305.

EU could compromise also because its principal interests in GI protection, that is, wines and spirits, had been satisfied.⁵¹⁶

3.4 GIs under Articles 22 to 24

Articles 22 to 24 can be considered as consisting of five main elements: (i) a definition of GIs; (ii) substantive standards of protection for GIs for all goods; (iii) substantive standards of protection for GIs for wines and spirits; (iv) an array of exceptions to protection and (v) mandate for further negotiations.⁵¹⁷

The TRIPS Agreement does not specify the legal means to protect GIs. This is left for Members to decide.⁵¹⁸ As the TRIPS does not specify the legal means, WTO Members may choose to “implement in their law more extensive protection than is required by Agreement, provided that such protection does not contravene the provisions of this Agreement.”⁵¹⁹ WTO Members are also “free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.”⁵²⁰

3.4.1 Subject matter that may be protected by GIs

⁵¹⁶ Ruth L Okediji, ‘The International Intellectual Property Roots of Geographical Indications’ 82 *Chi-Kent L Rev* (2007) 1329, 1350. Okediji goes on lamenting the “losing interests” of such a compromise that: “The losing interests here were not developing countries as such; and what prevailed were also not developed countries. Instead, the outcome of the TRIPS Agreement on GIs reflected the triumph of methods and processes of production divorced from social contexts that might cause a return to considerations of the value of the product over the symbol.”

⁵¹⁷ Hughes (n 482) 314; Scott Danner, ‘Not Confused? Don’t be Troubled: Meeting the First Amendment Attack on Protection of “Generic” Foreign Geographical Indications’ 30 *Cardozo L Rev* (2008-2009) 2257, 2263.

⁵¹⁸ Michael Blakeney, ‘Geographical Indications and TRIPS’, in Meir Perez Pugatch (ed.) *The Intellectual Property Debate: Perspectives from Law, Economics and Political Economy* (Edward Elgar 2006) 293-304, 293.

⁵¹⁹ TRIPS Agreement, art. 1.1.

⁵²⁰ TRIPS Agreement, art. 1.1.

The TRIPS Agreement is the first multilateral treaty dealing with the notion of geographical indications as such.⁵²¹ Thus, it is argued that “geographical indications as we think of them today are legal constructs of the TRIPS Agreement.”⁵²² Article 22.1 of the TRIPS Agreement defines “geographical indications” as “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.”⁵²³ According to the WTO, examples of such indications include “Champagne”, “Tequila” or “Roquefort”⁵²⁴

If the definitions of indication of source, appellation of origin and geographical indication are compared with each other, the following can be observed. First, Indication of source is the broadest term among the three. The definition of indications of source does not require any special quality, characteristic or reputation of the identified product. It only requires that the product on which the indication of source is used originate in a certain geographical area. Thus, the concept of indications of source comprises geographical indication and appellation of origin. Secondly, geographical indications are more broadly defined than appellations of origin. The Lisbon Agreement limits appellations of origin to the criteria of quality and characteristics of a product attributable to its geographical origin, whereas the TRIPS Agreement also mentions the reputation of the product.⁵²⁵

Diagram 1: The relation between the definitions of indications of source, GIs, and appellations of origin (based on Addor and Grazioli (2002) 870)

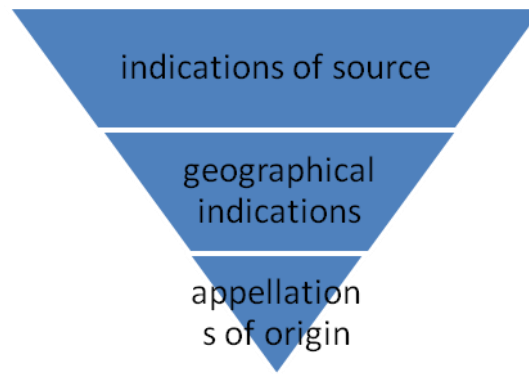
⁵²¹ Daniel Gervais, ‘Reinventing Lisbon: The Case for a Protocol to the Lisbon Agreement (Geographical Indications)’ 11 *Chi J Int’l L* (2010-2011) 67, 84. WIPO, ‘The Definition of Geographical Indications’ SCT/9/4 (October 1, 2002) 2 at n.2 (noting that prior to the TRIPS Agreement, the term “geographical indications” was used as an umbrella term for “indication of source” and “appellation of origin.” A draft treaty formulated in 1974-75 under the auspices of WIPO settled upon the term “geographical indications” as a convenient means of comprehending within a single phrase both previous international treaty expressions of “indication of source” and “appellation of origin.”)

⁵²² Okediji (n 516) 1340.

⁵²³ TRIPS Agreement, art. 22.1.

⁵²⁴ WTO, “Geographical Indications Background and the Current Situation” <http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm> (visited September 26, 2011).

⁵²⁵ Addor and Grazioli (n 447) 869; WIPO, ‘Document SCT/6/3/Rev. on Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Obtaining Protection in Other Countries’ SCT/8/4 (April 2 2002) 4.



The subject matter of GIs is indications. To qualify for protection, the indication in question must satisfy two criteria. First, it must be able to “identify a good as originating” in a specific geographical area. Second, the good must have “a given quality, reputation or other characteristic” which is essentially attributable to its geographical origin.⁵²⁶ Under this good-place nexus criterion, the protectability of GIs depends not only on the nature of the indication but also on the nature of the good identified. This contrasts sharply with trademarks. TRIPS Agreement specifically provides that the nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.⁵²⁷ Thus, not all geographical terms or marks are GIs within the meaning of Article 22.1.⁵²⁸ In other words, nations that are parties to TRIPS must ban the use of a geographical term or device for a good only when both of the following requirements are satisfied. The TRIPS Agreement, however, does not provide any further test for determining when a given quality, reputation or other characteristic of a good can be deemed “essentially attributable” to its geographical origin.⁵²⁹ Nonetheless, it is argued that, to qualify as a GI, the good identified must be “inextricably linked to a particular locale”⁵³⁰ or, there must be “an essential land/qualities connection”,⁵³¹ because “substance of the concept” of GIs is that they are “used to demonstrate a link between the origin of the product to which it is applied and a given quality, reputation or other characteristic that the product derives from that origin.”⁵³²

⁵²⁶ WIPO (n 521) 3.

⁵²⁷ The TRIPS Agreement, art. 15.4.

⁵²⁸ Brauneis, R and Schechter, RE, ‘Geographical Trademarks and the Protection of Competitor Communication’ 96 TMR (2006) 782, 837.

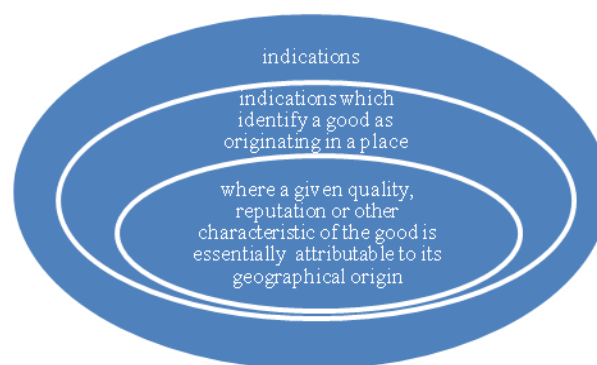
⁵²⁹ Eleanor K. Meltzer, ‘TRIPS and Trademarks, or—GATT Got Your Tongue?’ 83 TMR (1993) 18, 31-32.

⁵³⁰ Heald (n 389) 644.

⁵³¹ Hughes (n 482) 315.

⁵³² Dev Gangjee, ‘Quibbling Siblings: Conflicts between Trademarks and Geographical Indications’ 82 Chi-Kent L Rev (2007) 1253, 1255.

Diagram 2: The structure of GIs as defined under Article 22.1 of the TRIPS Agreement: “Indication” is the broadest concept. The scope of “indications which identifies a good as originating in a place” is broader than an indication which identifies a good as originating in a place “where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.”



The unique structure of GI definition may raise one further problem. Logically speaking, any legal measures protecting “indications which identify a good as originating in the territory of a Member, or a region or locality in that territory” will, at the same time, cover any a GI that meets the further criterion of “where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.” This phenomenon is noticed by Heald. According to Heald, the failure of the US Congress to define GIs may in fact work to foreign industry because “[w]ithout this restrictive definition in the Lanham Act, the argument could be made that any mark containing a word that has a geographic connotation, such as “Champagne” or “Scotch,” is unregistrable...when applied to goods coming from outside the indicated region.”⁵³³

⁵³³ Heald (n 389) 652.

3.4.2 Protection afforded

The TRIPS Agreement mandates two levels of protection for GIs. The differential treatment was not based on economic or any other form of logic, but rather was the result of historical negotiation and specific circumstances that were particular to the wine sector. It had been agreed as a significant concession in the Uruguay Round, not because of any belief in its inherent merits.⁵³⁴ The explanation of this structure is that the baseline protection for GIs reflects U.S. trademark justifications, which is based on the prevention of consumer confusion and unfair competition. The additional protection for wines and spirits represents the European victory.⁵³⁵ However, the TRIPS Agreement does not provide theoretical explanation for the higher level of protection for wines and spirits. According to Dudas, the Deputy under Secretary of Commerce for Intellectual Property of the United States, the higher level of protection for GIs for wine and spirits is demanded by the EC. The United States agreed to the European demands for the provisions because the TRIPS Agreement includes exceptions which are deemed as sufficient to protect U.S. industries.⁵³⁶

3.4.2.1 Protection for GIs for all goods

(1) Acts to be prevented

Article 22.2(a) obliges WTO Members to provide the legal means for interested parties to prevent the use of “any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place

⁵³⁴ WTO, ‘Issues related to the extension of the protection of geographical indications provided for in Article 23 of the TRIPS Agreement to products other than wines and spirits’ (Compilation of issues raised and views expressed) WTO Doc. TN/C/W/25 (18 May 2005) p. 4, para. 9.

⁵³⁵ Danner (n 517) 2257, 2263.

⁵³⁶ Jon W. Dudas, ‘Statement of Jon W. Dudas Deputy under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office before the Committee on Agriculture U.S. House of Representatives’ (July 22, 2003) <<http://www.uspto.gov/web/offices/com/speeches/stratplan2003apr03.htm>>.

of origin in a manner which misleads the public as to the geographical origin of the good”⁵³⁷ This provision can be understood as having three requirements: (i) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area; (ii) the good in question does not originate in that geographical area; (iii) the public is misled.

Article 22.2(b) obliges WTO Members to provide the legal means for interested parties to prevent “any use which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (1967).”⁵³⁸ The “repression of unfair competition” is one of the objects protected under the Paris Convention.⁵³⁹ Article 10*bis* of the Paris Convention of the Brussels Revision Conference of 1900 established a basic rule concerning protection against unfair competition.⁵⁴⁰ The Paris Convention provides in Article 10*bis* that the countries of the Union are bound to assure to persons entitled to benefit from the Convention effective protection against unfair competition. The Convention does not specify the manner in which such protection should be granted, leaving this to the laws existing in each of the member countries.⁵⁴¹ It is argued that member States are not obliged to introduce special legislation to this effect if their existing general legislation—for example, provisions of civil law directed against torts or principles of common law—suffices to assure effective protection against unfair competition.⁵⁴²

Article 10*bis* essentially consists of a general clause and three specific cases. This structure is said to be a compromise between the continental European legal tradition, which preferred broad prohibitions based on a general clause, and the British approach that preferred narrowly defined cases.⁵⁴³ Article 10*bis* broadly defines unfair competition as any act contrary to

⁵³⁷ TRIPS Agreement, art. 22.2(a).

⁵³⁸ TRIPS Agreement, art. 22.2(b).

⁵³⁹ Paris Convention, art. 1(2) reads: “The protection of industrial property has as its objects patents, utility models, industrial designs, trademarks, trade names, indications of source or appellations of origin, and the repression of unfair competition.”

⁵⁴⁰ Bodenhausen (n 445) 142.

⁵⁴¹ WIPO handbook (2004) 259.

⁵⁴² Bodenhausen (n 445) 143.

⁵⁴³ Frauke Henning-Bodewig, ‘International Unfair Competition Law’ in Reto M. Hilty and Frauke Henning-Bodewig (eds.) *Law against Unfair Competition: Towards a New Paradigm in Europe?* (Springer 2007) 53-60, 55.

honest practices in industrial or commercial matters. The idea behind this definition is that a “particular act of competition is to be condemned as unfair because it is inconsistent with currently accepted standards of honest practice.”⁵⁴⁴ However, what is to be understood by “competition” is to be determined in each country according to its own concept. If a judicial or administrative authority of the country where protection is sought finds that an act complained of is contrary to honest practices in industrial or commercial matters, it will be obliged to hold such act to be an act of unfair competition and to apply the sanctions and remedies provided by its national law.⁵⁴⁵ Article 10bis also lists three types of practices which shall, in particular, be prohibited. The first is of all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor.⁵⁴⁶ These acts cover not only the use of identical or similar marks or names, which could be attacked as an infringement of proprietary rights, but also the use of other means which can create confusion. Such could be the form of packages, the presentation or style used on products and on their corresponding outlets or points of distribution, titles of publicity, etc.⁵⁴⁷ The second is of false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor.⁵⁴⁸ It has been left to the domestic legislation or case law of each country to decide whether, and in what circumstances, discrediting allegations which are not strictly untrue may also be considered acts of unfair competition.⁵⁴⁹ thirdly, indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods are banned⁵⁵⁰ This final provision may be distinguished from the previous cases to the extent that it is concerned with the interests and well-being of the public and is one of the provisions in the Convention that is more directly related to the consumer protection role of industrial property.⁵⁵¹

⁵⁴⁴ Patricia V. Norton, ‘The Effect of Article 10bis of the Paris Convention on American Unfair Competition Law’ 68 Fordham L Rev (1999) 225, 239.

⁵⁴⁵ Bodenhausen (n 445) 144.

⁵⁴⁶ Paris Convention, art. 10bis(i).

⁵⁴⁷ WIPO Handbook (2004) 259.

⁵⁴⁸ Paris Convention, art. 10bis(ii).

⁵⁴⁹ WIPO Handbook (2004) 259.

⁵⁵⁰ Paris Convention, art. 10bis(3).

⁵⁵¹ WIPO Handbook (2004) 259.

(2) GIs v. trademark registration

Article 22.3 obliges a WTO Member to refuse or invalidate the registration of a trademark, either *ex officio* or at the request of an interested party, if the trademark in question (i) contains or consists of a GI; (ii) the good identified by that trademark does not originate in the territory indicated and (iii) the use of the indication in the trademark for such goods in that Member misleads the public as to the true place of origin.⁵⁵²

Thus, the fact that a trademark contains or consists of a GI *per se* is insufficient for the refusal or invalidation of its registration. What is outlawed under Article 22.3 is the registration of a false geographical indication which misleads the public as to the true place of origin.⁵⁵³ A US food company, Pepperidge Farms, for example, registered a line of cookies named after European place names, such as, BORDEAUX®, GENEVA®, MILANO®, VERONA®, BRUSSELS®, etc.⁵⁵⁴ Registration of such names may not violate Article 22.3 on the ground that they do not mislead American consumers as to the true place of origin of these cookies.⁵⁵⁵ Under United States law, a false geographic designation can be registered as a trademark if it is deemed to be “arbitrary.” An arbitrary mark is one that does not lead to a false “goods-place” association on the part of the public, or in other words, does not lead the public into believing that the goods originate in the place named. For example, NANTUCKET might be arbitrary as applied to certain men’s clothing, though not as applied to sailboats.⁵⁵⁶

⁵⁵² TRIPS Agreement, art. 22.3.

⁵⁵³ Peter M. Brody, ‘Protection of Geographical Indications in the Wake of TRIPs: Existing United States Laws and the Administration’s Proposed Legislation’ 84 TMR (1994) 520, 522.

⁵⁵⁴ Pepperidge Farm <<http://www.pepperidgefarm.com/ProductLanding.aspx?catID=715>> (visited September 18, 2011).

⁵⁵⁵ Hughes (n 482) 317.

⁵⁵⁶ Peter M. Brody (n 553) 522. About “NANTUCKET”, see *In re Nantucket, Inc.*, 677 F2d 95, 213 USPQ 889 (CCPA 1982),

(3) Homonymous names

The Shorter Oxford Dictionary defines the word ‘homonym’ as ‘each of two or more words having the same written form but of different meaning and origin’.⁵⁵⁷ And ‘homonymous’ is defined as ‘employing the same name for different things, equivocal, ambiguous’; ‘having the same name’; or ‘having the written or spoken form but differing in meaning and origin.’⁵⁵⁸ “The protection under paragraphs 1, 2 and 3 shall be applicable against a geographical indication which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory.”⁵⁵⁹ It is said that the purpose of this provision is to regulate the homonymous use of GIs.⁵⁶⁰ Homonymous indications refer to the situation where “two geographical names which are spelled and pronounced alike, but which designate the geographical origin of products stemming from different countries.”⁵⁶¹ An example of such geographical indications is “Rioja” wine produced in both Argentina and Spain.⁵⁶² Gervais further explains the cause of such a phenomenon: “...a phenomenon known as homonymous indications. This may happen in the case of former colonies, for example: if French nationals emigrated to another country and founded a village or town, they may have given it the name of their village or region of origin, which may be famous for a special kind of cheese. In such a case, the “second” village produced cheese under its name it could (depending on circumstances of each case, of course) false represent the origin of the cheese in minds of the average consumer, especially in international trade, thereby free-riding on the reputation acquired by the first users of the indication.”⁵⁶³

3.4.2.2 Additional protection for GIs for wines and spirits

⁵⁵⁷ *The Oxford Shorter Dictionary* (2004) 1161

⁵⁵⁸ *The Oxford Shorter Dictionary* (2004) 1162.

⁵⁵⁹ TRIPS Agreement, art. 22.4.

⁵⁶⁰ Carlos M. Correa, *Trade Related Aspects of Intellectual Property Rights: A Commentary on the TRIPS Agreement* (OUP 2007) 231; Gervais (n 313) 303.

⁵⁶¹ Addor and Grazioli (n 447) 879.

⁵⁶² Gervais (n 313) 306 at n. 419.

⁵⁶³ Gervais (n 313) 303.

Additional level of protection for GIs for wines and spirits is laid down in Article 23 of the TRIPS Agreement. Protection provided under Article 23 applies only to and between geographical indications for wines and spirits. Thus, the scope of additional protection is limited to the use of geographical indication for other wines and spirits.⁵⁶⁴ The main feature of Article 23, which is also the reason why it is regarded as conferring stronger protection, is that it eliminates any requirement of likelihood of confusion or being misled.⁵⁶⁵ Again, no specific legal mechanism or measure is mandated by the TRIPS Agreement. Members are only required to provide “legal means for interested parties” to prevent certain types of acts.

(1) Acts to be prevented

Article 23.1 obliges WTO Members to provide the legal means for interested parties to prevent a GI for wines or spirit drinks being used to identify wines or spirit drinks “not originating in the place indicated by the geographical indication in question”. The protection provided by Article 23.1 is extended to the situation “even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like.”⁵⁶⁶ In other words, Article 23.1 simply outlaws any incorrect use of GIs, even if the indication would not be misleading or unfair.⁵⁶⁷

⁵⁶⁴ Gervais (n 313) 306. One problem that may arise here is the definition of “wines and spirits”, which is not provided in the TRIPS Agreement. There is no agreed definition of the term “wines and spirits.” Gervais (p. 305) suggests that one might consider referring to CH.22 of the Harmonized System.

⁵⁶⁵ Reichman (n 379) 363.

⁵⁶⁶ Footnote to Article 23.1 of the TRIPS Agreement states that: “Notwithstanding the first sentence of Article 42, Members may, with respect to these obligations, instead provide for enforcement by administration action.” The first sentence of Article 42 obliges WTO Members to “make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement.” Therefore, WTO Members are not obliged to provide civil judicial procedures concerning the enforcement of Article 23.1.

⁵⁶⁷ Gervais (n 313) 305. Alternatively, Martín ((n 498) 130) uses the expression “inconsistent use of a GI which does not mislead the public as to its true origin...” As to the difference between Article 23.1 and Article 22.2, Goldberg (n 493) 120 states that Article 23.1 provides protection “even where there is no danger of the public being misled.”

The TRIPS Agreement mandates WTO Members to make available to right holders, including federations and associations having legal standing to assert such rights,⁵⁶⁸ civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement.⁵⁶⁹ It is noteworthy that the enforcement procedures concerning the higher level of protection for GIs for wines and spirits as laid down in Article 23.1 constitute derogation from Article 42. That is, with respect to the obligation under Article 23.1, WTO Members may simply provide for enforcement by administration.⁵⁷⁰

There are two main differences between the basic level of protection provided in Article 22 and the higher level of protection provided in Article 23. First, whereas the basic protection under Article 22.2 is based on misleading the public or unfair competition, the higher level of protection provided in Article 23 is based simply on the fact that the use of GI is incorrect and “there is no need here to show that the public might be misled or that the use constitutes an act of unfair competition.”⁵⁷¹ Secondly, the scope of protection under Article 23 is extended to the situation where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like.⁵⁷² Thus, whereas it is unlawful to use designations such as “sparkling wine in the style of champagne, produced in Chile” or “Napa Valley Wine of France”, it may be permissible to use “Roquefort cheese, produced in Norway” or “Bukhara carpets, made in U.S.A.” In the latter cases, a judge would probably consider that these designations do not mislead the public, since the true origin of the product is actually indicated.⁵⁷³ Consequently, protection of geographically significant foodstuffs thus requires that producers meet a burden of proof not required of producers of geographically-significant wines and spirits.⁵⁷⁴

⁵⁶⁸ TRIPS Agreement, footnote 39.

⁵⁶⁹ TRIPS Agreement, art. 42.

⁵⁷⁰ Footnote to art. 23.1 of the TRIPS Agreement

⁵⁷¹ Gervais (n 521) 102.

⁵⁷² Discussions on the differences, see Gervais (n 313) 305; Addor and Grazioli (n 447) 879; O’Connor (n 471) 57.

⁵⁷³ Addor and Grazioli (n 447) 879.

⁵⁷⁴ Lilian V. Faulhaber, ‘Cured Meat and Idaho Potatoes: A Comparative Analysis of European and American Protection and Enforcement of Geographical Indications of Foodstuffs’ 11 *Colum J Eur L* (2005) 623, 625.

(2) GIs v. trademark registration

Article 23.2 obliges WTO Members to refuse or invalidate the registration of a trademark, either ex officio or at the request of an interested party, if (i) the trademark in question is for wines or spirits; (ii) the trademark in question contains or consists of a geographical indication identifying wines or spirits and (iii) the trademark in question is used to identify wines or spirits not having this origin.⁵⁷⁵

(3) Homonymous names

Homonymous use of GIs for wines and spirits is dealt with in Article 23.3. In the case of homonymous geographical indications for wines, protection shall be accorded to each indication, subject to the provisions of paragraph 4 of Article 22. Each Member shall determine the practical conditions under which the homonymous indications in question will be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled.⁵⁷⁶

3.4.3 Exceptions to protection

Article 24.4 to 9 provides a series of exceptions to GI protection:

(i) The Grandfather Clause. Under Article 24.4, a WTO Member is not obliged to prevent its nationals or domiciliaries from using another Member's GIs for wines or for spirit drinks to

⁵⁷⁵ TRIPS Agreement, art. 23.2.

⁵⁷⁶ TRIPS Agreement, art. 23.3.

identify their own goods or services as long as such use is in a continuous manner with regard to the same or related goods or services in the territory of that Member and for at least 10 years preceding 15 April 1994 or in good faith preceding that date.⁵⁷⁷ This clause is referred to as a “grandfathering clause”,⁵⁷⁸ which can generally be understood as a “statutory or regulatory clause that exempts a class of persons or transactions because of circumstances existing before the new rule or regulation takes effect.”⁵⁷⁹ It aims to provide “safeguard” to protect prior users.⁵⁸⁰ Cordray notes that the insertion of such grandfathering rights are most likely a compromise between the French wineries, claiming IPRs in geographic regions, e.g., burgundy wine, and the U.S. wineries using French geographical indications, such as burgundy, to identify their wines.⁵⁸¹

(ii) Good Faith Exception for Trademarks: Article 24.5 states that the eligibility for or the validity of the registration of a trademark is not affected on the basis that such a trademark is identical with, or similar to, a GI where the trademark has been applied for or registered in good faith, or rights to the trademark have been acquired through use in good faith either before the date of application of these provisions in that Member as defined in Part VI or before the geographical indication is protected in its country of origin.⁵⁸² The good faith exception, as argued by Lindquist, may, however, be easily eliminated because under normal circumstance “no vintner could argue that he did not realize Burgundy, France was a region known for its wines.”⁵⁸³

(iii) Generic Exception. Pursuant to Article 24.6, WTO Members have no obligation to protect a GI of another country if that GI in question “is identical with the term customary in common language as the common name for such goods or services in the territory of that

⁵⁷⁷ TRIPS Agreement, art. 24.4.

⁵⁷⁸ Gervais (n 313) 315; Lindquist (n 493) 309; Heald (n 389) 651.

⁵⁷⁹ Bryan A. Garner (ed.) *Black's Law Dictionary* (7th edn, West Group 1999) 706.

⁵⁸⁰ Gervais (n 313) 314.

⁵⁸¹ Monique L. Cordray, ‘GATT v. WIPO’ 76 JPTOS (1994) 121, 128-9.

⁵⁸² TRIPS Agreement, art. 24.5.

⁵⁸³ Lindquist (n 493) 330: Lindquist continues to argue in the context of US law that the good faith exception when read in conjunction with the ten year exception would create unfair advantage for older wineries: “The ten year exception... Thus, it appears vintner who began their production in 1985, nine years before TRIPS, may not use the semi-generic names as wine types under the TRIPS Agreement. This difference in treatment creates a situation where older wineries could have an unfair advantage.”

Member.”⁵⁸⁴ It is commented that this provision provides a general exception for geographical terms that have become generic in a WTO member.⁵⁸⁵ The limitation on generic words allows Argentine vintners to continue to make “Champagne” sparkling wine and South African farmers to continue to see “Camembert” cheese.⁵⁸⁶

(iv) Grape Variety Names Exception. The second sentence of Article 24.6 exempts WTO Members from protecting “a geographical indication of any other Member with respect 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 Member as of the date of entry into force of the WTO Agreement.”⁵⁸⁷

(v) Five-Year Time Limit. Article 24.7 allows WTO Members to set a five-year time limit within which the right to invalidate or refuse registration of a trademark contains or consists of a GI must be exercised. It has been observed that Article 24.7 “is directed at negotiating the very complex trademark-GI relationship” and “aims at providing a degree of legal security to trademark holders”.⁵⁸⁸

(vi) Own Name Exception. It is recognized as an exception to GI protection that any person has right “to use, in the course of trade, that person’s name or the name of that person’s predecessor in business, except where such name is used in such a manner as to mislead the public.”⁵⁸⁹

(vii) Dependency Exception. There is no obligation to protect “geographical indications which are not or cease to be protected in their country of origin, or which have fallen into

⁵⁸⁴ TRIPS Agreement, art. 24.6.

⁵⁸⁵ Lindquist (n 493) 331; Hughes (n 482) 319.

⁵⁸⁶ Hughes (n 482) 319.

⁵⁸⁷ TRIPS Agreement, art. 24.6.

⁵⁸⁸ D. Rangnekar, ‘Geographical Indications: A Review of Proposals at the TRIPS Council: Extending Article 23 to Products Other than Wines and Spirits (UNCTAD-ICTSD 2003) 24.

⁵⁸⁹ TRIPS Agreement, art. 24.8.

disuse in that country.”⁵⁹⁰ It is commented that this provision establishes a form of “dependency”.⁵⁹¹ According to Correa, “there would be no reason to protect a foreign geographical indication if it is not recognized in the country where it originates, or where it is not actually used in trade.”⁵⁹² One possible consequence of this dependency exception is that an indication destined exclusively for export markets may not have to be protected under TRIPS.⁵⁹³ Addor and Grazioli argue that under the dependency exception, actions at national level are needed to take advantage of GI protection. It is crucial that WTO Members are aware of the key role that the establishment of a national system of protection for their own GIs plays, in order to be sure that their GIs are recognized and protected internationally under the TRIPS Agreement.⁵⁹⁴

When compared with exceptions to trademarks, these exceptions are highly technical and detailed. Article 17 of TRIPS Agreement provides that WTO Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms. Such exceptions must take account of the legitimate interests of the owner of the trademark and of third parties.⁵⁹⁵ The long list of exceptions to GI protection is a compromise in exchange of the higher level of protection for wine GIs.⁵⁹⁶ Article 24 provides an array of exceptions, which “simultaneously freezes the protection available under Article 22 and 23 at whatever level it existed on the eve of the Marrakesh signing.”⁵⁹⁷ The array of exceptions to GI protection are the result of difficult negotiation between those participants, including in Western Europe, that wished to protect indications for wines and spirits fully, i.e. without legitimising “past sins”, and others that were afraid it might affect rights more or less considered to be acquired rights in certain appellations.⁵⁹⁸ In Lehman’s words, these exceptions represent a compromise between “the strong French interest in appellations such as Champagne, Burgundy, and Chablis” and “U.S. labelling practices.”⁵⁹⁹ In other words,

⁵⁹⁰ TRIPS Agreement, art. 24.9.

⁵⁹¹ Gervais (n 313) 319.

⁵⁹² Carlos M. Correa (n 560) 252.

⁵⁹³ Gervais (n 313) 319.

⁵⁹⁴ Addor and Grazioli (n 447) 892.

⁵⁹⁵ TRIPS Agreement, art. 17.

⁵⁹⁶ Anthony Howard and Jorg Reinbothe, ‘The State of Play in the Negotiations on Trips (GATT/Uruguay Round)’ 13 EIPR (1991) 157, 162.

⁵⁹⁷ Murphy (n 401) 1189.

⁵⁹⁸ Gervais (n 313) 313.

⁵⁹⁹ Bruce Lehman, ‘Intellectual Property under the Clinton Administration’ 27 Geo Wash J Int’l L & Econ (1993-1994) 395, 409.

these exceptions are the conditions Dudas, the Deputy Under Secretary of Commerce for Intellectual Property of the United States, states that the higher level of protection for GIs for wine and spirits is demanded by the EC. The United States agreed to the European demands for the provisions because the TRIPS Agreement includes exceptions which are deemed as sufficient to protect U.S. industries.⁶⁰⁰

3.4.4 Mandates for further negotiations

The status quo of GI protection under the TRIPS Agreement does not satisfy the EU. The TRIPS Agreement contains built-in mandates calling for continued discussion of geographical indications in three separate provisions: Article 23(4), Article 24(1), and Article 24(2). This contrast sharply with the TRIPS provisions on copyrights and patents, which were written as complete and final.”⁶⁰¹ In order to facilitate the protection of geographical indications for wines, negotiations shall be undertaken in the Council for TRIPS concerning the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those Members participating in the system.⁶⁰² The mandate of further negotiations was expanded under the Doha mandate. Two issues are currently debated under the Doha mandate, namely, the creation of a multilateral register for GIs for wines and spirits and the extension of the higher level of protection beyond wines and spirits. Both issues are related to the enhancement of GI protection.⁶⁰³

Article 24.1 provides that “Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23. The provisions of paragraphs 4 through 8 below shall not be used by a Member to refuse to conduct negotiations or to conclude bilateral or multilateral agreements. In the context of such

⁶⁰⁰ Dudas (n 536).

⁶⁰¹ Hughes (n 482) 320. Hughes (320 at n. 116) further notes that “For that reason, discussion of further development of international legal norms in the copyright and patent fields has returned principally to the World Intellectual Property Organization.”

⁶⁰² TRIPS Agreement, art. 24.3.

⁶⁰³ WTO <http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#wines_spirits> (visited Feb 16, 2012).

negotiations, Members shall be willing to consider the continued applicability of these provisions to individual geographical indications whose use was the subject of such negotiations.” By virtue of Article 24.1, the array of exceptions under Article 24 cannot be used as reasons to impede further negotiations or conclusion of bilateral or multilateral agreements. One commentator claims that this provision reflects the “French hope to reclaim key viticultural words.”⁶⁰⁴ The other commentator describes Article 24.1 as a necessary compromise because the “only possible outcome not blocking the negotiation was thus to agree to further talks.”⁶⁰⁵

The Doha Declaration set a mandate for the negotiation of a multilateral system of notification and registration for geographical indications for wines and spirits and the extension of the higher level of protection currently given to wines and spirits under Article 23 to all goods.⁶⁰⁶ It was decided that the deadline for completing the negotiations was the Fifth Ministerial Conference to be held in Cancún in 2003.⁶⁰⁷ The EU was the first to make a proposal for the establishment of a multilateral system of notification and registration of GIs for wines.⁶⁰⁸ The key issue of the debate was the legal effect of registration.⁶⁰⁹ Opinions were strongly held on both sides of the debate, with some highly detailed arguments presented by each side.

In 2005, the EU submitted a proposal advocating for the establishment of a binding multilateral register.⁶¹⁰ Under EU’s proposal, the register should be open to all products rather than limited to wines and spirits.⁶¹¹ Successful registration of GIs will produce three legal effects. First, WTO Members must provide the legal means for interested parties to use the registration of the geographical indication as a rebuttable presumption of the eligibility

⁶⁰⁴ Hughes (n 482) 320.

⁶⁰⁵ Gervais (n 313) 313.

⁶⁰⁶ WTO Doha Ministerial 2001, Ministerial Declaration, WT/MIN(01)/DEC/1 (20 Nov. 2001) para. 18.

⁶⁰⁷ WTO, ‘Minutes of Meeting Held in the Centre William Rappard on 28 January and 1 February 2002’, WTO Doc TN/C/M/1 (14 Feb. 2002) in particular 4 and para. 9-12.

⁶⁰⁸ WTO Proposal, Multilateral Register of Geographical Indications for Wines and Spirits Based on Article 23.4 of the TRIPS Agreement, IP/C/W/107 (July 28, 1998).

⁶⁰⁹ WTO <http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#wines_spirits>.

⁶¹⁰ WTO, WTO Doc. TN/IP/11 (14 June 2005) ‘Geographical Indications’ (Communication from the European Communities).

⁶¹¹ WTO Doc. TN/IP/11 (n 610) p. 3.

for protection of that geographical indication. Secondly, WTO Members cannot refuse protection of the registered GI on the following three grounds: (1) it does not meet the definition of GI as set out in Article 22.1; (2) it although literally true as to the territory, region or locality in which the goods identified by it originate, falsely represents to the public that the goods originate in its territory, as provided for in paragraph 4 of Article 22 of the TRIPS Agreement; and (3) it is identical with the term customary in common language as the common name for a wine or spirit in the territory of the Member lodging the reservation ("the challenging Member") or, with respect to products of the vine, with the customary name of a grape variety existing in the territory of the challenging Member as of the date of entry into force of the WTO Agreement, or, with respect to plants or animals, with the name of a plant variety or animal breed existing in the territory of that Member as of the date of entry into force of the WTO Agreement as amended, as provided for in paragraph 6 of Article 24 of the TRIPS Agreement.⁶¹² Thirdly, WTO Members are obliged to notify the administering body in charge of the multilateral register of any applications for trademark registration that contain or consist of a geographical indication that has been registered or applied for, if the notifying participating Member has required so.⁶¹³

A group of countries including Argentina, Australia, Canada, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Japan, Korea, Mexico, New Zealand, Nicaragua, Paraguay, South Africa, the United States, and Taiwan, submitted a "joint proposal" in 2005, which was later revised in 2008.⁶¹⁴ Under this proposal, the multilateral system for the notification and registration is open only to GIs for wines and spirits and the participation of which is "strictly voluntary."⁶¹⁵ This multilateral register will serve as a searchable on-line, free of charge "Database of Geographical Indications for Wines and Spirits" accessible to the public.⁶¹⁶ Members participating in the system would have to consult the Database when making decisions regarding registration and protection of trademarks and geographical indications for wines and spirits in accordance with its domestic

⁶¹² WTO Doc. TN/IP/11 (n 610) p. 16.

⁶¹³ WTO Doc. TN/IP/11 (n 610) p. 16.

⁶¹⁴ WTO Doc. TN/IP/W/10/Rev.2 (24 July 2008) 'Proposed draft trips council decision on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits' (Submission by Argentina, Australia, Canada, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Japan, Korea, Mexico, New Zealand, Nicaragua, Paraguay, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, South Africa and the United States)..

⁶¹⁵ WTO (n 614) p. 2.

⁶¹⁶ WTO (n 614) p. 3.

law. Members who choose not to participate are encouraged, but are not obliged, to consult the Database in making decisions under their domestic law involving registration or protection of trademarks and geographical indications for wines and spirits.⁶¹⁷

The issue of GI-extension concerns whether to expand the higher level of protection under Article 23 to other goods.⁶¹⁸ This is a “forward-looking initiative” that seeks to establish an adequate framework of protection for GIs not yet considered as generic or registered as trademarks.⁶¹⁹ The EU is not the only advocate of the GI-extension. Bulgaria, Guinea, India, Jamaica, Kenya, Madagascar, Mauritius, Morocco, Pakistan, Romania, Sri Lanka, Switzerland, Thailand, Tunisia and Turkey also support the GI-extension.⁶²⁰ It is contended that GI protection under Article 22 is insufficient and the imbalance between Article 22 and Article 23 should be eliminated by extending the protection accorded to wines and spirits to all goods.⁶²¹ In a nutshell, the obligation to provide the legal means to interested parties to prevent certain types of imitations (Article 23.1), as well as the obligation to refuse or invalidate trademarks including geographical indications (Article 23.2) are extended to any situation in which the trademark or the imitation concerns a product of the same kind as the one protected by the geographical indication. In addition, the provision on homonyms (Article 23.3) would also apply to geographical indications on all products.⁶²²

Countries opposing the GI-extension include Argentina, Australia, Canada, Chile, Colombia, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, New Zealand, Panama, Paraguay, the Philippines, Taiwan, and the United States.⁶²³ They argue that the existing (Article 22) level of protection is adequate. They caution that providing enhanced protection would be a burden and would disrupt existing legitimate marketing practices. They also reject

⁶¹⁷ WTO (n 614) p. 4.

⁶¹⁸ WTO <http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#wines_spirits> (visited September 22, 2011)

⁶¹⁹ WTO (n 534) p. 4.

⁶²⁰ WTO Doc. IP/C/W/353 (24 June 2002) ‘Communication from Bulgaria, Cuba, Cyprus, the Czech Republic, the European Communities and their Member States, Georgia, Hungary, Iceland, India, Kenya, Liechtenstein, Malta, Mauritius, Pakistan, Romania, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand and Turkey’. See also WTO <http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#wines_spirits>.

⁶²¹ WTO (n 534) p. 4, para. 9.

⁶²² WTO (n 610) p. 2.

⁶²³ WTO <http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#protection>.

the “usurping” accusation particularly when migrants have taken the methods of making the products and the names with them to their new homes and have been using them in good faith. The differential treatment was not based on economic or any other form of logic, but rather was the result of historical negotiation and specific circumstances that were particular to the wine sector. It had been agreed as a significant concession in the Uruguay Round, not because of any belief in its inherent merits.⁶²⁴

It is observed that countries which are against the establishment of a binding multilateral registration system for wines and spirits are almost the same ones opposing the higher level of protection for all goods. Countries supporting extension of the higher level of protection are more or less the same ones favouring a binding multilateral registration system.⁶²⁵

3.5 Claw-back of names in the agricultural negotiations

Under the WTO framework, the GI issue is not limited to the TRIPS Agreement. In a 2003 press release, the EU declared a list of 41 EU regional quality products whose names the EU wants to recuperate. According to the EU, this list contains well established European quality products whose names are being abused today. This list is not proposed under the TRIPS context but in the agricultural negotiations within the Doha Development Agenda.⁶²⁶ Included in this list are 22 names for wines and spirits, such as BORDEAUX, CHABLIS, CHAMPAGNE, AND COGNAC and 19 names for other food products, such as FETA, PROSCIUTTO DI PARMA, and ROQUEFORT.⁶²⁷ The list was presented to the WTO during the Fifth Ministerial Meeting in Cancún, Mexico in September 2003. The EU

⁶²⁴ WTO (n 534) p. 4; para. 9.

⁶²⁵ Tshimanga Kongolo, *Unsettled International Intellectual Property Issues* (Kluwer Law International 2008) 127.

⁶²⁶ EU Press Release, ‘WTO talks: EU steps up bid for better protection of regional quality products’, (28/08/2003) <<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/03/1178>> (visited September 18, 2011). See also Burkhart Goebel, ‘Geographical Indications and Trademarks—The Road from Doha’ 93 TMR (2003) 964, 992.

⁶²⁷ Full list, see EU Press Release (n 626).

requested that 41 product terms be protected by WTO members.⁶²⁸ The motivation behind EU's request is to ensure market access for EU GI agriculture products by asking WTO members to remove prior trademarks and, if necessary, grant protection for EU GIs that were previously used or have become generic.⁶²⁹

EU's proposal is rejected under the reason that by requesting claw-back, the EU actually "sought to go back in time and prohibit the use of certain terms, some of which had become generic in nature or had been trademarked, by requiring WTO Members to give up their rights to use the exceptions contained in Article 24 of TRIPS Agreement" and therefore constituted immediate forfeiture of the exceptions set out in the TRIPS Agreement.⁶³⁰ It is further alleged that EU's proposal constitutes a *de facto* subsidy to EU producers. According to Dudas, it appears that the EU is asking the US Government, producers, and consumers to subsidize EU producers through the "claw back" of generic terms so that EU producers can charge monopoly prices for their products. He sees no basis for US producers, trademark owners, and consumers to be asked to stop the use of generic terms.⁶³¹

3.6 Conclusion

The TRIPS Agreement is an integral part of the Agreement Establishing the World Trade Organization (WTO). As one of the multilateral trade agreements, it is binding on all members and hence is also a condition of membership for countries which have not yet joined the WTO. The TRIPS Agreement marks the beginning of the global IP epoch. Since the outset, the GI has been an anomaly of the TRIPS Agreement. At the negotiating stage, it does not follow the North-South disagreement typical in other topics of IP negotiations. It is,

⁶²⁸ United States Department of Agriculture (USDA), 'WTO: Beyond the Agreement on Agriculture, TRIPS' (August 12 2009) <<http://www.ers.usda.gov/briefing/wto/geoindications.htm>>. See also David Snyder, 'Enhanced Protections for Geographical Indications under TRIPS: Potential Conflicts under the U.S. Constitutional and Statutory Regimes' 18 *Fordham Intell Prop Media & Ent L J* (2007-2008) 1297, 1302.

⁶²⁹ European Commission, "Why Do Geographical Indications Matter to US?" (30 July 2003) <http://trade.ec.europa.eu/doclib/docs/2003/october/tradoc_113900.pdf>.

⁶³⁰ WTO (n 534) pp. 3-4.

⁶³¹ Dudas (n 536).

instead, characterized as North-North division, New World v. Old World, or immigrant v. emigrant countries. It is also an issue for continuing negotiations, In sharp contrast with the TRIPS provisions on other categories of IP, which were written as complete and final, the GI negotiation is unfinished and the TRIPS Agreement mandates for continuing negotiations. Articles 22 to 24 of the TRIPS Agreement are devoted to deal with geographical indications. The provisions are a strategic compromise and are characterized by illogicality, inconsistency, and inconclusiveness. The TRIPS Agreement mandates two levels of protection for GIs. The differential treatment was not based on economic or any other of logic, but rather a strategic compromise between the EU and the US. The standard protection for GIs for goods reflects the US trademark justifications, which is based on the prevention of consumer confusion and unfair competition. The additional protection for wines and spirit drinks represents the victory of EU. However, the policy rationale behind this level of protection is not explicitly expressed in the TRIPS Agreement. Under the WTO framework, the GI issue is not limited to the TRIPS Agreement. It is also an issue for agricultural negotiations.

Chapter 4 The US Trademark Paradigm

4.1 Introduction

Although the TRIPS Agreement recognizes GIs as a separate category of IP, this is not the case in the US law. It is claimed that the concept of GIs as a separate category of IP “has been viewed by many commentators as historically alien to U.S. jurisprudence.”⁶³² The term “geographical indication” is not defined in any federal statute or regulation, including the Lanham Act, which codifies the federal trademark law.⁶³³ Under the US law, “geographical indications” is understood as an interchangeable term for geographical designations and, therefore, the scope of GI law is not limited to trademark law. It is claimed that the United States protects GIs through a number of regimes⁶³⁴ deriving from “a collection of unrelated laws and regulations.”⁶³⁵ However, there is no consensus on the exact components of the US GI law. In its 1998 communication to the Council for TRIPS, the US government stated that the US provides protection for GIs in a variety of ways, including by unfair competition law, by federal and state statute, and by regulation.⁶³⁶ Commentators specifically refer to as GI-protecting measures some state statutes restricting the use of specific geographical designations associated with local specialty products⁶³⁷ and federal marketing orders.⁶³⁸ Three points will be made clear in this Chapter: (i) there is an inherent incompatibility between the concepts of trademarks and GIs; (ii) certification marks and collective

⁶³² Peter M. Brody, ‘Geographical Indications and Dilution: Reinterpreting “Distinctiveness” under the Lanham Act’ 100 TMR (2010) 905, 907.

⁶³³ WTO, ‘Review under Article 24.2 of the application of the provisions of the section of the TRIPS Agreement on geographical indications: responses from the United States’, WTO Doc. IP/C/W/117/Add.3 (1 December 1998) 6.

⁶³⁴ WTO (n 633) 4.

⁶³⁵ Bernard O’Connor, *The Law of Geographical Indications* (Cameron May, 2004) 245.

⁶³⁶ WTO (n 633) 1-4.

⁶³⁷ Jim Chen, ‘A Sober Second Look at Appellations of Origin: How the United States Will Crash France’s Wine and Cheese Party’ 5 Minn J Global Trade (1996) 29, 46.

⁶³⁸ Dermot J. Hayes, Sergio H. Lence and Bruce Babcock, ‘Geographical Indications and Farmer-Owned Brands: Why Do the US and EU Disagree?’ 4 EuroChoices (2005) 28, 31; Marsha A Echols, *Geographical Indications for Food Products: International Legal and Regulatory Perspectives* (Kluwer Law International 2008) 142.

trademarks better accommodate GIs, as the origin of these two categories of marks in US were both connected to the issue of protecting geographical designations. However, being subject to the general principle of trademark law, the protection for GIs that these two categories of marks can provide is rather weak and uncertain; and (iii) administrative schemes regulating product labeling and advertising are also relevant to GI protection. These regulations serve diverse policy goals, ranging from consumer protection, domestic producer protection, to facilitate the development of specific industry.

4.2 GI protection under trademark law

The United States trademark law is a mix of federal and state statutory and common law.⁶³⁹ Federal trademark law is codified in the Lanham Act, also referred to as the Trademark Act of 1946.⁶⁴⁰ The Congress derives its power to enact trademark legislation from the Commerce Clause of the Constitution.⁶⁴¹ Because federal trademark law is based on the Commerce Clause, federal rights in a mark exist only when the mark is used in interstate commerce. State trademark law, which is nearly identical to federal law, applies to intrastate commerce.⁶⁴² The Lanham Act alone is not sufficient for the purposes of proper understanding of US trademark law because the federal statutory law does relatively little conceptual work in defining the nature and scope of trademark rights. Many of the foundational concepts of trademark law were developed by courts before the Lanham Act was enacted, and Congress intended the Lanham Act to codify much of the earlier common law. Consequently, early trademark decisions have continuing relevance, even in cases involving registered trademarks, and whether those cases were decided as a matter of statutory or common law.⁶⁴³

⁶³⁹ Craig Allen Nard, David W. Barnes, and Michael J. Madison, *The Law of Intellectual Property* (Aspen Law & Business 2006) 3; Shubha Ghosh et al, *Intellectual Property: Private Rights, the Public Interest, and the Regulation of Creativity Activity* (West Group 2007) 451.

⁶⁴⁰ 15 USC §§ 1051-1127. See also Ghosh et al (n 639) 451.

⁶⁴¹ US Const. art. 1, § 8(3) empowers the Congress to “regulate Commerce with foreign Nations, and among the several States, and with the Indian tribes.”

⁶⁴² Nard, Barnes, and Madison (n 639) 3.

⁶⁴³ Mark P. McKenna, ‘Teaching Trademark Theory through the Lens of Distinctiveness’ 52 St Louis U L J (2008) 843, 844.

When the term “mark” is used in the Lanham Act, it includes any trademark, service mark, collective mark, or certification mark.⁶⁴⁴ These four categories of marks are defined differently under the Lanham Act.⁶⁴⁵ The term “trademark” may be used in different sense in different contexts. In its narrowest sense, “trademark” is used to designate words or symbols used to identify and distinguish goods, as opposed to other categories of marks.⁶⁴⁶ The term is often used to refer to both trademarks and service marks. The latter is “the same as a trademark, except that it identifies and distinguishes the source of a service rather than goods.”⁶⁴⁷ In its broad sense, trademark or trademark law is an expansive term used to indicate the whole field of protection of all forms of indication of origin, including marks used on goods, service marks, collective marks, trade names, and trade dress. Usually this is the meaning intended when one sees phrases like, “the principles of trademark protection” or “slogan can be protected as trademarks.”⁶⁴⁸ The Lanham Act governs the registration and protection of trademarks, service marks, collective marks and certification marks, prohibits the infringement of most types of unregistered marks and prohibits false advertising and product disparagement.⁶⁴⁹ Service marks, collective marks, and certification marks are, by and large, registrable “in the same manner and with the same effect as are trademarks” and “when registered they shall be entitled to the protection provided...in the case of trademarks.”⁶⁵⁰ However, federal registration is not a necessary condition for the establishment of trademark rights at the federal level since one can “establish rights in a mark based on legitimate use of the mark.”⁶⁵¹ Nevertheless, federal registration on the Principal Register⁶⁵² provides certain advantages, including (i) Constructive notice to the public of the

⁶⁴⁴ 15 USC § 1127.

⁶⁴⁵ 15 USC § 1127.

⁶⁴⁶ J. Thomas McCarthy, Roger E. Schechter, and David J. Franklyn, *McCarthy's Desk Encyclopedia of Intellectual Property* (3rd edn, The Bureau of National Affairs 2004) 608.

⁶⁴⁷ USPTO, ‘Protecting Your Trademark: Enhancing Your Rights through Federal Registration’ <<http://www.uspto.gov/trademarks/basics/BasicFacts.pdf>> p. 1.

⁶⁴⁸ McCarthy, Schechter, and Franklyn (n 646) 608.

⁶⁴⁹ McCarthy, Schechter, and Franklyn (n. 646) 337.

⁶⁵⁰ 15 USC §§ 1053 and 1054.

⁶⁵¹ USPTO, ‘Should I Register My Mark?’ <<http://www.uspto.gov/web/offices/tac/doc/basic/register.htm>> (visited July 12, 2010).

⁶⁵² Ghosh et al (n 639) 465 (noting that the Lanham Act establishes two registers, namely, the Principal Register and the Supplemental Register. Registration on the Supplemental Register is usually sought for descriptive marks or surnames that might not meet the distinctiveness standard required for the Principal Register. Registration on the Supplemental Register allows the trademark owner to sue in federal court for trademark infringement but provides no evidentiary advantages and does not allow the owner to stop unauthorized importation of the mark. It may also be used as a strategy to develop the distinctiveness required by Principal Register.)

registrant's claim of ownership of the mark; (ii) A legal presumption of the registrant's ownership of the mark and the registrant's exclusive right to use the mark nationwide on or in connection with the goods/services listed in the registration; (iii) The ability to bring an action concerning the mark in federal court; (iv) The use of the U.S registration as a basis to obtain registration in foreign countries; (v) The ability to file the U.S. registration with the U.S. Customs Service to prevent importation of infringing foreign goods. Other advantages may include Federal registration initially provides prima facie evidence of validity. (vi) After five years of continuous registration and use, federal registration provides conclusive evidence of validity, and (vii) the right to use the mark ®.⁶⁵³

The USPTO and some commentators view GIs as a subset of trademarks, which are protected under the existing trademark system.⁶⁵⁴ From their point of view, like trademarks, GIs are source-identifiers, indicators of quality, and business interests.⁶⁵⁵ But, sometimes, the USPTO seems to equate GIs with geographical designations, that is, terms capable of identifying geographical places.⁶⁵⁶ The US trademark law provides protection for four distinct categories of marks, namely, trademarks, service marks, certification marks, and collective marks. It is asserted that all these four categories can be used to protect GIs.⁶⁵⁷ USPTO claims that the United States, by subsuming geographical indications under the existing trademark law, provides “TRIPS-plus levels of protection to GIs, of either domestic or foreign origin.”⁶⁵⁸

4.2.1 Trademarks

⁶⁵³ Ghosh et al (n 639) 465.

⁶⁵⁴ USPTO, ‘Geographical Indication Protection in the United States’, 1, at, <http://www.uspto.gov/web/offices/dcom/olia/globalip/pdf/gi_system.pdf> (visited June 25, 2012). Lynne Beresford, ‘Geographical Indications: The Current Landscape’ 17 *Fordham Intell Prop Media & Ent L J* (2006-2007) 979, 981.

⁶⁵⁵ USPTO (n 654) 1; Jon W. Dudas, ‘Statement of Jon W. Dudas Deputy under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office before the Committee on Agriculture U.S. House of Representatives’ (July 22, 2003) <<http://www.uspto.gov/web/offices/com/speeches/stratplan2003apr03.htm>>; Beresford (n 654). See also Amy P. Cotton, ‘123 Years at the Negotiating Table and still No Dessert? The Case in Support of TRIPS Geographical Indication Protections’ 82 *Chi-Kent L Rev* (2007) 1295, 1298-99.

⁶⁵⁶ WTO (n 633) 6.

⁶⁵⁷ Beresford (n 654) 981.

⁶⁵⁸ USPTO (n 654) 1.

4.2.1.1 What are trademarks?

The Lanham Act defines “trademark” as any word, name, symbol, or device, or any combination used by a person, or which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.⁶⁵⁹

4.2.1.2 Validity of marks

The established doctrine under U.S. trademark law is that all signs used as trademarks are initially categorized for their validity as being inherently distinctive or non-inherently distinctive.⁶⁶⁰ The universal requirement for a sign to be protected as trademark is that it must be distinctive.⁶⁶¹ Marks are broadly classified as distinctive, descriptive, and generic. Distinctiveness can be inherent or acquired. Descriptive marks can be protected if they “become distinctive” (e.g., “Park ‘N Fly” long-term parking lot service near airport). On the other hand, generic marks (e.g., “Shredded Wheat” breakfast cereal)—the common name for a class of products or services—are never considered worthy of trademark protection.⁶⁶² The U.S. court developed a “spectrum of distinctiveness” known as “the Abercrombie Test.”⁶⁶³ Under this test, marks can be categorized as (i) generic names; (ii) descriptive marks; (iii) suggestive marks; and (iv) arbitrary or fanciful marks. Marks in categories (iii) and (iv) are inherently distinctive and can be protected as trademarks. Marks in category (ii) are non-

⁶⁵⁹ 15 USC §1127.

⁶⁶⁰ McCarthy, Schechter, and Franklyn (n 646) 609.

⁶⁶¹ Dev Gangjee, ‘Protecting Geographical Indications as Collective Trademarks: The Prospects and Pitfalls’ IIP Bulletin (2006) 112, 114.

⁶⁶² Lisa P Ramsey, ‘Descriptive Trademarks and the First Amendment’ 70 Tenn L Rev (2002-2003) 1095, 1098.

⁶⁶³ McCarthy, Schechter, and Franklyn (n 646) 609.

inherently distinctive, which can only be protected as trademark if they acquire distinctiveness through the acquisition of secondary meaning.⁶⁶⁴

(1) Distinctiveness

In the trademark sense, “distinctive” traditionally has meant the ability of a mark to distinguish the user’s goods or services from those offered by others.⁶⁶⁵ The term ‘distinctive’ is a key term of art in trademark law.”⁶⁶⁶ Distinctiveness is the “primary prerequisite to trademark protection”⁶⁶⁷ and “is the heart of trademark law much like originality is for copyright and novelty and nonobviousness are for patent.”⁶⁶⁸ The concept of distinctiveness is expressly embodied in the definition of trademark contained in the Lanham Act.⁶⁶⁹ The Lanham Act, however, does not define the term “distinctive”.⁶⁷⁰ Prior to the enactment of the Lanham Act, the Supreme expounded the minimal requirement for the distinctiveness of a trademark as to consist in the awareness of a sufficient number of customers that “a single thing is coming from a single source,” whether such customers know the name of the source or not.⁶⁷¹ The essence of this exposition, according to Martin, is that the public takes the trade-mark to mean a single source or origin even if it neither knows nor cares to know the name of the manufacturer.”⁶⁷² In the economic parlance, lack of distinctiveness would “make the mark incapable of identifying the good and recalling to a consumer the information

⁶⁶⁴ *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). *Taco Cabana Int’l Inc. v. Two Pesos, Inc.*, 505 U.S. 763 (holding that an inherently distinctive trade dress is protectable without a showing of secondary meaning.)

⁶⁶⁵ Peter M. Brody (n 632) 905, 905.

⁶⁶⁶ J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 11:2 (4th ed. 2010).

⁶⁶⁷ Graeme B. Dinwoodie, ‘Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress’ 75 N C L Rev (1996-1997) 471, 482. See also Mark P. McKenna (n 643) 843, 847 (noting that “[t]he concept of distinctiveness plays a critical doctrinal role in trademark law because it differentiates designations that warrant trademark protection from those that do not.”)

⁶⁶⁸ Ghosh et al (n 639) 490.

⁶⁶⁹ Dinwoodie (n 667) 471, 484.

⁶⁷⁰ Ramsey (n 662) 1107.

⁶⁷¹ *Coca-Cola Co. v. Koke Co.*, 254 U.S. 143, 146 (1920). See also Charles Martin, ‘The Meaning of Distinctiveness in Trade-mark Law’ 45 Ill L Rev (1950) 535, 536.

⁶⁷² Martin (n 671) 535, 541.

(generated by previous experience with the good by him or other consumers) that lowers his search costs and enables the producer to charge a higher price.”⁶⁷³

Distinctiveness can be either inherent or acquired through secondary meaning.⁶⁷⁴ Inherent distinctiveness operates as a legal presumption that the mark in question “will operate to identify the source of the product and distinguish it from others.” Thus, no further empirical proof of actual source-identification or consumer association is, or can be, demanded of inherently distinctive marks.⁶⁷⁵ A mark which is not inherently distinctive may acquire distinctiveness through secondary meaning. Secondary meaning exists only if a significant number of prospective purchasers understand the term, when used in connection with a particular kind of good, service, or business, not merely in its lexicographic sense, but also as an indication of association with a particular, even if anonymous, entity. The secondary meaning inquiry focuses on evidence of actual consumer association. Secondary meaning takes time to develop. Even if it is inferred circumstantially, proof of secondary meaning must await the development of the evidence from which it can be inferred, and thus protection is not available upon first use.⁶⁷⁶ The distinctiveness of a mark cannot be determined by the nature of the term alone. Considerations must be made to the category to which the underlying good belongs and consumers’ perception about the combination of the mark. When the mark in question is a geographical mark, the relation between the good and the geographical area indicated by the mark needs to be considered.

(2) Descriptiveness

A descriptive mark is “a word, name, or symbol used to indicate a brand of product or service that also describes the qualities or characteristics of the product or service sold under that

⁶⁷³ William M Landes and Richard A Posner *The Economic Structure of Intellectual Property Law* (The Belknap Press of Harvard University Press 2003) 187.

⁶⁷⁴ Ghosh et al (n 639) 490; Dinwoodie (n 667) 471, 484.

⁶⁷⁵ Dinwoodie (n 667) 486.

⁶⁷⁶ Dinwoodie (n 667) 487-488.

mark.”⁶⁷⁷ The general rule is that descriptive marks cannot be protected as trademarks unless they evidence acquired distinctiveness, which is shown through proof of secondary meaning.⁶⁷⁸ It is argued that the First Amendment of the US Constitution, which provides that “Congress shall make no law...abridging the freedom of speech or the press”,⁶⁷⁹ does not allow the government to grant and enforce exclusive rights in descriptive marks.” because descriptive terms “inherently provide information regarding product sold under the mark.”⁶⁸⁰ The economic incentive for business operators to choose descriptive marks is that they are able to convey additional information about the attributes the good and thus function as a partial substitute for advertising.⁶⁸¹ However, allowing the exclusive use of descriptive terms will be unfair to competitors. If one producer is allowed to appropriate exclusively the word that describes a key attribute which interests the consumer, he will obtain rents measured by the higher price he receives for his product because “he will have made it more costly for his rivals to inform their customers of the attributes of their brands without using the descriptive word.”⁶⁸²

Descriptive terms may be protected as trademark if they acquire distinctiveness through the acquisition of secondary meaning. This may happen when the descriptive term in question has been used exclusively over a period of time by the producer of one brand. The descriptive meaning of that term may be largely forgotten and the term may come to signify to most people the name of that particular brand. This is a natural progression. Once this happens, allowing the term to be appropriated as a trademark may create net social benefits by reducing search costs more than it raises the costs to competitors, who are no longer to use the same term.⁶⁸³ Giving trademark protection to non-distinctive signs would be harmful because this would be likely to prevent others from using identifiers that they require in order to be able to compete effectively.⁶⁸⁴

⁶⁷⁷ Ramsey (n 662) 1097.

⁶⁷⁸ Ramsey (n 662) 1098.

⁶⁷⁹ US Const. amend. 1.

⁶⁸⁰ Ramsey (n 662) 1098-1099.

⁶⁸¹ Landes and Posner (n 673) 193.

⁶⁸² Landes and Posner (n 673) 189.

⁶⁸³ Landes and Posner (n 673) 189.

⁶⁸⁴ Landes and Posner (n 673) 187.

(3) Genericness

A sign is generic when it defines a category or type to which the goods belong. Examples of generic terms are “furniture”, “chair”, “drink”, “coffee”, and “instant coffee”, etc.⁶⁸⁵ A term can be classified as generic in two different ways. First, a term is generic if the public commonly used the term to refer a class of products. Second, a distinctive term can become generic through common use if the public begins to use that term to refer to a class of products rather than to a particular brand of that product, a phenomenon known as “genericide”.⁶⁸⁶ Famous cases of genericide include Kleenex and Aspirin. In all these cases, courts found that, within the relevant community, the word no longer identified a unique source.⁶⁸⁷ There are two widely accepted tests of genericness. One is based upon public understanding of the primary significance of a trademarked word. The other is the availability of alternative product names.⁶⁸⁸ However, it is possible to reclaim trademarks that fell into the public domain through investment and efforts.⁶⁸⁹ In 1896, the U.S. Supreme Court found the trademark SINGER generic for sewing machines.⁶⁹⁰ In 1953, the Fifth Circuit Court of Appeal held that the Singer Manufacturing Company had reclaimed the mark SINGER through extensive and continuous use and varied advertising.⁶⁹¹ Courts and scholars generally agree that granting exclusive rights over generic terms would inhibit free expression in the marketplace and harm competition and consumers’ interests. Thus, the general trademark doctrine under which a generic term cannot be trademarked and protection immediately ceases if a trademark becomes generic, functions as a safeguard to maintain fair competition in the market place and to protect consumer interests.⁶⁹²

⁶⁸⁵ WIPO Handbook (2004) 73.

⁶⁸⁶ Ramsey (n 662) 1123. The disappearance of distinctiveness is called “genericide”, see *Am. Online, Inc. v. AT&T Corp.*, 243 F.3d 812, 821 (4th Cir. 2001).

⁶⁸⁷ Scott Danner, ‘Not Confused? Don’t be Troubled: Meeting the First Amendment Attack on Protection of “Generic” Foreign Geographical Indications’ 30 *Cardozo Law Review* (2008-2009) 2257, 2268

⁶⁸⁸ Ralph H. Folsom and Larry L. Teply, ‘Trademarked Generic Words’ 89 *Yale L J* (1979-1980) 1323, 1327-1330.

⁶⁸⁹ LA Lindquist, ‘Champagne or Champagne? An Examination of U.S. Failure to Comply with the Geographical Provisions of the TRIPS Agreement’ 27 *Ga J Int’l & Comp L* (1999) 309, 339.

⁶⁹⁰ *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 21-23 (1896).

⁶⁹¹ *Singer Mfg. Co. v. Briley*, 207 F.2d 519, 520 n.2 (5th Cir. 1953).

⁶⁹² Nguyen, XN, ‘Nationalizing Trademarks: A New International Trademark Jurisprudence?’ 39 *Wake Forest L Rev* (2004) 729, 743-744; Landes and Posner (n 674) 190-191.

Trademarked generic terms may raise significant problems to competitors. When one firm controls a trademarked generic word exclusively, that firm's competitors often face artificial marketing problems that affect both their market share and their ability to compete. This is because competitors who cannot legally designate their products by the term that most consumers call them must develop other strategies to overcome this impediment and to convince consumers that these competing brands are also the "real thing".⁶⁹³ Thus, if the producer of one brand could appropriate the name of the product, he would earn rents because of the added cost to his rivals of describing their products.⁶⁹⁴ Therefore generic terms should remain part of the public domain; allowing the exclusive appropriation of a generic word would be unfair to competitors. It would be unfair to unduly restrict a competitor from use these words.⁶⁹⁵ Such unfair competitive advantage resulting from the exclusive use of a generic term is sometimes regarded as having monopolistic effects. According to the US Supreme Court, allowing such exclusive appropriation "would result in mischievous monopolies", "would greatly embarrass trade" and, would "secure exclusive rights to individuals in that which is the common right of many."⁶⁹⁶ It was opined in that "recognition of property in the common name of an article could be tantamount to granting a monopoly in that commodity."⁶⁹⁷ The monopoly resulting from the appropriation of a generic name would be described as a product monopoly but is more accurately a language monopoly.⁶⁹⁸ A single business, thus, should not have a monopoly on the use of common words that consumers use to refer generally to a product. A business with an exclusive right to use a generic term as a trademark has an unfair advantage if competitors cannot use the same term to communicate their own products.⁶⁹⁹ The genericness doctrine in trademark law plays an important role in preventing "anticompetitive misuse of trademarks." and in maintaining fair competition in the market place. If a generic term could be trademarked, competitors would encounter enormous "difficulty informing consumers that they *were* competitors, because they would be unable, without elaborate and possibly confusing paraphrase, to give the name of the product they were selling."⁷⁰⁰ Nguyen, thus, argues that a generic term should not be exclusively used even if it has accumulated goodwill, sharing such goodwill of the generic name "is the

⁶⁹³ Folsom and Teply (n 688) 1339-1344.

⁶⁹⁴ Landes and Posner (n 673) 191.

⁶⁹⁵ King-Seeley Termos Co., v. Akaddin Indus., Inc., 321 F.2d 577. 581 (2d Cir. 1963).

⁶⁹⁶ Canal Co., v. Clark, 80 U.S. (13 Wall.) 311, 324 (1871).

⁶⁹⁷ Aloe Creme Laboratories, Inc. v. Milsan, Inc., 423 F.2d 845. 849 (5th Cir., *cert. denied*, 398 U.S. 928 (1970)

⁶⁹⁸ Landes and Posner (n 673) 191.

⁶⁹⁹ Ramsey (n 662) 1098-1099.

⁷⁰⁰ Nguyen (n 692) 743-744.

exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested.”⁷⁰¹ It is held by the U.S. Supreme Court that every member of the public “was, and remained, free to call the product by its generic name.”⁷⁰² For example, it is held that “You Have Mail” is generic and that AOL may not exclude others from using the same words in connection with their email service.⁷⁰³

Trademarked generic words can also raise significant problems for consumers.⁷⁰⁴ According to Folsom and Teply, generic terms can be “hybrids,” that is, “they can be perform a variety of informational functions—ranging from the provision of pure commercial or source-related information to the provision of pure generic or product-category information—at the same time.”⁷⁰⁵ Folsom and Teply further distinguish two situations. First, a trademarked generic word can be discontinuously hybrids. In this situation, for some consumers, the trademarked word will denominate only the product’s genus and will carry no source significance. But for other consumers, the discontinuously hybrid trademark will have only source significance.⁷⁰⁶ Second, a trademarked word may be simultaneously hybrid: that is, it may function for some consumers both as a generic term designating a product class and at the same time as a source-significant, commercial symbol.⁷⁰⁷

Based on this analysis, Folsom and Teply categorize three types of consumers: (i) Those who are unaware of any source significance for the mark and who use the word as a product-category word, thereby facing added search or transaction costs.⁷⁰⁸ In purchasing that type of product, they will employ the trademarked generic word and will not expect to receive a specific manufacturer’s product. Members of the general public will frequently possess this perception of the trademarked word’s significance, and increased search costs are likely to result from their questions as to the substitutability of competing products.⁷⁰⁹ (ii) Those who

⁷⁰¹ Nguyen (n 692) 744.

⁷⁰² Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 119 (1938).

⁷⁰³ Am. Online, Inc. v. AT & T Corp., 243 F.3d 812, 822 (4th Cir. 2001).

⁷⁰⁴ Folsom and Teply (n 688) 1358.

⁷⁰⁵ Folsom and Teply (n 688) 1339.

⁷⁰⁶ Folsom and Teply (n 688) 1339.

⁷⁰⁷ Folsom and Teply (n 688) 1339.

⁷⁰⁸ Folsom and Teply (n 688) 1340.

⁷⁰⁹ Folsom and Teply (n 688) 1339.

are aware of the source and non-price significance of the mark and who do not perceive, or use, the word as a product-category word; for such consumers, the non-price informational signals originating with the trademarked word will be those associated with a properly functioning trademark.⁷¹⁰ (iii) Those who know that the mark has source significance, but who also use it in a product-category sense, and thereby may suffer increased search costs.⁷¹¹ In certain market contexts, those consumers for whom a mark is simultaneously hybrid may be faced with uncertainty as to whether other products have the desirable category-characteristics that they associate with the trademarked word. This uncertainty may in some instances create unnecessary search costs by impairing consumers' efficient identification of objectivity satisfactory substitutes.⁷¹²

4.2.1.3 Rights conferred

Ownership of a trademark entails two main groups of rights. On the one hand, the owners have the right to exclude others from certain unauthorized use. He, on the other, can authorize or even assign his mark. These rights are subject to an array of exceptions.

(1) Right to exclude

The owner of a trademark has a right to exclude other from the commercial use of a mark that is likely to cause confusion with the owner's mark as to the source of sponsorship of the parties' goods or services.⁷¹³ The "use in commerce" and "in connection with" requirements have been widely understood to impose infringement liability only on those who created confusion in the process of selling, marketing, or advertising their own products. The likelihood-of-confusion standard, the core focus of trademark law, takes for granted that the

⁷¹⁰ Folsom and Teply (n 688) 1339.

⁷¹¹ Folsom and Teply (n 688) 1340.

⁷¹² Folsom and Teply (n 689) 1339-40.

⁷¹³ 15 USC §§ 1051, 1072, 1115.

defendant is using the mark to promote its own sales.⁷¹⁴ Trademark infringement is a type of unfair competition. Both trademark infringement and unfair competition are commercial torts.⁷¹⁵ In the US, trademark infringement has long been categorized as a species and subcategory of unfair competition law. The US Supreme Court held that “[T]he common law of trademarks is but a part of the broader law of unfair competition.”⁷¹⁶ The protection of collective marks and certification marks is enforced under general trademark law. In principle, an action for infringement is initiated by the owner of the mark.⁷¹⁷

To prevail in an action for trademark infringement, the plaintiff must show that the mark in question qualifies for protection and that the defendant’s use of a similar mark creates a likelihood of confusion. The touchstone for infringement is the likelihood of confusion from the standpoint of the average purchaser.⁷¹⁸ A likelihood of confusion “exists when customers viewing the mark would probably assume that the product or service it represents is associated with the source of a different product or service identified by a similar mark.”⁷¹⁹

The defendant has a series of defenses of defects include: (i) That the registration or the incontestable right to use the mark was obtained fraudulently; or (ii) That the mark has been abandoned; or (iii) That the registered is being used, by or with the permission of registrant; or (iv) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party’s individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly in good faith only to describe the goods or services of such part, or their geographic origin; or (v) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant’s prior use and has been continuously used by such or those in privity with him from a date prior to prescribed; or (vi)

⁷¹⁴ Stacy L. Dogan and Mark A. Lemley, ‘Grounding Trademark Law through Trademark Use’ 92 Iowa L Rev (2006-2007) 1669, 1677-1678.

⁷¹⁵ McCarthy, Schechter, and Franklyn (n 646) 302.

⁷¹⁶ Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 413 (1916).

⁷¹⁷ WIPO, ‘Document SCT/6/3/Rev. on Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Obtaining Protection in Other Countries’ SCT/8/4 (April 2 2002) 9.

⁷¹⁸ Uche U. Ewelukwa ‘Comparative Trademark Law: Fair Use Defense in the United States and Europe—The Changing Landscape of Trademark Law’ 13 Widener L Rev (2006-2007) 97, 110

⁷¹⁹ Clicks Billiards Inc. v. Sixshooters Inc., 251 F.3d 1252, 1265 (9th Cir. 2001).

That the mark has been or is being used to violate the antitrust laws of the United States; or (vii) That the mark is functional; or (viii) That equitable principles, including laches, estoppel, or acquiescence are applicable.⁷²⁰

Under the Lanham Act, any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which (i) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or (ii) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods or services, or commercial activities.⁷²¹

One further right, which is applicable only to famous, highly distinctive marks, is the right to prevent trademark dilution, which meaning the lessening of the capacity of a mark to identify a unique product or service.⁷²² Only the commercial use of a mark—that is, a use in connection with the marketing of products or services—can constitute an actionable infringement or dilution. Therefore, merely wearing a counterfeit shirt should not give rise to liability on the part of the consumer who is not using the mark to identify a business or to market goods or services. Infringement of a mark by dilution is a totally different kind of tort than infringement by a likelihood of confusion and is subject to different rules.⁷²³ A mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of goods or services of the mark's owner.⁷²⁴ Dilution by blurring is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.⁷²⁵ Dilution by tarnishment: is association

⁷²⁰ 15 USC § 1115(b).

⁷²¹ 15 USC § 1125(a).

⁷²² 15 USC § 1127.

⁷²³ McCarthy, Schechter, and Franklyn (n 646) 301.

⁷²⁴ 15 USC 1125(c)(2).

⁷²⁵ 15 USC 1125(c)(2)(A).

arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.⁷²⁶

Certain types of acts which are not actionable as dilution by blurring or by tarnishment: (i) any fair use, including a nominative fair use or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of the person's own goods or services; including use in connection with advertising or promotion that permits consumers to compare goods or services; or identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner; (ii) all forms of news reporting and news commentary; (iii) any noncommercial use of a mark.⁷²⁷

Dilution law has been a controversial issue. McCarthy defines, in the context of US trademark law, "dilution" as "the lessening of the capacity of a famous mark to identify and distinguish goods or services", regardless of the presence or absence of competition between the owner of the famous mark and other parties or likelihood of confusion, mistake, or deception.⁷²⁸ Ghosh et al, argue that dilution law "does not exist to protect the public. It is not based on a likelihood of confusion standard, but only exists to protect the quasi-property rights a holder has in maintaining the integrity and distinctiveness of his marks."⁷²⁹ The suspicion of dilution doctrine is that why should government provide this right if the consumers need against confusion are already provided by the likelihood of confusion form of liability?⁷³⁰ Posner proposes a consumer protection justification for dilution: dilution doctrine might spare consumers the imagination costs they would otherwise incur if diluting conduct were permitted.⁷³¹

⁷²⁶ 15 USC 1125(c)(2)(C).

⁷²⁷ 15 USC 1125(c)(3).

⁷²⁸ J. Thomas McCarthy, 'Dilution of a Trademark: European and United States Law Compared' 94 TMR (2004) 1163, 1166; 15 USC § 1125(c)(1).

⁷²⁹ Ghosh et al (n 639) 475.

⁷³⁰ Graeme W. Austin, 'Tolerating Confusion about Confusion: Trademark Policies and Fair' 50 Ariz L Rev (2008) 157, 165.

⁷³¹ Ty Inc. v. Perryman, 306 F.3d 509, 511 (7th Cir. 2002).

Table 2: Remedies available under the Lanham Act⁷³²

	Injunctive Relief	Damages
1114(a) and 1125(a)	-Equitable relief available under 1116 -Destruction of infringing article available under 1118	Available under 1117 -profits, that can be enhanced or diminished by judge -damages that can be trebled -attorney's fees in exceptional cases -statutory damages for counterfeit marks
1125(c)	-injunctive relief is primary remedy under 1125(c)(2) -if wilful dilution of infringing article available under 1118	-If wilfully dilution, then profits, damages and attorney's as under 1117
1125(d)	-Forfeiture or cancellation of domain name under 1125(d)(1)(c)	-actual damages and profits or statutory damages under 1117(d) -No damages for an in rem action under 1125(d)(2)

(2) Right to authorize and assign

The owner of a trademark can authorize others to use his mark or even assign his mark. In order to prevent trademarks from becoming an instrument of consumer confusion, United States trademark law places significant restrictions on a trademark owner's ability to sell or license the mark. These restrictions take two basic forms. First, trademarks cannot be assigned "in gross"—that is, without the goodwill and other assets accompanying the line of business the trademark represents. Second, if a trademark owner licenses the right to produce or sell trademarked goods to another, the owner must supervise the licensee to make sure that the goods produced or sold under the trademark are of comparable quality to existing trademarked products. Failure to comply with these rules can invalidate the trademark altogether.⁷³³

4.2.1.4 Geographical marks

⁷³² Ghosh et al (n 639) 572.

⁷³³ Mark A. Lemley, 'Beyond Preemption: The Law and Policy of Intellectual Licensing' 87 Cal L Rev (1999) 111, 135.

(1) Principles

The United States has historically been reluctant to provide trademark protection for geographic indicators, that is, a type of marks that indicate the geographic origin of a product or service, because of the potential anti-competitive effects.⁷³⁴ Under the prevailing common-law rules in effect during the first half of the twentieth century, a geographic mark could be protected provided the merchant demonstrates secondary meaning.⁷³⁵ It is observed that for well over a century, the US courts have treated geographic terms as a subject of special concern.⁷³⁶ The traditional goal of the law of geographic trademarks is to protect “the communicative needs of competitors.”⁷³⁷ The focus is not on the applicant, but on the applicant’s competitors.⁷³⁸

In an 1871 case, the Supreme Court held that the grant of exclusive use over geographical terms will “embarrass trade”:

“Could such phrase, as “Pennsylvania wheat,” “Kentucky hemp,” “Virginia tobacco,” or “Sea Island cotton,” be protected as trademarks; could anyone prevent all others from using them, or from selling articles produced in the districts they describe under those appellations, it would greatly embarrass trade, and secure exclusive rights to individuals in that which is the common right of many.”⁷³⁹

Later in 1901, the Supreme Court, in considering the application of the word “Elgin” to watches, developed two general principles. First, the general rule that words describing the

⁷³⁴ Ghosh et al (n 639) 491.

⁷³⁵ *Elgin Nat'l Watch Co. v. Illinois Watch Case Co.*, 179 U.S. 665 (1901). See also Robert Brauneis and Roger E. Schechter, ‘Geographic Trademarks and the Protection of Competitor Communication’ 96 TMR (2006) 782, 848.

⁷³⁶ Alan L. Durham, ‘Trademarks and the Landscape of Imagination’ 79 *Tem L Rev* (2006) 1181, 1181.

⁷³⁷ Brauneis and Schechter (n 735) 782, 848.

⁷³⁸ Brauneis and Schechter (n 735) 782, 848.

⁷³⁹ *Canal Co. v. Clark*, 80 U.S. 311 at 324 (1871).

place of manufacture cannot be reserved as trademarks and that the first comer cannot deny others the right to advertise the geographic origin of their goods. Second, if the term has developed a secondary meaning as a brand, the use of the term could be limited under the principles of unfair competition, so as to avoid deceiving the public.⁷⁴⁰ The US Congress adopted the first effective federal trademark statute in 1905.⁷⁴¹ The 1905 Act went so far as to ban the registration of any purported trademark that was “merely a geographic name or term.”⁷⁴² Under the dominant interpretation of the Trademark Act of 1905, no brand name that consists of a geographic term could ever be registered as a trademark, no matter how remote and obscure the place, on the ground that all place names should remain available for use by all competitors.⁷⁴³

In a nutshell, four general principles had been developed prior to the Lanham Act 1946: (i) the general rule that geographic terms cannot be protected as trademarks; (ii) the exception for terms that have developed secondary meaning; (iii) the potential restraint under principles of unfair competition when trademark rights are not available; and (iv) when trademark rights are available, the continued freedom of others to use a geographic term in its geographic sense.⁷⁴⁴

(2) Validity of geographical marks under the Lanham Act

Under the Lanham Act, complying with the established principles, a geographical mark can be registered as trademark if it is considered inherently distinctive or to have acquired distinctiveness. It is possible for a geographical mark be considered fanciful, arbitrary, or suggestive mark and thus inherently distinctive. Some pseudo-geographic terms might be categorized as fanciful because no such place exists, except in the mythology of advertising.

⁷⁴⁰ *Elgin Nat'l Watch Co. v. Ill Watch Case Co.*, 179 U.S. 665 (1901).

⁷⁴¹ 33 Stat. 724 (1905).

⁷⁴² 33 Stat. 724 at § 5(b).

⁷⁴³ *Brauneis and Schechter* (n 735) 782, 783.

⁷⁴⁴ *Durham* (n 736) 1189-1190.

“Nature Valley” probably falls in this category.⁷⁴⁵ A geographical mark may be considered arbitrary because it “conveys no relationship between the product and the named place.”⁷⁴⁶ Courts often provide “Alaska bananas” as an example of a trademark based on geographic location that would suggest to no one a genuine connection between the place and the goods.⁷⁴⁷ This example also shows the nature of the goods is an important criterion in determining the registrability of a geographical mark. The term “Alaska”, for example, might be geographically descriptive when applied to salmon. But it would deceive no one when applied to bananas.⁷⁴⁸ Other examples may include North Pole for bananas, Salem for cigarettes, and Atlantic for magazine.⁷⁴⁹

A mark is unregistrable when it consists of a mark which “when used on or in connection with the goods of the applicant is primarily geographically descriptive of them.”⁷⁵⁰ A mark which is primarily geographically descriptive is registrable when it becomes distinctive of the applicant’s goods in commerce.⁷⁵¹ Terms which are descriptive of the geographic location of origin of goods or services are descriptive marks.⁷⁵² A mark cannot be registered when it consists of a mark which when used on or in connection with the goods of the applicant is “primarily geographically descriptive” of them.⁷⁵³ To establish a prima facie case for the refusal to register a mark as primarily geographically descriptive, the examining attorney must show that: (i) the primary significance of the mark is a generally known geographic location; (ii) the goods or services originate in the place identified in the mark; and (iii) purchasers would be likely to believe that the goods or services originate in the geographic place identified in the mark.⁷⁵⁴ If the mark is remote or obscure, the public is unlikely to make a goods/place or services/place association.⁷⁵⁵ It is held that there is no sufficient evidence to establish that public in United States would perceive VITTEL as the name of a place where cosmetic products originate. That is, Vittel, France is found to be

⁷⁴⁵ Durham (n 736) 1196.

⁷⁴⁶ J. Thomas McCarthy and Veronica Colby Devitt, ‘Protection of Geographic Denominations: Domestic and International’ 69 TMR (1979) 199, 211.

⁷⁴⁷ Durham (n 736) 1182.

⁷⁴⁸ Durham (n 736) 1192.

⁷⁴⁹ McCarthy and Devitt (n 746) 199, 211.

⁷⁵⁰ 15 USC 1052(e)(2).

⁷⁵¹ 15 USC 1052(f).

⁷⁵² McCarthy and Devitt (n 746) 199, 211.

⁷⁵³ 15 USC §1052e(2).

⁷⁵⁴ USPTO, *Trademark Manual of Examining Procedure* (2011) (hereinafter TMEP) §1210.01(a).

⁷⁵⁵ TMEP §1210.04(c).

obscure.⁷⁵⁶“NORMANDIE CAMEMBERT” (“CAMEMBERT” disclaimed) is held primarily geographically descriptive of cheese because NORMANDIE is the French spelling for Normandy, consumers would recognize NORMANDIE as the equivalent of Normandy, the primary significance of Normandy is a known geographic place in France, and CAMEMBERT is generic for applicant’s goods.⁷⁵⁷

A geographical mark is unregistrable if it is considered deceptive or generic. A mark is unregistrable when it consists of or comprises of “deceptive” matter.⁷⁵⁸ Some brand names containing geographic terms are found to provide deceptive information to consumers and are denied protection for that reason regardless of whether they have obtained secondary meaning.⁷⁵⁹ Sometimes, geographical marks may be considered as generic marks and, therefore, cannot be reserved as trademarks because they are understood as naming a variety of goods, and anyone selling that variety of goods must have an equal right to use the term.⁷⁶⁰ A geographic term or design is considered generic if United States consumers view it as designating the genus of the goods, rather than their geographic origin.⁷⁶¹ For example, the TTAB denies the registration of “Montrachet” as a trademark under the reason that “Montrachet” has become a generic term for goat cheese.⁷⁶²

The Lanham Act adds two categories of unregistrable geographical marks to implement GI protection obligations under international treaties. The first category is known as primarily geographically deceptively misdescriptive. This category was made unregistrable in order to implement the protection for GIs contained in the North American Free Trade Agreement (NAFTA).⁷⁶³ A mark is unregistrable when it consists of a mark which “when used on or in connection with the goods of the applicant is primarily geographically deceptively

⁷⁵⁶ *In re Societe Generale des Eaux Minerales de Vittel S.A.*, 824 F.2d 957, 3 USPQ2d 1450 (Fed. Cir. 1987).

⁷⁵⁷ *In re Cheezwhse.com, Inc.*, 85 USPQ2d 1917 (TTAB 2008).

⁷⁵⁸ 15 U.S.C. § 1052(a).

⁷⁵⁹ *Brauneis and Schechter* (n 735) 782, 783.

⁷⁶⁰ *Durham* (n 736) 1181, 1196.

⁷⁶¹ TMEP §§1209.01(c) *et seq.*

⁷⁶² *In re Montrachet S.A.* 878 F.2d 375 (Fed. Cir. 1989).

⁷⁶³ Christine Haight Farley, ‘Conflicts between U.S. Law and International Treaties Concerning Geographical Indications’ 22 *Whittier L Rev* (2000-2001) 73, 79. North American Free Trade Agreement (NAFTA) 19 USC §§ 3301-3473.

misdescriptive of them.”⁷⁶⁴ That is, if a term directly conveys a relationship between the product and a place and the goods do not come from that place, then the mark is primarily “geographically deceptively misdescriptive” of the goods.⁷⁶⁵ To support a refusal to register a mark as primarily geographically deceptively misdescriptive mark, the examining attorney must show that (i) the primary significance of the mark is a generally known geographic location; (ii) the goods or services do not originate in the place identified in the mark; (iii) purchasers would be likely to believe that the goods or services originate in the geographic place identified in the mark; (iv) the misrepresentation is a material factor in a significant portion of the relevant consumer’s decision to buy the goods or use the services,⁷⁶⁶

An example of “primarily geographically deceptively misdescriptive” mark is found in the *In re Save Venice New York* case. Save Venice is a non-for-profit New York corporation devoted to preserving and restoring some cultural treasure of Venice, Italy. On January 7, 1997, Save Venice filed an intent-for-use application with the USPTO for a composite mark which amalgamates the phrases “THE VENICE COLLECTION” and “SAVE VENICE, INC.” with a drawing of the Lion of St. Mark. The applicant sought registration on the principal register of this mark to cover a variety of goods in nine different international classes. With the exception of some glass products, none of the applicant’s designated goods originated in Venice. The USPTO refused registration of those goods not originated in Venice under 15 USC 1052(e)(3) because it was considered that the mark was primarily geographically deceptively misdescriptive. The court affirmed USPTO’s refusal to register’s mark on the grounds that the mark is primarily geographically deceptively misdescriptive.⁷⁶⁷

Prior to 1993, it was possible to overcome a section 2(e) finding by a showing of acquired secondary meaning.⁷⁶⁸ According to McCarthy and Devitt the theory is that “consumers have the right to be told the truth as to the origin of goods unless it can be shown that they have

⁷⁶⁴ 15 USC § 1052(e)(3).

⁷⁶⁵ McCarthy and Devitt (n 747) 199, 213. (noting that [prior to 1993] this category of marks “may be registered on the Principal Register only upon proof that it has acquired secondary meaning. The theory is that consumers have the right to be told the truth as to the origin of goods unless it can be shown that they have become conditioned over a period of time to view the mark as indicating a commercial rather than a geographic origin.”

⁷⁶⁶ TMEP §1210.01(b).

⁷⁶⁷ *In re Save Venice New York* (259 F.3d 1346 (Fed. Cir. 2001)).

⁷⁶⁸ Farley (n 763) 79.

become conditioned over a period of time to view the mark as indicating a commercial rather than a geographic origin.”⁷⁶⁹ The US amended its law to implement GI provision contained in the North American Free Trade Agreement (NAFTA). Since then, this bar cannot be saved by acquired distinctiveness.⁷⁷⁰ This amendment, made to implement international treaties on GIs, is seen as deviation from the established principles.⁷⁷¹

(v) GIs for wines and spirits

A mark is unregistrable if it consists of or comprises “a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement...enters into force with respect to the United States.”⁷⁷² This provision was added to the Lanham Act in order to implement the additional protection for GIs for wines and spirits under Article 23 of the TRIPS Agreement.⁷⁷³ It does not apply to geographical indications that were first used in commerce on or in connection with wines or spirits prior to January 1, 1996.⁷⁷⁴ Section 2(a) constitutes an absolute bar to the registration of false geographical indications used on wines or spirits on either the Principal Register or the Supplemental Register. Neither a disclaimer of the geographical designation nor a claim that it has acquired distinctiveness can obviate the refusal if the mark consists of or comprises a geographical indication that identifies a place other than the origin of the wines or spirits.”⁷⁷⁵ Again, this provision, added to implement GI protection obligation, is regarded as a deviation from established principles.⁷⁷⁶

⁷⁶⁹ McCarthy and Devitt (n 746) 199, 213.

⁷⁷⁰ 15 USC 1052(f).

⁷⁷¹ Mary LaFrance, ‘Innovations Palpitations: The Confusing Status of Geographically Misdescriptive Trademarks’ 12 J Intell Prop L (2004-2005) 125.

⁷⁷² 15 USC § 1052(a).

⁷⁷³ TMEP 1210.08 (2011).

⁷⁷⁴ 15 USC § 1052(a), added by the Uruguay Round Agreement Act, Pub. L. No. 103-465, 108 Stat. 4089, § 522 (1994). TMEP § 1210.08 Wines and Spirits (2010), (available at <http://tess2.uspto.gov/tmdb/tmep/>). See also Brauneis and Schechter (n 735) 782, 797.

⁷⁷⁵ TMEP § 1210.08 Wines and Spirits (2010).

⁷⁷⁶ LaFrance (n 771) 125.

(3) Scope of protection

Since the most important policy goal in regulating protection of geographic marks is that of preserving access to terms competitors need to describe their goods, then the most important feature of the protection granted is the exception for descriptive fair use.⁷⁷⁷ Descriptive fair use has long been recognized at common law as a limit on injunctive relief against the use of geographical terms. Lanham Act 33(b)(4), That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark...of a term or device which is descriptive of and used fairly and in good faith only to describe...their geographic origin.⁷⁷⁸ “The fair use defence arise when a competitor uses a mark in its common or primarily sense to describe the competitor’s own products.”⁷⁷⁹ The justification for the fair use defence is found in “the public interest in allowing competitors to make free use of the English language to describe their goods.”⁷⁸⁰ The fair use defence “forbids a trademark registrant to appropriate a descriptive term for his exclusive use and so prevent others from actually describing a characteristic of their goods.”⁷⁸¹ In *KP Permanent Make-Up, Inc v. Lasting Impression I, Inc.*, the U.S. Supreme opines that some degree of consumer confusion was compatible with fair use.⁷⁸² That is, toleration of some confusion is required by the fair use defence.⁷⁸³ That is even if a senior has achieved secondary meaning in a geographically descriptive term, anyone who is in fact located in that place has a limited right to tell consumers of the location.⁷⁸⁴ Thus, even if a United States producer acquired trademark rights to GHANA for cocoa, Ghanaian cocoa producers’ rights to use the term in a purely geographically descriptive manner would be preserved under the fair use defense. This allows anyone who is in fact located in a territory to tell purchasers of its location in a purely descriptive, non-trademark manner. In such cases, the rights of the trademark owners are balanced against the right of the

⁷⁷⁷ Brauneis and Schechter (n 735) 805.

⁷⁷⁸ 15 USC § 1115(b)(4).

⁷⁷⁹ Ewelukwa (n 719) 97, 110.

⁷⁸⁰ Ewelukwa (n 719) 97, 110.

⁷⁸¹ *Soweco, Inc., v. Shell Oil Co.*, 617 F.2d at 1178, 1185 (5th Cir. 1980).

⁷⁸² *KP Permanent Make-Up*, 543 U.S. 111 (2004). See also Ewelukwa (n 719) 97, 98 (noting that “[t]he Supreme Court, however, did not spell out what degree of confusion was compatible with fair use”.)

⁷⁸³ Austin (n 730) 157, 188.

⁷⁸⁴ Lanham Act § 33(b)(4); McCarthy, Schechter, and Franklyn (n 646) 233.

producer in the particular area. This may require the use of disclaimers or other explanatory matter.⁷⁸⁵

4.2.1.5 Interpreting GIs as trademarks

The difference between the definitions of GIs under the TRIPS Agreement and trademarks under the Lanham Act is obvious. This, however, does not prevent the USPTO and some commentators from interpreting GIs as trademarks. It is argued by the USPTO that trademarks and GIs are functionally similar concepts. Geographical indications can be viewed as a subset of trademarks. Geographical indications serve the same functions as trademarks, because like trademarks they are (i) source-identifiers, (ii) guarantees of quality, and (iii) valuable business interests.⁷⁸⁶ Secondly, according to USPTO, these two concepts may overlap. This happens:

“[I]f a geographic sign is used in such a way as to identify the source of the goods/services and over time, consumers start to recognize it as identifying a particular company or manufacturer or group of producers, the geographic sign no longer describes only where the goods/services come from, it also describes the “source” of the goods/services. At that point, the sign has “secondary meaning” or “acquired distinctiveness.” The primary meaning to consumers is the geographic place; the secondary meaning is the producing or manufacturing source. If a descriptive sign has “secondary meaning” to consumers, the sign has a source-identifying capacity and is protectable as a trademark. Because of this feature of U.S. trademark law, GI can also be protected as trademarks...”⁷⁸⁷

Beresford finds this interpretation agreeable, “although this is relatively rare.”⁷⁸⁸ In support of Beresford, Brody argues that a small number of trademarks registered this way also qualify as

⁷⁸⁵ McCarthy and Devitt (n 746) 217-218.

⁷⁸⁶ USPTO (n 655) 1.

⁷⁸⁷ USPTO (655) 5-6. See also Beresford (n 655) 984-985.

⁷⁸⁸ Beresford (n 654) 984.

geographical indications within the meaning of TRIPS. The example he provides is WATERFORD for crystal ware.⁷⁸⁹

This interpretation, however, fails to settle the potential tension or paradox between GIs and trademarks. On the one hand, under the TRIPS Agreement, a GI is an indication identifying a good as originating in a place where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. From the trademark perspective, these definitional criteria make a GI “by definition descriptive.”⁷⁹⁰ On the other hand, the requirement of distinctiveness, inherent or acquired secondary is not consistent with TRIPS definition of GIs.⁷⁹¹ Efforts to conciliate this tension have led to confusing result. Echols, for example, claims that “GIs are...not purely descriptive terms, their function is analogous to a descriptive function.”⁷⁹² Gangjee claims that a GI “is both descriptive of origin and distinctive.”⁷⁹³ But he further explains that distinctiveness for a GI means “the ability to differentiate between similar products on the marketplace and not in the classical trademark sense, depends explicitly on geographical origin.”⁷⁹⁴

One further concern is that a trademark with geographical reference does not “guarantee” the geographical origin of the good it identifies. As O’Connor has pointed out that several trademarks with geographical references exist for quality products, such as “Idaho’s Best” and “Lake Placid Premium Citrus”, however, do not imply that any quality standards or geographic standards are being met. Therefore, it is entirely possible that the trademark “Idaho’s Best” could identify potatoes that were grown in California, and merely processed in Idaho State.⁷⁹⁵

⁷⁸⁹ Brody (n 632) 905, 909.

⁷⁹⁰ Felix Addor and Alexandra Grazioli, ‘Geographical Indications beyond Wines and Spirits: A Roadmap for a Better Protection for Geographical Indications in the WTO TRIPS Agreement’ 5 JWIP (2002) 865, 871.

⁷⁹¹ Ghosh et al (n 639) 491.

⁷⁹² Echols (n 638) 242.

⁷⁹³ Gangjee (n 662) 118-119.

⁷⁹⁴ Dev Gangjee, ‘Quibbling Siblings: Conflicts between Trademarks and Geographical Indications’ 82 Chi-Kent L Rev (2007) 1255.

⁷⁹⁵ O’Connor (n 635) 251.

Some commentators seem sceptical about the suitability of trademarks as a legal means for GI protection. According to McCarthy, GIs are treated in U.S. “as a subset of the law of trademarks, protectable as certification marks or collective marks.”⁷⁹⁶ WIPO categorizes four types of legal means, namely, unfair competition and passing off, protected appellations of origin and registered geographical indications, collective and certification marks, and administrative schemes for protection. Trademarks are not included in this categorization because of the “general principle that individual trademarks must not be descriptive or deceptive, geographical terms cannot serve as individual trademarks, unless they have acquired distinctive character through use, or their use is fanciful and, therefore, is not deceiving as to origin of the goods on which the trademarks are used.”⁷⁹⁷ For Coerper, certification marks provide “the only means for establishing a registered property right in a geographical indication, including a wine appellation, in the United States.”⁷⁹⁸

4.2.2 Certification marks

4.2.2.1 Essentials of certification marks

Under the Lanham Act, a certification mark is any word, name, symbol, or any combination “used by a person other than its owner, or...which its owner has a bona fide intention to permit a person other than the owner to use in commerce”.⁷⁹⁹ Certification marks can be used to certify (i) regional or other origin; (ii) material, mode of manufacture, quality, accuracy or other characteristics of the goods/services; or (iii) that the work or labor on the goods/service was performed by a member of a union or other organization.⁸⁰⁰ These

⁷⁹⁶ McCarthy (n 666) § 14:21.

⁷⁹⁷ WIPO SCT/8/4 (April 2 2002) ‘Document SCT/6/3/Rev. on Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Obtaining Protection in Other Countries’, p. 8.

⁷⁹⁸ Milo G. Coerper, ‘Certification Marks as a Means of Protecting Wine Appellations in the United States’ 16 IPL Newsletter (1997-1998) 24, 24.

⁷⁹⁹ 15 USC § 1127.

⁸⁰⁰ 15 USC § 1127; USPTO (n 664) 2; Terry E. Holtzman, ‘Tips from the Trademark Examining Operation’ 81 TMR (1991) 180, 180-181. TMEP, 1306.01 (2009).

categories are not mutually exclusive, that is, the “same mark can be used to certify one or more aspects of the same goods or services”⁸⁰¹ Although defined and protected under the Lanham Act, the certification mark is “a special creature created for a purpose uniquely different from that of an ordinary service mark or trademark.”⁸⁰² A certification mark is used to inform purchasers that the goods or services of a person possess certain characteristics or meet certain qualifications or standards established by another person. Under the US law, certification marks differ from trademarks by two characteristics. One is that the owner of a certification mark does not use it. The other is that a certification mark does not indicate commercial source nor distinguish the goods or services of one person from those of another person. This means that any entity, which meets the certifying standards, is entitled to use the certification mark.⁸⁰³ A certification mark can be registered “by persons, and nations, States, municipalities, and the like, exercising legitimate control over the use of the marks sought to be registered, even though not possessing an industrial or commercial establishment”.⁸⁰⁴ In practice, certification marks tend to be owned by a collective group such as a trade group or a government entity, including state agricultural agencies, which establish the standards and criteria that a product must meet to bear the organization’s certification mark.⁸⁰⁵

Apart from the prevention of public confusion, certification marks serve “further public interest in free and open competition among producers and distributors of the certified products.”⁸⁰⁶ To ensure such interests be respected, the Lanham Act provides that cancellation of certification marks can happen at any time for any of the four reasons: (i) if the owner does not control or is not able legitimately to exercise control over the use of the mark;⁸⁰⁷ (ii) if the owner engages in the production or marketing of any goods or services to which the certification mark is applied;⁸⁰⁸ (iii) if the owner permits the use of the certification

⁸⁰¹ Holtzman (n 801) 180, 181 (noting that “the mark “ROQUEFORT” is used to indicate that cheese has been (1) manufactured from sheep’s milk and (2) cured in the caves of the Community of Roquefort (France) in accordance with their long established methods under and processes.)

⁸⁰² In re Florida Citrus Commission, 160 USPQ 495, 499 (TTAB 1968).

⁸⁰³ USPTO (n 660) 2; TMEP, 1306.01 (2009); Holtzman (n 801) 180, 180-181.

⁸⁰⁴ 15 USC § 1054.

⁸⁰⁵ Mary O’Kicki, ‘Lessons Learned from Ethiopia’s *Trademarking and Licensing Initiative*: Is the European Union’s Position on Geographical Indications Really Beneficial for Developing Nations?’ 6 Loy U Chi Int’l L Rev (2008-2009) 311, 321.

⁸⁰⁶ M & M III, 335 F. 3d at 138.

⁸⁰⁷ 15 USC § 1064(5)(A).

⁸⁰⁸ 15 USC § 1064(5)(B).

mark for purposes other than to certify;⁸⁰⁹ (iv) if the owner discriminately refuses to certify or to continue to certify the goods or services of any person who maintains the standards or conditions which such mark certifies.⁸¹⁰ By requiring certification mark holders to license all individuals who meet the certification criteria, the Lanham Act ensures that the market will include as many participants as can produce conforming goods. By preventing mark holders from becoming market participants, it removes incentives for mark holders to engage in anticompetitive conduct. The Lanham Act’s cancellation provisions thus appear designed to promote free competition in the market for certified products.”⁸¹¹

The certification mark has its origin in the fourteenth-century England. In 1300, a statute of King Edward I provided that no silver or gold ware could be sold until it had been tested at the Guild of Goldsmiths for the proportion of precious to base metal in the mixture. Then, if approved, the article was to be struck with the “King’s Mark”, as a guarantee of quality. The King’s Mark resembles modern certification mark because “it attested to verification of product against a standard.”⁸¹² The Guild of Goldsmiths was equipped with the power to search shops and workplaces for non-compliant goods and use of counterfeit marks.⁸¹³ The King’s Mark had its conceptual foundation in “regulation”, that is, “the process by which governments impose requirements on enterprises, citizens, and government itself, including laws, orders, and other rules.” The objectives of regulation typically are to protect values such as the quality and quantities of goods, environmental quality, public health and safety.⁸¹⁴ This regulatory law declines with the power of guild and the advent of the industrial revolution and a climate of economic liberalism.⁸¹⁵ American case law had recognized the validity of a mark used for certification purposes prior to its federal registrability.⁸¹⁶

⁸⁰⁹ 15 USC § 1064(5)(C).

⁸¹⁰ 15 USC § 1064(5)(D).

⁸¹¹ *State of Idaho Potato Commission v. G & T Terminal Packaging Inc.*, 425 F. 3d 708 (9th Cir. 2005) para. 29.

⁸¹² Jeffrey Belson, *Certification Marks* (Sweet & Maxwell 2002) 7.

⁸¹³ Belson (n 813) 7.

⁸¹⁴ Belson (n 813) 6.

⁸¹⁵ Belson (n 813) 9.

⁸¹⁶ Note: ‘The Collective Trademark: Invitation to Abuse’ 68 *Yale L J* (1958-1959) 528, 530 at n. 13. Alison Firth, ‘Collectivity, Control and Joint Adventure—Observations on Marks in Multiple Use’ in Norma Dawson and Alison Firth (eds.) *Trade Marks Retrospective* (Sweet & Maxwell 2000) 173-188, 176 (noting that “Certification marks governed by statute in the U.K. constitute a trading mechanism which be regarded as a successor to the power to regulate trade and to maintain standards formerly enjoyed under charter by guilds and craft companies.”)

Subsequently, statutory recognition was given in 1946 through the passage of the Lanham Act.⁸¹⁷

There has been a disagreement on the IP status of certification marks. It is agreed that although the certification mark is named and defined in a basic federal statute dealing with trademarks, it is a distinct kind of mark, “a special creature created for a purpose uniquely different from that of an ordinary service mark or trademark.”⁸¹⁸ The exact nature of the certification mark is, however, still unclear. Carvalho denies the IP status of certification marks. According to Carvalho, the certification mark aims at certifying certain technical characteristics of the goods or their method of production and is, thus, not covered by the definition of trademark under Article 15.1 of the TRIPS Agreement. Furthermore, their role is not to distinguish goods or services but rather to harmonize them, similarly to technical standards. From his point of view, certification marks are “very close to industrial property, but they are not part of it” and should be understood as labels belonging to consumers’ protection.⁸¹⁹ On the contrary, Brody argues that certification marks are a form of communal property because they are controlled by a certifying body and the mark may be used by multiple parties within the community, subject to the control of the certifying or collective body.⁸²⁰ McCarthy, Schechter, and Franklyn suggest that certification marks are “a very limited form of compulsory licensing” because the one who has registered a term as certification mark must license or permit use of the mark by anyone maintains the standards or conditions the mark certifies.⁸²¹ In this sense, they are similar to compulsory licensing, that is, a “government mandated arrangement allowing third parties to use another’s intellectual property upon payment of a specified fee regardless of objections the owner of the intellectual property in order to accomplish some political or social objectives, or deal with problems of market failure.”⁸²² Based on the features that the owner of a certification mark may not produce goods protected by the mark and discriminately refuse to all those producers

⁸¹⁷ Donald A. Taylor, ‘Certification Marks—Success or Failure?’ 23 *The Journal of Marketing* (1958) 39, 39; Note (n 816) 530.

⁸¹⁸ *In re Florida Citrus Commission*, 160 USPQ 495, 499 (TTAB 1968); Milo G. Coerper, ‘The Protection of Geographical Indications in the United States of America, with Particular Reference to Certification Marks’, *Industrial Property*-July/August (1990) 232, 237.

⁸¹⁹ Nuno Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs* (Kluwer Law International 2006) 221.

⁸²⁰ Brody (n 632) 905, 907.

⁸²¹ 15 USC § 1064(5)(D). McCarthy, Schechter, and Franklyn (n 646) 88.

⁸²² McCarthy, Schechter, and Franklyn (n 646) 86.

whose goods meet the standards set out by the owner of the mark, Faulhaber regards certification marks as “unique intellectual property rights” because they do not convey the exclusive rights of trademark.⁸²³

All these comments have their merits. As explained, the two basic shared characteristics of IP are the intangibility of subject matter and the negative nature of rights.⁸²⁴ Based on these two criteria, it seems proper to consider certification marks IP, even though their exclusivity is rather limited.

4.2.2.2 Protecting GIs as certification marks

The connection between certification marks and GI protection seems straightforward. As one commentator puts it that a “certification mark protects a geographical indication when it is used to certify regional origin.”⁸²⁵ According to Belson, the “re-emergence” of certification mark in the US in the late nineteenth century was closely related to the need to deal with goodwill attached to geographical names, at a time when the courts were presented with a large number of cases concerning the adoption of geographical names on products and commodities originating from particular geographical locations.⁸²⁶ The certification mark has been considered as the principal method by which geographical indications can be protected under the US law.⁸²⁷ During the Uruguay Round Trade Negotiations, the United States proposed that “[c]ontracting parties shall protect geographical indications that certify regional

⁸²³ Lilian V. Faulhaber, ‘Cured Meat and Idaho Potatoes: A Comparative Analysis of European and American Protection and Enforcement of Geographical Indications of Foodstuffs’ 11 Colum J Eur L (2005) 623, 646.

⁸²⁴ See above 2.2.2.

⁸²⁵ Justin Hughes, ‘Champagne, Feta, and Bourbon: The Spirited Debate about Geographical Indications’ 58 Hastings Law Journal (2006) 299, 309; 15 USC § 1127.

⁸²⁶ Belson (n 813) 13.

⁸²⁷ Milo G Coeper, ‘The Protection of Geographical Indications in the United States if America, with Particular Reference to Certification Marks’ Industrial Property (1990) 232, 232; O’Connor (n 635) 73.

origin by providing for their registration as certification or collective marks.”⁸²⁸ USPTO claims that GIs can be protected as certification marks under the US regime.⁸²⁹

It is claimed that GIs can be protected as certification marks either through registration by the USPTO or through the common law without being registered.⁸³⁰ One feature, which enable the US trademark law to accommodate the concept of GI as defined under the TRIPS Agreement is that geographically descriptive terms can be registered as certification marks without acquired distinctiveness.⁸³¹ A geographical term may be used, either alone or as a portion of a composite mark, to certify that the goods originate in a particular geographical region identified by the term. When seeking to register for this purpose, neither secondary meaning nor disclaimer is required.⁸³² Under certain circumstances, the name of the place from which goods or services originate may function as a certification mark. When geographic terms are used to certify regional origin (e.g., “Idaho” used to certify that potatoes are grown in Idaho), registration of certification marks should not be refused and on the ground of geographical descriptiveness and disclaimers of these geographic terms should *not* be required⁸³³ However, again, like in the case of trademarks, the “essential” place-product nexus is not a requirement for protection. As Justin Hughes has pointed out, as long as the certification standards are applied in a non-discriminatory fashion, the USPTO does not care what the certification standards are.⁸³⁴ Section 2(e)(2) of the Lanham Act prohibits registration of a mark that is primarily geographically descriptive of the goods or services named in the application “except as indications of regional origin may be registrable under section 1054 of this title”.⁸³⁵ This provision is interpreted as allowing a geographical name to be protected as a certification mark even though it is primarily geographically descriptive. As noted in the Roquefort case:

⁸²⁸ US Draft text of TRIPS (MTN.GNG/NG11/W/70) art. 18.

⁸²⁹ USPTO (n 654) 2.

⁸³⁰ Beresford (n 655) 982-983.

⁸³¹ USPTO (n 655) 2.

⁸³² TMEP, 1306.02 (2009).

⁸³³ TMEP, 1210.09 “Geographic Certification Marks” (2009); USPTO (n 655) 2.

⁸³⁴ Hughes (n 826) 310.

⁸³⁵ 15 USC 1052(e)(2).

“A geographical name does not require a secondary meaning in order to qualify for registration as a certification mark. It is true that section 1054 provides that certification marks are “subject to the provisions relating to the registration of trademarks, so far as they are applicable...” But section 1052(c)(2), which prohibits registration of names primarily geographically descriptive, specifically excepts “indications of regional origin” registrable under section 1054. Therefore, a geographical name may be registered as a certification mark even though it is primarily descriptive.”⁸³⁶

In this sense, the US trademark law provides opportunities for traders who intend to use geographical place names as certification marks which allow them to exploit the valuable public association of the place name with special traditional skills or particular geographical features.⁸³⁷ However, a geographical name that has become generic remains unregistrable.⁸³⁸ “FONTINA”, for example, was held a generic name of a type of cheese rather than a certification mark indicating regional origin, in view of the fact that non-certified producers outside that region use the term to identify non-certified cheeses.⁸³⁹ Similarly, the TTAB held that the term CHABLIS, which is a French appellation of origin for wine AOC, was unprotectable as a certification mark because it had become generic for light, white wine and did not primarily indicate the place of origin to U.S. consumers.⁸⁴⁰

In spite of the fact that the statute does not prohibit individuals or private organizations from owning geographical certification marks, in most instances the authority that exercises control over the use of a geographical term as a certification mark is “a governmental body or a body operating with governmental authorization.”⁸⁴¹ The reason is that a government entity is often “in the best position to establish and regulate standards, to control the use of mark and to ensure that discriminatory activity will occur.”⁸⁴² Usually, the registrants are governmental authorities.⁸⁴³

⁸³⁶ *Roquefort v. William Faehndrich, Inc.*, 303 F.3d 494, 497 (2d Cir. 1962); TMEP, 1306.02 (2011)

⁸³⁷ *Belson* (n 813) 25.

⁸³⁸ USPTO (n 655) 4.

⁸³⁹ *In re Cooperative Produttori Latte E Fontina Valle D’ Acosta*, 230 USPQ 131 (TTAB 1986).

⁸⁴⁰ *Institut National des Appellations d’Origine v. Vintners Int’l Co.*, 953 F.2d 1574 (Fed. Cir. 1992) (rejecting opposition to CHABLIS WITH A TWIST).

⁸⁴¹ USPTO (n 655) 3.

⁸⁴² *Holtzman* (n 801) 180, 184-185.

⁸⁴³ TMEP, 1306.02(b) (2009).

Geographical certification marks can also develop as a matter of common law without USPTO registration.⁸⁴⁴ This may happen if, over the course of time, the geographical name, adopted as a mark becomes a synonym for superior quality. Under this circumstance, the geographical name in effect “certifies the origin of the goods, and the goodwill and reputation in the name deemed deserving of protection under the common law principle of passing off.”⁸⁴⁵ “SUNSHINE TREE”, for example, was held as an unregistered and valid certification mark for citrus from Florida.⁸⁴⁶

Foreign producers can also gain protection in US without regard to whether the name is protected under their own country.⁸⁴⁷ The rule established under “COGNAC” is that a certification mark exists at common law if the use of the geographical designation is controlled and limited in such a manner that it reliably indicates to purchasers that the goods bearing the designation come exclusively from a particular region.⁸⁴⁸ Thus, if a geographical name is controlled locally in France or Italy, the producers market in the United States, and no one else in the United States is using the GI for the same product, there are probably common law trademark rights under U.S. trademark doctrine. This means that a European producer can gain common law protection of its geographical indication in the United States without regard to whether the GI is protected under an EU member’s trademark law, geographical indication law or both.⁸⁴⁹ In “COGNAC” the French government and a consortium of Cognac producers successfully blocked the registration of the trademark “Canadian Mist and Cognac” by Brown-Forman Corp. through extensive litigation before the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board. Among other things, this precedent-setting case established that “Cognac” is a common-law certification mark entitled to full protection by the U.S. PTO against registration of confusingly similar marks.

⁸⁴⁴ Hughes (n 826) 310; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 18 (1995).

⁸⁴⁵ Belson (n 813) 13.

⁸⁴⁶ Florida v. Real Juices, Inc., 330 F. Supp. 428, 430 (M.D. Fla. 1971) (unregistered SUNSHINE TREE valid certification mark for purposes of opposing trademark registration for citrus from Florida).

⁸⁴⁷ Hughes (n 826) 310.

⁸⁴⁸ Institut National des Appellations d’Origine v. Brown-Forman Corp., 47 U.S.P.Q.2d (BNA) 1875, 1883-1885 (T.T.A.B. 1998) (COGNAC valid unregistered certification mark for purposes of opposing trademark registration using “Cognac”).

⁸⁴⁹ Hughes (n 826) 310.

Following the established trademark law principles, when a geographical term is used as a certification mark, two elements are of basic concern. One is to preserve the freedom of all persons in the region to use the term and the other is to prevent abuses or illegal uses of the mark that would be detrimental to all those entitled to use the mark.⁸⁵⁰ Geographically descriptive terms are generally regarded as inherently weak and entitled to less protection than arbitrary or suggestive marks. Ordinarily, a term that describes the geographic source of a product is not protectable without a showing of acquired distinctiveness. When a geographic term is used as a certification mark, two elements are of basic concern. One is to preserve the freedom of all persons in the region to use the term. The other is to prevent abuses or illegal uses of the mark which would be detrimental to all those entitled to use the mark. Normally, a private individual is not considered to be in the best position to fulfil these objectives. The government of a region would be the logical authority to control the use of the name of that region. The government, either directly or through a body to which it has given authority, would have power to preserve the right of all persons and to prevent abuse or illegal use of the mark.⁸⁵¹ This approach is criticised by Gangjee a “non-exclusive concession” that: “Trade mark doctrine continues to view a geographical term either as a descriptive expression open to all or as capable of individual appropriation through acquired distinctiveness, but is uncomfortable with a collective, geographical yet brand-like and distinctive usage. Collective or certification marks are viewed as a non-exclusive concession in this circumstance.”⁸⁵² Gangjee uses the example of “Tequila” to substantiate his criticism. According to Gangjee, the US ‘Tequila’ certification mark has to coexist with 263 other live applications or registrations, which also include the name “Tequila”.⁸⁵³

The *State of Idaho Potato Commission v. G & T Terminal Packaging Inc.*⁸⁵⁴ case illustrates the specific context in which the owner of a geographical certification may exclude others from using the mark. State of Idaho Potato Commission (IPC) is a statutorily-created agency of the State of Idaho formed for the purpose of promoting Idaho potatoes. IPC finances its promotional work in part by licensing several certification marks for Idaho potatoes including

⁸⁵⁰ TMEP, 1306.02(b) (2009).

⁸⁵¹ WTO (n 633) 10.

⁸⁵² Dev Gangjee, ‘(Re)Locating Geographical Indications: A Response to Bronwyn Parry’, in L. Bently, J. Davis, and J. C. Ginsbury (eds.) *Trade Marks and Brands* (CUP 2008) 382-397, 396.

⁸⁵³ Gangjee (n 852) 396.

⁸⁵⁴ *State of Idaho Potato Commission v. G & T Terminal Packaging Inc.*, 425 F. 3d 708 (9th Cir. 2005)

“Idaho” and “Grown in Idaho.” G & T is a wholesale distributor of potatoes. Beginning in 1968, G & T entered into a series of licenses with IPC to use IPC’s certification marks. The most recent of these licenses expired on September 1, 1998.⁸⁵⁵ It is held that G & T violates the Lanham Act by purchasing bags with IPC’s certification mark on them and using them to package potatoes after G & T’s license to use the mark has expired.⁸⁵⁶ G & T acknowledges that it was using IPC’s registered mark on packages of potatoes without a license to do so. The issue of whether its behaviour constituted counterfeiting therefore turns on whether its use of IPC’s certification mark was likely to cause confusion.⁸⁵⁷

G & T contends that its unlicensed use of IPC’s mark was not likely to cause confusion because the potatoes it packaged were genuine Idaho potatoes.⁸⁵⁸ But this was not accepted by the court: “In the certification mark context, the mark holder’s ability to institute quality controls seems vital if a mark is to serve its purpose. By licensing a party to use the “Idaho” mark, IPC certifies that the party’s potatoes meet the standards the mark represents... By depriving IPC of the opportunity to monitor and control quality, G & T created the potential for consumer confusion...here, the actual quality of the goods is irrelevant; it is the control of quality...G & T’s use of the certification mark implied that its potatoes had been produced and distributed in accordance with IPC’s quality control procedures, and the fact that this was not the case was likely to cause consumer confusion.⁸⁵⁹ Why was 117’s statutory penalties available in this case: because injunctive relief is not enough: In addition, those making unauthorized use of the mark gain a market advantage by avoiding the expense of record keeping and following IPC’s other rules⁸⁶⁰ It is held that G & T’s use constituted counterfeiting: “G & T’s unlicensed use of IPC’s certification mark was likely to cause confusion and to undermine the effectiveness of IPC’s certification mark licensing regime”⁸⁶¹

⁸⁵⁵ State of Idaho Potato Commission, para. 3.

⁸⁵⁶ State of Idaho Potato Commission, para. 7.

⁸⁵⁷ State of Idaho Potato Commission, para. 54.

⁸⁵⁸ State of Idaho Potato Commission, para. 55.

⁸⁵⁹ State of Idaho Potato Commission, para. 56.

⁸⁶⁰ State of Idaho Potato Commission, para. 57.

⁸⁶¹ State of Idaho Potato Commission, para. 58.

The traditional principle has not been always followed. An unconventional and puzzling interpretation is provided by the TTAB in the India Tea Board decision. In this case, the TTAB holds that the presumption that a geographic term is inherently weak does not attach to geographic terms that are used to certify regional origin. A mark that is registered on the Principal Register is entailed to all 7(b) presumptions including the presumption that the mark is distinctive.⁸⁶² According to Brody, by this interpretation, the TTAB creates what he terms “geographical distinctiveness”:

“In recognizing and legitimizing this type of distinctiveness...the TTAB depart from the traditional concept of distinctiveness (that is, the “single source” concept) to create a variant that is uniquely applicable to, and beneficial for the protection of, regional certification and collective marks. The concept of geographical distinctiveness is an important jurisprudential innovation in the evolving U.S. treatment of geographical indications.”⁸⁶³

However, he also finds this the meaning of this innovation difficult to understand:

“[T]he TTAB in Tea Board classified DARJEELIN as not merely “distinctive” but “inherently distinctive,” because it was registered without any claim of acquired distinctiveness under Section 2(f) of the Lanham Act. This classification was relevant and important to the Board’s conclusion that DARJEELIN was a strong mark, worthy of broad protection. But this classification of DARJEELING, or any geographical indication, as “inherently distinctive” is puzzling, to say the least.”⁸⁶⁴

4.2.3 Collective trademarks

4.2.3.1 Essentials of collective trademarks

⁸⁶² Tea Board of India v. The Republic of Tea, Inc., TTAB (2006) 50-51.

⁸⁶³ Brody (n 632) 922.

⁸⁶⁴ Brody (n 632) 925

The Lanham Act defines the term “collective mark” as a trademark or service mark: (i) used by the members of a cooperative, an association, or other collective group or organization, or (ii) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, and includes marks indicating the membership in a union, an association, or other organization.⁸⁶⁵ Thus, there are two types of collective marks in the United States. One is collective trademarks or service marks and, the other, collective membership marks.⁸⁶⁶ A collective membership mark is a mark adopted for the purpose of indicating membership in an organized collective group, such as a union, an association, or other organization. Neither the collective nor its members uses the collective membership mark to identify and distinguish goods or services; rather, the sole function of such a mark is to indicate that the person displaying the mark is a member of the organized collective group. A collective trademark or collective service mark is a mark adopted by a “collective” (i.e., an association, union, cooperative, fraternal organization, or other organized collective group) for use only by its members, who in turn use the mark to identify their goods or services and distinguish them from those of non-members. The “collective” itself neither sells goods nor performs services under a collective trademark or collective service mark, but the collective may advertise or otherwise promote the goods or services sold or rendered by its members under the mark.⁸⁶⁷

Collective trademarks as such are unprotected at common law because the common law right to exclude others from appropriating a trademark can only be acquired by its owner through previous use.⁸⁶⁸ Collective trademarks originated abroad among loose organizations of producers desiring to indicate the regional origin of their goods. Because these foreign marks were protected in the United States under international agreement, Congress made collective marks available to American producers to put its citizens on parity with the citizens and

⁸⁶⁵ 15 USC § 1127.

⁸⁶⁶ USPTO (n 655) 4; Belson (n 813) 21.

⁸⁶⁷ *Aloe Crème Laboratories, Inc. v. American Society for Aesthetic Plastic Surgery, Inc.*, 192 USPQ 170, 173 (TTAB 1976); 15 USC § 1127; USPTO ‘glossary’ <<http://www.uspto.gov/main/glossary/index.html#c>>; WIPO understands collective marks as “signs which distinguish the geographical origin, material, mode of manufacture or other common characteristics of goods or services of different enterprises using the collective mark. The owner may be either an association of which those enterprises are members or any other entity, including a public institution or a cooperative.” See <http://www.wipo.int/sme/en/ip_business/collective_marks/collective_marks.htm>.

⁸⁶⁸ Note (n 816) 528.

associations of foreign countries.⁸⁶⁹ According to Belson, the collective trademark has its origin in medieval guild marks. The earliest guilds were religious or social associations. Later forms of guild were formed to control specific trades and protect their members' trading interests. The guild as such did not carry on a trade. That was left to the individual members, acting independently and subject to the by-laws of the guild, by controlling, among other things, the use of markings on products, the guilds controlled, policed, and enforced standards of workmanship, the quality of merchandise, and weights and measures.⁸⁷⁰ Article 7bis of the Paris Convention obliges member States to protect collective marks belonging to associations "even if such associations do not possess an industrial or commercial establishment."⁸⁷¹ The provision was first introduced in the 1911 Washington Conference of the International Convention for the Protection of Industrial Property and was further elaborated by the Revision Conference of London in 1934.⁸⁷² In the United States collective marks have been registrable to foreign and domestic association since 1936 and 1938 respectively. In 1936, the US trademark law was amended to provide for registration of collective marks to associations located in foreign countries, in order to implement treaty obligations. However, the registration of collective marks owned by domestic associations was refused until legislation provided for such registrations. In this only achieved in 1938.⁸⁷³ The 1938 amendment of the Trademark Act of 1905 provides for registration of a mark by an owner who "exercises legitimate control over the use of a collective mark."⁸⁷⁴ The purpose of this bill is to accord "the same privilege to American industrialists, which is now given under our laws to foreign industrialists."⁸⁷⁵

The nature and function collective trademark have been controversial. Some commentators treat collective trademarks just like regular trademarks.⁸⁷⁶ According to Carvalho, the word "trademarks" as used in the TRIPS Agreement, comprises individual and collective marks. This is basically because collective marks also perform the same function as trademarks if they are used in the same manner as individual marks to the extent that, instead of referring to

⁸⁶⁹ Note (n 816) 530.

⁸⁷⁰ Belson (n 813) 6.

⁸⁷¹ Paris Convention, art. 7bis.

⁸⁷² G. H. C. Bodenhausen (*Guide to the Application of the Paris Convention for the Protection of Industrial Property as Revised at Stockholm in 1967* (BIRPI 1969) 129.

⁸⁷³ Belson (n 813) 21 and n. 8.

⁸⁷⁴ TMEP 1302.01.

⁸⁷⁵ Remarks of Senator McAdoo on the Act of June 10, 1938, quoted in Note (n 817) 530, at n.12.

⁸⁷⁶ Hughes (n 826) 310.

an individual form, they refer to a collective entity.⁸⁷⁷ Similarly, Beresford argues that collective trademarks and collective service marks indicate commercial origin of goods or services just as regular trademarks and service marks do, but as collective marks they indicate origin in members of a group rather than origin in any one member or party.⁸⁷⁸ Other commentators pay more attention on the differences between collective trademarks and regular trademarks. Diamond refers to collective trademarks as a special trademark system or agreement because they involve the use of a mark by persons other than its owner.⁸⁷⁹ Breitenfeld further points the definitional contradiction between these two categories:

“The Act states that a trademark is used by “a manufacturer or merchant” and that a service mark identifies the services of “one person.” Yet it defines a collective mark as a type of trademark or service mark. How can a collective mark, which by definition is used by *more than one* person, be kind of trademark or service mark, which by definition is used by only *one* person?”⁸⁸⁰

The economic function of collective trademarks has been another focus of criticism. Collective trademarks have been criticized because they may violate the economic rationales behind trademark protection. As it has been pointed out, allowing “a single, shared symbol to identify the goods or services of several producers” may cause consumer confusion and prevent them from choosing preferred products.⁸⁸¹ Surely, this concern may be reduced or eliminated by requiring the association to set standard quality to regulate the use of the collective trademark. But doing so will reduce competition in a given industry.⁸⁸² By allowing competitors to merchandise their products in the same market under identical indicia of origin, the collective mark also discourages product competition.⁸⁸³ This concern seems to be verified by the one advocate of collective trademarks, who claims that “small entities can profit by joining together and forming an association. As an association, with collective

⁸⁷⁷ Nuno Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs* (Kluwer Law International 2006) 216-221.

⁸⁷⁸ Beresford (n 655) 984.

⁸⁷⁹ Sidney A. Diamond, ‘Requirements of a Trademark Licensing Program’ 17 *Bus Law* (1961-1962) 295, 306; Note (n 816) 533

⁸⁸⁰ Frederick Breitenfeld, ‘Collective Marks: Should They Be Abolished?’ 47 *TMR* (1957) 1, 2.

⁸⁸¹ Note (n 816) 536.

⁸⁸² Note (n 816) 529-530.

⁸⁸³ Note (n 816) 537.

marks and widespread advertising, each entity is better off than it would have been by itself ...⁸⁸⁴

Furthermore, there is a functional overlapping between collective trademarks and certification marks, namely, collective marks' certifying function overlap with certification marks⁸⁸⁵ Collective marks are not defined in the same way by the various national legislations "but they can be said to be signs which serve not to distinguish the goods or services of one enterprise from those of other enterprises, but to distinguish the *geographical origin or other common characteristics* of goods or services of *different enterprises* which *use the collective mark under the control of its owner*. These marks generally imply a certain guarantee of quality."⁸⁸⁶ Collective marks are owned by a collective body such as, for example, a trade association or an association of producers or manufacturers, and serve to indicate that person who uses the collective mark is a member of that collectivity.⁸⁸⁷ Membership in the association that is the owner of the collective mark is, generally speaking, subject to compliance with certain rules, such as the geographical area of production of the goods on which the collective mark is used, or standards of production of such goods.⁸⁸⁸ A collective mark is owned by an association or "collective" for the use of its members.⁸⁸⁹ "All members of the group use the mark; therefore, no one can own the mark, and the collective organization holds the title to the collectively used mark for the benefit of all members of the group. It has, however, also been observed that collective marks may also denote certification."⁸⁹⁰ As Firth has observed, the language used in the World Intellectual Property Organization's training manual, which describes a collective mark as a mark that "does not distinguish between different concerns, but serves to distinguish goods or services with common characteristics from goods or services without those characteristics" seems more to describe a certification mark than an association mark.⁸⁹¹ The experience of U.S. law also shows that collective marks could function to certify. It is observed that various collective

⁸⁸⁴ Arlen L. Tanner, 'Optician Ass'n of Americ v. Independent Opticians of America: A Certifying Collective Trademark?' 60 UMKC L Rev (1991-1992) 595, 612.

⁸⁸⁵ Belson (n 813) 21; Firth (n 816) 178.

⁸⁸⁶ Bodenhausen (n 873) 130.

⁸⁸⁷ WIPO, 'Document SCT/6/3/Rev. on Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Obtaining Protection in Other Countries' SCT/8/4 (April 2 2002) 9.

⁸⁸⁸ WIPO (n 888) 9.

⁸⁸⁹ Belson (n 813) 20.

⁸⁹⁰ Belson (n 813) 21.

⁸⁹¹ Firth (n 816) 178.

trademarks owned by associations of fruit growers, which are used by their members to advertise their fruits, are, in effect, certify that fruit with their collective trademark is from a certain region and claiming that it is distinctive and superior.⁸⁹² An agricultural cooperative of produce sellers is an example of a collective organization, which does not sell its own goods, or render services, but promotes the goods and services of its members.”⁸⁹³ A collective trademark, for example, can be a mark such as one used by an association of regional fruit growers to indicate the regional origin of the fruit. Texas Grape Growers and Dried Fruits and Tree Nuts, California are good illustrations. “The associations, through advertising and marketing, attempt to distinguish, for example, “Texas Grapes” as being the grapes of choice. The association that owns the collective trademark “Texas Grape Growers Association” does not sell grapes, but its member growers do.⁸⁹⁴

The value of having collective trademarks has been questioned by commentators. Collective marks are treated like regular trademark.⁸⁹⁵ Breitenfeld suggests that the inclusion of collective trademark as a category of mark independent of certification was based on a misunderstanding.⁸⁹⁶ Since the existence of collective trademarks may lead to the possibility of consumer confusion and anticompetitive behaviour and their function overlaps with that of certification marks,⁸⁹⁷ there are calls for their statutory reform. It is argued that there is no need to have both types of marks in the same jurisdiction and that collective trademarks should be abolished.⁸⁹⁸ The first recommended solution is to abolish collective trademarks (but retain collective membership marks).⁸⁹⁹ The second solution is to retain collective trademarks and enact legislation to prevent their abuse.⁹⁰⁰

⁸⁹² Tanner (n 884) 604.

⁸⁹³ Beresford (n 654) 984.

⁸⁹⁴ Tanner (n 884) 597.

⁸⁹⁵ Hughes (n 826) 310.

⁸⁹⁶ Breitenfeld (n 880)15

⁸⁹⁷ Note (n 816) 540

⁸⁹⁸ Belson (n 813) 41; Note (n 816) 540-541; Breitenfeld (n 880) 1.

⁸⁹⁹ Breitenfeld (n 880) 9.

⁹⁰⁰ Note (n 816) 541.

4.2.3.2 Protecting GIs as collective trademarks

The Lanham Act provisionally forbids the registration of a mark that “when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 4.”⁹⁰¹ An exception is allowed when the mark is registered as “indications of regional origin” as certification marks and collective marks.⁹⁰² That is to say, an indication of regional origin may be registered as a collective mark or certification mark disregarding the lack of distinctiveness. Again, this feature allows geographical collective marks to cover GIs as defined under TRIPS Agreement.⁹⁰³ It is submitted that because collective trademarks are treated just as regular trademark, “government involvement with this kind of geographical indication is no different than it is with the trademarks HILTON HOTELS or PEPSI.”⁹⁰⁴ When compared with certification marks, geographical collective trademarks may be more attractive for private interests because parties who produce the goods in question can still own them, and there is no obligation to permit anyone whose product meets the production criteria to use the mark. The state of Wisconsin, for example, could register a mark for “Wisconsin Cheese.” In this case, registration would not be hampered by its geographic descriptiveness. However, the exclusivity of such geographical collective trademarks is quite limited in some respects. The fair use defense allows others to describe, in good faith, the geographic origin of their goods. It is also limited to the class of goods specified in the application for registration.⁹⁰⁵

4.3 Measures regulating product labelling and advertising

Under the US law, geographical designations are also regulated through administrative schemes. This takes place when geographical designations are “used on goods the marketing of which is subject to an administrative approval procedure, this procedure may be applied

⁹⁰¹ 15 U.S.C. § 1052(e)(2).

⁹⁰² 15 U.S.C. § 1052(e)(2) and 15 U.S.C. § 1054.

⁹⁰³ Beresford (n 654) 985.

⁹⁰⁴ Hughes (n 826) 310.

⁹⁰⁵ Durham (n 736)1202-1203.

also for controlling the use of geographical indications applied to those goods.”⁹⁰⁶ This section examines two types of measures regulating product labelling and advertising. The first type involves the classification of names of geographical significance by administrative authorities. The use of the geographical names under the second type involves producers’ initiatives and application and approval by government. Under the third types, products are protected through an array of national and state laws and regulation.

4.3.1 Classification of names of geographical significance

4.3.1.1 Wines

The Congress passed the Federal Alcohol Administration Act (FAA Act) in 1935.⁹⁰⁷ The Act is enacted to fill the legal vacuum created by Prohibition and its repeal.⁹⁰⁸ The FAA Act prohibits the sale of alcohol beverage products that are not labelled in conformity with regulations intended to prohibit consumer deception and to provide the consumer with adequate information about the identity of the product. It prohibits, *inter alia*, consumer deception and the use of misleading statements on labels, and ensures that labels provide the consumer with adequate information as to the identity and quality of the product. Section 205(e) authorizes the Secretary of the Treasury to prescribe regulations for the labelling of wine, distilled spirits, and malt beverages.⁹⁰⁹ Prior to 2003, the federal regulation governing labelling and advertising of wine was administered by the Bureau of Alcohol, Tobacco and Firearms (ATF). The Homeland Security Act of 2002 established the Alcohol and Tobacco Tax and Trade Bureau (TTB). Rendering the functions of the Bureau of Alcohol, Tobacco and Firearms (ATF) into two new organizations with separate functions, the Act created a new tax and trade bureau within the Department of the Treasury, and shifted certain law enforcement functions of ATF to the Department of Justice. The Act called for the tax

⁹⁰⁶ O’Connor (n 635) 73-74.

⁹⁰⁷ 27 USC §§ 201-19a.

⁹⁰⁸ Chen (n 637) 42.

⁹⁰⁹ 27 USC § 205(e).

collection functions to remain with the Department of the Treasury; and the new organization was called the “Alcohol and Tobacco Tax and Trade Bureau.”⁹¹⁰ TTB is an agency of the US Department of the Treasury created by the Homeland Security Act of 2002.⁹¹¹ The TTB is headed by an Administrator who performs such duties as assigned by the Under Secretary for Enforcement of the Department of the Treasury.⁹¹² The mission of TTB is to collect alcohol, tobacco, firearms, and ammunition excise taxes owed and to ensure that alcohol beverages are produced, labelled, advertised and marketed in accordance with Federal law.⁹¹³

(1) Classification of terms of geographical significance

The TTB divides names of geographic significance for wines into three classes, namely, generic terms, semi-generic terms, and non-generic terms. Each class of names receives different level of protection. The classification is based on the determination of a TTB official’s assessment of American consumers’ perspective.⁹¹⁴

A name of geographic significance, which has not been found by the Administrator to be generic or semi-generic may be used only to designate wines of the origin indicated by such name, but such name shall not be deemed to be the distinctive designation of a wine unless the Administrator finds that it is known to the consumer and to the trade as the designation of a specific wine of a particular place or region, distinguishable from all other wines.⁹¹⁵ (2) Examples of nongeneric names which are not distinctive designations of specific grape wines are: American, California, Lake Erie, Napa Valley, New York State, French, Spanish. Additional examples of foreign nongeneric names are listed in subpart C of part 12 of this chapter.⁹¹⁶ Examples of nongeneric names which are also distinctive designations of specific

⁹¹⁰ TTB <<http://www.ttb.gov/about/history.shtml>>.

⁹¹¹ The Homeland Security Act of 2002, Public Law 107-296; Section 1111(d)(1).

⁹¹² The Homeland Security Act, Section 1111(d)(2).

⁹¹³ TTB <<http://www.ttb.gov/about/history.shtml>>.

⁹¹⁴ Kevin M. Murphy, ‘Conflict, Confusion, and Bias under TRIPs Articles 22-24’ 19 Am U Int’l L Rev (2003-2004) 1181, 1993-1194.

⁹¹⁵ 27 CFR § 4.24(c)(1).

⁹¹⁶ 27 CFR § 4.24(c)(2).

grape wines are: Bordeaux Blanc, Bordeaux Rouge, Graves, Medoc, Saint-Julien, Chateau Yquem, Chateau Margaux, Chateau Lafite, Pommard, Chambertin, Montrachet, Rhone, Liebfraumilch, Rudesheimer, Forster, Deidesheimer, Schloss Johannisberger, Lagrima, and Lacryma Christi. A list of foreign distinctive designations, as determined by the Administrator, appears in subpart D of part 12 of this chapter.⁹¹⁷

A name of geographic significance which is also the designation of a class or type of wine, shall be deemed to have become generic only if so found by the Administrator.⁹¹⁸ Examples of generic names, originally having geographic significance, which are designations for a class or type of wine may include Vermouth and Sake.⁹¹⁹

A name of geographic significance, which is also the designation of a class or type of wine, shall be deemed to have become semi-generic only if so found by the Administrator. Semi-generic designations may be used to designate wines of an origin other than that indicated by such name only if there appears in direct conjunction therewith an appropriate appellation of origin disclosing the true place of origin of the wine, and if the wine so designated conforms to the standard of identity, if any, for such wine contained in the regulations in this part or, if there be no such standard, to the trade understanding of such class or type.⁹²⁰ 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, and Tokay.⁹²¹

(2) Controversies over semi-generic terms

⁹¹⁷ 27 CFR § 4.24(c)(3).

⁹¹⁸ 27 CFR § 4.24(a)(1).

⁹¹⁹ 27 CFR § 4.24(a)(2).

⁹²⁰ 27 CFR § 4.24(b)(1).

⁹²¹ 27 CFR § 4.24(b)(2).

The category of semi-generic terms has been a source of controversy. First, it is contended that this category is “a contradiction of its mandate to protect the public against deceptive and misleading practices in the alcohol industry”.⁹²² The ATF has allowed winemakers to use “semi-generic” regional names to designate wines of an origin *other* than that indicated by the regional name, with the proviso that the winemaker place the true appellation of origin somewhere on the label as well. According to Josel, the real purpose of this policy is to enable “American winemakers to sell an entire line of domestically-grown wine products commonly referred to as “jug wines” with centuries-old A.O.C. regional classifications on their labels.”⁹²³ By doing so, it allows US products to be marketed on the goodwill and reputation of French wine, dilutes the original product’s reputation in the eyes of its consumers, confuses the consumer who is untrained in the complexities of the B.A.T.F wine classifications, and allows the use of the French AOC regional names that have acquired widespread secondary meaning, and may therefore amount to an infringement of an unregistered trademark under § 43(a) of the Lanham Act.⁹²⁴ Secondly, the term “semi-generic” is new to the trademark lexicon. It is not entirely clear where and how such classifications fit into the Lanham Act’s analysis of the spectrum of distinctiveness.⁹²⁵ The only way to know what this term really means is through the examples provided by the TTB.⁹²⁶ Without any apparent logic or justification, the TTB includes the region of AOC Sauternes and its smaller, more famous, subset region of AOC Haut Sauternes together under the same semi-generic category. Similarly, it is difficult to understand how the AOC Sauternes region has been given only a semi-generic classification, while the neighbouring AOC Graves region has been classified as “nongeneric name which are also distinctive designations of specific grape wines. Confusion also arises”⁹²⁷ Farley argues that the category of semi-generic fails to comply with TRIPS GI provision. The TRIPS Agreement prohibits false GIs used in connection with wines or spirits, even where the true origin of the goods is indicated. There is an exception where the term has become generic. However, semi-generic is not mentioned in TRIPS and, therefore, there is no exception for terms that have become semi-generic.⁹²⁸

⁹²² Kevin H. Josel, ‘New Wine in Old Bottles: The Protection of France’s Wine Classification System beyond Its Borders’ 12 B U Int’l L J (1994) 471, 477.

⁹²³ Josel (n 922) 477.

⁹²⁴ Josel (n 922) 477.

⁹²⁵ Josel (n 922) 481.

⁹²⁶ Farley (n 763) 84.

⁹²⁷ Josel (n 922) 475-476.

⁹²⁸ Fraley (n 763) 83-84.

In response to Articles 23 and 24 of the TRIPS Agreement, the US Congress amended applicable ATF laws under the Taxpayer Relief Act of 1997. The Taxpayer Relief Act of 1997 amends 26 U.S.C 5388 governing the use of semi-generic wine designations by adding a new subsection (c) to the latter.⁹²⁹ This amendment allows the U.S. wine makers to use semi-generic designations on wine not produced in that area if they disclose the true place of origin in direct conjunction with the borrowed indication and the wine conforms to the standard of identity as set forth in the regulations.⁹³⁰ According to Murphy, this amendment represents the victory of “American vintners’ lobbying efforts.”⁹³¹ The effect of this amendment is multi-fold. First, it clarifies American producers’ ability to use semi-generic terms.⁹³² More importantly, it allows any producer who has permissibly used a geographical indicator to continue using it regardless of how long he or she has done so because “26 USC 5388 lacking any requirement that a producer must have used a geographical indicator for a certain term before becoming eligible for an exception.”⁹³³ Secondly, by incorporating verbatim the list of “semi-generic” names provided in 27 CFR 4.24(b), the statute actually takes away TTB’s discretionary power to expand the list of protected “non-generic” geographical indicators.⁹³⁴ It is, thus, “more difficult for the U.S. Trade Representative to ‘trade away’ the semi-generic names in trade discussions with the European Union.”⁹³⁵ Rose thus takes this amendment as evidence of the “lack of respect” the United States has historically shown for Articles 23 and 24 of the TRIPS Agreement.⁹³⁶ Brody argues that this

⁹²⁹ Taxpayer Relief Act of 1997, Pub. L. No. 105-34 § 910 (1997).

⁹³⁰ 26 USC § 5388(c). This subsection reads: “(c) Use of semi-generic designations (1) In general Semi-generic designations may be used to designate wines of an origin other than that indicated by such name only if - (A) there appears in direct conjunction therewith an appropriate appellation of origin disclosing the true place of origin of the wine, and (B) the wine so designated conforms to the standard of identity, if any, for such wine contained in the regulations under this section or, if there is no such standard, to the trade understanding of such class or type. (2) Determination of whether name is semi-generic (A) In general Except as provided in subparagraph (B), a name of geographic significance, which is also the designation of a class or type of wine, shall be deemed to have become semi-generic only if so found by the Secretary. (B) Certain names treated as semi-generic The following names shall be treated as semi-generic: Angelica, Burgundy, Claret, Chablis, Champagne, Chianti, Malaga, Marsala, Madeira, Moselle, Port, Rhine Wine or Hock, Sauterne, Haut Sauterne, Sherry, Tokay.”

⁹³¹ Murphy (n 914) 1196.

⁹³² Murphy (n 914) 1196.

⁹³³ Murphy (n 914) 1197, at n. 91

⁹³⁴ Murphy (n 914) 1196; see also, Peter M Brody, “‘Semi-Generic’ Geographical Wine Designations: Did Congress TRIP over TRIPS?’ 89 TMR (1999) 979, 981-2; Lindquist (n 689) 332.

⁹³⁵ Lindquist (n 689) 327-8; B. Rose, “No More Whining about Geographical Indications: Assessing the 2005 Agreement between the United States and the European Community on the Trade in Wine” 29 *Houston Journal of International Law* (2007) 731, 747.

⁹³⁶ Rose (n 935) 765 comments that: “In 1997, only three years after the signing of TRIPS, Congress passed the Taxpayer Relief Act, which codified treatment of semi-generic designations under the BATF regulations. By permitting the use of semi-generic terms with a set of limited restrictions, the United States flouted the obligations under Article 24 of TRIPS, which enables continued use of geographical indications only where there is evidence of good faith or use 10 years prior to the signing of TRIPS.”

federal legislation, in fact, contravenes the United States' TRIPS obligations by strengthening American producers' ability to use false or inaccurate but non-misleading GIs.⁹³⁷ Lindquist contends that, by doing so, the US Congress "tested the boundaries" of TRIPS Article 23" and ignored the EU's desire to see the semi-generic names as protected GIs.⁹³⁸

On March 10, 2006 the United States and the European Community signed the Agreement between the United States of American and the European Community on Trade in Wine. This Agreement provides for, *inter alia*, the United States limiting the use of certain semi-generic names in the US market and recognizing certain names of origin in each other's market.⁹³⁹ The US agrees to seek legislative changes to limit the use of 16 semi-generic names, as well as retsina used on wine labels. The names covered by the Agreement include: burgundy, chablis, champagne, chianti, claret, haute sauterne, hock, madeira, malaga, marsala, moselle, port, retsina, rhine, sauterne, sherry, and tokay (Article 6 and Annex II). First, with regard to semi-generic terms of origin, under Section 1 of Article 6, the United States pledges to seek a change in legal status for a set of 17 generic terms such that these terms can only be used on wines produced in the European Community.⁹⁴⁰ Wine labels that do not conform to this provision are to be blocked form the market.⁹⁴¹ Section 2 of Article 6 is a grandfather clause whereby Section 1 does not apply to winemakers using a prohibited term as defined by Annex II "where such use has occurred in the United States" before the later of December 13, 2005, or the signing of the Wine Agreement.⁹⁴² In addition, the wine labels for wines employing semi-generic terms must comply with the BATF regulations that were in force as of September 14, 2005.⁹⁴³ Accordingly, such labels must indicate the wine's true origin as the United States.⁹⁴⁴ The US Congress codified these provisions as section 422 of the Tax Relief and Health Care Act of 2006, which was signed into law by President Bush on December 20,

⁹³⁷ Brody (n 934) 979.

⁹³⁸ Lindquist (n 689) 327.

⁹³⁹ The text of this Agreement is available at: <http://www.ustr.gov/assets/Document_Library/Fact_Sheets/2005/asset_upload_file917_8030.pdf>.

⁹⁴⁰ US-EC Wine Agreement of 2006, Title III, art. 6(1).

⁹⁴¹ US-EC Wine Agreement of 2006, Title III, art. 6(4).

⁹⁴² US-EC Wine Agreement of 2006, Title III, art. 6(2).

⁹⁴³ US-EC Wine Agreement of 2006, Title III, art. 6(2).

⁹⁴⁴ 27 CFR § 4.24(b)(1).

2006. The new rules grandfather existing uses of these semi-generic names, but prohibit new brands from using these names on non-European wine.⁹⁴⁵

4.3.1.2 Spirit drinks

For spirit drinks, the TTB sets a three-part classification scheme: (i) generic names; (ii) non-generic distinctive names; (iii) non-generic non-distinctive names.⁹⁴⁶ Only such geographical names for distilled spirits as the appropriate TTB officer finds have by usage and common knowledge lost their geographical significance to such extent that they have become generic shall be deemed to have become generic. Examples are London dry gin, Geneva (Hollands) gin.⁹⁴⁷ Geographical names that are not names for distinctive types of distilled spirits, and that have not become generic, shall not be applied to distilled spirits produced in any other place than the particular place or region indicated in the name. Examples are Cognac, Armagnac, Greek brandy, Pisco brandy, Jamaica rum, Puerto Rico rum, Demerara rum.⁹⁴⁸ Geographical names for distinctive types of distilled spirits (other than names found by the appropriate TTB officer under paragraph (k)(2) of this section to have become generic) shall not be applied to distilled spirits produced in any other place than the particular region indicated by the name, unless (i) in direct conjunction with the name there appears the word “type” or the word “American” or some other adjective indicating the true place of production, in lettering substantially as conspicuous as such name, and (ii) the distilled spirits to which the name is applied conform to the distilled spirits of that particular region. The following are examples of distinctive types of distilled spirits with geographical names that have not become generic: Eau de Vie de Dantzic (Danziger Goldwasser), Ojen, Swedish punch. Geographical names for distinctive types of distilled spirits shall be used to designate only distilled spirits conforming to the standard of identity, if any, for such type specified in this section, or if no such standard is so specified, then in accordance with the trade understanding of that distinctive type.⁹⁴⁹ The words “Scotch”, “Scots” “Highland”, or

⁹⁴⁵ Public Law 109-432-Dec. 20, 2006; 109th Congress.

⁹⁴⁶ 27 CFR 5.22(k) *Class 11; geographical designations.*

⁹⁴⁷ 27 CFR 5.22(k)(2).

⁹⁴⁸ 27 CFR 5.22(k)(3).

⁹⁴⁹ 27 CFR 5.22(k)(1).

“Highlands” and similar words connoting, indicating, or commonly associated with Scotland, shall not be used to designate any product not wholly produced in Scotland.⁹⁵⁰

It is commented by O’Connor that the protection of GIs in the case of spirits is less clear than in the case of wine and the classification is, again, inconsistent with Article 23.1 of the TRIPS Agreement.⁹⁵¹

4.3.1.3 Cheese names

The US Food and Drug Administration (FDA) is an agency of the United States Department of Health and Human Services and is responsible for protecting the public health by assuring the safety, efficacy, and security of human and veterinary drugs, biological products, medical devices, food supply, cosmetics, and products that emit radiation. The FDA is also responsible for advancing the public health by helping to speed innovations that make medicines and foods more effective, safer, and more affordable; and helping the public get the accurate, science-based information they need to use medicines and foods to improve their health.⁹⁵² FDA exercises, *inter alia*, regulatory authority over the labelling of food.⁹⁵³ Food labelling is required for most “conventional foods”, including prepared foods, such as breads, cereals, canned and frozen foods, snacks, desserts, drinks, etc., raw produce, such as fruits and vegetables, and fish.⁹⁵⁴

Under the rubric “Cheeses and related cheese products”, Part 133 of 21 CFR provides detailed regulations regarding the circumstances in which specific cheeses can be identified by particular names. These regulations, which describe the method of preparation required to denominate cheeses by specific names, including many names that arguably have

⁹⁵⁰ 27 CFR 5.22(k)(4).

⁹⁵¹ O’Connor (n 635) 258 at n. 46.

⁹⁵² FDA <<http://www.fda.gov/opacom/morechoices/mission.html>>.

⁹⁵³ FDA <<http://www.fda.gov/comments/regs.html>>; O’Connor (n 635) 258.

⁹⁵⁴ FDA <<http://vm.cfsan.fda.gov/label.html>>.

geographical significance, such as “Edam”,⁹⁵⁵ “Gorgonzola”,⁹⁵⁶ “Gouda”,⁹⁵⁷ “Gruyère”,⁹⁵⁸ “Limburger”,⁹⁵⁹ “Mozzarella”,⁹⁶⁰ “Muenster”,⁹⁶¹ “Neufchatel”,⁹⁶² and “Roquefort”.⁹⁶³ Taking “Roquefort cheese” as an example, Section 133.184 provides a detailed description of “Roquefort cheese, sheep’s milk blue-mold, and blue-mold cheese from sheep’s milk”, which reads as follows:

“Roquefort cheese, sheep's milk blue-mold cheese, blue-mold cheese from sheep's milk, is the food prepared by the procedure set forth in paragraph (a)(2) of this section or by any other procedure which produces a finished cheese having the same physical and chemical properties. It is characterized by the presence of bluish-green mold, *Penicillium roque fortii*, throughout the cheese. The minimum milk fat content is 50 percent by weight of the solids and the maximum moisture content is 45 percent by weight [...] The dairy ingredients used may be pasteurized. Roquefort cheese is at least 60 days old.”⁹⁶⁴

The effect of FDA’s regulation is not entirely clear. One commentator argues that the regulation in effect treats these designations as the generic names for a particular type of cheese rather than as an indication of geographical origin because each of these categories defines the cheese in question by reference to the method of production rather than its geographical origin.⁹⁶⁵ However, the actual relation between this regulation and trademark law is uncertain. In the Roquefort case, Faehndrich contended that because the FDA had ruled that sheep’s milk blue-mold cheese may be known as “Roquefort,” The District Court rejected this defense. “The standards of identity adopted by the Food and Drug Administration for sheep’s milk blue-mode cheese are not helpful to the defendant... The fact that such product may be called Roquefort does not mean that the name is available to anyone

⁹⁵⁵ 21 CFR § 133.138.

⁹⁵⁶ 21 CFR § 133.141.

⁹⁵⁷ 21 CFR § 133.142.

⁹⁵⁸ 21 CFR § 133.149.

⁹⁵⁹ 21 CFR § 133.152.

⁹⁶⁰ 21 CFR § 133.155.

⁹⁶¹ 21 CFR § 133.160.

⁹⁶² 21 CFR § 133.162.

⁹⁶³ 21 CFR § 133.184.

⁹⁶⁴ 21 CFR § 133.184(a).

⁹⁶⁵ O’Connor (n 635) 258-59.

who chooses to use it. Defendant argues: ‘To say that no one can use the word “Roquefort” in describing the cheese is to say that no one can make Roquefort Cheese.’ In the first place, anyone can make sheep’s milk blue-mold cheese and can market it under any name he sees fit except that if it is not made in the Community of Roquefort, he may not call it ‘Roquefort Cheese.’”⁹⁶⁶

4.3.1.4 Agricultural products

The United States Department of Agriculture (USDA) is a United States Federal Executive Department (or Cabinet Department).⁹⁶⁷ The “general design and duties” of the USDA are to “acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture, rural development, aquaculture, and human nutrition, in the most general and comprehensive sense of those terms, and to procure, propagate, and distribute among the people new and valuable seeds and plants.”⁹⁶⁸ The USDA uses its labelling provisions to regulate labelling of origin.⁹⁶⁹ Section 317.8 of Part 9 of the Code of Federal Regulations, which prohibits “false or misleading labelling or practices”, provides that “no product or any of its wrappers, packaging, or other containers shall bear any false or misleading marking, label, or other labelling and no statement, word, picture, design, or device which conveys any false impression or gives any false indication of origin or quality or is otherwise false or misleading shall appear in any marking or other labelling.”⁹⁷⁰

However, this provision also conditionally allows the use of terms “having geographical significance with reference to a locality other than that in which the product is prepared” on labels or containers of products: “Terms having geographical significance with reference to a locality other than that in which the product is prepared may appear on the label only when

⁹⁶⁶ *Community of Roquefort v. William Faehndrich, Inc.*, 198 F Supp 294 (SDNY 1961).

⁹⁶⁷ About the organization of the U.S. federal bureaucracy, see Barbara A. Bardes, Mack C. Shelley, and Steffen W. Schmidt, *American Government and Politics Today: The Essentials 2011-2012 Edition* (Wadsworth 2012) 410-419.

⁹⁶⁸ 7 USC § 2201.

⁹⁶⁹ Echols (n 638) 146.

⁹⁷⁰ 9 CFR § 317.8.

qualified by the word style, type, or brand, as the case may be, in the same size and style of lettering as in the geographical term, and accompanied with a prominent qualifying statement identifying the country, State, Territory, or locality in which the product is prepared, using terms appropriate to effect the qualification.”⁹⁷¹ Qualifications may be exempted when a geographical term has come into general usage as a trade name and has been approved by the Administrator as being a generic term. The provision further provides a list of geographic terms the use of which “need not be accompanied with the word style, type, or brand, or a statement identifying the locality in which the product is prepared”: (i) The terms frankfurter, vienna, bologna, lebanon bologna, braunschweiger, thuringer, genoa, leona, berliner, holstein, goteborg, milan, polish, italian, and their modifications, as applied to sausages; (2) the terms Brunswick and irish as applied to stews and; (3) the term boston as applied to pork shoulder butts.⁹⁷²

4.3.2 Appellations of origin and viticultural areas

The US has an expanding wine industry. To protect its domestic markets, US created regulations that deal with the establishment of geographical regions. The TTB regulations recognize American viticultural areas (AVAs). By identifying domestic areas as regions where quality products are produced, the US allows wine producers to market their wines under names that imply quality and consistency.⁹⁷³ On the other hand, the United States wine and spirits industries do benefit from their own nomenclature rules, as well as from Article 24 of the TRIPS Agreement.⁹⁷⁴

⁹⁷¹ 9 CFR § 317.8(b); It is noteworthy that the use of the word “style” or “type” is subject to stricter conditions. That is, “there must be a recognized style or type of product identified with and peculiar to the area represented by the geographical term and the product must possess the characteristics of such style or type.” (317.8(b))

⁹⁷² 9 CFR 317.8(b).

⁹⁷³ Lindquist (n 689) 333.

⁹⁷⁴ Echols (n 638) 135.

The TTB also administers “appellations of origin.”⁹⁷⁵ Here, the term “appellation of origin” is used in a sense different from that under the Lisbon Agreement. The TTB understands an appellation of origin as “another name for the place in which the dominant grapes used in the wine were grown.”⁹⁷⁶ The United States recognizes appellations of origin for both American wine and foreign wine.⁹⁷⁷ An American appellation of origin can be the name of the United States, a State, two or three States which are contiguous, a county, two or three counties in the same States, or geographic region called a viticultural area.⁹⁷⁸ There are three requirements for an American wine to be entitled to an appellation of origin other than a multicounty or multistate appellation, or a viticultural area: (i) At least 75 percent of the wine is derived from fruit or agricultural products grown in the appellation area indicated; (ii) it has been fully finished (except for cellar treatment pursuant to §4.22(c), and blending which does not result in an alteration of class or type under §4.22(b)) in the United States, if labelled “American”; or, if labelled with a State appellation, within the labelled State or an adjacent State; or if labelled with a county appellation, within the State in which the labelled county is located; and (iii) it conforms to the laws and regulations of the named appellation area governing the composition, method of manufacture, and designation of wines made in such place.⁹⁷⁹

An appellation of origin for imported wine may be a country, a state, province, territory, or similar political subdivision of a country equivalent to a state or county; or a viticultural area.⁹⁸⁰ An imported wine is entitled to an appellation of origin other than a viticultural area if: (i) At least 75 per cent of the wine is derived from fruit or agricultural products grown in the area indicated by the appellation of origin and (ii) The wine conforms to the requirements of the foreign laws and regulations governing the composition, method of production, and designation of wines available for consumption within the country of origin.⁹⁸¹

⁹⁷⁵ 27 CFR § 4.25.

⁹⁷⁶ TTB <<http://www.ttb.gov/pdf/brochures/p51901.pdf>>.

⁹⁷⁷ 27 CFR 4.25(b).

⁹⁷⁸ 27 CFR § 4.25(a)(1).

⁹⁷⁹ 27 CFR § 4.25(b).

⁹⁸⁰ 27 CFR 4.25(b)(2).

⁹⁸¹ 27 CFR 4.25(b)(2).

The TTB rules distinguish appellations that refer to political subdivisions, such as a county, a state, a county or political equivalent in foreign countries and appellations refer to viticultural areas.⁹⁸² More stringent requirements are set for appellations of origin referring to a specific viticultural area rather than to an appellation of origin based on a political subdivision.⁹⁸³ In the United States, beginning in 1978, the Bureau of Alcohol, Tobacco and Firearms (ATF) began establishing “American Viticultural Areas”.⁹⁸⁴ The TTB regulations and practices understand a viticultural area for American wine as “a delimited grape-growing region distinguishable by geographical features, the boundaries of which have been recognized and defined” under Title 27 of the Code of Federal Regulations.⁹⁸⁵ A wine may be labelled with a viticultural area appellation if: (i) The appellation has been approved under part 9 of this title or by the appropriate foreign government; (ii) Not less than 85 percent of the wine is derived from grapes grown within the boundaries of the viticultural area; (iii) In the case of foreign wine, it conforms to the requirements of the foreign laws and regulations governing the composition, method of production, and designation of wines available for consumption within the country of origin; and (iv) In the case of American wine, it has been fully finished within the State, or one of the States, within which the labelled viticultural area is located (except for cellar treatment pursuant to §4.22(c), and blending which does not result in an alteration of class and type under §4.22(b)).⁹⁸⁶

Any interested party may make a petition for the establishment of an AVA to the Administrator of TTB.⁹⁸⁷ TTB uses “the informal rulemaking process, under 5 U.S.C. 533” in establishing viticultural areas.⁹⁸⁸ A petition must be made in writing and contain the following information: (i) Evidence that the name of the viticultural area is locally and/or nationally known as referring to the area specified in the application; (ii) Historical or current evidence that the boundaries of the viticultural area are as specified in the application; (iii) Evidence relating to the geographical features (climate, soil, elevation, physical features, etc.) which distinguish the viticultural features of the proposed area from surrounding areas; (iv)

⁹⁸² Chen (n 637) 43.

⁹⁸³ Chen (n 637) 43.

⁹⁸⁴ Hughes (n 826) 333.

⁹⁸⁵ 27 CFR § 4.25(e)(1)(i); Federal Register, Vol. 74, No. 12 (January 21, 2009) p. 3422; Jeff Ikejiri, ‘The Grape Debate: Geographic Indicators vs. Trademarks’ 35 Sw U L Rev (2005-2007) 603, 607.

⁹⁸⁶ 27 CFR § 4.25(e)(3).

⁹⁸⁷ 27 CFR § 4.25(e)(2).

⁹⁸⁸ 27 CFR § 9.3(a).

The specific boundaries of the viticultural area, based on features which can be found on United States Geological Survey (U.S.G.S.) maps of the largest applicable scale; and (v) A copy of the appropriate U.S.G.S. map(s) with the boundaries prominently marked.⁹⁸⁹ For imported wine, the TTB accepts the definition of the viticultural area under foreign law.⁹⁹⁰

If the petition is successful, the regulations allow the name of an approved AVA to be used as an appellation of origin in the labelling and advertising of wine. Thus, the general rule is that wineries and bottlers are prohibited from using an AVA name as a brand name unless the wine they produce satisfies the appellation of origin requirements. For example, a winery cannot use the term “Napa Valley” in a brand name, unless the wine conforms to Napa Valley AVA requirement.⁹⁹¹

The Department of the Treasury decided to establish “the Snipes Mountain” viticultural area in Yakima County, Washington⁹⁹². This AVA covers 4,145-acre of land. The effective date of this AVA is February 20, 2009.⁹⁹³ The petition proposing the establishment of the Snipes Mountain viticultural area was submitted by Mr. Todd Newhouse of the Upland Winery in Outlook, Washington on behalf of the grape growers in the Snipe Mountain area.⁹⁹⁴ TTB publishes Notice No. 82 regarding the proposed Snipes Mountain viticultural area in Federal Register (73 FR 22883) on April 28, 2008. In that notice, TTB invited comments by June 27, 2008, from all interested persons.⁹⁹⁵ After “careful review of the petition and the comments received”, TTB finds that the evidence submitted supports the establishment of the proposed AVA. Therefore, under the authority of the Federal Alcohol Administration Act and part of the TTB regulations, the TTB establishes the “Snipes Mountain” viticultural area, effective 30 days from the publication.⁹⁹⁶

⁹⁸⁹ 27 CFR § 9.3(b).

⁹⁹⁰ 27 CFR § 4.25a(e)(1)(ii); § 4.25a(e)(3)(i); Chen (n 637) 44.

⁹⁹¹ Ikejiri (n 985) 608.

⁹⁹² Federal Register, Vol. 74, No. 12 (January 21, 2009) 3422-25.

⁹⁹³ Federal Register (n 999) 3422.

⁹⁹⁴ Federal Register (n 999) 3422.

⁹⁹⁵ Federal Register (n 999) 3422.3423.

⁹⁹⁶ Federal Register (n 999) 3422.3424.

4.3.3 Protection of “Vidalia” for Onions

“Vidalia Onion” illustrates how national and local governments interact to protect the name and quality of a regional specialty. The name “Vidalia onion” is protected under an array of state and federal laws, including the Georgia Vidalia Onion Act of 1986, federal certification mark registration, the Federal Marketing Order No. 955 (1989), and products produced in distinct geographical areas.

4.3.3.1 The Georgia Vidalia Onion Act of 1986

It is observed that “[t]he strongest form of legal protection for geographical indications in the United States may be found in state law. Some state statutes restrict the use of specific geographical indications associated with local specialty products.” These state statutes have limited territorial effect and do nothing to protect importers of foreign food or beverage products.⁹⁹⁷ An example of such law is Georgia’s “Vidalia” onions. The Georgia Vidalia Onion Act of 1986 defines Vidalia onions as onions produced in 13 counties and portions of seven others, all in the state of Georgia. Vidalia onions are a yellow granex hybrid that is grown in many other part of the country, but it is “only in the defined production area that the soil and climate combine to produce the special characteristics of the sweet Vidalia onion.” The Act provides for criminal and civil penalties for the selling, packaging, or labeling of any onion which fails to conform to these definitions.⁹⁹⁸

4.3.1.2 Certification mark

⁹⁹⁷ Chen (n 637) 46.

⁹⁹⁸ The Vidalia Onion Act of 1986 §§ 2-14-130 to 2-14-135.

“VIDALIA” for fresh onions is federally registered as a certification mark in 1992. The owner of this certification mark is the Georgia Department of Agriculture.⁹⁹⁹ This certification mark is intended to be used by persons authorized by certifier, and will certify that the goods in connection with which it is used are yellow Granex type onions and are grown by authorized growers within the Vidalia onion production area in Georgia as defined in the Georgia Vidalia onion act of 1986.¹⁰⁰⁰

4.3.1.3 The Federal Marketing Order

Vidalia Onions are subject to US Federal Marketing Order No. 955.¹⁰⁰¹ Marketing orders originated in the 1920s. Farmers tried to impose guidelines regulating crops voluntarily. In 1937, the Federal Agricultural Marketing Agreement Act was passed.¹⁰⁰² Marketing orders are enforced directly through government power. They join the regulatory authority of the United States government with the self-administration by producers in an attempt to enhance the economic condition of producers. Producers subject to marketing orders relinquish some of their power in making marketing decisions. While handlers and consumers receive some benefits from marketing orders, producers seem to experience a greater advantage.¹⁰⁰³ The purpose of marketing orders is to “establish and maintain...orderly marketing conditions for agricultural commodities in interstate commerce...” and “to protect the interest of the consumer.” Marketing orders are created to promote production, further research and development projects, and set “minimum standards of quality, maturity, grading and inspection requirements.” Marketing orders are “designed to help stabilize market conditions” for agricultural commodities, thereby preventing “unreasonable fluctuations in supplies and prices.”¹⁰⁰⁴ There are six categories of activities: (i) Control of total quantity or surplus; (ii) Grade, size, maturity or other quality control; (iii) Regulation of flow to market; (iv) Pack

⁹⁹⁹ USPTO, Registration number 1709019.

¹⁰⁰⁰ USPTO <<http://tess2.uspto.gov/bin/showfield?f=doc&state=4009:jburma.3.15>>.

¹⁰⁰¹ Marketing Order No. 955: Georgia Vidalia Onions: <[http://www.ams.usda.gov/AMSV1.0/ams.fetchTemplateData.do?template=TemplateN&page=FVMarketingOrderIndexOnions\(Georgia\)](http://www.ams.usda.gov/AMSV1.0/ams.fetchTemplateData.do?template=TemplateN&page=FVMarketingOrderIndexOnions(Georgia))> (visited June 05, 2012).

¹⁰⁰² 7 USC § 601 (2004).

¹⁰⁰³ Stacie L. Melikian, ‘California Raisins: Compliance with the Federal Marketing Order and Uruguay Round Agreement on Agriculture’ 15 San Joaquin Agric L Rev (2006) 89, 90.

¹⁰⁰⁴ Melikian (n 1003) 90-91.

and/or container regulation; (v) Assessment for research; (vi) Assessment for advertising and promotion.¹⁰⁰⁵ The things that marketing order do: “These activities are the sorts of things large firms in other industries would do.”¹⁰⁰⁶ The legal status of the marketing order committee is an unsettled issue.¹⁰⁰⁷ Federal marketing orders provide limited antitrust immunity.¹⁰⁰⁸ Collusive action to control production to fix price is illegal. But it is not illegal for a single firm to control production of its own product. Marketing orders are created to allow a group of farmers to act like a single firm to control the total production and marketing.¹⁰⁰⁹ Federal Marketing Orders and international trade: Section 8(e) of the Agricultural Marketing Agreement Act (AMAA) states that whenever standards are imposed under a Federal Marketing Order, imports of these commodities must meet the same standards. Under the federal marketing order, imported commodities also must comply with the federal standards before they may be sold on the United States market.¹⁰¹⁰ This provision was a source of contention in the 1994 U.S.-Mexico trade negotiations. On one hand, section 8(e) permits the imposition of standards on foreign imports, and therefore is a trade barrier. On the other hand, section 8(e) requires the same standard applied to both domestic- and foreign-produced goods, so that the standards do not explicitly discriminate against imports.¹⁰¹¹

4.3.1.4 Products produced in distinct geographic areas

Vidalia onions are subject also to a protective measure known as “products produced in distinct geographical areas”¹⁰¹² By virtue of this measure, no person may use the unique name or geographical designation of such commodity to promote the sale of a similar commodity produced outside such area, State, or region if the following three requirements

¹⁰⁰⁵ Daniel I. Padberg and Charles Hall, ‘The Economic Rationales for Marketing Orders’ 5 San Joaquin Agric L Rev (1995) 73, 78

¹⁰⁰⁶ Padberg and Hall (n 1005) 78.

¹⁰⁰⁷ Daniel Bensing, ‘The Promulgation and Implementation of Federal Marketing Orders Regulating Fruit and vegetable Crops under the Agricultural Marketing Agreement Act of 1937’ 5 San Joaquin Agric L Rev (1995) 3, 4-5.

¹⁰⁰⁸ 7 USC § 608b; Bensing (n 1007) 19-20.

¹⁰⁰⁹ Hayes, Lence and Babcock (n 638) 34.

¹⁰¹⁰ Section 8(e) of the Agricultural Marketing Agreement Act (AMAA); Melikian (n 1003) 90-91.

¹⁰¹¹ Robert G. Chambers and Daniel H. Pick, ‘Marketing Orders as Nontariff Trade Barriers’ 76 Amer J Agr Econ (1994) 47, 47-48.

¹⁰¹² 7 USC § 499b-1.

are met: (i) Subject to a Federal marketing order under the Agricultural Marketing Agreement Act of 1937; (ii) Traditionally identified as being produced in a distinct geographic area, State, or region; and (iii) The unique identity, based on such distinct geographic area, of which has been promoted with funds collected through producer contributions pursuant to such marketing orders.¹⁰¹³ A violation of this section is considered an unfair conduct as stipulated under paragraphs (4) and (5) of section 2 of the Perishable Agricultural Commodities Act and thus incurs monetary penalty not to exceed \$2,000 in lieu of a formal proceeding for the suspension or revocation of license, any payment so made to be deposited into the Treasury of the United States as miscellaneous receipts.¹⁰¹⁴

4.4 Conclusion

US law does not recognize GIs as a *sui generis* category of IP. The United States protects GIs through a number of regimes deriving from a collection of unrelated laws and regulations. These laws and regulations serve different policy objectives and consumer protection and the prevention of unfair competition are only part of them. There is an inherent incompatibility between the concepts of trademarks and GIs. Although included under the Lanham Act, certification marks and collective trademarks are two special categories of marks. In US, the origins of both categories of marks were in some connected to the protection of geographical designations. Conceptually, these two categories of marks better accommodate GIs. However, being subject to the general principles of trademark law, the protection for GIs that these two categories of marks can provide is rather limited and uncertain. Administrative schemes regulating product labeling and advertising are used to regulate commercial use of geographical designations. These regulations serve diverse policy goals, ranging from consumer protection, domestic producer protection, to facilitate the development of specific industry.

¹⁰¹³ 7 USC § 499b-1(a)(3).

¹⁰¹⁴ 7 USC § 499b(4) and (5).

Chapter 5 The EU *Sui Generis* Paradigm

5.1 Introduction

This Chapter explores the relation between GIs and IP in the context of EU *sui generis* GI paradigm. It consists of three main parts. First, it introduces the historical and theoretical foundations of *sui generis* GI law. Secondly, it provides a close examination of *sui generis* GI law by examining EU GI regulation for agro-food products. This includes a close look at the policy background against which the EU introduced the GI Regulation for agricultural products and foodstuffs and the legal mechanism administering and protecting GIs. Thirdly, it explores two most controversial issues concerning the GI-IP relation, namely, the IP status of *sui generis* GIs and the justifiability of granting such protection. As it will be concluded that EU *sui generis* GIs constitute a unique species of IP.

5.2 Historical and theoretical foundations

5.2.1 Historical foundation

The early history of *sui generis* GI law is obscure. It is generally agreed that GI law has its origin in France.¹⁰¹⁵ However, there is no consensus on the exact time of beginning. According to O'Connor, the first product that was specifically protected via registration concerning its appellation of origin was the French cheese Roquefort, dating back to the 15th

¹⁰¹⁵ Tunisia L. Staten, 'Geographical Indications Protection under the TRIPS Agreement: Uniformity Not Extension' 87 JPTOS (2005) 221, 231.

century.¹⁰¹⁶ Caenegem traces the origin of French GI protection as an instrument devised to ensure that poor soil areas were indirectly protected or subsidized. Prior to the French Revolution of 1789, two privileges were granted to the winegrowers of the Bordeaux region. First, wines came from outlying regions, not being part of the Bordeaux area, were not to be brought down by river for sale before 11 November of each year. This is said to be able to give the Bordeaux wines a valuable window of monopoly over the sale of wines into the lucrative markets of England and Holland. Secondly, the wines of Bordeaux were the only ones entitled to barrels of special form and dimensions, allowing the wines of Bordeaux travel better during export.¹⁰¹⁷ These privileges were abolished on 4 August 1789 as a result of the Revolution. In fighting for their privileges, residents of Bordeaux invoked rural policy as one of the reasons against abolition. It was argued that apart from guaranteeing the genuineness of the crus (vintages) for foreigners, these privileges were granted to encourage the growing of vine in the land of Bordeaux, which was not amenable to the growing of other crops. Such protectionist measures “allowed the people of Bordeaux to build up a financial surplus so they could afford to import grain to feed the population.”¹⁰¹⁸ Based on such historical evidence, Caenegem concludes that “[i]t was for the purpose of ensuring that poor soil areas were indirectly protected or subsidized in relation to growing vines that much of the original geographically-based protection systems were devised.”¹⁰¹⁹ Hughes considers the appellations law as “a modern phenomenon” created in 1855 when the Medoc vineyards of Bordeaux were classified.¹⁰²⁰ In 1919, the French legislature enacted a more protective measure that recognized quality as a factor in production of certain goods, notably wine and cheese, and created appellations of origin. Under the legislation, a product could bear the appellation of origin if all of its ingredients came from the geographical region indicated. Harvesters, distillers, wholesalers, and shippers of wine faced serious penalties for fraudulent misrepresentation of origin.¹⁰²¹ The Law of July 4, 1931 began the *appellation contrôlée*

¹⁰¹⁶ O’Connor B, ‘Sui Generis Protection of Geographical Indications’ 9 Drake J Agric L (2004) 359, 361.

¹⁰¹⁷ William van Caenegem, ‘Registered Geographical Indications: Between Intellectual Property and Rural Policy Part II’ 6 JWIP (2003) 861, 862.

¹⁰¹⁸ Caenegem (n 1017) 863-864.

¹⁰¹⁹ Caenegem (n 1017) 864.

¹⁰²⁰ Justin Hughes, ‘Champagne, Feta, and Bourbon: The Spirited Debate about Geographical Indications’ 58 Hastings L J (2006) 299, 306.

¹⁰²¹ Louis C. Lenzen, ‘Bacchus in the Hinterlands: A study of Denominations of Origin in French and American Wine-Labeling Laws’ 58 TMR (1968) 145, 175; LA Lindquist, ‘Champagne or Champagne? An Examination of U.S. Failure to Comply with the Geographical Provisions of the TRIPS Agreement’ 27 Ga J Int’l & Comp L (1999) 309, 312-313.

system and officially recognized appellations of origin as titles of quality.¹⁰²² The system of *appellations contrôlée* provided for regulation and control of wine labelling and ensures the uniformity of production conditions and quality of particular wines.¹⁰²³ The *decret-loi* of July 39, 193 for wines, *eaux-de-vie*, champagne, and *mousseux* established the *L'Institut national des appellations d'origine*. The *Institut* had two main functions, namely, to set standards and monitor *appellations d'origines contrôlée* (AOC) and to defend against fraud.¹⁰²⁴

The development of Champagne is often used to illustrate the historical development of *sui generis* GI law. “Champagne” enjoys a unique and celebrated status in the world of GIs. The Champagne name was “one of the very first appellations of origin to be recognized by legislators and is one of the oldest and most famous in the world.”¹⁰²⁵ It has been hailed as the “crown jewel of all GIs.”¹⁰²⁶ For marketing experts, Champagne represents a true international success. Champagne is one of the few products on the global wine market to enjoy sustained export success and healthy profits.¹⁰²⁷ Champagne has achieved the status of a cultural icon, which is central to the process of European social transformation between the late 19th and early 20th century.¹⁰²⁸ The *Comité interprofessionnel du Vin de Champagne* or, CIVC, the representative body of all interest parties of Champagne, is the model for all such organizations, such as, the *consorzio* of Italy and Spain’s *consejo regulador*.¹⁰²⁹ Use of the name Champagne has been “the cause of riot and bloodshed, the impetus for convening multilateral conventions, the subject of international litigation and the cause for profound speculation in numerous books and articles.”¹⁰³⁰

¹⁰²² Lori E. Simon, ‘Appellation of Origin: The Continuing Controversy’ 5 *Nw J Int’l L & Bus* (1983-1984) 132, 145.

¹⁰²³ Simon (n 1022) 132, 145, at n. 67.

¹⁰²⁴ Simon (n 1022) 132, 145

¹⁰²⁵ WIPO Arbitration and Mediation Center, *Comité Interprofessionel du Vin de Champagne (CIVC) v. Richard Doyle*, Case No. DIE2007-0005.

¹⁰²⁶ Annette Kur, ‘Quibbling Siblings—Commenting to Dev Ganjee’s Presentation’ 82 *Chi-Kent L Rev* (2007) 1317, 1321 at n. 12.

¹⁰²⁷ Anne Sharp and James Smith, ‘Champagne’s Sparkling Success’ 8 *International Market Review* (1991) 13, 13.

¹⁰²⁸ Kolleen M. Guy, ‘“Oiling the Wheels of Social Life”: Myths and Marketing in Champagne during the Belle Epoque’ 22 *French Historical Studies* (1999) 211, 212.

¹⁰²⁹ Jancis Robinson, *The Oxford Companion to Wines* (3rd edn, OUP 2006) 190.

¹⁰³⁰ Alfred Philip Knoll, ‘Champagne’ 19 *Int’l & Comp L Q* (1970) 309, 309.

Champagne, with its three champagne towns Rheims, Epernay, and Ay, was the first region to make sparkling wine in any quantity.¹⁰³¹ Between 1668 and 1746, the name “Champagne” had come to designate a sparkling wine that was produced in the Champagne Province of France.¹⁰³² The Champagne business as we know it today was, however, born in the first 40 years of the 19th century.¹⁰³³ By 1853 the total had reached twenty millions bottles. Remarkably, much of Champagne’s success depended on exporting market, such as Germany, Britain, the United States, and Russia, rather than on the French market.¹⁰³⁴ During this period, Champagne had become the world’s first “wine industry”, dominated by a number of internationally famous brand names.¹⁰³⁵ The success of Champagne attracted not only consumers but also imitators and fraudsters. The French Law of July 1824 treated false indications of source in the same manner as to the manufacturer. This law was a criminal statute that punished all false representations as to a product’s origin, whether it consisted of a French mark, a French commercial name, or a French appellation of origin.¹⁰³⁶ Relying on this statute, a group of merchants of Champagne brought an action against a M. Bernard who had branded the corks of his sparkling Saumur with the name Ay and Verzy.¹⁰³⁷ Fraud came not only from outside, but also from inside, the Champagne area. It is reported that Bollinger, a Champagne house founded in 1829,¹⁰³⁸ successfully prosecuted two growers who delivered grapes which had come from other communes.¹⁰³⁹

The period between 1840s and 1890s has been hailed as “Champagne’s most untroubled and glorious epoch.”¹⁰⁴⁰ During this period, Champagne’s most important market was not in France, but in Germany, Britain, the United States, and Russia.¹⁰⁴¹ This period also saw the gradual genericization of the name champagne.¹⁰⁴² Competition from lower price products, such as German Sekt and Italian Asti Spumante increased and the quality of real champagne

¹⁰³¹ Robinson (n 1029) 150.

¹⁰³² Knoll (n 1030) 309.

¹⁰³³ Robinson (n 1029) 150.

¹⁰³⁴ Nicolas Faith, *The Story of Champagne* (Hamish Hamilton 1988) 63.

¹⁰³⁵ Robinson (n 1029) 151.

¹⁰³⁶ Simon (n 1022) 137.

¹⁰³⁷ Faith (n 1034) 79.

¹⁰³⁸ Robinson (n 1029) 85.

¹⁰³⁹ Faith (n 1034) 79.

¹⁰⁴⁰ Faith (n 1034) 63.

¹⁰⁴¹ Faith (n 1034) 63.

¹⁰⁴² Faith (n 1034) 76.

was not necessarily superior to some of the alternatives.¹⁰⁴³ In order to take effective collective action to promote the drink in international market and to prevent the genericization and misrepresentation of the name Champagne within and without France, the “*Syndicat du Commerce des vins de Champagne*”, initiated by some major Champagne houses, was formed in 1882.¹⁰⁴⁴ The purpose of the *Syndicat* was to defend the name and reputation of champagne. As soon as it was established, the *Syndicat* started to “use every weapon it could, through law suits as well as intervention by the French authorities at home and abroad.”¹⁰⁴⁵ The *Syndicat*, for example, wrote to French consuls asking help from the French government against German law which it claimed actively helped fraudsters.¹⁰⁴⁶ The *Syndicat* fought a long battle against its own government to secure a reduction in the tax on the sugar its members used.¹⁰⁴⁷ Champagne was also the “impetus” behind the Madrid Agreement and Lisbon Agreement.¹⁰⁴⁸ Faith describes the Madrid Agreement as the “first diplomatic victory” of the “*Syndicat du Commerce des vins de Champagne*”.¹⁰⁴⁹

The arrival of phylloxera in 1890 started a new phase of the history of Champagne. This vine plague caused a major shortage of grapes and forced merchants to search for new sources of supply, often in foreign countries, and through the production of artificial wines. This development altered the distribution of power in the commodity chain, strengthening the position of the merchants while weakening that of the growers. Growers reacted to this change by seeking institutional changes and demanding government intervention.¹⁰⁵⁰ Collective action by growers within Champagne had been existed since 1850s when a fungoid disease was affecting the grapes. The arrival of phylloxera in 1890 led to the need of further collective measures to combat the plague, to avert disaster and to replant the vineyards.¹⁰⁵¹ The *Association syndicale autorisée por la défense des vignes contre le phylloxera* was formed by 17,370 growers in 1891. The *Assiociation syndicale* had the legal power to uproot and destroy diseased vines. A large number of associations were also created

¹⁰⁴³ Faith (n 1034) 76.

¹⁰⁴⁴ James Simpson, ‘Cooperation and Conflicts: Institutional Innovation in France’s Wine Market, 1870-1911’, 79 *Business History Review* (2005) 527, 555.

¹⁰⁴⁵ Faith (n 1034) 79.

¹⁰⁴⁶ Faith (n 1034) 79.

¹⁰⁴⁷ Faith (n 1034) 79-80.

¹⁰⁴⁸ Knoll (n 1030) 309.

¹⁰⁴⁹ Faith (n 1034) 80.

¹⁰⁵⁰ Simpson (n 1044) 527-528.

¹⁰⁵¹ Faith (n 1034) 77.

at the village level. In March 1898, the *Association Viticole Champenoise* (AVC) was established as an umbrella organization on the initiative of some leading champagne houses to provide funds and practical helps to individual local syndicates. The AVC was accepted by the growers because it allowed the growers to retained full control over the local decision making.¹⁰⁵² The Phylloxera also created what Gangjee called “[i]deal conditions...for the fraudulent misrepresentation of origin.”¹⁰⁵³ Since the beginning, Champagne introduced a new concept in the wine industry because the manufacturing methods of Champagne require time and capital investment beyond the reach of almost any farmer. The industrialists, thus, found it easy to dominate his suppliers simply by refusing to buy grapes until they were in danger of becoming worthless and the farmer grew desperate. There was no any workable regulation to prevent producers from buying grapes outside the region because it “was not then defined in any meaningful way by law.”¹⁰⁵⁴ A ruling in 1889 made it illegal for French producers from outside the Marne to use the term Champagne or *vins de champagne* but it was not illegal for the Champagne houses to buy wine from elsewhere and then manufacture it locally as Champagne. The *Syndicat du commerce* used a voluntary code of conduct, requiring members to sell as “Champagne” only wines that were produced from locally grown grapes and made in the region. This control had not been effective and had no effect on producers outside the *Syndicat*.¹⁰⁵⁵ The major shortage caused by phylloxera forced merchants to search for new sources of supply from outside traditional champagne region. This development resulted in the fall of prices of grapes as well as the profits of grape growers and the strengthening of the market power of the merchants. To overcome the situation, growers resorted to further collective action and government intervention. In August 1904 a new collective organization, the *Fédération des syndicats viticoles de la Champagne*, was established by grape growers specifically to control fraud. Also worried about the declining reputation of champagne, some members of the merchants’ *Syndicat* agreed with the *Fédération* on the official boundaries of the true champagne. The *Fédération* played an important role in attaching a clause to the 1905 legislation on consumer protection that referred to establishing regional appellations.¹⁰⁵⁶ By doing so, the 1905 law offered “a

¹⁰⁵² Simpson (n 1044) 553-554.

¹⁰⁵³ Dev Gangjee, ‘(Re)Locating Geographical Indications: A Response to Bronwyn Parry’, in L. Bently, J. Davis, and J. C. Ginsbury (eds.) *Trade Marks and Brands* (CUP 2008) 382-397, 388.

¹⁰⁵³ Jerry B. Gough, ‘When Champagne Became France: Wine and the Making of a National Identity, and Camembert: A National Myth’ 45 *Technology and Culture* (2004) 423, 424-426.

¹⁰⁵⁴ Hugh Johnson, *The Story of Wine* (Mitchell Beazley 2004) 179.

¹⁰⁵⁵ Simpson (n 1044) 555-556.

¹⁰⁵⁶ Simpson (n 1044) 556.

political opportunity to restrict the market power of houses specializing in cheap champagne.”¹⁰⁵⁷ The 1905 law raised another problem. The task for establishing the geographical boundaries was left to the Ministry of Agriculture. Growers who were excluded from the appellation and merchants specializing in cheap champagne immediately started lobbying the Ministry. Growers faced further economic difficulties after the poor harvest of 1908 and 1910.¹⁰⁵⁸ The discontent finally led to the outbreak of the Champagne riots of 1910 and 1911.¹⁰⁵⁹ In 1911, troops were summoned to stop the destruction of large quantities of wines that had been brought from outside the Champagne region for making into Champagne.¹⁰⁶⁰ The Champagne area was demarcated in 1911 and 1927 respectively. The current Champagne production area was defined and delimited by the law of 22nd of July 1927.¹⁰⁶¹ Grape prices were agreed according to growing area in 1919. In 1935, vineyard owners and business leaders set up the Chalons Committee, made up of an equal number of representatives from both sides with the power to fix prices for all transactions between the vineyards and business. The Chalons Committee becomes the National Champagne Bureau with wider jurisdiction in 1940. In 1941, the National Champagne Bureau became the *Comite Interprofessionnel du Vin de Champagne* (CIVC), a trade organization established by statute to administer the common interests of everyone within the Champagne industry.¹⁰⁶² This association between *negociants* and vine-growers serves as the foundation for the CIVC.¹⁰⁶³ The decision making body of the CIVC are composed of equal numbers of vine-growers and *negociants*. They meet as often as necessary and deal with everything of interest to the two professions. The CIVC has been granted wide reaching powers to enable it to be active in all areas: economic, technical, social, commercial and legal. Principal activities of the CIVC include the regulation of the market, the provision of technical standards, the promotion of commercial expansion, the protection of the Champagne appellation, and the communication of information on Champagne to the public.¹⁰⁶⁴

¹⁰⁵⁷ Simpson (n 1044) 557.

¹⁰⁵⁸ Simpson (n 1044) 556.

¹⁰⁵⁹ Simpson (n 1044) 552-557. See also Gough (n 1053) 424-426.

¹⁰⁶⁰ Simpson (n 1044) 528.

¹⁰⁶¹ CIVC, ‘Champagne: From Terroir to Wine’ (2010) 4, available at <<http://www.champagne.fr/wpFichiers/1/1/Ressources/file/Actualit%C3%A9/CHAMPAGNE%20FROM%20TERRITOIRE%20TO%20WINE%202010%20anglais.pdf>>.

¹⁰⁶² CIVC, ‘Development of the Comite Champagne’ <<http://www.champagne.fr/en/history.aspx>> (visited Feb 10, 2012).

¹⁰⁶³ CIVC, ‘General Organization’ <<http://www.champagne.fr/en/organisation.aspx>> (visited Feb 10, 2012).

¹⁰⁶⁴ CIVC, ‘Principal Activities’ <http://www.champagne.fr/en/activites_comite.aspx> (visited Feb 10, 2012).

5.2.2 Theoretical foundation: *terroir*

It has been recognized that French system of *appellations contrôlée* is based on, or guided by, the idea of *terroir*.¹⁰⁶⁵ “*Terroir*” is a French word without direct or suitable English translation. This word usually refers to “an area or terrain, usually rather small, whose soil and microclimate impart distinctive qualities to food products.”¹⁰⁶⁶ Hughes defines *terroir* as an “essential land/qualities nexus”.¹⁰⁶⁷ Josling uses it to refer to “the essential link between the location in which a food or beverage is produced and its quality or other consumer attributes.”¹⁰⁶⁸ Historically, *terroir* is particular closely associated with the production of wine. It is in the case of wine where “the concept of *terroir* reaches its most elaborate expression.”¹⁰⁶⁹ In his *Terroir: the Role of Geology, Climate and Culture in the Making of French Wines*, James E. Wilson expounds the concept of *terroir* as follows:

“*Terroir* has become a buzz word in English language wine literature. This lighthearted use disregards reverence for the land which is a critical, invisible element of the term. The true concept is not easily grasped but includes physical elements of the vineyard habitat—the vine, subsoil, siting, draining, and microclimate. Beyond the measurable ecosystem, there is an additional dimension—the spiritual aspect that recognizes the joys, the heartbreaks, the pride, the sweat, and the frustrations of its history.”¹⁰⁷⁰

A popular wine book designing to provide an introductory course for the general public explains *terroir* in a less poetic but succinct language:

“[T]erroir” is an almost mystical concept that sums up a wine’s sense of place. Not only the soil and climate, but also the rainfall, the gradient of the vineyard, even cultural environment

¹⁰⁶⁵ Nicolas Faith, *Cognac* (Mitchell Beazley 2004) 3; Barham (n 165) 128.

¹⁰⁶⁶ Elizabeth Barham, ‘Translating Terroir: The Global Challenge of French AOC Labeling’ 19 *Journal of Rural Studies* (2003) 127, 131; Hughes (n 1020) 307.

¹⁰⁶⁷ Hughes (n 1020) 301.

¹⁰⁶⁸ Tim Josling, ‘The War on *Terroir*: Geographical Indications as a Transatlantic Trade Conflict’ 57 *Journal of Agricultural Economics* (2006) 337, 338.

¹⁰⁶⁹ Barham (n 1066) 131.

¹⁰⁷⁰ James E Wilson, *Terroir: The Role of Geology, Climate and Culture in the Making of French Wines* (Octopus Publishing Group 1998) 55.

and winemaking traditions where the grapes were grown are considered deeply important to the finished wine in some parts of world, mainly Europe.”¹⁰⁷¹

The author then goes on to explain the relation between *terroir* and wine labels that:

“That’s why many premium European brands do not proclaim their grapes varieties proudly on their labels. Instead, the place where the grapes were grown comes to fore: Chablis, Sancerre, Mosel, Rioja, et al. are all thought to be far more important than the type of vine used. The idea is that, above all else, a wine bears and retains the distinctive character of the area where it was made. And no other wine (despite being made with the same grapes) can taste exactly like that.”¹⁰⁷²

The *terroir* theory can be traced back to the fifteen century in Europe and is best epitomised by the French AOC system, which created a specific type of French wine, the AOC wines.”¹⁰⁷³ The concept of *terroir* is, however, not limited to the production of wine. The French concept of “*terroir*” is the idea that food and wines receive their unique flavours and qualities from the “soil, climate, culture, and tradition[s]” of the regions where the products are grown, produced, and created.¹⁰⁷⁴ Bérard and Marchenay describe “*produit de terroir*” as traditional local agricultural products and foodstuffs whose qualities cross time and space and are anchored in a specific place and history.¹⁰⁷⁵ The *terroir* assumption predetermines GIs part of agricultural issue. This is because, as an expert in agricultural geography puts it, agriculture, or farming, ‘is the manifestation of the interaction between people and the environment’.¹⁰⁷⁶ And “unlike many aspects of economic activity, the contributions made by the physical environment can be of fundamental significance to the nature of the farming

¹⁰⁷¹ S. Atkins, *Wine Made Easy* (Mitchell Beazley 2006) 80.

¹⁰⁷² Atkins (n 1071) 80 (The author further explains the different approach of New World winemakers that: “The grapes and the winemakers were paramount here. The theory was that the vineyard was simply a scrap of soil, and a similar style could be replicated by using the same techniques and the same grapes in other sites.”)

¹⁰⁷³ Daniel Gervais, ‘Reinventing Lisbon: The Case for a Protocol to the Lisbon Agreement (Geographical Indications)’ 11 *Chi J Int’l L* (2010-2011) 67, 108-109.

¹⁰⁷⁴ Emily C. Creditt, ‘Terroir vs. Trademarks: The Debate over Geographical Indications and Expansions to the TRIPS Agreement’ 11(2) *Vand J Ent & Tech L* (2009) 427.

¹⁰⁷⁵ L. Berard and P. Marchenay ‘A Market Culture: produits *de terroir* or the Selling of Heritage’ in S. Blown, M. Demossier, and J. Picard (eds.) *Recollections of France: Memories, Identities and Heritage in Contemporary France* (Berghaha Books 2001) 154-167, 154.

¹⁰⁷⁶ G. Robinson, *Geographies of Agriculture: Globalisation, Restructuring and Sustainability* (Pearson Education 2004) 1.

system.”¹⁰⁷⁷ It is argued that, being modelled on the French AOC system, the EU *sui generis* GI law “undoubtedly protects AOCs in their full sense under French law.”¹⁰⁷⁸

5.3 Elements of the GI Regulation

This section examines the elements of the GI Regulation including its policy background, protectable subject matter, registration procedures, product specification, rights conferred, and relation to generic names.

5.3.1 Policy background

The factors leading to the introduction of the GI Regulation in 1992 were twofold. On the one hand there was a political need to protect producers of certain traditional food products. GIs were, on the other hand, adopted in the context of the reform of the Common Agricultural Policy because they have certain shared policy threads.

5.3.1.1 Political need

The Treaty of Rome of 1957 created the European Economic Community (EEC). The goal of the EEC is to create an internal market, that is, “an area without internal frontiers in which

¹⁰⁷⁷ Robinson (n 1076) 2.

¹⁰⁷⁸ Chen, J, ‘A Sober Second Look at Appellations of Origin: How the United States Will Crash France’s Wine and Cheese Party’ 5 *Minn J Global Trade* (1996) 29, 38. See also Dev Gangjee, ‘Protecting Geographical Indications as Collective Trademarks: The Prospects and Pitfalls’ *IIP Bulletin* (2006) 112, 114; Amy B. Trubek and Sarah Bowen, ‘Creating the Taste of Place in the United States: Can We learn from the French?’ 73 *GeoJournal* (2008) 23, 24.

the free movement of goods, persons, services and capital is ensured.”¹⁰⁷⁹ Different national food standards between EC Member States often constituted serious barriers to trade.¹⁰⁸⁰ The Commission initially sought to harmonise standards on the basis of Article 100 of the Treaty of Rome, which provides for “Directives for the approximation of such provisions...in Member States as directly affect the establishment or functioning of the common market.” The first item of legislation in this field, which substantially reduced the number of permitted food colourings, was enacted in 1962. In 1969, the Commission put forward a long list of foodstuffs for harmonization.

The Court of Justice has also been playing an important role as in the development of the internal market. The Court’s decision in 1979 in *Cassis de Dijon* established a new legal standard for the resolution of trade dispute among the member states, made it plausible for Community elites to envision the creation of a single internal market.¹⁰⁸¹ The *Cassis de Dijon* case was brought by a German importer, *Rewe Zentral AG*, which wished to import the French liqueur into Germany. *Cassis de Dijon* is a blackcurrant liqueur lawfully produced and marketed in France. The alcoholic beverage was excluded from the German market simply because the standards for marketing of liqueurs in Germany differed from the standards in France. Since under German law, the liqueur has too little alcohol to qualify as a liqueur and too much to qualify as a wine. *Rewe* was not allowed to import it. After the German courts upheld the ruling, *Rewe* took the case to the European Court of Justice in 1978. It is held by ECJ that there is no valid reason to prevent alcoholic beverages legally produced and marketed in one Member State from being market in another.¹⁰⁸² The ECJ held that different technical standards do not justify a prohibition on the free movement of goods. It ruled in favour of *Rewe*, arguing that if the *cassis* met French standards for a liqueur, then it could be sold as a liqueur in Germany. In so ruling, the Court established the principle of mutual recognition and thereby created a simple standard for resolving trade disputes.¹⁰⁸³ The

¹⁰⁷⁹ Article 14 (ex 7a); John McCormick, *European Union Politics* (Palgrave MacMillan 2011) 77.

¹⁰⁸⁰ Michael Tracy, *Food and Agriculture in a Market Economy: An Introduction to Theory, Practice and Policy* (Agricultural Policy Studies 1993) 207.

¹⁰⁸¹ David R. Cameron, ‘The 1992 Initiative: Cause and Consequences’ in Alberta M. Soragia (ed.) *Euro-Politics: Institutions and Policymaking in the “New” European Community* (The Brookings Institution 1992) 23-74, 52.

¹⁰⁸² *Rewe Zentrale v Bundesmonopolverwaltung fur Brantwein (Cassis de Dijon)* Case 120/78 [1979] ECR 649.

¹⁰⁸³ Cameron (n 1081) 53.

principle of mutual recognition was established in 1979 by *Cassis de Dijon* was confirmed by subsequent cases.¹⁰⁸⁴

According to O'Connor, the political need for EC rules on GIs for agro-food products became apparent in the wake of the *Cassis de Dijon* judgment of 1979. The principle of mutual recognition was seen as a possible threat to local producers of traditional “quality” foodstuffs. These producers, who often has protection for their names and products under national law, sought to protect their local markets and their local (and not so local) names from mass-produced food products of a similar nature legally produced and marketed in the Member States.¹⁰⁸⁵ One further development deepened the worry of local producers is that the Commission decided to give up the compositional law approach, that is, developing detailed regulations on the composition and manufacturing characteristics of each foodstuff (“recipe law”).¹⁰⁸⁶ In response to this development, the French requested the introduction of a Community measure intended to protect the designation of origin in January 1988. This request was supported by Italy in 1988, then by Spain in 1989. The request was accepted and Council Regulation 2081/92 was the result.¹⁰⁸⁷

5.3.1.2 CAP reforms

Council Regulation 2081/92 explicitly states that the 1992 GI Regulation was adopted “as part of the adjustment of the common agricultural policy.”¹⁰⁸⁸ As it stands today, EU *sui generis* GI law is part of EU food quality schemes. Food quality schemes, in turn, constitute part of EU rural development scheme, the second pillar of the Common Agricultural Policy (CAP).¹⁰⁸⁹ To understand this arrangement, it is necessary to examine how *sui generis* GIs fit

¹⁰⁸⁴ For example, *Officier van Justitie v Sandoz BV (Sandoz)* Case 174/82 [1983] ECR 2445 and *Commission v Greece (Greek beer purity law)* Cases 176/84 [1987] ECR 1193.

¹⁰⁸⁵ Bernard O'Connor, ‘The Legal Protection of Geographical Indications’ 1 IPQ (2004) 35, 38-39

¹⁰⁸⁶ O'Connor (n 1085) 38-39

¹⁰⁸⁷ François Vital, 1999, ‘Protection of Geographical Indications: The Approach of the European Union’, in WIPO Symposium on the International Protection of geographical Indications (September 1 and 2, 1999) 51

¹⁰⁸⁸ Council Regulation 2081/92, Recital.

¹⁰⁸⁹ European Commission <<http://ec.europa.eu/agriculture/quality/>> (last accessed on 11 December 2010);

into the fabric of the CAP reform. The substantive connection between these *sui generis* GIs and EU agricultural policy lies in the concept of agricultural multifunctionality. That is, *sui generis* GIs are considered as possessing two multifunctional characters, namely, quality food products and rural development potential.

According to Cardwell, European agriculture, despite all the reforms and changes, possesses two “consistent and defining” features, namely, “exceptionalism” and “multifunctionality”.¹⁰⁹⁰ Agriculture “has always been accorded special status in the European Community”.¹⁰⁹¹ Such “exceptionalism” has been reflected in the fact that agriculture was the only sector of industry to be accorded its own title in the 1957 Treaty of Rome¹⁰⁹² and that provisions of the Chapter relating to rules of competition apply to production and trade in agricultural products only to the extent determined, recognition of the priority given to agricultural policy over the objectives of the Treaty in the area in the competition area.¹⁰⁹³ The term “multifunctionality” refers to the fact that an economic activity may have multiple outputs and, by virtue of this, may contribute to several societal objectives at once. Multifunctionality is, thus, an activity-oriented concept that refers to specific properties of the production process and its multiple outputs.¹⁰⁹⁴ In the context of agriculture, it generally refers to the “[i]dea that agriculture has many functions in addition to producing food and fibre, e.g. environmental protection, landscape preservation, rural employment, food security, etc.”¹⁰⁹⁵ The OECD identifies two key elements of multifunctionality. One is the existence of multiple commodity and non-commodity outputs that are jointly produced by agriculture. The other is the fact that some of the non-commodity outputs exhibit the characteristics of externalities or public goods, with the result that markets for these goods do not exist or function poorly.¹⁰⁹⁶ For European Commission, agriculture is multifunctional because “it is not limited to the sole function of producing food and fibres but

Jo Shaw, Jo Hunt, and Cloé Wallace, *Economic and Social Law of the European Union* (Palgrave MacMillan, 2007) 216.

¹⁰⁹⁰ Michael Cardwell, *The European Model of Agriculture* (OUP 2004) 3-4.

¹⁰⁹¹ Cardwell (n 1090) 7.

¹⁰⁹² Cardwell (n 1090) 7.

¹⁰⁹³ Cardwell (n 1090) 7; Joseph A McMahon, *EU Agricultural Law* (OUP 2007) 14.

¹⁰⁹⁴ OECD, *Multifunctionality: Towards an Analytical Framework* (OECD, Paris, 2001) at 6.

¹⁰⁹⁵ WTO <http://www.wto.org/english/thewto_e/glossary_e/glossary_e.htm>.

¹⁰⁹⁶ OECD (n 1094) at 7.

it also has a number of other functions.”¹⁰⁹⁷ Different aspects illustrating the multifunctional character of agriculture include: the safety and quality of food, the protection of environment, the conservation of infinite resources, the preservation of rural landscapes and the contribution to the socio-economic development of rural areas including the generation of employment opportunities.¹⁰⁹⁸ According to Cardwell and Rodgers, multifunctionality has been the “overarching” and “stable” objective of the European agricultural policy, “although the specific legislative measures would appear to have been evolutionary.”¹⁰⁹⁹

The European Union has a Common Agricultural Policy from the outset. The Common Agricultural Policy is a listed policy area in the 1957 Treaty of Rome. The main reason that agriculture had to become involved in European integration is because agriculture is an important part of the economy.¹¹⁰⁰ Under the Treaty of Rome 1957 the CAP are of five objectives. The first objective is to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular, labour. Secondly, by doing so, the CAP shall ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture. Thirdly, it aims to stabilise markets. Fourthly, it aims to assure the availability of supplies. The final objective is to ensure that supplies reach consumers at reasonable prices.¹¹⁰¹ According to Woods, these objectives have made the CAP a “milestone in the development of capitalist agriculture.”¹¹⁰² Agreed in 1968, the Common Agricultural Policy (CAP), which created a single market for agricultural products and guaranteed prices to EEC farmers for everything they produced was

¹⁰⁹⁷ European Commission Directorate-General of Agriculture, ‘Info-Paper, Agriculture: Process of Analysis and Information Exchange of the WTO: Contribution of the European Community on the Multifunctional Character of Agriculture’, para. 5. (October 1999) available at: <<http://www2.econ.univpm.it/ricerca/convegna/eaee/documents/multifunctionality.pdf>>. This document was submitted by the European Communities to the WTO Committee on Agriculture in September 1998).

¹⁰⁹⁸ European Commission Directorate-General of Agriculture (n 1097) para. 3.

¹⁰⁹⁹ Michael Cardwell and Christopher Rodgers, ‘Reforming the WTO Legal Order for Agricultural Trade: Issues for European Rural Policy in the Doha Round’ 55 *Int’l & Comp L Q* (2006) 803, 810.

¹¹⁰⁰ Gerrit Meester, ‘European Integration and Its Relevance for Agriculture, Food and Rural Areas’ in Arie Oskam, Gerrit Meester, and Huib Silvis (eds.) *EU Policy for Agriculture, Food and Rural Areas* (Wageningen Academic Publishers 2010) 29-40, 29-30.

¹¹⁰¹ The 1957 Treaty of Rome, art. 39.

¹¹⁰² Michael Woods, *Rural Geography: Processes, Responses and Experiences in Rural Restructuring* (SAGE 2005) 46.

very much reflecting French national interests.¹¹⁰³ The CAP “was not designed to direct the details of day to day management at farm level, but it has a major influence on farm management decisions. It seeks to support the agricultural sector and farm incomes as well as other objectives, mainly through providing economic incentives. Farmers react to these incentives in different ways and are affected by many other influences, such as world market prices, consumer preferences, technological changes, family traditions etc.”¹¹⁰⁴

The emphasis of the early CAP was on encouraging better agricultural productivity so that consumers had a stable supply of affordable food and ensure that the EU had a viable agricultural sector. The CAP offered subsidies and systems guaranteeing high prices to farmers, providing incentives for them to produce more. Financial assistance was provided for the restructuring of farming, for example by subsidising farm investment in favour of farm growth and management of technology skills so that they were adapted to the economic and social conditions at the time.¹¹⁰⁵ Although measures concerning rural development and agri-environment were introduced,¹¹⁰⁶ they were not considered as important as the markets and prices measures.¹¹⁰⁷ The CAP is an undoubted success in terms of its central objective of increasing agricultural production.¹¹⁰⁸ It did this, however, at the expense of encouraging over-production, benefiting large-scale commercial farmers at the expense of small farmers,

¹¹⁰³ Alain Guyomarch, Howard Machin, and Ella Ritchie, *France in the European Union* (MacMillan Press 1998) 141: “From the outset, de Gaulle and his ministers wanted an agricultural policy for the Community based on established French Practices, anticipating that such a system would not only provide outlets for surplus French production, but also ensure that French farmers would benefit greatly from guaranteed prices. Hence, they argued that it was economically and socially worthwhile to pay the cost of maintaining the standing of living of small farmers throughout the Community, and constantly reminded French farmers’ leaders that they were doing everything possible to ensure that the new CAP would benefit them to the full. For de Gaulle, a Community policy to provide financial support for French agricultural modernization was political asset. The system of price-supports and protectionism which he and his ministers strove to establish in the CAP has the distinct advantage for France in that it made net importers of food, notably, Germany, contribute disproportionately to paying for this support.”

¹¹⁰⁴ SH Gay, B Osterburg, D Baldock, ‘Recent Evolution of the EU Common Agricultural Policy (CAP): State of Play and Environmental Potential’ MEACAP—WP6 D4b Common Agricultural Policy (March 2005) p. 3 <http://www.ieep.eu/assets/224/WP6D4B_CAP.pdf>.

¹¹⁰⁵ European Commission, ‘The History of Successful Change’ <http://ec.europa.eu/agriculture/capexplained/change/index_en.htm> (last visited on 10 March 2012).

¹¹⁰⁶ McMahon (n 1093) 69 (referring to Directive 75/268 as the beginning of the adaption of structural policy to reflect the need to promote rural development through the regions of the Community). Christopher Rodgers, ‘Rural Development Policy and Environmental Protection: Reorienting English Law for a Multifunctional Agriculture’ 14 *Drake J Agric L* (2009) 259, 261 (referring to Council Regulation 797/85, art. 1, 1985 O.J. (L 93) 1, 4 (EC) as the earliest agri-environment measures were introduced under CAP farm structures, legislation aimed at improving the efficiency of agricultural structure.)

¹¹⁰⁷ McMahon (n 1093) 65-66.

¹¹⁰⁸ Woods (n 1102) 51.

ignoring the environmental consequences of greater use of chemical fertilizers and pesticides, and making the CAP the largest item in the Community budget, which in turn diverted spending from other areas.¹¹⁰⁹ By 1984 the implementation of the CAP was consuming 70 per cent of the European Community's entire budget, and a quarter of that was being spent on storing surplus produce.¹¹¹⁰ Under this situation, agricultural policy reform in the EU has been driven by the triple concerns of over-production, environmental degradation and the financial cost of the Common Agricultural Policy. Periodic reforms have been attempted since the early 1980s.¹¹¹¹

The first major reform of the CAP, the MacSharry reform, took place in 1992.¹¹¹² The reform aimed to improve the competitiveness of EU agriculture, stabilise the agricultural markets, diversify the production and protect the environment, as well as stabilise the EU budget expenditure.¹¹¹³ Price support for some products was reduced or even eliminated. Compensation was given by direct income support. According to Meester, the change toward direct income support to farmers meant "a fundamental change in the philosophy of the CAP."¹¹¹⁴ Three "accompanying measures" were also adopted as part of the 1992 reform package alongside the reform of market support.¹¹¹⁵ These included a scheme introduced to promote the cessation of farming through early retirement,¹¹¹⁶ an environmental measure adopted to introduced a Community aid scheme for forestry measure,¹¹¹⁷ and the Agri-Environment Regulation,¹¹¹⁸ which established a framework for Community aid, financed by the Guarantee Section, for schemes devised by the Members States which contributed to agriculture income diversification and rural development and which had a positive impact on

¹¹⁰⁹ McCormick (n 1079) 83-84.

¹¹¹⁰ Woods (n 1102) 52.

¹¹¹¹ Woods (n 1102) 141.

¹¹¹² Gerrit Meester, 'European Union, Common Agricultural Policy, and World Trade' 14 *Kan J L & Pub Pol'y* (2004-2005) 389, 388-398.

¹¹¹³ European Commission, 'The 1992 reform ("MacSharry reform")' <http://ec.europa.eu/agriculture/cap-history/1992-reform/index_en.htm>.

¹¹¹⁴ Meester (n 1112) 398; Christopher P Rodgers, *Agricultural Law* (3rd edn, Tottel Publishing 2008) 31; McMahon (n 1093) 90-93.

¹¹¹⁵ McMahon (n 1093) 93.

¹¹¹⁶ Council Regulation (EEC) No 2079/92 of 30 June 1992 instituting a Community aid scheme for early retirement from farming [1992] OJ L215/91.

¹¹¹⁷ Council Regulation (EEC) No 2080/92 of 30 June 1992 instituting a Community aid scheme for forestry measures in agriculture [1992] OJ L215/96.

¹¹¹⁸ Rodgers (n 1114) 31.

the environment.¹¹¹⁹ Nonetheless, it is assessed that although the MacSharry reforms added a more effective rural and environmental measures, they “did not fundamentally alter the fact that the CAP was a price support and production control policy.”¹¹²⁰

Further changes were introduced under the Agenda 2000 reforms. The Agenda 2000 represented a ‘deepening and extending’ of the 1992 reform through further shifts from price support to direct payments.¹¹²¹ The Council adopted Regulation 1259/1999 which established common rules for direct support scheme under the common agricultural policy.¹¹²² Under this Regulation, direct supports or direct payments were granted directly to the framers within one of the support schemes in the framework of the common agricultural policy.¹¹²³ Thus, the Agenda 2000 reforms, as Rodgers puts it, “ushered in a period of fundamental change in CAP support regimes, and in particular a major shift in financial support away from agricultural products towards producers.”¹¹²⁴ Article 3 of Council Regulation 1259/1999 allowed Members States to set “specific environmental requirements constituting a condition for direct payments.”¹¹²⁵ By doing so, it introduced the concept of cross-compliance,¹¹²⁶ that is, a “farmer receiving a payment under the single payment scheme must observe the...conditions established in the European legislation and the domestic Regulations implementing them with appropriation derogation.”¹¹²⁷ The Agenda 2000 reforms also saw the establishment of rural development as the “Second Pillar” of the CAP, alongside the First Pillar, which provides agricultural market and income support.¹¹²⁸ The legal basis of this new Second pillar was provided by the 1999 Rural Development Regulation,¹¹²⁹ which reorganized and simplified existing rural development measures and brought together all previous rural development

¹¹¹⁹ Council Regulation (EEC) No 2078/92 of June 30 1992 on agricultural production methods compatible with the requirements of the protection of environment and the maintenance of the countryside [1992] OJ L215/85].

¹¹²⁰ Joseph A McMahon, ‘The Common Agricultural Policy: From Quantity to Quality?’ 53 N Ir Legal Q (2002) 9, 19.

¹¹²¹ Rodgers (n 1114) 32; Meester (n 1112) 399.

¹¹²² Council Regulation (EC) No 1259/1999 of 17 May 1999 establishing common rule for direct support schemes under the common agricultural policy [1999] OJ L160/113.

¹¹²³ Daniel Bianchi, ‘Cross Compliance: The New Frontier in Granting Subsidies to the Agricultural Sector in the European Union’ 19 Geo Int’l Env’tl L Rev (2006-2007) 817, 819.

¹¹²⁴ Rodgers (n 1114) 32.

¹¹²⁵ Council Regulation 1259/1999, art. 3;

¹¹²⁶ Bianchi (n 1123) 820.

¹¹²⁷ Rodgers (n 1114) 607.

¹¹²⁸ European Commission, ‘Common Agricultural Policy’ <http://ec.europa.eu/economy_finance/structural_reforms/sectoral/agriculture/index_en.htm>.

¹¹²⁹ Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations [1999] OJ L160/80.

measures, including the 1992 accompanying measures on agri-environment, early retirement and forestry, into one composite framework regulation.¹¹³⁰ This Regulation establishes the framework for Community support for “sustainable rural development.”¹¹³¹ It states that rural development measures “shall accompany and complement other measures of the common agricultural policy and thus contribute to the achievement of the objectives laid down in Article 33 of the Treaty.”¹¹³² It lists eleven areas that the “[s]upport for rural development, related to farming activities and their conversion,” may concern: (i) the improvement of structures in agricultural holdings and structures for the processing and marketing of agricultural products, (ii) the conversion and reorientation of agricultural production potential, the introduction of new technologies and the improvement of product quality, (iii) the encouragement of non-food production, (iv) sustainable forest development, (v) the diversification of activities with the aim of complementary or alternative activities, (vi) the maintenance and reinforcement of viable social fabric in rural areas, (vii) the development of economic activities and the maintenance and creation of employment with the aim of ensuring a better exploitation of existing inherent potential, (viii) the improvement of working and living conditions, (ix) the maintenance and promotion of low-input farming systems, (x) the preservation and promotion of a high nature value and a sustainable agriculture respecting environmental requirements, (xi) the removal of inequalities and the promotion of opportunities for men and women, in particular by supporting projects initiated and implemented by women.¹¹³³ Thus, as commented by McMahon, the Agenda 2000 reforms “signalled a further realignment of the twin pillars of the CAP towards a situation of greater equilibrium”¹¹³⁴

The First Pillar of the CAP was “fundamentally reformed” by the 2003 Mid-term Review.¹¹³⁵ The first important decision was the introduction of the Single Farm Payment (SFP), which replaced most of the direct payments to farmers offered under previous reforms.¹¹³⁶ Under the terms of SFP, agricultural support is decoupled from production and a system of payment

¹¹³⁰ Council Regulation 1257/1999, art. 2; Rodgers (n 1106) 262.

¹¹³¹ Council Regulation (EC) No 1257/1999, art. 1.1.

¹¹³² Council Regulation (EC) No 1257/1999, art. 1.2.

¹¹³³ Council Regulation (EC) No 1257/1999, art. 2.

¹¹³⁴ McMahon (n 1120) 19.

¹¹³⁵ Michael Cardwell, ‘Rural Development in the European Community: Charting a New Course?’ 13 Drake J Agric L (2008) 21, 34.

¹¹³⁶ Meester (n 1112) 400.

entitlements established for each holdings based initially on the average support payments under CAP support regimes for each years in the three-year reference period 2000-2002, expressed at 2002 claim rates.¹¹³⁷ A major aim of the single payment is to allow farmers to become more market-oriented and to release their entrepreneurial potential.¹¹³⁸ It is also intended in part to secure ‘green box’ exemption from domestic support reduction commitments in the WTO negotiations.¹¹³⁹ Second, the concept of cross-compliance has been radically extended under the SFP.¹¹⁴⁰ At the time of the reform of 2003, the granting of support was connected to the respect of various criteria, such as the protection of environment, animal welfare, food safety, or good farming practices.¹¹⁴¹ This cross compliance consists of two separate elements: (i) adherence to a number of statutory management requirements relating to public, animal and plant health, the environment and animal welfare; (ii) land that is no longer used for production purposes must be maintained in good agricultural and environmental condition (GAEC)¹¹⁴² As to the Second Pillar of the CAP, the Mid-term Review also materially amended the 1999 Rural Development Regulation.¹¹⁴³ Further changes were introduced in 2005 with the enactment of a new rural development regime under Council Regulation (EC) 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)¹¹⁴⁴ The mission of the EAFRD is to “contribute to the promotion of sustainable rural development throughout the Community in a complementary manner to the market and income support policies of the common agricultural policy, to cohesion policy and to the common fishery policy.¹¹⁴⁵ Support for rural development is designed to contribute to achieving three main objectives. The first is to improve the competitiveness of agriculture and forestry by supporting restructuring, development and innovation. The second is to improve the environment and the countryside by supporting land management. Finally, it is designed to improve the quality of life in rural areas and encouraging diversification of economic

¹¹³⁷ Rodgers (n 1114) 600.

¹¹³⁸ Meester (n 1112) 401.

¹¹³⁹ Rodgers (n 1114) 33.

¹¹⁴⁰ Rodgers (n 1114) 35.

¹¹⁴¹ Bianchi (n1123) 820 (suggesting that this extends “environmental-cross-compliance” to “bio-cross-compliance”).

¹¹⁴² Rodgers (n 1114) 607.

¹¹⁴³ Cardwell (n 1135) 33.

¹¹⁴⁴ Council Regulation (EC) No 1689/2005 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAFRD) [2005] L177/1; Cardwell (n 1140) 34-35. 2005 also saw the enactment of a single funding and single programming framework (Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the Common Agricultural Policy [2005] OJ L209/1) (both Regulation came into effect as from January 1, 2007).

¹¹⁴⁵ Council Regulation (EC) No 1689/2005, art. 3.

activity.¹¹⁴⁶ These objectives are to be implemented by means of the “four axes” including: (i) improving the competitiveness of the agricultural and forestry sector, (ii) improving the environment and the countryside, (iii) the quality of life in rural areas and diversification of the rural economy, and (iv) the Leader approach of rural development.¹¹⁴⁷

In 18 November 2010, the European Commission issued a communication titled “The CAP towards 2020: Meeting the food, nature resource and territorial challenges of the future”.¹¹⁴⁸ The objectives of this Communication are to “highlight the key challenges and the major policy issues regarding EU agriculture and rural areas” and to “outline possible policy orientations and options for the future.”¹¹⁴⁹ The Communication identifies three main challenges of the CAP as food security, environment and climate change, and territorial balance.¹¹⁵⁰ In response to these challenges, the three main objectives for the future CAP would be (i) viable food production, (ii) sustainable management of natural resources and climate action and (iii) balanced territorial development.¹¹⁵¹ It is proposed that the future CAP should remain a strong common policy structured around its two pillars. In broad terms, the views expressed recommended the following strategic aims: (i) To preserve the food production potential on a sustainable basis throughout the EU, so as to guarantee long-term food security for European citizens and to contribute to growing world food demand”; (ii) To support farming communities that provide the European citizens with quality, value and diversity of food produced sustainably, in line with environmental, water, animal health and welfare, plant health and public health requirements; and (iii) To maintain viable rural communities, for whom farming is an important economic activity creating local employment; this delivers multiple economic, social, environmental and territorial benefits.¹¹⁵²

¹¹⁴⁶ Council Regulation (EC) No 1689/2005, art. 4.1.

¹¹⁴⁷ About these four axes, see Council Regulation (EC) No 1689/2005, Title IV. “Leader” stands for French “*Liaison entre actions de développement rural*” (in English, “Links between actions of rural development.”), see European Commission, ‘Fact Sheet: The Leader Approach: A Basic Guide’ (2006), p. 3 and n (2). The definition of the Leader, see Council Regulation (EC) No 1689/2005, art. 61.

¹¹⁴⁸ European Commission, ‘The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future’ Brussels, 18 November 2010 COM(2010) 672 final (hereinafter, The CAP towards 2020)

¹¹⁴⁹ European Commission <http://ec.europa.eu/agriculture/cap-post-2013/communication/index_en.htm>.

¹¹⁵⁰ European Commission, ‘The CAP towards 2020’ pp. 4-5.

¹¹⁵¹ European Commission, ‘The CAP towards 2020’ p. 7.

¹¹⁵² European Commission, ‘The CAP towards 2020’ pp. 2-3.

While the 1992 GI Regulation explicitly locates GI policy as part of the adjustment of the CAP,¹¹⁵³ the substantive connection between these two is to be found in the European concept of agricultural multifunctionality. In *The European Model of Agriculture*, Cardwell discusses Council Regulation 2081/92 under the heading “Other Multifunctional Measures prior to the Agenda 2000 Reforms”.¹¹⁵⁴ According to Cardwell, Council Regulation 2081/92 is one of the “developments of multifunctional character...taking place outside the common organizations of the market and...the accompanying measures.”¹¹⁵⁵ Two multifunctional characters of *sui generis* GIs can be observed. First, there has been a presumption that agro-food products “linked to specific geographical origins or specific production methods” are quality products.¹¹⁵⁶ This is the consistent view since the EC Commission’s 1985 Green Paper.¹¹⁵⁷ The document calls for a diversification of policy instruments in order to realize a number of objectives that cannot be reached through the almost exclusive reliance on price support. The Green Paper lists the priorities of the CAP as reducing surpluses, promoting the quality and variety of agricultural production, improving the incomes of small family farms, supporting the agriculture in areas where it is necessary for rural development, promoting awareness of farmers of environmental questions and assisting the processing industry.¹¹⁵⁸ The aims of the 1985 Green Paper were to some extent taken up by the package of reforms introduced in 1988. In its 1988 communication titled ‘The Future of Rural Society’, the EU expresses its intention to promote a Community policy on protecting “agricultural and food products of identifiable geographical origin” as a policy tool to reorient the CAP.¹¹⁵⁹ Thus, part of the reason for adopting the 1992 GI Regulation was the promotion of “agricultural products and foodstuffs with an identifiable geographical origin” meets the observed trend that “consumers are tending to attach greater importance to the quality of foodstuffs rather than to quantity”.¹¹⁶⁰ One further multifunctional character of *sui generis* GIs lies in its economic potential for rural areas. From the perspective of EU policy makers, the 1992 GI Regulation was introduced because “the promotion of products having certain characteristics could be of

¹¹⁵³ Council Regulation 2081/92, Recital.

¹¹⁵⁴ Cardwell (n 1090) 53.

¹¹⁵⁵ Cardwell (n 1090) 53-54. (Other two developments referred to by Cardwell are the LEADER initiative and Directives regulating GMOs (see, p. 55))

¹¹⁵⁶ Agenda 2000, [S. 5/97] p. 29.

¹¹⁵⁷ Green Papers are documents published by the European Commission to stimulate discussion on given topics at European level. They invite the relevant parties (bodies or individuals) to participate in a consultation process and debate on the basis of the proposals they put forward. Green Papers may give rise to legislative developments that are then outlined in White Papers (http://europa.eu/legislation_summaries/glossary/green_paper_en.htm)

¹¹⁵⁸ European Commission, Com (85) 333, final 29 July 1988, p. 44.

¹¹⁵⁹ The Future of Rural Society COM (88) 501.

¹¹⁶⁰ Council Regulation 2081/92, Recital.

considerable benefit to the rural economy, in particular to less-favoured or remote areas, by improving the incomes of farmers and by retaining the rural population in these areas.”¹¹⁶¹

5.3.2 Protectable subject matter

EU *sui generis* GI law protects two categories of names, namely, protected designation of origin (PDO) and protected geographical indication (PGI). The Regulation provides not only the criteria for names but also for the underlying products.

5.3.2.1 Definition of PDOs and PGIs

A PDO is a name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff. The product identified must be (i) originating in that region, specific place or country; (ii) the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors; and (iii) the production, processing and preparation of which take place in the defined geographical area.¹¹⁶²

A PGI is “the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff”. The product identified must (i) originate in that region, specific place or country, (ii) possess a specific quality, reputation or other characteristics attributable to that geographical origin, and (iii) be produced, processed, or prepared in the defined geographical area.¹¹⁶³

¹¹⁶¹ Council Regulation 2081/92, Recital.

¹¹⁶² Council Regulation 510/2006, art. 2.1(a).

¹¹⁶³ Council Regulation 510/2006, art. 2.1(b).

Traditional geographical or non-geographical names designating an agricultural product or a foodstuff which meet the definition of designations of origin or geographical indications can also be considered as PDOs or PGIs.¹¹⁶⁴ Commenting in 1992, Kolia predicted that this exception “may be extensively used in the future.”¹¹⁶⁵ An example of this is “Feta”. The term “Feta” was derived from the Italian *fetta* or slice.¹¹⁶⁶ It was accepted by all parties in *Germany and Denmark v Commission (Feta, 2005)* that the name “Feta” derived from the Italian language and had only entered into use in Greece in the seventeenth century. It was also accepted that the name was not one of a region, place or country and could not therefore be registered as a PDO under art. 2(2) of Regulation 2081/92. It could therefore only be registered under art. 2(3) of the Regulation, which extends the definition of designation of origin to traditional or non-geographical names which possess qualities or characteristics which are due to the environment in which they are produced.

As observed by Lord Hoffman, ‘a PGI is similar to a PDO except the casual link between the place of origin and the quality of the product may be a matter of reputation rather than verifiable fact’ (quality or characteristics).¹¹⁶⁷ To qualify as a PDO, the production, processing, and preparation of the product all must take place in the named geographical area. For a PGI, it is only necessary for the production, processing or preparation to take place in the named geographical area.¹¹⁶⁸ Thus, ‘the link with the area’ is stronger for PDOs.¹¹⁶⁹ Josling thus argues that PDOs are designed to establish a ‘close and objective link’ between the features of the product and its geographical origin and, thus, can be seen as the “legal manifestation” of the concept of *terroir*. In the case of PGIs, the link needs not to be “close or objective” because it can be based on reputation at the time of registration.”¹¹⁷⁰ The inclusion

¹¹⁶⁴ Council Regulation 510/2006, art. 2.2.

¹¹⁶⁵ M. Kolia, ‘Monopolising Names of Foodstuffs: The New Legislation’ 14 EIPR (1992) 333, 333.

¹¹⁶⁶ Dev Gangjee, ‘Say Cheese! A Sharper Image of Generic Use through the Lens of Feta’ 29 EIPR (2007) 172, 173.

¹¹⁶⁷ *Consorzio Parma v. Asda* [2002] FSR 3, 44, para.8.

¹¹⁶⁸ Council Regulation 510/2006, arts. 2.1(a) and 2.1(b).

This difference, however, did exist under Regulation 2081/92. Article 2.3 of Council Regulation 2081/92 states: “Certain traditional geographical or non-geographical names designating an agricultural product or a foodstuff originating in a region or a specific place, which fulfil the conditions referred to in the second indent of paragraph 2 (a) shall also be considered as designations of origin.”

¹¹⁶⁹ <http://europa.eu/scadplus/leg/en/lvb/166044.htm>

¹¹⁷⁰ Josling (n 1068) 344.

of reputation as a linking factor between a product and its geographical origin may generate subtle but profound impact on the development of GI law. That is, as Bently and Sherman have observed, it subtly changes the nature of the protected interest away from something which mirrors the model of creation used in patents, copyright, and design law, to something more akin to that used in trade mark law.¹¹⁷¹

Despite technical differences, PDOs and PGIs are afforded the same protection.¹¹⁷² The distinction between these two categories is made by the producer or groups initially registering the geographic indications.¹¹⁷³ The reason for having two types of geographical indications is to respect the existing practices.¹¹⁷⁴ According to the Regulation's recitals, this two-tier system was appropriate because of "existing practices" in EU member states i.e. neither the French nor the Germans would give up their own definitional approach."¹¹⁷⁵ Gangjee notes the while the PDO is a marginally refracted version of the French Appellation of Origin (AO) system, the PGI reflects German practices which protect the "long-standing and distinctive reputation for regional products."¹¹⁷⁶

5.3.2.2 *Criteria for names*

¹¹⁷¹ Lionel Bently and Brad Sherman, *Intellectual Property Law* (3rd edn, OUP 2009) 977-8.

¹¹⁷² Lilian V. Faulhaber, 'Cured Meat and Idaho Potatoes: A Comparative Analysis of European and American Protection and Enforcement of Geographical Indications of Foodstuffs' 11 Colum J Eur L (2005) 623, 630; Hughes (n 1020) 325.

¹¹⁷³ Faulhaber (n 1172) 630, n. 48.

¹¹⁷⁴ Council Regulation 2081/92, Recital (9); Hughes (n 1020) 325-326: "So while there are two defined types of GIs, they receive the same protection. According to the Regulation's recitals, this two-tier system was appropriate because of "existing practices" in EU member states, i.e., neither the French nor the Germans would give up their own definitional approach." Dev Gangjee ('Melton Mowbray and the GI Pie in the Sky: Exploring Cartographies of Protection' 3 IPQ (2006) 291, 304-305) notes: "The PDO is a marginally refracted version of the French Appellation of Origin (AO) system, which is also registration-based and defined in Art.L.115-1 of the French Consumer Code as the name of a region or locality serving to designate a product which originates from there and whose quality or characteristics are due to its geographic origin, comprising of both natural and human factors." (301-302) And the PGI reflects German practices: "A long-standing and distinctive reputation for regional products has been the established basis for GI protection in Germany, under its Law on Unfair Competition...a regime which is "essentially a creation of judge-made law.""

¹¹⁷⁵ Hughes (n 1020) 325-326

¹¹⁷⁶ Gangjee (n 1174) 304-305.

To be protected as a PDO or PGI, the name in question must be “geographical” in the sense that it is able to evoke, in the mind of the consumer, qualities linked to a particular place. This is made clear by the European Court of Justice (ECJ) in a series of cases concerning French legislation designed to protect the designation “Mountain” for agricultural products. It is held that the description “mountain” cannot be protected as a PDO or PGI because it is too general in character, transcends national frontiers, and evokes in the mind of the consumer qualities linked abstractly with highland origin and not with a particular place, region or country.¹¹⁷⁷

Names falling with one of the following four categories are unregistrable:

(i) generic names: The very fact that a name has become generic *per se* is sufficient for its being excluded from GI protection. However, names incorporating a generic name are registrable. For example, Cheddar is a generic for hard cheese and as such would not be eligible to be registered either as a PDO or PGI. Nonetheless, West Country Farm Cheddar cheese has been registered as a PDO.¹¹⁷⁸ The Regulation does not provide such thing as an exhaustive list of generic names. The genericness of a name can, thus, only be determined on a case by case basis.¹¹⁷⁹

(ii) Names conflicting with names of plant varieties or animal breeds: A geographical name may not be registered if the name in question conflicts with the name of a plant variety or animal breed. This exclusion is subject to the condition that the use of such a name as a GI “is likely to mislead the consumer as to the true origin of the product.”¹¹⁸⁰

¹¹⁷⁷ Criminal proceedings against Jacques and others, Joined Cases C-321/94, C-322/94, C-323/94 and C-324/94 [1997] ECR I-2343, para. 5.

¹¹⁷⁸ Bently and Sherman (n 1171) 990.

¹¹⁷⁹ Josling (n 1068) 345.

¹¹⁸⁰ Council Regulation 510/2006, art. 3.2.

(iii) Homonymous names: A name wholly or partially homonymous with that of a name already registered under this Regulation must only be registered with due regard for local and traditional usage and the actual risk of confusion.¹¹⁸¹

(iv) Established trademarks: A name may not be registered as a PDO or a PGI if it has already been registered as a trademark. Article 3.4 sets three conditions are duly considered: the reputation and renown of the trademark; the length of time the trademark has been; the registration is liable to mislead the consumer as to the true origin of the product.¹¹⁸²

5.3.2.3 Criteria for products

(1) Product covered

The scope of Regulation 510/2006 is limited to “certain agricultural products and foodstuffs for which a link exists between product or foodstuffs characteristics and geographical origin.”¹¹⁸³ Lists of eligible products are provided in Annex 1 to the Treaty of Rome, Annex I to this Regulation and Annex II to this Regulation.¹¹⁸⁴ Wine-sector products, except wine vinegars, and spirit drinks are not regulated in this Regulation.¹¹⁸⁵ The Commission are empowered to amend Annex I and II to this Regulation. Salt and cotton were added to Annex I and II respectively in 2008.¹¹⁸⁶ Thus, eligible products are not always strictly limited to agricultural products intended for human consumption.

¹¹⁸¹ Council Regulation 510/2006, art. 3.3.

¹¹⁸² Council Regulation 510/2006, art. 3.4.

¹¹⁸³ Council Regulation 510/2006, Recital (8).

¹¹⁸⁴ Council Regulation 510/2006, art. 1.1.

¹¹⁸⁵ Council Regulation 510/2006, art. 1.2.

¹¹⁸⁶ Commission Regulation (EC) No 417/2008 of 8 May 2008 amending Annexes I and II to Council Regulation (EC) No 510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs [2008] OJ L125/27, art. 1. Commission’s decision in this regard is assisted by “the Standing Committee on Protected Geographical Indications and Protected Designations of Origin” (see,

(2) Product-place link

The product identified by a PDO must be (i) originating in that region, specific place or country; (ii) the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors; and (iii) the production, processing and preparation of which take place in the defined geographical area.¹¹⁸⁷ The product identified by a PGI must (i) originate in that region, specific place or country, (ii) possess a specific quality, reputation or other characteristics attributable to that geographical origin, and (iii) be produced, processed, or prepared in the defined geographical area.¹¹⁸⁸ MacMaolain comments that this geographical environment “can, of course, under the terms of the Regulation, be an entire country, provided that the defined area possesses specific natural and human factors which are capable of giving a foodstuff its specific characteristics. The area must present homogenous natural factors which distinguish it from the areas adjoining it.”¹¹⁸⁹

5.3.3 Registration

The PDO or PGI status is only acquired by registration. The registration procedure starts with the groups of producers or processors who want to obtain protection filing an application to the relevant national agency.¹¹⁹⁰ Upon verifying that necessary requirements are met, the national agency then forwards the application to the European Commission, which is responsible for approving or rejecting it. If the Commission decides that the name qualifies

Recital (4) of Commission Regulation (EC) No 417/2008, Recital (4)) and Council Regulation 510/2006, arts 1.1 and 15(2).

¹¹⁸⁷ Council Regulation 510/2006, art. 2.1(a).

¹¹⁸⁸ Council Regulation 510/2006, art. 2.1(b).

¹¹⁸⁹ Caoimhin MacMaolain, ‘Eligibility Criteria for Protected Geographical Food Names’ 31 E L Rev (2006) 579, 586.

¹¹⁹⁰ The list of EU national authorities in charge of GI affair is available at: <http://ec.europa.eu/agriculture/quality/schemes/index_en.htm>.

for protection, a summary sheet is published in the *Official Journal of the European Communities*. Once the summary of the specification is published, third parties have six months in which they are able to object to the registration. If no valid objections are made to the proposed registration, the Commission then publishes the name entered in the Register in the Official Journal. Once registered, the product name is automatically protected in all member states.¹¹⁹¹

“A group” and “only a group” is entitled to apply for registration. A group means “any association, irrespective of its legal form or composition, of producers or processors working with the same agricultural products or foodstuffs.”¹¹⁹² Exceptionally, a “natural or legal person may be treated as a group” and, thus, eligible for application for registration.¹¹⁹³ Such exceptional circumstances may arise when the person concerned is the only producer in the defined geographical area willing to submit an application and the defined geographical area possesses characteristics which differs appreciably from those of neighbouring areas or the characteristics of the product are different from those produced in neighbouring areas.¹¹⁹⁴ The applicant group must define the product according to precise specifications and send an application to the national authority.¹¹⁹⁵

5.3.4 Product specification

To be registered as a PDO or a PGI, the product must comply with a product specification.¹¹⁹⁶ The product specification is one of the central elements of geographical indications; it plays important roles at every aspect of GIs. First, during the registration process, it sets out the

¹¹⁹¹ Council Regulation 510/2006, arts. 5-7; also European Commission, ‘Geographical indications and traditional specialities’ <http://ec.europa.eu/agriculture/quality/schemes/index_en.htm>.

¹¹⁹² Council Regulation 510/2006, article 5.1.

¹¹⁹³ Council Regulation 510/2006, article 5.1.

¹¹⁹⁴ Commission Regulation (EC) No 1898/2006 of 14 December 2006 lays down detailed rules of implementation of Council Regulation (EC) No 510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs [2006] OJ L369/1, art. 2.

¹¹⁹⁵ European Commission, ‘Geographical indications and traditional specialities’ <http://ec.europa.eu/agriculture/quality/schemes/i/index_en.htm> (Non-EU application is sent to the Commission direct.).

¹¹⁹⁶ Council Regulation 510/2006, art. 4.1.

information that is used to determine whether a name should be protected. Second, once a name is registered, this specification, which contains detailed requirements of the protected product, sets out the standards that producers and processors must comply with if they wish to use the protected name. Finally, the specification also helps to delineate the scope of protection. That is, it provides the basis of ascertaining the scope of intangible interest conferred by registration.¹¹⁹⁷

A product specification shall contain the following aspects:

- (i) The name of the agricultural product or foodstuff comprising the designation of origin or geographical indication;
- (ii) A description of the agricultural product or foodstuff, including the raw materials;
- (iii) The definition of the geographical area;
- (iv) Evidence that the agricultural product or foodstuff originates in the defined geographical area;
- (v) A description of the method of obtaining the agricultural product or foodstuff and, if appropriate, the authentic and unvarying local methods as well as information concerning packaging;
- (vi) Details bearing out the link between the quality, characteristics, or reputation of the agricultural product or foodstuff and the geographical environment;
- (vii) The name and address of authorities or bodies verifying compliance with the provisions of the specification;
- (viii) Any specific labelling rule for the agricultural product or foodstuff in question;
- (ix) Any requirements laid down by Community or national provisions.¹¹⁹⁸

¹¹⁹⁷ Bently and Sherman (n 1171) 985.

¹¹⁹⁸ Council Regulation 510/2006, art. 4.2

It is possible to make changes to the product specification after registration. A group eligible for application for registration and having a legitimate interest may apply for approval of an amendment to a specification, in particular to take account of developments in scientific and technical knowledge or to redefine the designated geographical area.¹¹⁹⁹ The procedure of amending product specifications is similar to that of application for registration.¹²⁰⁰ Amendments to the product specification require the approval of the Commission. For example, amendments to the specification for the PDO ‘Grana Padano’ were approved by the Commission in 2001.¹²⁰¹

5.3.5 Rights conferred

Once registered, a PDO/PGI entails two categories of rights to its legitimate users, namely, right to use and right to exclude. These rights may last in perpetuity if the registration is not cancelled. A registration name may be cancelled through two routes. The Commission may initiate to cancel a registered name if it considers the conditions of the specification are not complied with.¹²⁰² Any natural or legal person having a legitimate interest may request cancellation of the registration.¹²⁰³ The procedure for registration is applicable *mutatis mutandis* in the case of cancellation.¹²⁰⁴ “Newcastle Brown Ale”, a PGI registered since 1996, was cancelled in August 2007.¹²⁰⁵ The registration was cancelled by the Commission because the “compliance with the conditions of the specification for an agricultural product or foodstuff covered a protected name is no longer ensured.”¹²⁰⁶

¹¹⁹⁹ Council Regulation 510/2006, art. 9.1.

¹²⁰⁰ Council Regulation 510/2006, art. 9.2.

¹²⁰¹ Commission Implementing Regulation (EU) No 584/2011 of 17 June 2011 approving non-minor amendments to the specification a name entered in the register of protected designation of origin and protected geographical indications (Grana Padano (PDO)) [2011] OJ L160/65.

¹²⁰² Council Regulation 510/2006, art. 12.1

¹²⁰³ Council Regulation 510/2006, art. 12.2

¹²⁰⁴ Council Regulation 510/2006, art. 12.3

¹²⁰⁵ Commission Regulation (EC) 952/2007 of 9 August 2007 cancelling a registration of a name in the Register of protected designation of origin and protected geographical indications (Newcastle Brown Ale (PGI)) [2007] OJ L210/26.

¹²⁰⁶ Council Regulation 510/2006, art. 12.1.

5.3.5.1 Right to use

A name registered may be used by any operator marketing agricultural product or foodstuffs conforming to the corresponding specification.¹²⁰⁷ Therefore, a PDO or a PGI does not confer the right to use a registered name or logo on any particular individual or specific group. Instead, it confers such rights on any undertaking whose products meet the prescribed geographical and qualitative requirements. This may mean, in theory, at least, that “producers who were not part of the original application are able to use a protected name, so long as their products conform to the registered specification.”¹²⁰⁸ Thus, GIs grant protection to all the qualified goods produced within a particular geographical region. For example, the GI Parmigiano-Reggiano is used by “about six hundred producers of the cheese, all of which are located within a specific region of Italy.”¹²⁰⁹

Since anyone who complies with the specification is eligible to use the name, there is a need to establish a mechanism to verify the compliance of the product specification before placing the product on the market.¹²¹⁰ Verification of compliance with the specification is conducted by either the competent authority or a control body and the cost of such verification is borne by the operators subject to the control.¹²¹¹ Checks that farmers have adhered to the product specification are undertaken by public authorities or by private certification bodies.¹²¹² Member States conduct administrative controls on the use of registered names on products in distribution and retail under specific legislation on wines and spirits and as part of the official control of EU food law for other products.¹²¹³

¹²⁰⁷ Council Regulation 510/2006, art. 8.1.

¹²⁰⁸ Bently and Sherman (n 1071) 993.

¹²⁰⁹ Justin W. Waggoner, ‘Acquiring a European Taste for Geographical Indications’ 32 *Brook J Int’l L* (2007-2008) 569, 583.

¹²¹⁰ Council Regulation 510/2006, art. 11.

¹²¹¹ Council Regulation 510/2006, art. 11.1.

¹²¹² European Commission, ‘Green paper on Agricultural Product Quality: Product Standards, Framing Requirements and Quality Schemes’ (Brussels, 15.10.2008, COM(2008) 641 final) p. 12.

¹²¹³ European Commission (n 1212) p. 12.

Applicants are obliged to name an authority or body to “verify compliance with the provisions contained in the product specification”.¹²¹⁴ The nominated inspection body can either be a public body or a private body which complies with the appropriate standards. The task of an inspection body is to undertake regular inspections of their registered products to ensure that the requirements of the specification are being met. Inspection costs are borne by the producers using the protected name.¹²¹⁵ Experts in agricultural economics view the EU origin protection system as ‘structured around three groups of participants: producers/processors, regulators, and inspection agencies.’¹²¹⁶ In some Member States the national competent authority also acts as the control body. For example, the French national competent authority responsible for GI affairs, the *Institut National des Appellation d’Origine* (INAO), also acts as the inspection body of a PDO or PGI.¹²¹⁷ In the UK, the national competent authority and the control body are separate. The UK responsible national competent authority is the Department for the Environment, Food and Rural Affairs (DEFRA). The designated inspection body for Melton Mowbray Pork Pie is the Product Authentication Inspectorate Limited. (para. 4.7, C 85/20) (Para. 4.4 C 85/18) “The nominated inspection body will conduct annual check on each producer to ensure that they are complying with the specification. Each member will receive their own Certification number provided by the inspection body to display on packaging and any other point of sale material when selling Melton Mowbray Pork Pie.”

5.3.5.2 Right to exclude

The protection of PDO/PGI is subject to “the principle of specialty” in so far as they are protected in relation to certain kinds of products.¹²¹⁸ A registered PDO or PGI gives its legitimate users the exclusive right to use the name for products that comply with the

¹²¹⁴ Council Regulation, art. 4.2

¹²¹⁵ Bently and Sherman (n 1171) 997.

¹²¹⁶ D J Hayes, S H Lence, and A Stoppa, ‘Farmer-Owned Brands?’ 20 *Agribusiness* (2004) 269, 273.

¹²¹⁷ For the INAO acts as “Responsible department in the member state” as well as “Inspection body” for “Banon” cheese, see, Publication of an application pursuant to Article 6(2) Council Regulation 510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs [2006] OJ C234/2.

¹²¹⁸ G E Evans, ‘The Comparative Advantages of Geographical Indications and Community Trade Marks for the Marketing of Agricultural Products in the European Union’ 41 *IIC* (2010) 645, 657.

registered specifications.¹²¹⁹ EU *sui generis* GI protection prevents the use of such names even where there is no consumer confusion.¹²²⁰ Names registered under the GI Regulation are protected against the following four categories of acts:

(i) any direct or indirect commercial use of a registered name 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 in so far as using the name exploits the reputation of the protected name;¹²²¹

(ii) any misuse, imitation or evocation, even if the true origin or 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;¹²²²

(iii) 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;¹²²³

(iv) any other practice liable to mislead the consumer as to the true origin of the product¹²²⁴

5.3.5.3 Conflict between GIs and trademarks

¹²¹⁹ O’Connor (n 1085) 35, 42.

¹²²⁰ Gangjee (n 1078) 114.

¹²²¹ Council Regulation 510/2006, art. 13.1(a)

¹²²² Council Regulation 510/2006, art. 13.1(b)

¹²²³ Council Regulation 510/2006, art. 13.1(c)

¹²²⁴ Council Regulation 510/2006, art. 13.1(d)

Establishing GIs as a *sui generis* IPR leads to the necessity of dealing with the relation between GIs and trademarks. Two general rules governing the relation between GIs and trademarks are: (i) the registration of a name under the GI Regulation will have the effect of preventing the registration of a similar trademark submitted after the date of submission of the registration application to the Commission.¹²²⁵ A trademark registered in breach of this provision shall be invalidated.¹²²⁶ (ii) A PDO or PGI shall not be registered where, in the light of a trademark's reputation and renown and the length of time it has been used, registration is liable to mislead the consumer as to the true identity of the product.¹²²⁷ It is, thus, commented that the CTM is at a disadvantage compared to the GI where questions of priority arise between an earlier trade mark and a later PGI or PDO.¹²²⁸ The name "Grana Padano", for example, was registered as a PDO for Italian hard cheese in 1996. In 1998, Biraghi S.p.A., succeeded in registering as a CTM "Grana Biraghi" for cheese. Subsequently, the proprietor of the PDO, the *Consorzio per la Tutela Formaggio Grana Padano*, was successful in applying for a declaration of invalidity to have the mark cancelled in 2001.¹²²⁹ Under certain circumstances, a PDO or PGI may co-exist with a trademark, either registered or established by use. The term "co-existence" refers to a legal regime under which "a GI and a trade mark can both be used concurrently to some extent even though the use of one or both of them would otherwise infringe the rights conferred by the other".¹²³⁰ That is, the trademark in question may continue to be used notwithstanding the registration of a PDO or PGI. This may happen when the trademark in question "has been applied for, registered, or established by use...in good faith within the territory of the Community, before either the date of protection of the designation of origin or geographical indication in the country of origin or before 1 January 1996".¹²³¹ For example, it is held by the ECJ that the PGI 'Bayerisches Bier' may co-exist with pre-existing trademarks of third parties in which the word 'Bavaria' appears and

¹²²⁵ Council Regulation 510/2006, art. 14.1

¹²²⁶ Council Regulation 510/2006, art. 14.1

¹²²⁷ Council Regulation 510/2006, art. 3.4.

¹²²⁸ Evans, GE, 'The Strategic Exploitation of Geographical Indications and Community Trade Marks for the marketing of Agricultural Products in the European Union' 1 The WIPO Journal (2010) 159, 176.

¹²²⁹ Cancellation No. 00000065, Cancellation Division of OHIM, 28/11/01. It is noteworthy that the First Board of Appeal of OHIM annulled on 16 June 2003 (Case R 153/2002-1) the Cancellation Division's decision and rejected the application for a declaration that Grana Biraghi was invalid. The Board of Appeal found that the word 'grana' was generic and described an essential quality the goods in question. The decision of the Board of Appeal was later annulled by the Court of First Instance in 2007 (*Consorzio per la tutela del formaggio Grana Padano v Office Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) Case T-291/03*).

¹²³⁰ Evans (n 1218) 671.

¹²³¹ Council Regulation 510/2006, art. 14.2.

which were registered in good faith before the date on which the application for registration of the PGI ‘Bayerisches Bier’ was lodged.¹²³²

5.3.5.4 Terms of protection

The protection of PDO/PGI is of indefinite duration, so long as the conditions of the product specification continue to be met.¹²³³ A registered name may be cancelled through two routes: (i) the Commission may initiate to cancel a registered name if it considers the conditions of the specification are not complied with¹²³⁴ and (ii) any natural or legal person having a legitimate interest may request cancellation of the registration, giving reasons for the request.¹²³⁵ The procedure for registration is applicable *mutatis mutandis* in the case of cancellation.¹²³⁶ “Newcastle Brown Ale”, a PGI registered since 1996, was cancelled by virtue of a Commission Regulation in August 2007. The registration was cancelled by the Commission because the “compliance with the conditions of the specification for an agricultural product or foodstuff covered a protected name is no longer ensured.”¹²³⁷

5.3.6 Sui generis GIs and generic names

The relation between EU *sui generis* GIs and generic names has been a controversial one. The GI Regulation establishes two seemingly simple rules to govern this issue. First, generic names cannot be protected as PDOs or PGIs. Second, protected names may not become generic.¹²³⁸ However, the real picture is far more ambiguous and complicated. EU *sui generis*

¹²³² Bavaria NV, Bavaria Italia Srl v Bayerischer Brauerbund eV Case C-343/07 [2009] ECR I-5491.

¹²³³ Evans (n 1218) 648.

¹²³⁴ Council Regulation 510/2006, art. 12.1.

¹²³⁵ Council Regulation 510/2006, art. 12.2.

¹²³⁶ Council Regulation 510/2006, art. 12.3.

¹²³⁷ Commission Regulation (EC) 952/2007 of 9 August 2007 cancelling the registration of name in the Register of protected designations of origin and geographical indications (Newcastle Brown Ale PGI) [2007] L210/26.

¹²³⁸ Council Regulation 510/2006, art. 13.2

GI law is sometimes accused of being the “expansion of legal protection for generic names.”¹²³⁹ As it will be shown in this section, this accusation is, to a great extent, justified.

5.3.6.1 Definition of PDO/PGI

There is a subtle difference between the definitions of PDO/PGI and TRIPS-GIs. Under the TRIPS, GI are “indications which identify a good as originating in the territory of a Member, or a region or locality in that territory.” This makes a TRIPS-GI is by definition descriptive.¹²⁴⁰ A PDO/PGI is “the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff.” This definition reads like a generic name for agro-food product. Commission Regulation (EC) No 1898/2006, which implements Council Regulation (EC) No 510/2006, further sets qualifications for eligible names, which read even more confusingly similar to generic names: (i) “Only a name that is in use in commerce or in common language, or which has been used historically to refer to the specific agricultural product or foodstuff, may be registered.”¹²⁴¹ (ii) “Only a name that is used, whether in commerce or in common language, to refer to the specific agricultural product or foodstuff may be registered.”¹²⁴²

5.3.6.2 Criteria for genericness

Generic names cannot be protected as PDO or PGI. A name becomes generic when it “has become the common name of an agricultural product or a foodstuff in the Community.”¹²⁴³ The very fact that a name has become generic *per se* is sufficient for its being excluded from

¹²³⁹ Xuan-Thao N. Nguyen, ‘Nationalizing Trademarks: A New International Trademark Jurisprudence?’ 39 Wake Forest L Rev (2004) 729, 757.

¹²⁴⁰ Felix Addor and Alexandra Grazioli, ‘Geographical Indications beyond Wines and Spirits: A Roadmap for a Better Protection for Geographical Indications in the WTO TRIPS Agreement’ 5 JWIP (2002) 865, 871.

¹²⁴¹ Commission Regulation (EC) No 1898/2006 (n 1196), Recital (4).

¹²⁴² Commission Regulation (EC) No 1898/2006 (n 1196), art. 3.1.

¹²⁴³ Council Regulation 510/2006, art. 3.1.

GI protection. No additional condition is needed.¹²⁴⁴ Since there is no such thing as an exhaustive list of generic names, the genericness of a name can only be defined when a producer group attempts to register such names.¹²⁴⁵ It is specifically provides that, in order to establish whether or not a name has become generic, account is to be taken of the existing situation in the Member States in which the name originates and in areas of consumption; the existing situation in other Member States; and the relevant national or Community laws.¹²⁴⁶ The “benchmarking rulings” in determining the genericness of a designation are found in the renowned Feta cases.¹²⁴⁷

The name “Feta” was registered in 1996 as a PDO at Community level to cover “Feta” cheese produced from ewe’s and goat’s milk in Greece. Denmark, Germany and France contested that decision. It is submitted that cheese has been produced (also from cows’ milk) in these countries since 1930s and legally marketed under the name “Feta” since 1963 in Denmark, 1981 in the Netherlands, 1980 in France and 1985 in Germany. Later, the European Court of Justice (ECJ) annulled the contested Community Regulation 1107/96 to the extent to which it registered “Feta” as a protected designation of origin for “Feta” produced in Greece. Following the Court’s ruling, the Commission invited the Member States to provide information on the production, consumption and available knowledge on the denomination of “Feta”. The information it obtained was then submitted to the Scientific Committee for examination.¹²⁴⁸ To establish whether or not a name become generic, account has to be taken of the several factors:

- (i) the existing situation in the EC Member State in which the name originates;
- (ii) the situation in the areas of consumption;
- (iii) the existing situation in the other EC Member States;

¹²⁴⁴ Council Regulation 510/2006, art. 3.1.

¹²⁴⁵ *Josling* (n 1068) 345.

¹²⁴⁶ Council Regulation 510/2006, art. 3.1.

¹²⁴⁷ Andras Jokuti, ‘Where Is the What if the What Is in Why? A Rough Guide to the Maze of Geographical Indications’ 31 *EIPR* (2009) 118, 121.

¹²⁴⁸ The Scientific Committee is a committee of experts established to assist the Commission with all technical matters relating to registration of GIs. See Commission Decision of December 21, 1992 Setting Up a Scientific Committee for Designations of Origin, Geographical Indications and Certificates of Specific Character (93/53) [1993] OJ L13/16.

(iv) the relevant national or community laws.

The Scientific Committee concluded that the fact that a product is manufactured outside the area of origin did not imply that the name has become generic and as a consequence it adopted a unanimous opinion that the term “Feta” is not generic. The Committee considered that production and consumption of “Feta” is heavily concentrated in Greece and to consumers the name “Feta” is also associated with a Greek origin implying that the name has not become generic on the EU territory. Subsequently, the Commission adopted Regulation 1829/2002 of October 14, 2002 amending the Annex to Regulation 1107/96 to include “Feta” on the list of protected PDOs. Annulment proceedings against this decision were lodged by Denmark on December 30, 2002 in the ECJ and by German producers of “Feta”, French producers of “Feta” and Danish producers of “Feta” in the court of First Instance.¹²⁴⁹ In 2005, the ECJ upheld the finding of the European Commission that “Feta”, instead of being a generic term for a type of white cheese, was a designation for cheese with a Greek origin.¹²⁵⁰

The Feta decision shows that the genericness in the context of EU *sui generis* GI law is determined on the basis of a detailed analysis of an array of factors, such as the relevant national and Community legislation, its historical development, the data relating to production, marketing and sale, both in the Member State of origin and in other Member States. The perception of the average consumer is only one of factors to be considered.¹²⁵¹ Thus, as Gangjee has pointed out, although both *sui generis* GI law and Community Trademark law refuse to protect generic terms, the thresholds for genericness are different under these two regimes. In the case of the Community Trademark, the sign cannot be registered if absolute grounds for refusal, of which generic or common use is one, occur in a part of the Community. For GIs, the genericide analysis is thus weighted in favour of home producers.¹²⁵² Thus, one commentator claims that “[a]lthough the GI Regulation prohibits the registration of geographical names that have become generic...there are few obstacles to recovering exclusive use of a name under the GI system. Recent case law of the ECJ in Feta, Parmesan, Bayerisches Bier highlights the way in which the court has succeeded in giving a

¹²⁴⁹ About the comments on Feta case, see Bernard O’Connor and Irina Kireeva, ‘What’s in a Name? The “Feta” Cheese Saga’, 9 Int T L R (2003) 110; Gangjee (n 1166) 172; Nguyen (n 1239) 765.

¹²⁵⁰ Germany and Denmark v Commission (Feta) Joined Cases C-465/02 and C-466/02 [2005] ECR I-9178.

¹²⁵¹ Andras Jokuti, ‘Where Is the What if the What Is in Why? A Rough Guide to the Maze of Geographical Indications’ 31 EIPR (2009) 118, 121.

¹²⁵² Gangjee (n 1166) 178.

restrictive interpretation to the exclusion of generic names...to the effect that, if the name retains the ability to evoke the place of production, it will likely be allowed to proceed to registration.”¹²⁵³ Jeremy Reed criticizes the ECJ’s decision:

“[T]he ECJ’s judgment is not particularly well reasoned. The poor reasoning gives the impression that the judgment has been written with the aim of reaching a particular conclusion, fudging or obscuring the reasoning where necessary in order to obtain the desired result.”¹²⁵⁴

Thus, Ricolfi concludes that “the EU Court of Justice has confirmed that the suspicion that the access requirements for GI protection may be too low, as shown in the second Feta case (2005), while the scope of protection of the same symbols may be too broad, as shown in the string of cases that goes from Cambozola (1999) to Parmesan (2008), passing through Prosciutto di Parma (2005).”¹²⁵⁵

5.3.6.3 Protected GIs may not become generic

More suspicious is the rule that Article 13.2 protected names may not become generic.¹²⁵⁶ The very existence of this provision itself testifies that the legislator is aware of the possibility that a registered name may become generic after registration and it is a policy decision to continue protection even though as the protected name has become *de facto* generic. Therefore, the accusations that GIs institutionalize protection for generic names and create unfair competitive advantages for certain producers are, at least, partially justified.

¹²⁵³ Evans (n 1218) 664.

¹²⁵⁴ Jeremy Reed, ‘Feta: A Cheese or a Fudge? Federal Republic of Germany v Commission’ 28 EIPR (2006) 535, 538.

¹²⁵⁵ Marco Ricolfi, ‘Is the European GIs Policy in Need of Rethinking?’ 40 IIC (2009) 123, 123.

¹²⁵⁶ Council 510/2006, art. 13.2.

5.3.6.4 GI policy requiring protection of genericness

As concluded by Nation that generic has a nuanced meaning in the context of GIs. All GIs are “innately generic because they refer to a class of products, as opposed to one particular product.” However, GIs are not categorically denied protection on this basis. GIs are not viewed as generic terms “as long as their name remains geographically descriptive.”¹²⁵⁷ However, the innate intimacy between PDI/PGI and generic names is in line with the policy goal of the GI Regulation. Part of the motive behind 1992 GI Regulation is to protect traditional food producers from competition.¹²⁵⁸ As pointed out by MacMaolain has that it is the exclusion, rather than the inclusion, of generic products that constitutes a paradox to the legislative rationale behind the GI Regulation because the very motive of PDO/PGI is to protect those products that “have become, and remained, popular amongst consumers” and it is these products that “non-national or non-traditional producers would be most likely to try and plagiarise given their level of popularity.”¹²⁵⁹ By protecting these product names, the Origin Regulation “provides opportunities for small-scale producers to use these quality symbols as a means of promoting their products, without the long and costly process of obtaining a trademark for their products.”¹²⁶⁰

5.4 The IP controversies of *sui generis* GIs

The relation between *sui generis* GIs and IP has been a controversial issue. At debate are the IP status of *sui generis* GIs and their justifiability. In this section, it will be argued that EU *sui generis* GI law is a form of IP because it does possess the two shared characteristics of IP and it is unique among IP in terms of its economic justifications.

¹²⁵⁷ Emily Nation, ‘Geographical Indications: The International Debate over Intellectual Property Rights for Local Producers’ 82 U Colo L Rev (2011) 959, 975.

¹²⁵⁸ See above 5.2.2.

¹²⁵⁹ Caoimhim MacMaolain, ‘Free Movement of Foodstuffs, Quality Requirements and Consumer Protection: Have the Court and the Commission both Got It Wrong?’ 26 E L Rev (2001) 413, 427.

¹²⁶⁰ Bernd van der Meulen and Menno van der Velde, *Food Safety Law in the European Union: An Introduction* (Wageningen Academic Publishers 2004) 195.

5.4.1 The IP status of *sui generis* GIs

Despite its inclusion in the TRIPS Agreement, the IP status of GIs has been questioned from time to time.¹²⁶¹ In the UK, Lord Hoffmann claimed that ‘a PDO is a form of intellectual property right.’¹²⁶² The ECJ held in the *Feta* case that PDOs “fall within the scope of industrial and commercial property rights.”¹²⁶³ MacQueen, Waelde, and Laurie describe GIs as “a form of intellectual property rooted in agricultural policy and designed to highlight a link between the natural geographical advantages or the reputation associated with a place and foodstuffs produced in that place.”¹²⁶⁴ On the other hand, it is claimed that one cannot make GIs a form of IP simply by “calling GIs a form of IP, and dealing with GIs in IP treaties.”¹²⁶⁵ The reason for denying the IP status of GIs is that they are neither “intellectual” nor “property”, namely, they lack the quality of IP. First, it is argued that GIs involve no creativity that can be deserving of IP protection because a GI is created simply “by the adoption of the geographic name itself as the designator of the product” and, thus, there is nothing conceived or invented by the so-called owner.¹²⁶⁶ Second, it is argued that GIs are not IP because they seem to have no owner,¹²⁶⁷ cannot be sold,¹²⁶⁸ cannot be licensed,¹²⁶⁹ cannot be dealt with independently of the region or locality to which they append,¹²⁷⁰ and cannot be used in an exclusionary manner in that they are open to use by all persons in the region or locality making the product in compliance with local laws or customs.¹²⁷¹

¹²⁶¹ Bently and Sherman (n 1171) 963.

¹²⁶² *Consorzio del Prosciutto di Parma v. Asda Stores Ltd* [2002] FSR 3, 38, para. 6 (HL).

¹²⁶³ *Consorzio del Prosciutto di Parma and Salumificio S. Rita Case (Feta) Case C-108/01* [2003] ECR I-5121, para. 64. See also *Budějovický Budvar, národní podnik v Rudolf Ammersin GmbH Case C-487/07* [2009] ECR I-7721, para. 110.

¹²⁶⁴ H. MacQueen, C. Waelde, and G. Laurie, *Contemporary Intellectual Property: Law and Policy* (OUP 2008) 692.

¹²⁶⁵ Stephen Stern, ‘Are GIs IP?’ 29 EIPR (2007) 39, 39.

¹²⁶⁶ Stern (n 1265) 40-41.

¹²⁶⁷ Louis Lorvellec, L, ‘You’ve Got to Fight for Your Right to Party: A Response to Professor Jim Chen’ 5 *Minn J Global Trade* (1996) 65, 69.

¹²⁶⁸ Stern (n 1265) 41; Lorvellec (n 1267) 69; Jeremy Philips, J. *Trade Mark Law: A Practical Anatomy* (OUP 2003) 605.

¹²⁶⁹ Stern (n 1265) 41; Lorvellec (n 1267) 69; Philips (n 1268) 605.

¹²⁷⁰ Stern (n 1265) 41.

¹²⁷¹ Stern (n 1265) 41.

These objections may not be sufficient for denying the IP status of GIs. As analysed in Chapter 2, the two basic shared characteristics of IP are intangibles subject matter and negative right.¹²⁷² Creativity or intellectual input is not a necessary criterion for IP. Trademarks, for example, provide protection for marketing symbols. “Intellectual” is not the sine qua non condition for IP. As the long established principle has it, trademarks do not themselves “depend upon novelty, invention, discovery, or any work of the brain. It requires no fancy or imagination, no genius, no laborious thought.”¹²⁷³ The other essential characteristic of IP is its negative nature of right. Aspects of positive rights are essentially ancillary.¹²⁷⁴ Thus, Gangjee argues that GIs are a form of IP because a “successful GI registration is functionally similar to a trademark, entitling a certain group of producers to use the term while excluding others, even though they may have already been using the term”.¹²⁷⁵ Argued in the context of the French AOC system, Jim Chen defences the IP status of GIs because the “farmer nevertheless wields the power to exclude certain competitors, just as any residential tenant holds the right of quiet enjoyment even if she is barred from subletting or assigning her lease. The power to exclude is the power of property...”¹²⁷⁶ He further claims AOC as “an unusual and an unusually strong species of intangible property” because it “combines aspects of trademark law and the law of regulated industries” and can never become generic character and thus can never fall into the public domain.¹²⁷⁷ Again, the ECJ held that PDOs fall within the scope of industrial and commercial property rights because the “applicable rules protect those entitled to use them against improper use of those designations by third parties seeking to profit from the reputation which they have acquired.”¹²⁷⁸ More specifically, GIs have no difficulty fitting into the concept of what is termed “limited access communal property.” According to Clark and Kohler sometimes property rights in things can be held by communities, i.e. groups of individuals identified by reference to a particular locality or by reference to membership of a particular class or ethnic or tribal group, or by

¹²⁷² See above 2.2.2.

¹²⁷³ *Trade-Mark Cases*, 100 U.S. 82 93-94 (1897).

¹²⁷⁴ See above 2.2.2.

¹²⁷⁵ Gangjee (n 1174) 309.

¹²⁷⁶ Chen (n 1078) 37-38

¹²⁷⁷ Chen (n 1078) 32.

¹²⁷⁸ *Consorzio del Prosciutto di Parma and Salumificio S. Rita Case (Feta) Case C-108/01 [2003] ECR I-5121*, para. 64. See also *Budějovický Budvar, národní podnik v Rudolf Ammersin GmbH Case C-487/07 [2009] ECR I-7721*, para. 110.

reference to some other general defining characteristic.¹²⁷⁹ The defining characteristic of communal property is that every member of the community has the right not to be excluded from the resource. An individual who is a member of the community therefore has not only the privilege to use the thing, but also has a right not to be excluded from it, and consequently everyone else in the world has a correlative duty not to interfere with their access to it.¹²⁸⁰ Limited access communal property is a subtype of communal property. In limited access communal property, the membership of the community is restricted to a specific class. Apart from a privilege to use the resource and a right not to be excluded, each member of the community also “has a right to exclude all non-members of the community.”¹²⁸¹

5.4.2 Economic justifications for *sui generis* GIs

The justifiability of EU *sui generis* GIs has been a vehemently debated issue.¹²⁸² As observed by Raustiala and Munzer:

“The major substantive rights protected by TRIPS are copyright, patent and trademark. These rights are familiar and generally well supported as a matter of intellectual property theory...Some of the rights protected by TRIPS, however, lack even this foundation, which makes their inclusion in the WTO more problematic. Perhaps the most theoretically contested of these rights relates to ‘geographical indications’ (GIs).”¹²⁸³

The main difficulty of justifying *sui generis* GIs lies in the inapplicability of the standard market failures justifications.¹²⁸⁴ It will be shown in the following discussion, the

¹²⁷⁹ Alison Clark and Paul Kohler, *Property Law: Commentary and Materials* (CUP 2005) 35.

¹²⁸⁰ Clark and Kohler (n 1279) 36-37.

¹²⁸¹ Clark and Kohler (n 1279) 39.

¹²⁸² Bently and Sherman (n 1171); Kal Raustiala and Stephen R. Munzer, ‘The Global Struggle over Geographical Indications’ 18 EJIL (2007) 337; Josling (n 1068) 337; Hughes (n 1020) 299; Dev Gangjee, ‘Quibbling Siblings: Conflicts between Trademarks and Geographical Indications’ 82 Chi-Kent L Rev (2007) 1253; D Rangnekar, ‘The Socio-Economics of Geographical Indications: A Review of Empirical Evidence from Europe’ (Geneva: UNCTAD-ICTSD 2004).

¹²⁸³ Raustiala and Munzer (n 1282) 338

¹²⁸⁴ About the market failure justifications for IP, see above 2.3.

justifications for *sui generis* GIs go beyond market failures and fall within the scope of the pursuit of social equity and promotion of merit goods. In order to argue this, it is first necessary to explain the economic features of EU *sui generis* GIs.

5.4.2.1 Economic features of sui generis GIs

Like trademarks, *sui generis* GI law creates exclusive rights over the use of commercial/marketing symbols. However, *sui generis* GI law protects certain innately generic names rather than distinctive signs. Economic theory suggests that by allowing exclusive use of such are, *sui generis* GI law may: (i) create a competition advantage for the right-holder by creating artificial marketing barrier for competitors; (ii) in more extreme case, grant a monopoly in that named commodity; and (iii) increase consumer search-cost. In this sense, *sui generis* GIs bear similarities with patents and are an antithesis of trademarks.¹²⁸⁵

One further feature of *sui generis* GIs is that it brings together groups of producers to set quality standards for products. As Evans observes:

“The collective nature of the GI requires members of the GI to meet and discuss ‘standards’ for the awarding of a label. Such a practice is normally viewed at the very least with suspicion by competition regulators. One would indeed expect any agreement that, at its core, restricts production and excludes existing producers from the market, to seek an exemption from competition law.”¹²⁸⁶

This has led to the accusation that EU GI system “encourages anti-competitive behaviour by fostering cartel behaviour.”¹²⁸⁷ A cartel is a group of producers with an agreement to collude

¹²⁸⁵ See above, 4.2.1.2.

¹²⁸⁶ Phil Evans, ‘Geographical Indications, Trade and the Functioning of Markets’ in Meir Perez Pugatch (ed.) *The Intellectual Property Debate: Perspectives from Law, Economics and Political Economy* (Edward Elgar 2006) 345-360, 351.

¹²⁸⁷ Evans (n 1286) 358.

in setting prices and output.¹²⁸⁸ The members of a cartel behave as if they were a single firm.¹²⁸⁹ Agreements not to compete enable cartels to extract monopoly prices from buyer.¹²⁹⁰ In this sense, EU GI law is designed to “eschew normal competition analysis and encourage anti-competitive behaviour by GI owners.”¹²⁹¹

5.4.2.2 *Sui generis GIs and market failure justifications*

IP is normally justified by the need of correcting some sources of market failure. While patents and copyright are designed to address the public good problem, trademarks are legal responses to the problem of information asymmetry.¹²⁹²

(1) Public goods problem

The main economic justification for patents and copyright is that they serve as incentives for the promotion of innovations.¹²⁹³ Applying the economic justification for patents and copyright to EU *sui generis* GIs is problematic. First of all, GIs are not designed to incentivize innovation.¹²⁹⁴ The product specification actually requires a description of “the authentic and unvarying local methods”.¹²⁹⁵ By doing so, EU *sui generis* GIs may, in fact, have adverse effects on innovations. That is, innovation may itself be restricted by such

¹²⁸⁸ Joseph E. Stiglitz and Carl E. Walsh, *Economics* (4th edn, W. W. Norton & Company 2006) A-2.

¹²⁸⁹ John Sloman, *Essentials of Economics* (3rd edn, Pearson Education Limited 2004) 143.

¹²⁹⁰ Robert Cooter and Thomas Ulen, *Law and Economics* (4th edn, Pearson: Addison Wesley Longman 2004) 287.

¹²⁹¹ Evans (n 1286) 358.

¹²⁹² See above 2.3.

¹²⁹³ See above 2.3.1.

¹²⁹⁴ Bernard O’Connor, *The Law of Geographical Indications* (Cameron May, 2004) 373-4. This is, however, not to say that GIs disallow innovation. See e.g., Addor and Grazioli ((n 1240) 984) opine that “GIs reward collective traditions while allowing for continued evolution...”

¹²⁹⁵ See above 5.3.4.

protection because it rewards “producers that are situated in certain region and that follow production practices associated with that region and its culture and customs.”¹²⁹⁶

Due to the anti-innovation effect, GIs are being increasingly considered as part of a wider policy measure aimed at protecting and rewarding the traditional knowledge (TK) of local communities and indigenous peoples.¹²⁹⁷ At a basic level, GIs may protect cultural traditions by helping many traditional, historical products remain in production on the market that might otherwise have disappeared.¹²⁹⁸ Downes identifies, in contrast with other types of intellectual property, multiple advantages of using GIs to as a policy tool for TK protection. First, geographical indications are not designed to reward innovation, but rather to reward members of an established group or community for adhering to traditional practices of the community or group’s culture.¹²⁹⁹ Secondly, rights to control geographical indications can be maintained in perpetuity.¹³⁰⁰ Thirdly, geographical indications also better lend themselves to communal organization than do other IPRs. A producer qualified to use a geographical indication according to its location and method production. It is immaterial whether the producer is an individual, family, partnership, corporation, voluntary association, or municipal corporation.¹³⁰¹ Finally, geographical indications also accord with the emphasis that indigenous communities typically place upon their traditional ways of life, including their relationship with their ancestral lands, waters, and living ecosystems.¹³⁰² However, these arguments suggest that the subject matter of TK protection is not the knowledge *per se*, but the mode of production or the cultural heritage. This is reasonable because the “traditional knowledge” *per se* has already existed and there is no need to provide extra incentives. What is needed is the incentive to government to maintain the production of the products complying with traditional methods. Such cultural heritage or goods are not public good in

¹²⁹⁶ David R. Downes, ‘How Intellectual Property Could Be a Tool to Protect Traditional Knowledge’ 25 Colum J Envtl L (2000) 253, 271.

¹²⁹⁷ For culture protection, see T Broude, ‘Taking “Trade and Culture” Seriously: Geographical Indications and Cultural Protection in WTO Law’ 26 U Pa J Int’l Econ L (2005) 623; Chen (n 1078) 32. For TK protection, see Addor and Grazioli (n 1240) 893-5; Downes (n 1296); Josling (n 1068) 23-5. For indigenous knowledge protection, see D Rangnekar, ‘The Socio-Economics of Geographical Indications: A Review of Empirical Evidence from Europe’ (UNCTAD-ICTSD 2004) 17-8.

¹²⁹⁸ Barham (n 1066) 134.

¹²⁹⁹ Downes (n 1296) 259.

¹³⁰⁰ Downes (n 1296) 271.

¹³⁰¹ Downes (n 1296) 271-2.

¹³⁰² Downes (n 1296) 272.

the economic sense.¹³⁰³ If this is the reason for sui generis GI protection, then its justification shall be found elsewhere.

(2) Information asymmetry

There are two ways to connect GIs to the information asymmetry justification. One equates GIs with trademarks and the other resorts to *terroir*. Some commentators argue that GIs and trademarks perform the same economic functions. Like markets for other types goods, the market for agricultural and food products is characterized by “varying qualities, only the producer is aware of the product’s quality in advance, while the consumer runs the risk of buying an inferior product due to adverse selection.”¹³⁰⁴ GIs, like trademarks or commercial names, geographical indications are “distinctive signs which permit the identification of products on the market.”¹³⁰⁵ This argument is fundamentally flawed. It simply fails to distinguish the nuanced difference between GIs and trademarks.

Some other commentators, instead of describing GIs as distinctive signs, link information asymmetry justification to the *terroir* theory.¹³⁰⁶ According to this narrative, the justifiability of GI systems depends on the validity of the *terroir* assumption that “the character (sometimes defined as quality) of the product derives from the physical and human environment in which it is produced.”¹³⁰⁷ As Josling states:

“The idea of including the place of origin on a label deserves to be taken seriously as a way of correcting consumer information asymmetries, by providing information about the provenance of a product that might be otherwise difficult to divine. So long as that information relates in a reasonably reliable way to a consumer attribute (real or perceived)

¹³⁰³ About the meaning of public goods, see above 2.3.1.

¹³⁰⁴ C Bramley and JF Kirsten, ‘Exploring the Economic Rationale for Protecting Geographical Indications in Agriculture’ 46 *Agrekon* (2007) 69, 75.

¹³⁰⁵ Addor and Grazioli (n 1240) 865.

¹³⁰⁶ About *terroir*, see above, 5.2.2.

¹³⁰⁷ W. Moran, ‘Rural Space as Intellectual Property’ 3 *Political Geography* (1993) 266.

then it can be presumed to be of benefits. So, using a GI as a proxy for information about the consumer attributes of a good may have sound economic as well as social justification. In this case, terroir as a concept is benign and even useful. On the other hand, if the link between quality and location is not so reliable then the information may deflect choice and instead provide marketing advantage to one group of producers by restricting competition. So the asymmetric information's argument for GIs rests at least in principle on an empirical foundation, and is subject to investigation."¹³⁰⁸

According to Gangjee, there have been three overlapping narratives of *terroir*. It has been understood as a “holistic and mystical” or “geographical and deterministic” concept or “an evolving composite of natural and human factors”.¹³⁰⁹ Bently and Sherman analogize the exclusive link between product and place with “the idea of the unique expression of the author or the novelty of patented inventions.”¹³¹⁰ No matter what *terroir* may actually mean, the essence of the *terroir* narrative is that specific geographic locations yield product qualities that cannot be replicated elsewhere.¹³¹¹ The first challenge that this argument may face is a technical one. The value of *sui generis* GIs as a policy tool to correct information asymmetry will be relying on their inherent informational value. Thus, the key issues for the whole debate will “how convincing, reliable, and transparent can such a system possible be? And what about its efficiency—would the investment in bureaucracy, testing, and monitoring facilities that are inevitable corollaries of its establishment actually be set off by the beneficial effects it entails for local producers as well as for consumers?”¹³¹² The Feta case is used by Kur to explain what makes her “remain a confessed sceptic”:

“[A]lthough the EU regulation makes it mandatory to establish the link between the quality of the product and its geographical origin, it is not so clear how serious and reliable the tests actually are. As most of us are laymen in the field, we have to trust the competent authorities to do their job correctly. However, what trust that may have existed in the unbiased exercise of the European authorities’ tasks was badly shaken, for example, in the context of the “Feta” case, which ultimately led to protection of that designation for cheese originating from Greece. How convincing is it to claim that the natural surroundings in most of the Greek territory—comprising diverse landscape such as isles, plains, and mountains—are exactly

¹³⁰⁸ Josling (n 1068) 338.

¹³⁰⁹ Dev Gangjee, ‘(Re)Locating Geographical Indications: A Response to Bronwyn Parry’, in L. Bently, J. Davis, and J. C. Ginsbury (eds.) *Trade Marks and Brands* (CUP 2008) 382-397, 383.

¹³¹⁰ Bently and Sherman (n 1171) 976.

¹³¹¹ Raustiala and Munzer (n 1282) 338; Caenegem (n 1017) 710.

¹³¹² Kur (n 1026) 1320.

such that this particular cheese can be produced, while the same cannot be done in neighboring Bulgaria.”¹³¹³

One further problem is more methodological. The *terroir* argument has its merits to certain extent. As Moran has pointed out, very few arguments can be made against the use of GIs that “guarantee only that the product originates from a specified territory.”¹³¹⁴ That the product cannot be replicated outside the area may provide the reason for prohibiting competitors outside the geographical area from using the geographical designation. However, it does not explain why the competitors within the geographical area are excluded from using the geographical designation to identify their products. There is nothing here to deny the importance of allowing the competitors to communicate to consumers the geographical origin:

“Geographic origin may be important to consumers for a variety of reasons. Consumers may know, for example, that a particular region has climatic and soil conditions that contribute desirable qualities to an agricultural product... Thus, one cost of overly lenient rules regarding geographic marks is to hinder competitors in providing information valued by consumers. That, in turn, will lessen consumers’ ability to determine whether two brands of a given products are, in fact, identical regarding a key trait. The result is increased search costs for consumers, and inappropriate market power in the hands of the party controlling the use of the geographic term.”¹³¹⁵

Even one ardent advocate of *sui generis* GI law has to admit that the determination of one genuine product is highly political in nature:

“Thus not any ham from the Parma region of Italy can be called Proscuitto di Parma; only ham that is air-dried and cured in a certain traditional way, for a certain number of weeks can use this label. So what happens if there are 100 producers from a region, who seek to register a region, who seek to register a traditional product and 50 make it by process A.B.C., and 40

¹³¹³ Kur (n 1026) 1320-1321.

¹³¹⁴ Moran (n 1307) 266.

¹³¹⁵ Robert Brauneis and Roger E. Schechter, ‘Geographic Trademarks and the Protection of Competitor Communication’ 96 TMR (2006) 782, 803-804.

make it by process A.B.D. and 10 follow process A.B.E.F.? Which is the genuine process? This can become quite political and controversial.”¹³¹⁶

Thus, the *terroir* theory fails to link *sui generis* GIs with the information asymmetry justification. Morcom, Roughton, Malyniczhe express their concern about the political nature of such protection:

“The purposes served by the existence of PDOs or PGIs is unclear...It is a system seems to have grown up as a result of improper pressure being applied on our political decision-makers. However, the geographical protection scheme exists; nothing can be done about it and so we (as consumers) have to live with it.”¹³¹⁷

5.4.2.3 Sui generis GIs and non-market-failure justifications

For economists, the correction of market failures is not the only justification for government intervention in the economy. The government has regulated various sectors of the economy for a variety of reasons, not all of which are strictly economic in nature. Political and social rationales also have been advanced to justify regulation.¹³¹⁸ Two categories of such rationales have been generally recognized. First, the government may intervene to pursue social values of fairness, or equity, by altering market outcomes. Secondly, the government may intervene to promote merit goods or discourage merit bads.¹³¹⁹

¹³¹⁶ Dev Gangjee, ‘Protecting Geographical Indications as Collective Trademarks: The Prospects and Pitfalls’ IIP Bulletin (2006) 112, 117.

¹³¹⁷ C. Morcom, A. Roughton, and S. Malynicz, *The Modern Law of Trade Marks* (LexisNexis 2008) 482.

¹³¹⁸ Paul S. Dempsey, ‘Market Failure and Regulatory Failure as Catalysts for Political Change: The Choice between Imperfect Regulation and Imperfect Competition’ 46 Wash and Lee L Rev (1989) 1, 15.

¹³¹⁹ Stiglitz and Walsh (n 1288) 377. Similar analysis, see, for example, Dempsey (n 1316) 1, 14-25 (noting the rationales for government regulation include: natural monopolies, externalities, protection of infrastructure industries from destructive completion, allocation of scarce resources, and furtherance of other social policies, which, in turn, includes (a) paternalism: protecting the public from erroneous decisionmaking and (b) distribution of wealth.); John Soloman and Kevin Hinde, *Economics for Business*, 4th ed., (Harlow, Pearson Education, 2007) 421-427: (identifying five reasons for government intervention: externalities, public goods, market power, ignorance and uncertainty, immobility of factors and time-lags in response, and protecting people’s interests.); Bradley R. Schiller, *Essentials of Economics*, 5th edn., (Boston, McGraw-Hill/Irwin, 2005) 200-223.

(1) Pursuant of social equity

As economists have observed that even in perfectly competitive markets, welfare is non-optimal if the distribution of income is “unjust.” Individual wealth depends on assets (for example, money, machines) and skills. Competition rewards those who are the most productive and who own productive assets¹³²⁰ and, thus, may “result in some individuals receiving too low of an income to survive at a standard of living that is viewed as socially acceptable.”¹³²¹ High levels of social inequity are often associated with a variety of social and political problems, which in turn often result in a climate that does not favour investment. Apart from this, inequality may also raise a concern about social justice or fairness in most societies.¹³²² One answer is that the morally just distribution of income can be achieved by competition plus a system of appropriate income distribution. That is, the government could assign wealth initially according to society’s moral values, and then competition would lead society to an efficient outcome.¹³²³ The government may intervene by providing programs attempted to provide a basic safety net, to ensure that all have a minimal level of income (through welfare programs), housing, food (through food stamps), and health (through Medicaid). Programs that take income from some people and redistribute it to others are called transfer programs. Many government programs, including education, have a redistributive component, which is especially important in social insurance programs. Low-wage individuals, for instance, get back more than they contribute to Social Security.”¹³²⁴

EU *sui generis* GI law is a policy tool for rural development.¹³²⁵ According to Woods, the foremost reason for governments to take an interest in the development of rural areas is the “welfarist rationale that the state has a duty to support basic levels of social well-being and to

¹³²⁰ Dennis W. Carlton and Jeffrey M. Perloff, *Modern Industrial Organization* (4th edn, Pearson 2005) 84.

¹³²¹ Stiglitz and Walsh (n 1288) 378.

¹³²² Stiglitz and Walsh (n 1288) 378

¹³²³ Carlton and Perloff (n 1320) 85.

¹³²⁴ Stiglitz and Walsh (n 1288) 379.

¹³²⁵ See above, 5.3.1.

promote equity between its citizens.”¹³²⁶ The state therefore intervenes to improve the living conditions of people in rural areas and invests in infrastructure to provide public services. It also acts to stimulate economic development when the decline or withdrawal of established economic activities produces significant unemployment or poverty.¹³²⁷ EU GI model represents a paradigm shift from the top-down rural development to a bottom-up rural regeneration.¹³²⁸ While top-down rural development is characterized by large, state-led, infrastructure projects, bottom-up rural regeneration is characterized by small, community-led initiatives drawing on indigenous resources.¹³²⁹ Communities are encouraged to assess the problems that they face, to identify appropriate solutions, and to design and implement regeneration projects. The emphasis is no longer on attracting external investment, but rather on enhancing and exploiting local endogenous resources—also known as endogenous development.¹³³⁰ EU GI model represents a shift from subsidies to a market-based rural development¹³³¹ Following the principle of endogenous development theory, regional foods represent potentially fruitful resources for development as they can incorporate, and valorise, many local assets with special or immobile characteristics linked to the area.¹³³² EU *Sui generis* GIs creates incentives for local producers to agree to produce uniform product and thus eliminate quality competition. “Since the earliest days in Europe, geographical indications were used to protect certain products, use of the place names became attractive. To some extent such markings served as a warranty for the quality of goods. To ensure the locale’s reputation, the local industry would agree to certain standards of production. The granting of a right to use a geographical term associated with particular goods exclusively to the producers within a certain region served to limit competition, especially from producers outside that region.”¹³³³ As commentators have observed, EU *sui generis* GI law bears significant similarities with agricultural protective measures under the US law. Echols sees the regulatory structure of EU *sui generis* GI law “offers a paradigm of an approach that is more closely related to agricultural, rural development and environmental protection policy

¹³²⁶ Woods (n 1102) 145.

¹³²⁷ Woods (n 1102) 145.

¹³²⁸ Woods (n 1102) 149 and 153.

¹³²⁹ Woods (n 1102) 146.

¹³³⁰ Woods (n 1102)149.

¹³³¹ DJ Hayes, SH Lence and B Babcock, ‘Geographical Indications and Farmer-Owned Brands: Why Do the US and EU Disagree?’ 4 *EuroChoices* (2005) 28, 29.

¹³³² Angela Tregear, et al., ‘Regional Foods and Rural Development: The Role of Product Qualification’, 23 *Journal of Rural Studies* (2007) 12, 14.

¹³³³ Christine Haight Farley, ‘Conflicts between U.S. Law and International Treaties Concerning Geographical Indications’ 22 *Whittier L Rev* (2000-2001) 73, 75.

than it is to intellectual property.”¹³³⁴ Argued in the context of French AOC, Chen views an American Viticultural Area (AVA) as “the American analogous of the French AOC.”¹³³⁵ Hayes, Lence, and Babcock consider EU-type of GI protection a combination of US certification marks and federal market orders. Therefore, without EU-type of GI protection, US producers seeking strong protection “are likely to resort to certification marks, perhaps combined with marketing orders, to achieve their goals.”¹³³⁶

(2) Promotion of merits goods

Protection of geographical indications (GIs) constitutes an integral part of EU food quality schemes, which identify consumer products having specific qualities resulting from a particular origin and/or farming method.¹³³⁷ It was in response to fears about the declining quality of such products in the post-Cassis era that the Council approved the legislation in the first place.¹³³⁸ Thus, GIs are a policy tool for the maintenance of food quality.¹³³⁹ Using GIs as a policy tool for maintaining food quality leads the GI debate into a more controversial policy area wherein the justification for government intervention in the economy lies not in market failures or social equity but in the promotion of merit goods or discouragement of merit bads. A “merit good” may be simply defined as a good of which authorities believe too little is being consumed. Therefore, authorities implement measures to increase consumption. The opposite of a merit good is a “demerit good,” in which case too much is being consumed

¹³³⁴ Marsha A Echols, *Geographical Indications for Food Products: International Legal and Regulatory Perspectives* (Kluwer Law International 2008) 115.

¹³³⁵ Chen (n 1078) 43. For US AVAs, see above 4.3.2.

¹³³⁶ Hayes, Lence and Babcock (n 1331) 33-34. For US certification marks and federal marketing orders, see above 4.2.2 and 4.3.1.3 respectively.

¹³³⁷ European Commission, ‘Green paper on Agricultural Product Quality: Product Standards, Framing Requirements and Quality Schemes’, (Brussels, 15.10.2008, COM (2008) 641 final) at p. 11. See also, European Commission, <http://ec.europa.eu/agriculture/quality/>, last accessed on 11 December 2010. (There are four specific EU quality schemes, namely geographical indications, organic farming, traditional specialities, and product from outmost regions of the EU.)

¹³³⁸ Caoimhim MacMaolain, ‘Free Movement of Foodstuffs, Quality Requirements and Consumer Protection: Have the Court and the Commission both Got It Wrong?’ 26 E L Rev (2001) 413, 427.

¹³³⁹ European Commission, ‘Green paper’ (n 1337) 11. See also, European Commission <<http://ec.europa.eu/agriculture/quality/>>last accessed on 11 December 2010. (There are four specific EU quality schemes, namely geographical indications, organic farming, traditional specialities, and product from outmost regions of the EU.)

and authorities may implement measures to reduce consumption.¹³⁴⁰ The concept of merit goods, thus, inevitably involves the imposition of value judgment through public policy.¹³⁴¹ For example, governments may try to discourage drug taking and encourage education.¹³⁴² Jois distinguishes three differences between merit goods and public goods. First, merit goods do not benefit everyone, while public goods necessarily do. Second, as a result, merit goods create a problem of financing because those who do not benefit may be unwilling to pay for them. Third, because some are disadvantaged, the standard justification for public goods—that all are better off so all must pay—cannot be used.¹³⁴³

The role of government's role in the promotion of merit goods is controversial. By encouraging the consumption of certain goods the government acts paternalistically by interfering with “the general principle of consumer sovereignty, which holds that individuals are the best judges of what is in their own interests and promote their own well-being.”¹³⁴⁴ Many economists believe that government should limit such behaviour to certain basic categories such as compulsory education requirements for children.¹³⁴⁵

As a policy tool for market-based rural development, the protection of GIs is one element of the new quality approach. The old quality standards were more designed to prevent fraud in the EC agricultural budget than to ensure consumer satisfaction. The old standards were set so as to ensure that products brought into intervention at the taxpayer's expense could be resold into the market in times of shortage. The new quality policy is now more focused on the consumer acceptance and health and safety.¹³⁴⁶ Food quality has been described as relative concept which “must be defined and measured from the consumer's perspective”.¹³⁴⁷ Food quality is also “a concept linked to culture and hence complex and multidimensional. It contains subjective components, which make it situation-specific, fluid and dynamic across

¹³⁴⁰ Goutam U. Jois, ‘Can't Touch This! Private Property, Takings, and the Merit Goods Argument’ 48 *Tex L Rev* (2006-2007) 183, 195-196.

¹³⁴¹ Jois (n 1340) 198.

¹³⁴² Stiglitz and Walsh (n 1288) 379.

¹³⁴³ Jois (n 1340) 198.

¹³⁴⁴ Stiglitz and Walsh (n 1288) 380.

¹³⁴⁵ Stiglitz and Walsh (n 1288) 380.

¹³⁴⁶ Bernard O'Connor, ‘The Legal Protection of Geographical Indications’ 1 *IPQ* (2004) 35, 36.

¹³⁴⁷ Armand V. Cardello, ‘Food Quality: Relativity, Context and Consumer Expectations’ 6 *Food Quality and Performance* (1995) 163, 163.

time. Thus, it is questionable whether a valid measure of quality could be devised”¹³⁴⁸ According to Grunert, information on the place or region of origin of the product has a long history in the food area in Europe.¹³⁴⁹ This may create the policy background of EU GI law. However, as Kur has observed, in Europe, the GI system is rooted in the countries around the Mediterranean Sea, such as France, Italy, and Spain. It is less important for countries in Northern Europe, such as the United Kingdom or the Scandinavian nations.¹³⁵⁰

Table 3: Government intervention in the economy and the economic justifications for IP:

intervention	Government intervention in the economy					
	Correcting market failures				Pursuing social equity	Promoting merit goods
	Imperfect competition	Externalities	Information asymmetry	Public goods		
Types of IPRs						
Patents				√		
Copyright				√		
Trademarks			√			
<i>Sui generis</i> GIs					√	√

5.5 Conclusion

The origin of *sui generis* GI law is closely related to rural policy. The EU *sui generis* paradigm explicitly exploits GIs as a policy tool for agro-food policy. The EU introduced *sui generis* GIs in the early 1990s partly because of the political need to protect local traditional food producers and partly because of its potential in benefiting rural economy while maintaining food quality which fit into the multifunctional features of the CAP reform. Under the EU *sui generis* GI law, protection is acquired through registration. As a collective right, only a group is entitled to apply for registration and a registered name may be used by any

¹³⁴⁸ Christos Fotopoulos and Athanasios Krystallis, ‘Quality Labels as a Marketing Advantage: The Case of the PDO Zagora’ Apples in the Greek Market’ 37 European Journal of Marketing (2003) 1350, 1351

¹³⁴⁹ Klaus G. Grunert, ‘Food Quality and Safety: Consumer Perception and Demand’ 32 European Review of Agricultural Economics (2005) 369, 377.

¹³⁵⁰ Annette Kur in Hughes, J et al, ‘Panel II: That’s a Fine Chablis You’re Not Drinking: The Proper Place for Geographical Indications in Trademark Law’ 17 Fordham Intell Prop Media & Ent L J (2006-2007) 933, 939.

operator marketing agro-food products conforming to the criteria. A registered name gives its legitimate users the right to prevent the unauthorized use of the protected name even where there is no consumer confusion. The protection is of indefinite duration so long as the conditions for protection continue to be met. EU *Sui generis* GI law is a unique form of IP. It bears similarities with trademarks in that both institutions protect commercial signs. However, *sui generis* GIs law constitutes an antithesis of trademarks because it protects innately names that are innately generic. Like patents and copyright, *sui generis* GIs constitute a deviation from the competitive market. Nonetheless, *sui generis* GIs differ from all the three central types of IP in that their justification lies not in the need to correct market failures but in the pursuit of social equity and the promotion of merit goods.

Chapter 6 Conclusion

This thesis has searched for explanations for Taiwan's GI conundrum: the puzzling questions that Taiwanese policymakers and scholars have been facing in implementing Taiwan's obligation of protecting GIs under the TRIPS Agreement. The explanations have been sought by exploring and clarifying the relation between GIs and IP under the three international regimes, namely, the TRIPS Agreement, the US trademark paradigm, and the EU *sui generis* paradigm respectively. This Chapter first summarises the issues explored in the thesis before making final conclusions.

6.1 Summary of findings

Chapter 2 constructed an analytical framework for intellectual property (IP). IP is a generic title for patents, copyright, and trademarks and so forth. IP law confers property rights on certain forms of information. There are three main types of IP, namely, patents, copyright, and trademarks. IP also extends to *sui generis* rights either by accretion, that is, re-defining an existing right to encompass new material, or by emulation, the creation of new right by analogy drawn from the types already known. IP has two shared characteristics. One is the intangibility of subject matter and the other the negativity of rights. From the economic perspective, IP is a form of government intervention in the market justified by the need to correct market failures. Through the lens of market failures, patents and copyright and trademarks are legal reactions to different subsets of market failures. Patents and copyright are developed to overcome the public good problem by providing incentives for innovation. They are regarded as "a necessary evil" and should be granted only where necessary because they impose multiple social costs. First, they may create monopoly power which may lead to deadweight loss and rent-seeking and, thus, misallocation of resources. Second, they create artificial barriers to the access of information. Third, it spreads the burdens among consumers. Last, they impose costs of administration and enforcement. Policy alternatives to patents and copyright may include recognition through publication, academic tenure, prizes for

achievements, and, most importantly, subsidy by government. The government subsidy system may possess two relative advantages over IP. Under the subsidy system, incentives are provided without granting monopoly power over price and the innovations immediately become freely available to all. Nonetheless, the subsidy system also possesses inherent shortcomings. On the one hand, there is a problem of government ignorance. Competition for funding may, on the other hand, lead to the rent-seeking problem.

Trademarks are a legal response to the information asymmetry problem. Trademarks operate in the public interest because they increase the supply of information to consumers and, thereby, the efficiency of the market. The importance of trademarks in the world of information asymmetry is that they reduce consumers' cost of search for desirable attributes of products. A trademark does not give its owner a monopoly in either the mark or the underlying goods or services. The most obvious social cost of trademarks is that they restrict other traders from using the same or similar sign and that they also incur administration and enforcement costs. The universal requirement for a sign to be protected as a trademark is that it must be distinctive, that is, it must be able to distinguish the user's goods or services from those offered by others. Lack of distinctiveness may fail to reduce consumer's search costs. Distinctiveness can be either inherent or acquired through secondary meaning. A descriptive term describes the qualities or characteristics of a product. The general rule is that a descriptive sign cannot be protected as a trademark. The economic incentive for the business operators to choose descriptive marks is that they are able to convey information about the attributes of the good and thus function as a partial substitute for advertising. Giving trademark protection to descriptive signs will be harmful to consumer and competitors because this would be likely to prevent others from using the required identifiers to compete effectively. A generic sign defines a category of type to which the goods belong. The general rule is that a generic term cannot be trademarked and if a trademark becomes a generic term, trademark protection should immediately cease. A trademarked generic term harms competitors and consumers. The recognition of property in a generic name could be tantamount to granting a monopoly in that commodity. A trademarked generic term may also create unnecessary consumer search costs by impairing consumers' efficient identification of objectively satisfactory substitutes.

Table 4: economic features of patents/copyright and trademarks

	Patents/copyright	Trademarks
Market failures	Public goods	Information asymmetry
Relation with markets competition	deviating from market competition	Facilitating market competition
Social costs	<ul style="list-style-type: none"> • Monopoly power leading to deadweight loss and rent-seeking and, thus, misallocation of resources • Artificial barriers to the access of information • Spreads the burdens among consumers • Administration and enforcement costs 	<ul style="list-style-type: none"> • Restricting other traders from using the same or similar sign • Administration and enforcement costs

Chapters 3 to 5 explored the GI-IP relation in the contexts the TRIPS Agreement, the US trademark paradigm, and the EU *sui generis* paradigms respectively. Despite all the historical, institutional, and technical differences, there are three constant and consistent themes shared by the three international regimes. First, the relation between GIs and IP has not been fixed; it has, instead, been flexible, strategic, and instrumental. Secondly, GIs have been an instrument for agro-food policy, the focus of which has been on providing special protection for local producers by shielding them from market competition. Thirdly, GIs and trademarks have been different institutions. While the latter facilitates market competition by protecting distinctive signs, the former deviates from market competition by protecting descriptive or generic names.

Chapter 3 explored the GI-IP relation in the context of the TRIPS Agreement. The TRIPS Agreement establishes GIs as a category of IP alongside patents, copyrights, and trademarks. The inclusion of GIs under the TRIPS Agreement was initiated and insisted upon by the EU. The reason for EU to seek GIs protection under TRIPS is to protect their agro-food, especially, wine and spirits industries. EU's proposal was resisted by US and some former European colonies. This resistance, however, represented not a reluctance to protect local agro-food industry but the determination of these countries to protect their own domestic producers' right to use names originated in Europe. The final inclusion of GIs under the TRIPS Agreement represented a strategic compromise between the EU and the US. As a

strategic compromise, the TRIPS-GI provisions are characterized by illogicality, inconsistency and inconclusiveness. First, GIs are defined as indications which identify a good as originating in the territory of a region or locality, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. It is noteworthy that neither the US trademark paradigm nor the EU *sui generis* paradigm adopts this definition. Secondly, the TRIPS Agreement mandates two level of protection for GIs. For GIs in relation to all goods, protection is based on consumer protection and the prevention of unfair competition. For GIs for wines and spirits, however, the level of protection is higher in that there is no need to show that consumers might be misled or the use constitutes an act of unfair competition. The policy rationale behind this level of protection is not explicitly expressed in the TRIPS Agreement. The explanation for having two levels of protection is that the former reflects the US demand and the latter represents the victory of EU. However, since TRIPS failed to specify the legal means for protection, WTO Members are free to determine their method of protection and it is explicitly provided that the additional level of protection may be enforced by administration actions. Thirdly, Article 24 provides a series of highly technical and detailed exceptions to GI protection, which were the conditions for US to agree TRIPS GI protection. Fourthly, the TRIPS Agreement also mandates for continuing negotiations for the enhancement of GI protection. It is noteworthy that the TRIPS Agreement is an integral part of the WTO trademark system. Under the WTO system, GIs are not only an IP issue but are also a topic under agricultural negotiations. Thus, the EU has brought the GI issue to agricultural negotiations by requesting the “claw-back” of 41 names of agro-food products.

Chapter 4 explored the GI-IP relation in the context of the US trademark paradigm. Although generally called the trademark paradigm, the US law in fact protect GIs through a collection of unrelated laws and regulations, including trademark law and an array of administrative schemes. Under the US trademark law, GIs are not specifically defined and understood as an interchangeable term for geographical designations. The concept of GIs is inherently incompatible with that of trademarks, which protects distinctive terms. US law has been historically reluctant to provide trademark protection for geographical designations because of the potential anti-competitive effects. The traditional goal of the law of geographical trademarks is to protect the communicative needs of competitors. Under the Lanham Act a

geographical mark can be registered if it is considered inherently distinctive or to have acquired distinctiveness. Therefore, GIs as defined under the TRIPS Agreement are unprotectable as trademarks. To make the Lanham Act comply with the TRIPS-GI obligation, GIs for wines and spirits were added to the list of unregistrable marks. The US has been advocating for the use of certification marks and collective trademarks to protect GIs. Under the Lanham Act, a certification mark is used to inform purchasers that the goods or services of a person possess certain characteristics or meet certain qualifications or standards established by another person. This is clearly a special type of mark created for a purpose uniquely different from that of an ordinary trademark. A collective trademark is a mark adopted by a collective and used by its members to identify their goods or services and distinguish them from those of non-members. Collective trademarks have been criticized because they may violate the economic rationales behind trademark protection. They may cause consumer confusion by allowing different producers to use the same sign. This confusion may be reduced by requiring the association to set quality standards to regulate the use of the mark. However, doing so will reduce competition in a given industry. In addition, there is a functional overlap between collective trademarks and certification marks. Therefore, it is argued that there is no need to have both types of marks in the same jurisdiction and collective trademarks should be abolished. These two categories of marks can better accommodate the GI concept because geographically descriptive terms are registrable without acquired distinctiveness. The effects of GI protection under these two categories are weak and uncertain because, being subject to the general rules of trademark law, they have no power to stop competitors from using the registered name to communicate the geographical origin of their products. While the US trademark law has been reluctant to protect geographical names, strong protection for GIs has been provided through an array of administrative schemes. First, there are laws and regulations governing the classification of terms of geographical significance for wines, spirits, cheese, and other agricultural products, which allow domestic producers to use European names for their products even though they are produced in the United States. Second, special measures are specifically designed to protect domestic wine industry. Third, local agro-food specialty may acquire multiple protection through various laws and regulations. The case of Vidalia onions illustrates how national and local governments interact to protect the name and quality of a regional specialty. The “Vidalia Onion” is protected under the Georgia Vidalia Onion Act of 1986, by certification mark, the Federal Marketing Order, and as a Product Produced in Distinct Geographic Areas.

Chapter 5 explored the GI-IP relation in the context of EU *sui generis* GI paradigm. The EU *sui generis* paradigm explicitly exploits GIs as a policy tool for agro-food policy. The origin of *sui generis* GI law can be traced back to the privileges granted by the French government to rural communities prior to the French Revolution. The EU introduced *sui generis* GIs in the early 1990s partly because of the political need to protect local traditional food producers and partly because of its potential in benefiting rural economy while maintaining food quality which fit into the multifunctional features of the CAP reform. Under the EU *sui generis* GI law, protection is acquired through registration. As a collective right, only a group is entitled to apply for registration and a registered name may be used by any operator marketing agro-food products conforming to the criteria. A registered name gives its legitimate users the right to prevent the unauthorized use of the protected name even where there is no consumer confusion. The protection is of indefinite duration so long as the conditions for protection continue to be met. EU *Sui generis* GI law is a unique form of IP. It bears similarities with trademarks in that both institutions protect commercial signs. However, *sui generis* GIs law constitutes an antithesis of trademarks because it protects innately names that are innately generic. Like patents and copyright, *sui generis* GIs constitute deviation from the competitive market. Nonetheless, *sui generis* GIs differ from all the three central types of IP in that their justification lies not in the need to correct market failures but in the pursuit of social equity and the promotion of merit goods.

Table 5: economic features of patents/copyright, trademarks, and *sui generis* GIs

	Patents/copyright	Trademarks	<i>Sui generis</i> GIs
Economic justifications	Market failure: public goods problem	Market failure: information asymmetry	<ul style="list-style-type: none"> • Pursuant of social equity • Promotion of merit goods
Relation with markets competition	deviating from market competition	Facilitating market competition	deviating from market competition
Social costs	<ul style="list-style-type: none"> • Monopoly power leading to deadweight loss and rent-seeking and, thus, misallocation of resources 	<ul style="list-style-type: none"> • Restricting other traders from using the same or similar sign • Administration and enforcement costs 	<ul style="list-style-type: none"> • Restricting other traders from using the same or similar sign • Administration and enforcement costs

	<ul style="list-style-type: none"> • Artificial barriers to the access of information • Spreads the burdens among consumers • Administration and enforcement costs 		<ul style="list-style-type: none"> • Monopoly power leading to deadweight loss and rent-seeking and, thus, misallocation of resources • Spreads the burdens among consumers • Impeding innovation
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6.2 Conclusions on the Taiwanese GI conundrum

When compared with the three international regimes, the development of Taiwanese GI law has been based on unique policy context and theoretical foundation. First, Taiwanese GI law has been a reaction to implement an IP obligation imposed by international treaty. This IP-centred premise has not been changed since 2003. The problems of such a policy premise are twofold. At the general level, it contravenes the economic function IP. IP is a form of a government intervention in the economy. Such intervention is not an end *per se*; it is rather an instrument for the achievement of other policy goals. Thus, such a policy is to put the cart before the horse. More specifically, a GI law without an agro-food policy is a *Hamlet without the Prince of Denmark*.¹³⁵¹ The doubt about the scope of IP is but a by-product of this IP-centred view of GI law. Secondly, whereas, under the three international regimes, GIs are distinguishable from trademarks, the development of Taiwanese GI law has been based on the equation of GIs with trademarks. Under this equation, GIs are just trademarks in another name because they are both commercially valuable source-identifiers and they have shared rationales, namely, consumer protection and prevention of unfair competition. The fact that GIs and trademarks are two separate branches of IP under the TRIPS Agreement and that the protection for GIs for wines and spirits are not based on consumer protection or unfair competition seems to play no part in this interpretation.

With these two premises in mind, the efforts of Taiwanese policymakers have been focusing on absorbing GIs into trademark law. In other words, the theme of Taiwanese GI law has

¹³⁵¹ *The Oxford English Dictionary* Volume VI (2nd edn, OUP 1989) 1056: This phrase is used to refer to “a performance without the chief actor or a proceeding without the central figure.”

been to design a regime which is pro-competitive and anti-competitive at the same time. The struggle to design a regime which is capable of embracing two mutually contradictory economic rationales has further turned Taiwanese GI law into a state equivalent to the “*Strange Case of Mr Jekyll and Dr Hyde*”¹³⁵² The sophistry of negative protection is not only a euphemism for the refusal of protection but self-hypnosis allowing the policymaker to ignore the obvious incompatibility between GIs and trademarks. The perennial overhaul of positive protection is but a witness of the Sisyphean task that Taiwanese policymakers have been trying to complete. The introduction of the Main Points for GI Registration 2004 showed that the policymakers did not ignore the *sui generis* paradigm. Attempts were made to graft the branch of *sui generis* GI law upon the stem of trademarks. Subsequent development under the Examination Guidelines 2007 and TMA 2012 further indicated the intention of the policymakers to forge an amalgam of TRIPS, with the US and EU paradigms within the existing trademark system. Ironically, all the efforts and struggles only brought Taiwanese GI law to where it started. The TMA 2012 nominally provides two categories of marks for the positive protection of GIs, namely, geographical certification marks and geographical collective trademarks. However, by requiring the proprietor to admit the membership of anyone whose product complies with the set criteria, the TMA 2012 in fact makes geographical collective trademarks geographical certification marks. That is to say, under the TMA 2012, geographical collective trademarks are just geographical certification marks apart from the name and thus, ultimately, Taiwanese trademark law only protects GIs as certification marks. As to the effect of protection, the TMA 20102 emphasises the fair use exception to safeguard the freedom of competitors to describe the origin of their products. The TMA 2012 actually brings Taiwanese GI law back to pre-2003 era; all the efforts and struggles have added nothing but new terminology.

It is time to end the chaos and emancipate Taiwanese policymakers from their Sisyphean task. The *manumissio*¹³⁵³ required is rather obvious and straightforward. The first task for the

¹³⁵² “Jekyll is the name of the hero of R. L. Stevenson’s story, ‘Strange Case of Dr. Jekyll and Mr. Hyde’ (published 1886), who appears as a benevolent and respectable character under the name of Jekyll and the opposite under the name of Hyde: used allusively in reference to opposite sides of a person’s character or to persons or things of a dual character, alternatively good and evil.” (The Oxford English Dictionary (Volume VIII) 2nd edn, 1989, 210)

¹³⁵³ The legal process under Roman law whereby a master freed his slave, *see* Paul du Plessis, *Borkowski’s Textbook on Roman Law* (4th edn, OUP 2010) 96.

policymaker is to view GIs as a policy tool for agro-food industry and rural development. So doing, GIs are no more merely an exogenous obligation imposed by the TRIPS Agreement. It is rather a policy that may benefit Taiwan's agro-food industries, rural communities and consumers. Under this new policy context, policymakers will adopt, as components of Taiwanese GI law, legal measures not because they are intellectual property but because they may benefit the policy goals. Secondly, it is equally important to discard the GI-TM equation. By distinguishing GIs from trademarks, there is no more need to employ the sophistry of "negative protection" to belie the incompatibility between GIs and trademarks. Furthermore, the Sisyphean efforts of designing an ideal "positive protection" within the Trademark Act can be stopped. The positive protection provisions under the TMA 2012 should be deleted. After all, as has shown by the US law, the only thing to do to make trademark law comply with the TRIPS-GI obligation is to add GIs for wines and spirits as one of the grounds for refusal. Finally, policymakers should reconsider the value of having both certification marks and collective trademarks under Taiwanese Trademark Act. As has been argued in this study, collective trademarks have been criticised because they may violate the economic rationales behind trademark protection. Furthermore, there is a functional overlap between collective trademarks and certification marks. It is thus argued that there is no need to have both types of marks in the same jurisdiction and that the collective trademark should be abolished. If not abolished, the second best solution is to enact legislation to prevent their abuse.¹³⁵⁴ The requirement that the proprietor of a geographical collective trademark to admit the membership of anyone whose product complying with the set criteria indicates that Taiwanese policymakers are aware of the anti-competitive potential of collective trademarks and their functional overlap with certification marks in the context of GI protection. However, what is not yet realized is that these problems are common to collective trademarks and not limited to use of geographical terms. Therefore, policymakers should further consider whether to abolish collective trademarks.

¹³⁵⁴ See above 4.2.3.1.

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