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IPR Series A: 4

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MONOPOLISING NAMES?
The Protection of Geographical Indications in the
European Community

University of Helsinki
Faculty of Law, Department of Public Law
Project: 'Globalisation, International Law
and IPR'
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Pro Gradu Thesis
August 2006



Title	Monopolising names?
Subtitle	The Protection of Geographical Indications in the European Community
Parallel title	
Author(s)	Rovamo, Oskari
Corporate author	
Commissioned by	
Series, number, ISBN	IPR Series A:4
Publication date	October 2006 (originally August 2006)
Size	XX, 80 pages, 720 kB (pdf)
Publication type	pdf
Research project	Globalisation, International Law and IPR (LLM graduate project)
Academic thesis	Pro Gradu Thesis (for LL.M.)
Refereed	
Language	English
Conference	
Publisher	IPR University Center
Notes	This master thesis was approved in the Faculty of Law, Dept. of Public Law, University of Helsinki, in August 2006. The supervisor of the project was Prof. Jan Klabbers.

Abstract:

Marketing of goods under geographical names has always been common. Aims to prevent abuse have given rise to separate forms of legal protection for geographical indications (GIs) both nationally and internationally. The European Community (EC) has also gradually enacted its own legal regime to protect geographical indications.

The legal protection of GIs has traditionally been based on the idea that geographical origin endows a product exclusive qualities and characteristics. In today's world we are able to replicate almost any product anywhere, including its qualities and characteristics. One would think that this would preclude protection from most geographical names, yet the number of geographical indications seems to be rising. GIs are no longer what they used to be. In the EC it is no longer required that a product is endowed exclusive characteristics by its geographical origin as long as consumers associate the product with a certain geographical origin. This departure from the traditional protection of GIs is based on the premise that a geographical name extends beyond and exists apart from the product and therefore deserves protection itself.

The thesis tries to clearly articulate the underlying reasons, justifications, principles and policies behind the protection of GIs in the EC and then scrutinise the scope and shape of the GI system in the light of its own justifications. The essential questions it attempts to answer are (1) What is the basis and criteria for granting GI rights? (2) What is the scope of protection afforded to GIs? and (3) Are these both justified in the light of the functions and policies underlying granting and protecting of GIs?

Despite the differences, the actual functions of GIs are in many ways identical to those of trade marks. Geographical indications have a limited role as source and quality indicators in allowing consumers to make informed and efficient choices in the market place. In the EC this role is undermined by allowing ample room and discretion for uses that are arbitrary. Nevertheless, generic GIs are unable to play this role.

The traditional basis for justifying legal protection seems implausible in most cases. Qualities and characteristics are more likely to be related to transportable skill and manufacturing methods than the actual geographical location of production. Geographical indications are also incapable of protecting culture from market-induced changes.

Protection against genericness, against any misuse, imitation and evocation as well as against exploiting the reputation of a GI seem to be there to protect the GI itself. Expanding or strengthening the already existing GI protection or using it to protect generic GIs cannot be justified with arguments on *terroir* or culture. The conclusion of the writer is that GIs themselves merit protection only in extremely rare cases and usually only the source and origin function of GIs should be protected. The approach should not be any different from one taken in trade mark law. GI protection should not be used as a means to monopolise names. At the end of the day, the scope of GI protection is nevertheless a policy issue.

Keywords: Intellectual property, International law, European Community law, indication of origin

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Acknowledgements

The idea for this thesis was born already in 2003 when I was working with Unilever as a trade mark assistant. Occasionally trade mark clearance searches for foodstuffs as well as personal care products raised questions of possible conflicts with existing geographical indications. Usually such problems were flagged up by my trade mark colleagues in Southern Europe were as we in the North we perfectly happy to go ahead. This sparked the desire to understand what geographical indications were all about. I was not tempted to write a thesis on the conflicts between geographical indications and trade marks, although such a topic might have also been extremely fruitful.

Geographical indications and trade marks are both separate categories of distinctive commercial signs. They have also have lot of similarities. In my quest to understand the world of geographical indications I have drawn extensively from my work experience with trade marks for which I am heavily and obviously indebted to the time with Unilever.

I wish to thank Kristiina Huttunen who encouraged me to write this thesis about geographical indications and also the people at the law firm Roschier Holmberg who provided me with the opportunity to write most of this thesis in their thesis program without the need to worry about the normal stresses of daily work. A thank you goes also to Sari who supported me throughout the process of writing.

Helsinki, 20 August 2006.

Oskari Rovamo

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Treaties and Legislation

A. TREATIES

INTERNATIONAL TREATIES

Agreement on Trade-Related Aspects of Intellectual Property Rights (Annex 1C of the Final Act Embodying the Results of the Uruguay Round of the Multilateral Negotiations, Marrakesh Agreement Establishing the World Trade Organization, signed at Marrakesh (Morocco), 15 April 1994).

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Agreement between the European Community and the United States of America on trade in wine, OJ 2006 L 87/2.

B. LEGISLATION

EUROPEAN UNION

Regulations

Regulation 510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

Regulation 261/2006 amending Regulation 753/2002 laying down certain rules for applying Regulation 1493/1999 as regards the description, designation, presentation and protection of certain wine sector products.

Regulation 1383/2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights.

Regulation 692/2003 amending Regulation 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

Regulation 1829/2002 amending the Annex to Regulation 1107/96 with regard to the name 'Feta'.

Regulation 753/2000 laying down certain rules for applying Council Regulation 1493/1999 as regards the description, designation, presentation and protection of certain wine sector products.

Regulation 1493/1999 on the common organisation of the market in wine.

Regulation 2400/96 on the entry of certain names in the 'Register of protected designation of origin and protected geographical indications' provided for in Council Regulation (EEC) No 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

Regulation 1107/96 on the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Council Regulation (EEC) No 2081/92.

Regulation 40/94 on the Community trade mark.

Regulation 2037/93 laying down detailed rules of application of Council Regulation 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

Regulation 2081/1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (*no longer in force*).

Regulation 1601/91 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails.

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Abbreviations

AG	Advocate General
AO	Appellation of origin
AOC	Controlled appellation of origin
CA	Court of Appeals
CAP	Common Agricultural Policy
CML Rev.	Common Market Law Review
DOLPHINS	Development of Origin Labelled Products: Humanity, Innovation and Sustainability
E.B.L.R.	European Business Law Review
E.C.R..	European Court reports
E.I.P.R.	European Intellectual Property Review
EC	European Community
ECJ	European Court of Justice (the Court of Justice of the European Communities)
FAIR	Agriculture and Fisheries Programme implemented under the Fourth Framework Programme
GATT	The General Agreement on Tariffs and Trade
GI	geographical indication
GRUR Int	Gewerblicher Rechtsschutz und Urheberrecht: Internationaler Teil
I.P.Q.	Intellectual Property Quarterly
ICLQ	International & Comparative Law Quarterly
IIC	International Review of Intellectual Property and Competition Law
Int.T.L.R.	International Trade Law & Regulation
IP	Industrial Property (World Intellectual Property Organisation)
JIPLP	Journal of Intellectual Property Law & Practice
JWIP	Journal of World Intellectual Property
MATRIC	Midwest Agribusiness Trade Research and Information Center
OECD	Organization for Economic Cooperation and Development
OHIM	The Office for Harmonization in the Internal Market
OJ	The Official Journal of the European Communities
PDO	Protected Designation of Origin
PGI	Protected Geographical Indication
psr	produced in a specific region
RPC	Reports of Patent, Design and Trade Mark Cases
SopS	Suomen säädöskokoelma: sopimussarja
TfR	Tidsskrift for Rettsvitenskap
Trademark Rep.	Trademark Reporter
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

I Introduction

1 *On the Protection of Geographical Indications*

Marketing of goods under geographical names has always been common. Initially geographical names were used merely to indicate the region or locality where 'exotic' goods came from.¹ Eventually trade delocalised consumption and in the process established reputation for goods far beyond their place of manufacture. Over time people began to associate some geographical names with certain products known for their highly desirable and seemingly unique characteristics.² For example, sparkling wine from the Champagne region of France has gained a reputation for excellence and purchasers actively look for bottles bearing the words Champagne. At other times geographical names only simply indicate the ultimate origin of the goods (e.g. from 'made in Finland') or they are used fancifully as trade marks (e.g. Mont Blanc for pens) and say nothing about the geographical origin or the characteristics of the goods.

The law provides various legal remedies against the abuse of geographical names depending on the nature of the abuse and what its effects have been up until that moment. At one end lie actions in unfair competition and consumer protection against a trader whose use of a geographical name misleads the consumers about the geographical origin of the goods. At the other end lies an action for infringement of a trade mark. If the use of a geographical name has given it a generic product-descriptive meaning, the use of the word is typically allowed to continue since it neither deceives or misleads consumers nor infringes a trade mark. French fries, Swiss cheese and Bermuda shorts are examples of such words. The result is likely to be different if the legal intervention is at an earlier stage.

Aims to prevent abuse have also given rise to separate forms of legal protection for geographical indications (GIs). Under the strongest forms of GI protection, the use of geographical names is strictly controlled by *a priori* geographical delineation and setting of quality standards to be observed within the delineated area. Under such *sui generis* legal protection, GIs are treated as a separate form of collective intellectual property in which the protection is related to the product itself and is neither dependant on a specific right holder nor

¹ Similarly Guy Tritton, *Intellectual Property in Europe* (2002) 282; and Opinion of AG Colomer in joint cases C-465/02 and C-466/02, *Federal Republic of Germany, Kingdom of Denmark v Commission of the European Communities* ('Feta II'), (Unreported) 25 October 2005, paras 4-11.

² Justin Hughes, 'The Spirited Debate Over Geographical Indications', (2003) [working paper], 3, available at <www.chicagoup.com/Papers/A-IP09v1.0.pdf> (last visited 21 July 2006); Tritton, *supra* note 1, at 282.

on consumer deception or confusion.³ The oldest and most famous of such protection is the system of *appellations d'origine contrôlée* in France.⁴ There are also dozens of multi- and bilateral treaties that obligate countries to prevent the abuse of geographical indications.

The rationale for granting any intellectual property rights is the furtherance of the public interest. Exclusive rights afforded by copyright and patents are seen as a means to encourage authors, performers and inventors to create and share their works with the public. Trade marks and geographical indications are afforded protection for different reasons. They are used to balance competing interests in the market place: to protect consumers from misinformation and producers from 'unfair' business practices.

Legal protection of GIs has traditionally been based on the idea that geographical origin endows a product exclusive qualities and characteristics. Only local producers are entitled to exclusive use of a product name because no one outside the locale can truly make the same product. In today's world we are able to replicate almost any product anywhere, including its qualities and characteristics. One would think that this would preclude protection from most geographical names, yet the number of geographical indications seems to be rising.

GIs today are no longer what they used to be. In the European Community (EC) it is no longer required that a product is endowed exclusive characteristics by its geographical origin as long as consumers associate the product with a certain geographical origin. This departure from the traditional protection of GIs is based on the premise that a geographical name extends beyond and exists apart from the product and therefore deserves protection itself. The EC has also argued that GIs are important in the conservation and protection of local culture and cultural diversity which calls for the expansion and strengthening of GI protection. All the above seem to point in the direction of wider protection for GIs. At stake is a dizzying array of words and symbols: champagne, camembert, bud, sherry, Swiss chocolate, bottle shapes, and images of the Eiffel tower. This list is disturbingly long. Is the European Community monopolising names?

³ GIs are intellectual property that are anchored to a specific place and identify a collective commercial source of the products as opposed to trade marks that identify a single commercial source, i.e. all producers from a given geographical area are conferred the right to use a GI to identify their product. See 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', (2002) 5 *JWIP* 865, 869-870; R. Silva Repetto and M. Cavalcanti, 'IV Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)', Chapter 3.4.1 in Food and Agricultural Organisation (eds.) *Multilateral Trade Negotiations on Agriculture: A Resource Manual*, available at <www.fao.org/docrep/003/x7355e/X7355e03.htm> (last visited 21 July 2006).

⁴ In France, the year 2005 was the 100 year anniversary of the law establishing the concept of geographic origin and 70th birthday of the *appellations d'origine contrôlée* system. See e.g. '2005 année des terroirs' <www.agrisalon.com/06-actu/article-15382.php?search=terroir> (last visited 21 July 2006).

2 *Aim and Scope*

The European Community has followed the example set by France and gradually enacted its own legal regime to protect geographical indications. The first provisions regulated the use of GIs on wines. Subsequently, protection expanded to various other alcoholic drinks with the adoption of the Spirit Drink Regulation⁵ and the Wine-Based Drink Regulation,⁶ and finally, the 1992 Origin Regulation⁷ expanded the protection to cover agri-products and foodstuffs. Today the EC regime protects over a thousand different European GI as well as some from third countries.⁸ The European Court of Justice (EJC) has also expanded the protection of GIs with its case law when solving conflicts between the free movement of goods and geographical indications.

Currently the EC is in the process of reforming its GI regime to make it more transparent and public as well as to comply with its international obligation. The EC Council recently replaced the 1992 Origin Regulation with a new one in order to comply with the ruling of the WTO panel.⁹ In addition the EC Commission has proposed a new spirit drink regulation¹⁰ and communicated on the plans to reform the wine sector.¹¹ These will amend and increase protection of GIs for spirits and wine.

The aim of this thesis is to try to clearly articulate the underlying reasons, justifications, principles and policies behind the protection of GIs in the EC and then scrutinise the scope and shape of the GI system in the light of its own justifications. The essential questions I will attempt to answer are: (1) What is the basis and criteria for granting GI rights? (2) What is the scope of protection afforded to GIs? and (3) Are these both justified in the light of the functions and policies underlying granting and protecting of GIs? In other words, my aim is to take a critical look at the current EC system of GI protection. The emphasis is on the

⁵ Regulation 1576/89 laying down general rules on the definition, description and presentation of spirit drinks. [hereinafter 'Spirit Drink Regulation']

⁶ Regulation 1601/91 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. [hereinafter 'Wine-Based Drink Regulation']

⁷ Regulation 2081/1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (*no longer in force*). [Hereinafter '1992 Origin Regulation']

⁸ Since 1993 more than 700 names have been registered under the 1992 Origin Regulation.

⁹ Regulation 510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. [Hereinafter 'Origin Regulation']

¹⁰ COM(2005) 125 final, Proposal for a Regulation of the European Parliament and of the Council on the definition, description, presentation and labelling of spirit drinks. [Hereinafter 'New Spirit Drink Regulation']

¹¹ COM(2006) 319 final, Communication from the Commission to the Council and the European Parliament - Towards a sustainable European Wine Sector.

current EC legislation in force but also the ECJ case law under Articles 28-30 of the EC Treaty as well as coming reforms will be looked at to inform a critical perspective.

Separate legal protection for GIs inevitably brings with it issues of primacy and friction between it and various other areas of law. The most obvious here being the principle of free movement of goods and the protection of trade marks. However, these issues are not in the main purview of this thesis and will only be dealt with briefly to the extent necessary for the purposes of this thesis.

3 *Methodology and Structure*

Geographical indications have not been paid much attention in the Nordic countries,¹² not generally nor in legal literature. In contrast, Southern European countries have promoted and appreciated GIs which is also reflected by the weight GIs have received attention in their legal literature.¹³ For me this literature has been either unattainable, with minor exceptions, or inaccessible due to language barriers. Although the TRIPS Agreement has brought about a global debate over geographical indication which has generated a surge of accessible and attainable English language legal literature, most of it fails to analyse GIs in depth.¹⁴ For these reasons, in writing this thesis I have had to rely mainly on primary sources, such as Regulations, Directives, treaties and cases. The cases I have selected are mostly from the ECJ. At times, I have also selected cases from the national courts of some European jurisdictions to illustrate practical problems associated with GIs but this selection does not in any way attempt to be comprehensive.

Irrespective of the differences, GIs and trade marks are distinctive signs with common features. In the paucity of literature on GIs, it makes sense to examine trade mark literature and to draw careful analogies. I have extensively looked at trade mark literature to see whether I have independently reached similar conclusions in respect to GIs on identical issues, and partly to support and check my conclusions when they seemed at odds with conventional wisdom.

¹² This is also noted by Marianne Levin, 'Geographical Indications (GIS) in the Global Village' in Niklas Bruun (ed.) *Intellectual Property Beyond Rights* (2005), 9.

¹³ For a list of the most central literature on GIs from various European Jurisdictions see Literature Review in WP 1 (2002), Concentrated Action DOLPHIS, QLK5-2000-00593, 13, available at <www.origin-food.org/cadre/careport.htm> (last visited 13 August 2006).

¹⁴ This general paucity of literature on specific GI law and theory is also noted by William van Caenegem, 'Registered Geographical Indications: Between Intellectual Property and Rural Policy – Part I', (2003) 6 *JWIP* 699, 704.

Because of the limited literature in this area, some background is necessary. Chapter II acts as an introduction to the complex subject and tries to articulate clearly the general underlying reasons, justifications and policies as well as to outline the historic development and formation of the international regulatory framework. In Chapter III the focus is on the EC. It sketches the legal framework of geographical indications. The attempt is not only to paint a picture of the framework's scope but also to illustrate how the ECJ has developed the concept of geographical indication over time. This will also illustrate the ECJ's attempt to balance the conflicting interest of GI protection and free movement of goods.

Chapter IV examines the different forms of community-wide protected GIs. It looks at what may be protected as a GI in the EC and scrutinises them in light of the underlying functions and policies. It will also explore how genericness as well as the relationship with homonyms and trade marks affect what may be protected. Chapter V looks at the scope of GI protection. The approach here is a holistic one without trying to analyse all the intricacies associated with the protection of wine GIs. It explores what acts may constitute a GI infringement of a community-wide GI and how this is affected by the similarity and dissimilarity of products and signs as well as the reputation of the GI. Although this is not a comparative study between GIs and trade marks, the level of protection GIs receive will be briefly compared to the level provided to trade marks to establish some sort of a benchmark. Finally, Chapter VI presents the conclusions and takes a brief review on how claims for greater protection should be viewed.

4 *Notes on Terminology*

The manner in which the protection of GIs has been conceptualised in different countries and at different times has varied considerably.¹⁵ As a result, there is still some ambiguity in the use of basic terminology. This thesis will use the following three definitions:¹⁶

- First, a geographical name is a noun, adjective or verb that denotes a geographical place among other possible meanings.

¹⁵ Bernard O'Connor, *Law of Geographical Indications* (2004), 23; IP/C/W/253, Review under Article 24.2 of the application of the provisions of the section of the TRIPS Agreement on Geographical Indications: Summary of the responses to the checklist of questions, WTO (2001), 4; Hughes, *supra* note 2, at 10.

¹⁶ This is similar to the tripartite vocabulary introduced in Albert Conrad, 'The Protection of Geographical Indications in the Trips Agreement', (1996) *86 Trademark Rep.* 11, 13. On variations see e.g. Resolution to Question Q 118 (Trade and service marks and geographical indications), AIPPI Yearbook 1994/II, 408; SCT/6/3, Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Ob-

- Second, a simple geographical indication (simple GI) is any word, phrase, or symbol that indicates the place of origin of a product. So, 'made in Finland' on a bottle of beer would be a simple GI even though Finland has no particular reputation for beer. It should be clear that a simple GI may be or may include a geographical name, but not vice versa. Nokia for mobile phones is a geographical name, but not a simple GI because the phones are not made in Nokia;¹⁷ 'Made in Finland' is a simple GI and includes a geographic word.
- Third, a geographical indication (GI) is any word, phrase, or symbol that designates the place where a product was produced and that the place has a reputation for producing that product with particular qualities. The connection between the product qualities and the producing region may be essential or unique in that they result from environmental factors related to the place. The connection may also be less apparent where a region's product has a reputation for certain qualities but they are not claimed to be unique to the producing region (a simple GI with a reputation). It follows that every GI is also a simple GI, but not vice versa; Parma on ham from that particular Italian region is a geographical indication and also a simple GI.

GIs and simple GIs usually contain or consist of the actual name of the region, place or country and are in these cases termed 'direct' geographical indications. Where the actual name of the place is not used (perhaps an abbreviation or a slang form of the name is used instead) but consumers still understand this name to indicate the geographical origin of the goods, this is known as an 'indirect' GI. Feta is a prime example of such an indirect GI.

Terms such as indication of source, appellation of origin, PDO and PGI and traditional terms come from different international and European Community legal instruments. Rights and obligations created by these instruments exist only in relation to the specific term to which they refer. In this thesis, I use these specific terms when referring to a particular legal instrument. However, for the most part the term geographical indication is used in a general sense to embrace all forms of the concept including simple GIs.

taining Effective Protection in Other Countries, WIPO (2001), 5-6; and Addor and Grazioli, *supra* note 3, at 867-868.

¹⁷ Nokia Town <www.nokiankaupunki.fi/nc/viewarticle.asp?path=5,888&domain=NOKIA_MAIN> (last visited 21 July 2006).

II Underlying Themes

1 *Functions of Geographical Indications*

Geographical indications perform a variety of economic and other functions, which may depend on how producers use GIs and consumers view them.¹⁸ I have distinguished four possible functions for geographical indications:¹⁹

- Origin function. Designations operate as indicators of origin from which the products come, or are in some other way connected.
- Quality function. Designations symbolise qualities which certain products have or which consumers associate them with and guarantee that they measure up to expectation.
- Investment or advertising function. Designations are ciphers around which investment in the promotion of a product is built and that investment is a value which deserves protection as such, even when there is no abuse arising from misrepresentations either about origin or quality.
- Culture protecting function. Designations protect culture by preserving traditional production methods, habits of consumption and cultural identity.²⁰

The functions underlie the nature and scope of GI protection. Discussions about the proper scope of GI protection often take these functions as a starting point and they are also used as tools in the arguments about various legal policies. GI protection and various policies may be justified only if GIs really fulfil their functions. However, there might be inherent problems in the GIs ability to do this. These possible problems are connected to the notion of *terroir* and the generic nature of GIs which will be looked at first before examining the various policies.

¹⁸ These functions are similar to those traditionally distinguished for trade marks. See e.g. Jeremy Phillips, *Trade mark Law: A Practical Anatomy* (2003); and Onno Brouwer, 'Community Protection of Geographical Indications and Specific Character as a Means to Enhance Foodstuff Quality', (1991) 28 *CML Rev.* 615, 630.

¹⁹ Trade marks have been distinguished different number of functions. Here the simplest categorisation found in William Cornish and David Llewelyn, *Intellectual Property: Patents, Copyright, Trade marks and Allied Rights* (2003) 587, is used as a starting point for GIs.

²⁰ Tomer Broude, 'Taking 'Trade and Culture' Seriously: Geographical Indications and Cultural Protection in WTO Law', (2005) 649 *ExpressO Preprin Series*, 16; MEMO/03/160, Why do Geographical Indications matter to us?, 30 July 2003.

1.1 *Terroir*

The traditional and publicly acknowledged theory is that geographical indications serve a special combination of the origin and quality functions:²¹ they communicate the product's geographical origin and non-geographic qualities that are related to its geographic origin.²² This combination of the two functions is based on the notion of *terroir*.

Terroir has no direct English translation and refers, in its narrowest sense, to a rather small area or terrain, whose geology, topography, microclimate, flora and other related factors impart distinctive qualities to a product.²³ Each product should be an inimitable reflection of its geography. It is thus that different products are distinguishable from each other and may be associated with their geographical origin. Since goods from different regions are different, there is no justification for using the same geographical name to describe them.²⁴ In a wider sense, *terroir* also includes the human environment:²⁵ the skilled producers manifesting technique. For *terroir* advocates, the character of a product is determined by *terroir*, whilst man determines quality. An incompetent producer can destroy the potential of a given *terroir* to produce products of great character and quality respectively.²⁶

Production based on the *terroir* view is a 'complex dance with nature'²⁷ to preserve the learned balance of all the factors. Indeed, it is so complicated that many do not even try to analyse it but tell that *terroir* has 'a spiritual aspect'.²⁸ This lack of analysis has caused some to view the idea of *terroir* as an insufficient basis for GI protection. There is a lack of scientific evidence about what the *terroir* inputs actually do. Even if one accepts that geography influences the characteristics of a product, it is far from clear that these characteristics are exclusive. As Justin Hughes observes, any one natural aspect of a region can also be found somewhere else.²⁹ In the modern global market raw materials, animals, equipment and skilled labour can be transported from place to place. All in all, it seems that it is actually human skill that produces any distinctness in products.

²¹ A similar combination of functions can be found in trade mark law: a trade mark indicates the source of control over the quality of the products the mark is used. See Neil J. Wilkof and Daniel Burkitt, *Trade Mark Licensing* (2005) 30-31.

²² Hughes, *supra* note 2, at 8.

²³ Elisabeth Barham, 'Translating Terroir: The Global Challenge of French AOC Labelling', (2003) *19 Journal of Rural Studies* 127, 131.

²⁴ Van Caenegem, *supra* note 14, at 710.

²⁵ Broude, *supra* note 20, at 18.

²⁶ James Haliday and Hugh Johnson, *The Art and Science of Wine* (1992) 20.

²⁷ Barham, *supra* note 23, at 131.

²⁸ James E Wilson, *Terroir* (1998) 55; Hughes, *supra* note 2, at 69.

²⁹ Hughes, *supra* note 2, at 72.

Many of the laws and international treaties protecting geographical indications are founded on the idea of *terroir*. In today's world it seems that many geographical indications would be precluded from protection because modern production techniques enable us to replicate and produce almost any product anywhere. If this is the case, then GIs function as something else than a combination of the origin and quality functions. This might also explain why modern geographical indication law seems to be moving away from the idea of *terroir* and afford protection to GIs solely on the basis of a certain reputation among consumers.

1.2 *Genericness*

Language is not a static but a dynamic creature. Words drift naturally in meaning and from one grammatical form to another. Proper nouns can develop into common nouns and vice versa. An example of this is the transformation of the proper name of the Belgian town Spa, renown for its thermal mineral springs,³⁰ to the common noun 'spa', which means any mineral spring.³¹ The extent of the meaning of the word spa has increased because the word now denotes all places having mineral springs and not just the town of Spa. Proper names like Newcastle,³² Bath³³ or Turku³⁴ exemplify this development in the opposite direction, from common nouns to proper names. The development is not necessarily global and may even go in different directions in different places of the world. Like words, signs and other symbols may become generic or acquire a distinctive meaning in a similar way as described above. There is no basic difference between words and signs in respect to their semantic transformation.³⁵

Linguistically names of geographic locations are undoubtedly proper nouns. Berlin denotes a city in Germany. Direct geographical indications, in contrast, are common nouns and have developed from a name of geographical location to a name of a product.³⁶ They have undoubtedly lost a certain amount of their individualistic character in that the scope of the word's meaning has increased to denote products coming from that geographical location. If a GI loses the remaining individualising character, so that the meaning broadens to denote a

³⁰ Spa, <www.trabel.com/spa/spa.htm> (last visited 23 July 2006).

³¹ 'spa', *Webster's Third New International Dictionary, Unabridged* (2002).

³² Lars Holmqvist, *Degeneration of Trade Marks: A Comparative Study of the Effect of Use on Trade Mark Distinctiveness* (1971) 101.

³³ Bath, Wikipedia <<http://en.wikipedia.org/wiki/Bath>> (last visited 23 July 2006).

³⁴ The word turku means originally the intersection of main roads. See Ritva Liisa Pitkänen, Janne Saarikivi, Sami Suviranta, *'Kaupunkinimien historiaa'* <www.kotus.fi/verkkojulkaisut/julk125/turku/turku_komm.shtml> (last visited 23 July 2006).

³⁵ Holmqvist, *supra* note 32, at 103-104.

style or type of a product, the word may be said to have become generic. An example of a word that has undergone the transformation into a generic term is Dijon for mustard that now denotes a certain kind of mustard, regardless of its place of production.³⁷ Transformation does not always occur globally and therefore, for example, in Europe 'Champagne' is a geographical indication while in United States it is a generic term. The situation is slightly different for indirect geographical indications where the transformation is from a common noun into a GI. An example is the Italian word *fetta*, meaning slice, that has come to denote white cheese in brine from Greece.³⁸

Generic words are incapable of communicating the origin or the differences in quality between similar products. It is hard to see that generic words would be able to fulfil any of the functions of GIs. Affording GI protection for generic words would likely to lead to the depletion of language. The cost of appropriation of words as private property is the removal of those words from language. If generic terms can be protected as GIs, competing producers would encounter enormous difficulties if they were prevented from using identifiers that they require in order to be able to compete effectively.³⁹ They would have a hard time informing consumers that they are competitors because they would be unable to give a name to the product they are selling. Using elaborate and possibly confusing paraphrases to sell their products would hardly be effective.

2 Policies

2.1 Consumer Information

Consumers are continually faced with the problem of choosing between similar products offered for sale. Superficial similarities may conceal differences in characteristics and quality.⁴⁰ In consequence, consumers may use the help of geographical indications, along with other signs and advertising to identify these differences in levels of quality. When consumers see 'Finlandia' on a bottle of vodka, they know that it has been made in Finland and no-

³⁶ *Ibid.*, at 101; Alan Gardiner, *The Theory of Proper Names: A Controversial Essay* (1954) 14.

³⁷ Originally from the French town of Dijon. See Geographical Indications? <www.wipo.int/about-ip/en/about_geographical_ind.html> (last visited 23 July 2006).

³⁸ Opinion of AG La Pergola in joint cases C-289/96, C-293/96 and C-299/96, *Kingdom of Denmark, Federal Republic of Germany and French Republic v Commission of the European Communities* ('Feta I'), [1999] E.C.R. I-1541, para. 3.

³⁹ William M. Landes and Richard A. Posner, *The Economic Structure of Intellectual Property Law* (2003) 187.

⁴⁰ Kamil Idris, *Intellectual Property: A Powerful Tool for Economic Growth* (2003) 151.

where else. However, for the consumer information about origin is only a means to an end,⁴¹ the main concern is the quality of what he or she is buying.⁴²

Information facilitates rational consumer choices.⁴³ Acquiring information about quality is often time-consuming and difficult; particularly so regarding qualities that cannot be checked or tested before purchase.⁴⁴ Risks must be taken. The source of the product enables the consumer to identify the product that best caters to a range of personal expectations about quality and characteristics, which in turn may derive from previous experience, advertising or even the recommendations of others.⁴⁵ There is a strong case to control misleading indications in the interest of consumers, if GIs truly communicate non-geographical qualities arising from the geographical origin of the product because such products cannot truly be reproduced anywhere else.⁴⁶ However, such protections would only be indirect as GI law does not grant enforceable rights to consumers but to producers.⁴⁷ Conversely, artificial product differentiation through regulated use of GI might not be in the interest of consumers as it would allow producers to create monopolies and gain sales based on non-existent uniqueness and quality.⁴⁸

But consumer choices are not always based on rational judgement and are also affected by emotional preferences.⁴⁹ Like certain trade marks, a geographical indication may have a certain drawing power or cachet which makes consumers wish to be associated with it. A GI

⁴¹ Cornish and Llewelyn, *supra* note 19, at 587.

⁴² What is quality? Does quality reside in a product produced with traditional skill and according to culinary arts or in a new product arising from better techniques, hygiene and culinary innovations? For the main issues on the debate concerning the meaning of quality see Dominique Barjolle and Bertil Sylvander, 'Protected designations of origin and protected geographical indications in Europe: Regulation or Policy?', (2000) FAIR 1 – CT 95-0306, 7, available <www.origin-food.org/pdf/pdo-pgi.pdf> (last visited 13 August 2006).

⁴³ One objective of regulating the use of geographical indications is to convey information to facilitate rational choices. See Origin Regulation, point 4 of the preamble; Wine Regulation, point 50 of the preamble; Wine Labelling Regulation, points 13 and 16; Spirit Drink Regulation, para. 3 of the preamble.

⁴⁴ Cornish and Llewelyn, *supra* note 19 at 587.

⁴⁵ *Ibid.*

⁴⁶ It may be interesting in this connection to note that although consumers take great interest in the true origin of products they do not in general recognise what the geographical indications stand for. This is the case even in France and Italy where geographical indications have been used for decades to inform consumers of origin and quality. See Dominique Barjolle, Policy Evaluation, WP 6 (2002), Concentrated Action DOLPHINS, QLK5-2000-00593, 26, available at <www.origin-food.org/pdf/wp6/6-02_09cr2.zip> (last visited 13 August 2006).

⁴⁷ This which is true of trade mark law is also in my mind applicable to geographical indication law. See Jennifer Davis, 'To Protect or Serve? European Trade Mark Law and the Decline of the Public Interest', (2003) 24 *E.I.P.R.* 180-187. See also Mogens Koktvedgaard, *Konkurrenceprægede Immaterialrettspositioner: Bidrag til læren om de lovbestemte enerettigheder og deres forhold til den almene konkurrenceret* (1965) 71-73 and 171-172, who argues that with geographical indications the rights and interest of consumers and producers are inextricably connected but that modern trade mark law cannot be explained by referring to consumers.

⁴⁸ Maria Kolia, 'Monopolising names: EEC Proposal on the Protection of Trade descriptions of Foodstuffs', (1992) 14 *E.I.P.R.* 233, 237; Maria Kolia, 'Monopolising Names of Foodstuffs', (1992) 4 *E.B.L.R.* 323, 326; Idris, *supra* note 40, at 153.

may be attractive due to connotations to culture and heritage or even form 'a link to specific place and time'.⁵⁰ Moreover, a geographical indication may enable consumers to 'flaunt their desirable personal characteristics'⁵¹ or 'strive for status through the process of consumption'.⁵² 'I'm a person who drinks Champagne'. In other words, consumers use GIs as a lifestyle statement.⁵³ In such cases the label is more important than the product.

2.2 *Producer Promotion and Unfair Competition*

It is in the interest of a producer to try in some way to differentiate his products from those of others. This power of branding has traditionally evaded producers of highly commoditised products such as agricultural products.⁵⁴ Geographical indications may provide producers with a new or an extra means to identify their products as satisfactory and thereby attract further purchases from the consuming public.⁵⁵ This may be especially important to small-scale producers who may not be able to make the substantial investments which are needed to promote an individual brand.⁵⁶

GIs allow producers to create an attractive product image, possibly even an image of exoticness, quality or prestige, which the consumer associates with the product. The image that is formed has a sales-promoting effect. This is what is traditionally meant by the advertising or investment function. The sales-promoting effect of a given geographical indication is usually connected to the quality of the product but geographic indications can also generate their utility through evocative and aesthetic uses. In such cases, the geographic indication itself becomes a desired characteristic of a good or service, regardless of quality.⁵⁷ Thus, a GI can

⁴⁹ Cornish and Llewelyn, *supra* note 19, at 587.

⁵⁰ Geographical indications may even enable a consumer to connect with his ancestors. Barjolle, *supra* note 46, at 28.

⁵¹ Davis, *supra* note 47, at 187.

⁵² Norma Dawson, 'Famous and Well-Known Trade Marks: Usurping a Corner of the Giant's Robe', [1998] *I.P.Q.* 350, 378.

⁵³ Hughes, *supra* note 2, at 20.

⁵⁴ Chiquita and Dole are one of the few who have been successful in promoting highly commoditised products, namely bananas and pineapple.

⁵⁵ Philips, *supra* note 18, at 26.

⁵⁶ Brouwer, *supra* note 18, at 621; Sanjeev Agarwal and Michael J. Barone, 'Emerging Issues for Geographical Indication Branding Strategies', (2005) MATRIC Research Paper 05-MRP 9, 1, available at <www.card.iastate.edu/publications/DBS/PDFfiles/05mrp9.pdf> (last visited 13 August 2006). EC seems to do at least some of the promoting, see IP/06/960, € 27.6 million EU support for the promotion of agricultural products, 7 July 2006.

⁵⁷ Hughes, *supra* note 2, at 20.

gain 'a selling-power above that of the underlying goodwill'.⁵⁸ In other words, with the help of GIs producers may obtain premium prices for products that would otherwise be regarded as a commodity product.⁵⁹

Others may try to imitate a GI and use the goodwill the producers have built up. By using the geographical indication on a similar or different product, third parties can transfer the sales-promoting effect to their products through the inevitable association in the consumer's mind. This may be seen as unfair competition. Producers can use GIs to shore up the prices of their products only if the advertising and investment function is properly protected. GIs are valuable to producers as they allow producers to 'unlock value by capitalizing on consumer desire for diversity, typical, quality products'.⁶⁰

2.3 *Protecting Local Culture and Traditions*

Geographical indications seem apt for the preservation of local traditions, national culture and cultural diversity. This is because GIs do not reward innovation but rather producer adherence to the traditional methods used in the region of production.⁶¹ Geographical indications enhance the commercial value of traditional artisan products and may even rescue 'national treasures' from certain extinction.⁶² Internationally the EC is the main proponent of this cultural rationale claiming that GIs 'are key to [EC] [...] countries' cultural heritage, traditional methods of production and natural resources'.⁶³

According to Broude, GI products may be 'cultural' in three ways: through (1) the culture of its production, (2) the culture of its consumption or (3) as a part of the cultural identity.⁶⁴ A product does not receive GI protection only by virtue of its geographical origin but because it complies with a given set of criteria pertaining to content and production methods. In many cases, these practices are rooted in social and historic circumstances and are not necessary for the characteristics and qualities of the finished product. If the practices were to be-

⁵⁸ Andrew Griffiths, 'The Impact of the Global Appreciation Approach on the Boundaries of Trade Mark Protection', [2002] *I.P.Q.* 326. See also David Aaker, *Building Strong Brands* (1996) 7, who identifies goodwill consisting of the following four elements: awareness, loyalty, perceived quality and positive associations.

⁵⁹ Agarwal and Barone, *supra* note 56, at 1.

⁶⁰ MEMO/03/160, *supra* note 20.

⁶¹ O'Connor, *supra* note 15, at 373-374; Broude, *supra* note 20, at 14.

⁶² Nancy Harmon Jenkins, 'Food Court: The European Union has judged hundreds of traditional foods to be national treasures. Here is why cooks are celebrating.', *Food and Wine*, August 1999.

⁶³ MEMO/03/160, *supra* note 20.

⁶⁴ Broude, *supra* note 20, at 10-12.

come extinct, it would also result in the eradication of the associated culture of production.⁶⁵ Thus, GI rules can also be seen to preserve a certain historical and cultural purity of production. However, for product qualities and characteristics to survive and be appreciated, they need a culture of consumption. This culture of consumption is maintained by providing consumers with accurate information on the geographical origin of products.⁶⁶

GI products may also be cultural symbols part of cultural identity. In the words of the EC Trade Commissioner Pascal Lamy: '[t]erms "Parma", "Cognac", "Manchego" or "Scotch Whisky" form part of the culture and national and regional identity of Italy, France, Spain and the United Kingdom'.⁶⁷ They can symbolise or even personify a country or a region. Thus, GIs can be seen as guardians of cultural identity and a defence against homogeneity brought about by globalisation

Does culture really maintain consumption or is it in reality market forces that do that? Markets affect patterns of consumption and thereby directly or indirectly even methods of production. It seems unlikely that legal protection of GIs would be able to stave off market-induced changes in culture. Also, in the absence of culture or tradition, the quest for cultural distinction may rely only on the use of local ingredient and products or even 'invented tradition'.⁶⁸

2.4 *Agriculture and Trade*

The protection of geographical indications is also at the heart of the Common Agricultural Policy (CAP) of the EC which is under constant reform.⁶⁹ For a long time the CAP mainly consisted of a price intervention system to uphold the Common market and free movement for agricultural products.⁷⁰ In this system the Council annually fixes a number of common prices as the levels at which the market price should be situated. To compensate the difference between the market price and the level which a producer is considered to enjoy fair

⁶⁵ *Ibid.*, at 18-21.

⁶⁶ Broude, *supra* note 20, at 22.

⁶⁷ SPEECH/03/292, Pascal Lamy, EU Trade Commissioner, 'Creation of the Organisation for an International Geographical Indications Network (ORIGIN)', ORIGIN, Brussels, 11 June 2003.

⁶⁸ Don Douloff, 'Delicious Cancon Chez Metropolit - The Debate Swirls: Is there a Canadian Cuisine? One that Uses Local Ingredients in imaginative ways to produce a distinctive, indigenous culinary style?' *Eye Weekly*, 16 April 1992. Eric J Hobsbawm, 'Introductions: Inventing Traditions', in Eric J. Hobsbawm and Terence Ranger (eds.), *The invention of Traditions* (2003) 1-2.

⁶⁹ Michael Cardwell, 'III. Agriculture' in Joe McMahon (ed.), *Current Development: European Union Law*, (2003) 52 *ICLQ* 1030, 1030-1031.

⁷⁰ René Barents, *The Agricultural Law of the EC: An Inquiry into the Administrative Law of the European Community in the Field of Agriculture* (1994) 13-14.

income, a producer is paid a production subsidy.⁷¹ However, this system was not suitable for controlling or diversifying production. Farming had become more efficient and by the 1980s, farm production had created glut in supply for most traditional farm product.⁷² The CAP was under pressure for reform and new policies were needed.

One of these new policies was the move from quantity to quality proposed by the Commission in its communication in 1988.⁷³ By protecting geographical origin of agri-products and foodstuffs, the Commission intended to bring the surpluses under control. GI protection was seen as a means to encourage producers to diversify production and to concentrate on quality. In addition, it would help to promote products and to obtain higher prices.⁷⁴ In 1992, a reform was set in motion that has led to the gradual and partial abandonment of the price intervention system and introduction of direct income transfer schemes.⁷⁵

The price intervention system also required a certain degree of isolation for the world market in order to prevent the internal market from being undermined by lower priced imports from outside the EC.⁷⁶ To protect the internal market, the EC has used import tariffs and granted export subsidies to compensate for the difference between world market price and the EC market price. Now, within the WTO, the EC has committed itself to the liberalisation of world trade in agricultural commodities. To this end, it has to reduce or remove subsidies to farmers and loosen its import restrictions on foreign products.⁷⁷ In the ongoing world of globalisation, the future direction is a further reduction of subsidies and import tariffs.

World trade in GI products is already a big business.⁷⁸ It is claimed that European producers are losing millions because non-European producers are free-riding on the reputation of European quality products such as Parma Ham.⁷⁹ EC claims to need GIs to promote a possible comparative advantage on quality in the open world market. If it hopes to achieve sufficient international protection for GIs and to stop foreign producers from free-riding on its

⁷¹ *Ibid.*, at 77-78.

⁷² *Ibid.*, at 116; COM(1988) 501 final, Communication from the Commission – The Future of Rural Society, 15.

⁷³ COM(1988) 501 final, Communication from the Commission – The Future of Rural Society, 43.

⁷⁴ Bertold Schwab, 'The Protection of Geographical Indications in the European Economic Community', (1995) 17 *E.I.P.R.* 242, 242; SPEECH/06/135, Mariann Fischer Boel, Member of the European Commission responsible for Agriculture and Rural Development, 'Full speed ahead: a fresh approach to European agricultural policy', Bush Capital Club, Canberra, 1 March 2006.

⁷⁵ Barents, *supra* note 70, at 121.

⁷⁶ *Ibid.*, at 77.

⁷⁷ E.g. SPEECH/06/134, Mariann Fischer Boel, Member of the European Commission responsible for Agriculture and Rural Development, 'EU perspectives on WTO outcomes', ABARE Outlook Conference Canberra, 1 March 2006.

⁷⁸ MEMO/03/160, *supra* note 20.

geographical names,⁸⁰ it also needs to protect them within the internal market. However, these assertions about losses due to free-riding seem reminiscent of claims of losses from copyright piracy. Have Australian sales of European wines increased substantially since Australian vintners phased out the use of many of Europe's cherished wine GIs? Apparently not.⁸¹ The fact that products are stamped with a GI does not give a comparative advantage if consumers do not recognise what the GI stands for. Therefore, the EC Commission has approved measures to promote GI products in third countries.⁸² This may help GI products to become locomotives for the European agriculture, although this is no means certain. However, all this may be at a cost. Strong GI protection may at the same time support inefficient rural production and land-use as well as prevent efficiencies in agricultural production that will deliver both variety and lower prices. It may entrench existing land-uses that are not necessarily optimal and discourage experimentations with different crops or products.⁸³

3 *Legal Development of Geographical Indications*

In order to understand the legal protection of geographical indications, understanding its evolution is essential. As with other forms of intellectual property, the life of GIs began as 'monopoly privileges doled out by kings to fund wars or other pursuits'.⁸⁴ The first laws protecting geographical indications, found as early as 14th and 15th century in France, Portugal and Tuscany, were primarily enacted for fiscal reasons.⁸⁵ Over time, simple GIs became protected through various laws on misrepresentation, but it was not until well into the 20th century that protection was afforded beyond simple GIs. France was the first to enact a comprehensive system for the protection of geographical indications that has later influenced the making of both national laws and international treaties.

⁷⁹ James Cox, 'What's in a Name?', *USA Today*, 9 September 2003.

⁸⁰ EU has made a short list of 41 GIs that it wants to a short list of 41 recuperate. See e.g. IP/03/1178, WTO talks: EU steps up bid for better protection of regional quality products, 28 August 2003.

⁸¹ From 1999 to 1995 wine imports in Australia have increase only by 2 million litres to 22 million litres. At the same time the total consumption of Australian wine in Australia has increased 61 million litres to 430 million litres. See Australian Wine & Brandy Corporation Annual Report 1999-2000, 46-47; and Australian Wine & Brandy Corporation Annual Report 2004-2005, 41-42, both available at <<http://www.awbc.com.au/Content.aspx?p=152>> (last visited 22 July 2006).

⁸² IP/06/346, Promotion of EU agricultural products outside the EU, 21 March 2006.

⁸³ Van Caenegem, *supra* note 14, at 712-714.

⁸⁴ Peter Drahos and John Braithwaite, *Information Feudalism: Who Owns the Knowledge Economy?* (2002) 29.

⁸⁵ Norbert Olszak, *Les Appellations d'origine et indications de provenance* (2001) 51.

3.1 *France – the birth of protection beyond simple GIs*

France protected simple geographical indications already under the law of 1824. The law imposed criminal penalties on people who falsely designated the place of origin of a product.⁸⁶ Under the statute, for example, Algerian apples could not be labelled as Spanish.⁸⁷ However, there was no obligation to actually label a product.⁸⁸ But if you did choose to speak about the origin of your product, what you said had to be true.

The development of GI protection beyond simple GIs is connected to the Phylloxera outbreaks that plagued Europe in the late 19th century. This root-infesting pest left French vineyards in complete ruin.⁸⁹ With high demand for wine, opportunism ran rampant: low quality wine was sold under the names of quality wines and some producers even pushed the boundaries of what they called wine. Staggered by the loss of most vineyards, and now faced with the extraordinary cost of replenishing the vines winemakers wanted assurances that their efforts would eventually at least be rewarded by the market.⁹⁰

In response to producer concerns, the government enacted between years 1905 and 1911 laws to combat frauds and to delimit the use of certain GIs such as Champagne and Bordeaux. Unfortunately, the laws were unable to prevent the market from being flooded by wines of low quality and consequently the price of wine collapsed. The delimitations were also challenged by revolting producers who had previously used the GIs and had now been left out of the delimited area. The legal measures proved to be insufficient since, in order to protect quality, criteria intrinsic to production and even gustatory elements would need to be defined. The delimitations were suspended pending reform which did not occur before the end of the First World War, and at this point it was urgently required because France wanted an obligation upon Germany to respect its regional wine and spirit GIs to be included in the Treaty of Versailles.⁹¹

⁸⁶ Paul Roubier, *Le Droit de la Propriété Industrielle, Volume II* (1954) 722 and 753.

⁸⁷ *Ibid.*, at 814.

⁸⁸ *Ibid.*, at 815.

⁸⁹ Harry W. Paul, *Science, Vine and Wine in Modern France* (1996) 1; Short history of Grape Phylloxera <www.absinthebuersguide.com/phylloxera> (last visited 23 July 2006).

⁹⁰ Olszak, *supra* note 85, at 6; SCT/6/3, Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Obtaining Effective Protection in Other Countries, WIPO (2001), 9.

⁹¹ Art. 275 of the Treaty of Versailles of June 28, 1919. See Olszak, *supra* note 85 at 8; and Stephen P. Ladas, *Patents, Trademarks, and Related Rights: National and International Protection I-III* (1975) 1579.

The law of 1919 established GIs as collective intellectual property.⁹² Under the law, a producer could register a geographic name as an appellation of origin (AO) simply by declaring it so. As long as it went unchallenged by other interested parties, a producer could legally continue to use the designation.⁹³ An AO could legally be used in the territory of the geographical indication of the product, which was usually defined by the administrative borders of the province or locality. Because the administrative borders did not always coincide with the economic territory of the AO, use was also allowed outside the territory when it was in accordance with honest and constant local practises.⁹⁴ Any disputes regarding the use of a designation were decided by courts, for the most parts, using the territorial criteria. Only in some cases the producers were able persuade the courts of additional criteria such as type of vines or the modes of wine making.⁹⁵

An amendment in 1927 added additional criteria for wines and granted the right to an AO only for wines which came from certain type of vines grown in certain areas in accordance with honest and constant local practises.⁹⁶ In addition, the area and its soil had to be suitable for producing a wine under that AO. The courts were naturally poorly equipped to handle the wide range of evidence ranging from traditional production methods to technical details on soil types and climate conditions brought by the amendment. The result was a variety of decisions depending upon the skill of the parties.⁹⁷

Finally, the law of 1935 established a controlled appellation of origin (AOC) for wines and spirits. It also set up an institution of experts, which later became National Institute of Appellations of Origin for Wines and Spirits (INAO), to specify the production requirements. From that time onwards, the responsibility for AOC recognition was under the supervision of the state and it was no longer possible to register AOs for wines or spirits. A similar system was introduced to cheeses in 1955 and finally to agricultural products in 1990. Later, the previous laws on AOC were incorporated into the Consumer code⁹⁸ that now regulates national geographical indications in France.⁹⁹

⁹² Roubier, *supra* note 86, at 770-772; O'Connor, *supra* note 15, at 166; COM/AGR/APM/TD/WP(2000)15/FINAL, Appellations of Origin and Geographical Indication in OECD Member Countries: Economic and Legal Implications, 58.

⁹³ Roubier, *supra* note 86, at 759.

⁹⁴ *Ibid.*, at 760-761; Olszak, *supra* note 85, at 9.

⁹⁵ Olszak, *supra* note 85, at 8.

⁹⁶ Roubier, *supra* note 86, at 784-785.

⁹⁷ Olszak, *supra* note 85, at 9.

⁹⁸ Code de la Consommation.

⁹⁹ Olszak, *supra* note 85, at 9-11 and 151; O'Connor, *supra* note 15, at 167-169; COM/AGR/APM/TD/WP(2000)15/FINAL, *supra* note 92.

3.2 *International Treaties*

National protection of geographical indications was powerless against imitation outside the country of origin. Consequently from the end of the 19th century, concern for geographical indications made its way, directly or indirectly, into several multilateral treaties as well as many more bilateral treaties.¹⁰⁰ Today they still form a complex web of protection for GIs in international law. For the purposes of this thesis, four multilateral agreements and bilateral agreements in general set the stage for the protection of GIs in the EC.¹⁰¹

3.2.1 Multilateral Treaties

3.2.1.1 Paris Convention (1883)

The Paris Convention was established in 1883.¹⁰² French delegates were responsible for drafting it¹⁰³ and its provisions on the protection of geographical indications are reminiscent of the protection afforded by the law of 1824 in France. The original text of 1883 only applied to false simple GIs when used either with a fictitious word or with fraudulent intent. The treaty has been revised several times in the 20th century and has now a much wider scope.¹⁰⁴ Currently it has 169 member countries.¹⁰⁵

The treaty protects simple GIs under the term 'indication of source'.¹⁰⁶ Article 9 read together with Article 10 requires member countries to 'seize on importations' goods bearing 'direct or indirect false indications of source of the goods'.¹⁰⁷ For instance, the words 'German beer' would clearly be a direct indication, whereas a picture of the Eiffel Tower might be seen as an indirect indication.¹⁰⁸

¹⁰⁰ Hughes, *supra* note 2, at 17-18; O'Connor, *supra* note 15 at 27, COM/AGR/APM/TD/WP(2000)15/FINAL, *supra* note 92, at 25.

¹⁰¹ Other noteworthy multilateral agreements on GIs which fall outside the scope of this thesis are the 1951 Stresa Convention (cheese) or the 1924 Agreement establishing the International Office of Wine and Vine.

¹⁰² Paris Convention for the Protection of Industrial Property of March 20, 1883. [hereinafter 'Paris Convention']

¹⁰³ For an account of the origins of the Paris Convention, see Ladas, *supra* note 91, at 59-94.

¹⁰⁴ G.C.H. Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property* (1968) 138.

¹⁰⁵ As of 15 April 2006. Paris Convention for the Protection of Industrial Property, Contracting parties at <www.wipo.int/treaties/en/ip/paris/index.html> (last visited 21 July 2006).

¹⁰⁶ The Convention protects 'indication of source' and 'appellations of origin' as intellectual property, Art. 1(2). Conceptually speaking 'appellations of origin' are today considered to be a species of the genus 'indication of origin'. Bodenhausen, *supra* note 104, at 23; *Introduction to Intellectual Property: Theory and Practice* (1997) 232 and 237.

¹⁰⁷ The words 'direct or indirect' were added at the diplomatic conference in Lisbon (1958). Bodenhausen, *supra* note 104, at 138; Ladas *supra* note 91, at 1581.

¹⁰⁸ Bodenhausen, *supra* note 104, at 139.

The Paris Convention also enjoins the use of false or misleading indications of source under Article 10bis, as a means to prevent unfair competition. The Article prohibits indications as to the 'characteristics' of the goods, if they are liable to mislead the public.¹⁰⁹ The wording could be interpreted to apply in cases where, in addition to geographical origin, the indication of source is also understood as descriptions of the product's quality or 'characteristics'.¹¹⁰ For instance, the indication 'Champagne' on a bottle of Spanish sparkling wine could be misleading, if the public were likely to think that the sparkling wine originated in Champagne district of France and the quality or characteristics of the sparkling wine were different to that of original Champagne wine. However, the legislative history of Article 10bis shows that the provision is not applicable to representations of geographic origin.¹¹¹ Thus, the Convention prohibits the importation of goods containing false simple GIs but it is not applicable to GIs that are merely misleading.

By virtue of Article 25, each member country is responsible for adopting measures necessary to ensure the treaty's application. However, there are no enforcement measures to ensure this. The substantive standards of the Paris Convention were integrated into TRIPS in 1994.

3.2.1.2 Madrid Agreement (1891)

France and Great Britain desired to confer more protection on simple GIs, and already in 1886 proposed amendments to the Paris Convention. These proposals finally resulted in a draft agreement submitted at the diplomatic conference in Madrid in 1890. The treaty of 1891¹¹² was initially signed by eight countries and it currently has 34 member countries.¹¹³ As is the case with the Paris Convention, the Madrid Agreement has also been amended on several occasions.

The Madrid Agreement confers additional powers as compared to the Paris Convention on three points. First, Article 1(1) extends the protection to 'deceptive' simple GIs.¹¹⁴ Second,

¹⁰⁹ '...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.'

¹¹⁰ E.g. Conrad, *supra* note 16, at 24; and Hughes, *supra* note 2, at 19.

¹¹¹ United States objected and the words 'the origin' were deleted. See Ladas, *supra* note 91, at 1579.

¹¹² The Madrid Agreement for the Repression of False or Deceptive Indication of Source of Goods of April 14, 1891. [hereinafter 'Madrid Agreement']

¹¹³ As of 15 April 2006. The Madrid Agreement for the Repression of False or Deceptive Indication of Source of Goods, Contracting parties at <www.wipo.int/treaties/en/ip/madrid/index.html> (last visited 21 July 2006).

¹¹⁴ Art. 1. See Hughes, *supra* note 2, at 20, who notes that this may expand the coverage of Art. 10 of the Paris Convention less than first appears because the Paris Convention already applies to 'indirect use of false indica-

Article 3bis prohibits false and deceptive simple GIs in advertising and in other forms of commercial communication.¹¹⁵ This expanded the protection to cover not only goods but also all channels of commerce. Third, and most important, Article 4 prohibits member countries from treating 'regional' geographic indications of wines as generic terms. This provision, which was originally proposed by Portugal in much wider scope,¹¹⁶ means that the courts of member countries cannot declare regional wine GIs like Champagne or Madeira to be generic.

The treaty has not been effective in weeding out false or deceptive uses of simple GIs. This is due to the small number of member countries as well as divergent views on the construction of the provisions.¹¹⁷ National courts differ in their approach to protection of false geographical indications in translated form or when used in conjunction with terms like 'type' or 'style'.¹¹⁸

3.2.1.3 Lisbon Agreement (1958)

By 1958, there had been several failed attempts to strengthen the protection of geographical indications. Portugal along with the International Bureau of WIPO proposed to secure protection of GIs on a new basis under the term appellation of origin, which had become to be understood to designate not only the origin of a product like indication of source, but also certain essential qualities pertaining to that origin.¹¹⁹ The result was the Lisbon Agreement,¹²⁰ which is not restricted to border measures like its predecessors, but also includes the adoption of a registration system. Because the treaty provides extremely strong protection, only a handful of countries have been willing to adopt it, and it only has 25 member countries.¹²¹

Unlike the Paris and Madrid treaties, the Lisbon Agreement restricts the protection to GIs that are a name of a country, region, or locality, and which designate the quality and charac-

tion of the source of the goods' which would seem to capture many practices that could be called deceptive, but not directly false.

¹¹⁵ The Article was adopted at the diplomatic conference in London (1934). Ladas, *supra* note 91, at 1585.

¹¹⁶ Portugal proposed that no indications of origin of agricultural product should be treated as generic. France suggested that this would be limited to wines instead to which Portugal consented. Ladas, *supra* note 91, at 1584.

¹¹⁷ Conrad, *supra* note 16, at 25.

¹¹⁸ E.g. 'Roquefort-style Cheese'. O'Connor, *supra* note 15, at 32.

¹¹⁹ Ladas, *supra* note 91, at 1587.

¹²⁰ Lisbon Agreement for the Protection of Appellations of Origin and their International Registration and Regulation of October 31, 1958. [Hereinafter 'Lisbon Agreement']

teristics that are 'exclusively or essentially due to the geographical environment, including natural and human factors'.¹²² GIs that are 'recognized and protected as such in the country of origin' may be registered at the International Bureau of WIPO, and, once registered, the GI is protected in all member countries.¹²³

The Lisbon Agreement also exceeds the previous treaties in three main ways. First, Article 3 broadens the protection to 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. This effectively eliminates the construction problems associated with cases like 'Port-like fortified wine' that are completely forbidden. Second, it extends protection against deeming GIs generic to cover all products. Third, the treaty treats GIs as superior and provides in Article 5(6) a two-year phase out for prior trade marks conflicting with a newly registered geographical indication.

3.2.1.4 TRIPS (1994)

The failed attempts to revise the Paris Convention or to widely agree on alternative arrangements show how differently countries perceived the need for protecting geographical indications. When the United States (US) initiated the development of Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)¹²⁴ as a part of the Uruguay Round of Multilateral Trade Negotiations under GATT, the EC saw an opportunity to enhance the international protection of GIs, and managed with Switzerland to secure it on the agenda of the TRIPS negotiations.¹²⁵ Although there was little consensus on the topic during the negotiations,¹²⁶ a compromise that embodied GI protection in Articles 22–24 of TRIPS, which is an annex to the Agreement Establishing the WTO, was finally reached. TRIPS provides relatively strong and effective protection. Failure to enact appropriate implementing legisla-

¹²¹ As of 15 April 2006. Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, Contracting Parties at <www.wipo.int/treaties/en/registration/lisbon/index.html> (last visited 21 July 2006).

¹²² Art. 2.

¹²³ Art. 5. However, a member country may refuse to grant protection pursuant to Art. 5(3).

¹²⁴ Final Act Embodying the Results of the Uruguay Round of the Multilateral Negotiations, Marrakesh Agreement Establishing the World Trade Organization, signed at Marrakesh (Morocco), 15 April 1994, Annex 1C, Agreement on Trade-Related Aspects of Intellectual Property Rights. [hereinafter 'TRIPS']

¹²⁵ Conrad, *supra* note 16, at 29-30; Peter Drahos and John Braithwaite, *Information Feudalism: Who Owns the Knowledge Economy?* (2002) 145.

¹²⁶ Jim Keon, 'Intellectual Property Rules for Trademarks and Geographical Indications: Important Parts of the New World Trade Order', in Carlos M. Correa and Abdulqawi A. Yusuf (eds.), *Intellectual Property and International Trade: The TRIPS Agreement* (1998) 167.

tion will subject a member country to the possibility of claims and sanctions under the WTO dispute-resolution mechanisms.¹²⁷ Currently the WTO has 149 member countries.¹²⁸

Like the Lisbon Agreement, TRIPS limits its protection to certain types of GIs. TRIPS is more lax and only requires that a GI indicates that 'a given quality, reputation or other characteristic of the good is essentially attributable to' the origin of the product.¹²⁹ Under TRIPS a GI may be any designation including a geographical name or symbol. Currently, there is no registration requirement but Article 23 mandates negotiation to establish a registration system for wine GIs which has been extended to comprise both wines and spirits.¹³⁰

TRIPS caters for two different levels of protection: specific protection for wines and spirits and general protection for all other products. The general protection provided under Article 22 slightly exceeds that of the Paris and Madrid treaties. It prohibits the use of false or misleading GIs as well as 'any use which constitutes an act of unfair competition' under Article 10bis of the Paris Convention.¹³¹ Further, it requires member countries 'to refuse or invalidate' misleading trade mark registrations that contain or consist of a GI.¹³² In other words, geographic words can be registered as trade marks as long as the public does not perceive them as indicating the origin of the goods. For example, 'Greenland' would be an acceptable trade mark for a tropical juice because the name is unlikely to mislead the consumers about the true origin of the product.

By contrast, the wine and spirit specific protection under Article 23 equals that of the Lisbon Agreement.¹³³ The Article forbids the use of a wine or spirit GI for a wine or spirit product that does originate from the place the GI designates. This prohibition is absolute regardless of whether such a GI misleads the public or constitutes an act of unfair competition. As in the Lisbon Agreement, the use is prohibited even if the GI is used in translation or accom-

¹²⁷ Arts 41 and 64.

¹²⁸ As of 11 December 2005. See Understanding the WTO: The Organization – Members and Observers at <www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm> (last visited 21 July 2006).

¹²⁹ Art. 22(1).

¹³⁰ WT/MIN(01)/DEC/1, Ministerial Declaration, Adopted on 14 November 2001, WTO (2001), para. 18. The registration system issue has been under negotiation since 1998 but is yet to be resolved: see Daniel Gervais, *The Trips Agreement: Drafting History and Analysis* (2003) 43-44; Becki Graham, 'TRIPS: Ten Years Later: Compromise or Conflict over Geographical indications', (2005) *Syracuse Sci. & Tech. L. Rep.* 4.

¹³¹ Art. 22(2). The reference in Art. 22(2) to Art. 10bis of the Paris Convention seems unnecessary, since most cases of unfair competition would already be covered by prohibition on false and misleading GIs. Conrad, *supra* note 16, at 36, notes that the reference to Art. 10bis clandestinely extends it for the members of the WTO without revealing that it is not simply the incorporation of a parallel treaty but an extension of its scope.

¹³² Art. 22(3). Art. 24(7) provides a time limit of five years for the request to terminate.

¹³³ There has been an ongoing dispute between a number of countries since year 2000 whether the TRIPS can be read to include an instruction allowing for wine and spirit level of protection also for other type of products. See e.g. Gervais, *supra* note 130, at 44; and Graham, *supra* note 130.

panied by any qualifier such as the true place of origin or 'expressions such as "kind", "type", "style", "imitation" or the like'.¹³⁴ Further, the Article requires member countries to refuse or invalidate trade marks for wines or spirits that contain or consist respectively of an identical wine or spirit GI. Also, here the public perception or awareness is not determinative in solving conflicts but wine and spirit GIs are given superiority.¹³⁵

Finally, Article 24 provides overall exceptions to GI protection. By virtue of the Article, member countries are exempted from protecting a GI that is not protected in the country of origin¹³⁶ or is a generic term in a member country.¹³⁷ The Article also provides an exception for producers who have used a particular GI of a wine or spirit of another member country if its use has existed for (a) at least 10 years before 15 April 1994 or (b) in good faith before that date.¹³⁸ Additionally, the Article protects good faith trade marks that were registered before a conflicting GI was granted protection in the country of origin.¹³⁹

3.2.2 Bilateral Treaties

Bilateral treaties have long been used to protect geographical indications. Although the agreements usually specified the protected indications and their respective areas, the parties usually failed to determine the scope of protection. This meant that the courts were free to decide, for instance, when a geographical indication had become a generic term. An example is the treaty of 1910 between Portugal and the United States under which the names 'Porto' and 'Madeira' were to be protected in the US, and since the scope was not clearly defined, the debate pertaining to terms like 'type' or 'kind' was also carried into this agreement.¹⁴⁰

¹³⁴ Art. 23(1).

¹³⁵ Peter M. Brody, 'Protection of Geographical Indication in the Wake of TRIPs: Extending United States Laws and the Administration's Proposed Legislation', (1994) *84 Trademark Rep.* 520, 534.

¹³⁶ Art. 24(9).

¹³⁷ Art. 24(6).

¹³⁸ Art. 24(4).

¹³⁹ Art. 24(5). On the relationship of geographical indications and prior trade marks see Seppo Puustinen, 'Trade Marks and the WTO Dispute', (2003) *9 Int. T.L.R.* 167 170-171. See also Panel Report, European Communities - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, Complaint by the United States, WT/DS174/R (15 March 2005), para. 7.688; Panel Report, European Communities - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, Complaint by Australia, WT/DS290/R (15 March 2005) para. 7.686, which state that 'coexistence of GIs with prior trademarks[...] is inconsistent with Article 16.1 of the TRIPs Agreement but[...] justified by Article 17 of the TRIPs Agreement.'

¹⁴⁰ Conrad, *supra* note 16, at 27.

A new type of treaty emerged after the First World War.¹⁴¹ In these agreements the protection of the geographical indications is determined under the law of the country of origin. As a result, the rules of the country of origin are 'exported' together with its goods into the importing country. In an alleged violation, the court has to apply the laws of the country of origin instead of its own laws. Many of these treaties were initiated by countries of Southern Europe, such as Italy,¹⁴² France,¹⁴³ and Spain, and are still in force today, as for example the 1921 trade agreement between Finland and France that prescribes in Article 16 that French law shall govern the use of French GIs.¹⁴⁴

Bilateral agreements are still an effective instrument to develop the international protection of geographical indications, and the EU is the principal advocate of this increased protection. It is seeking TRIPS-plus¹⁴⁵ protection with bilateral agreements that recoup GIs that have become generic by requiring the phasing out of generic use and establishing the pre-eminence of GIs over trade mark rights, even if prior registered. A good example is the 1994 Wine Agreement between Australia and the EC,¹⁴⁶ which requires the phasing out of the generic use of a term like Champagne and Chianti.¹⁴⁷ Latest example is Wine Agreement between US and EC,¹⁴⁸ which similarly requires the phasing out of the generic terms like Champagne.¹⁴⁹

¹⁴¹ See Ladas, *supra* note 91, at 1579, who attributes this change to general change in sentiment brought by the provisions of the peace treaties, inter alia Arts 274 and 275 of the Treaty of Versailles, which contained similar obligations. Differently Conrad, *supra* note 16, at 27, who attributes the change to the failure of the Lisbon Agreement.

¹⁴² Example of bilateral agreements by Italy see Mario Franzosi, ' "Made in..." – "Made in Ruritania" – "Made in Italy" ', 18 *E.I.P.R.* 613 (1996) 613.

¹⁴³ Examples of bilateral agreements by France see Olszak, *supra* note 85, at 125-126.

¹⁴⁴ Trade agreement between Finland and France 21.7.1921, SopS 3/1921, also available at <www.finlex.fi/fi/sopimukset/sopsteksti/1921/19210003> (last visited 23 July 2006).

¹⁴⁵ TRIPS-plus refers to standards that either are more extensive than or eliminate option under TRIPS standards. See Susan K. Sell, *Private Power, Public Law: The Globalization of Intellectual Property Rights* (2003) 56, who attributes the coining of the term to Peter Drahos, 'BITS and BIPS: bilateralism in intellectual property', (2001)4 *JWIP* 791.

¹⁴⁶ Agreement between the European Community and Australia on trade in wine OJ 1994 L 86/3 and Agreement between the European Community and Australia amending the Agreement on trade in wine, OJ 2003 L 336/100.

¹⁴⁷ Arts 8 and 9. See also Des Ryan, 'The Protection of Geographical Indications in Australia under the EC/Australia Wine Agreement', (1994) 16 *E.I.P.R.* 512, 522.

¹⁴⁸ Agreement between the European Community and the United States of America on trade in wine, OJ 2006 L 87/2.

¹⁴⁹ Art. 6. See also IP/06/294, EU-US Wine Accord Will Help EU Wine Trade with US, 10 March 2006.

III Geographical Indications and the Common Market

The aim of the EC Treaty¹⁵⁰ is to remove all unnecessary barriers to trade and to create a common market in the EC.¹⁵¹ Because geographical indications confer legal monopoly rights on local producers, they are to a certain extent incompatible with the idea of free movement of goods in the common market. Although some harmonisation has taken place, geographical indications are still substantially governed by the laws of each member country.

There are three main ways to resolve the problem which GIs pose for competition and the creation of the common market.¹⁵² First, the EC may seek to harmonise the national laws on geographical indications. So far, this has been done only to a limited extent by harmonising laws that affect geographical indications indirectly. Second, EC may adopt Community-wide regulations to govern GI rights. Lastly, in seeking to reconcile the principle of free movement of goods with GI rights, the ECJ has developed extensive case law under Articles 28 and 30 of the EC Treaty.

1 Directives

There are no directives exclusively regulating geographical indications. Nevertheless, geographical indications are protected indirectly by several directives pertaining to the harmonisation of protection of competition and of consumers against confusion and deception.

The Quantitative Restrictions Directive¹⁵³ enjoins, in particular, measures which favour domestic products or grant them a preference. According to Article 2(3) such measures include ones which 'confine names which are not indicative of origin or source to domestic products only'. This provision prohibits any national regulation which reserves for exclusive use of local products imaginary indications or generic indications which are not GIs or simple GIs.

¹⁵⁰ The Treaty Establishing the European Community, OJ 2002 C 325. [Hereinafter 'EC Treaty']

¹⁵¹ Art. 2.

¹⁵² Christopher Bellamy and Graham Child, *European Community Law of Competition* (2001) 610-613.

¹⁵³ Directive 70/50/EEC based on the provisions of Article 33 (7) on the abolition of measures which have an effect equivalent to quantitative restrictions on imports and are not covered by other provisions adopted in pursuance of the EEC Treaty.

The Misleading and Comparative Advertising Directive¹⁵⁴ provides in Article 3 that '[i]n determining whether advertising is misleading, account shall be taken of all its features and in particular of any information it contains concerning : (a) [...] geographical or commercial origin or the results to be expected from their use [...]'. It is further required by Article 3a(1) that comparative advertising does not take unfair advantage of the reputation of the geographical indication of competing products.¹⁵⁵

The Foodstuffs Labelling Directive¹⁵⁶ adopts more specific provisions concerning generally all foodstuffs which may be supplemented with specific regulation. It provides in Article 2(1) that '[t]he labelling and methods used must not be such as could mislead the purchaser to a material degree, particularly as to the characteristics of the foodstuff and, in particular, as to its nature, identity, properties, composition quantity, origin or provenance[...]'.¹⁵⁷

The legislation on trademarks is also important for the protection of geographical indications as it ensures to some extent that GIs are not registered to identify one single commercial source. According to Article 3(1) of the Trade Marks Directive¹⁵⁷ 'trade marks which consist exclusively of sign or indication which may serve in trade to designate geographical origin' or 'deceive the public [...] as to the quality or geographical origin' of the products shall not be registered or, if registered shall be liable to be declared invalid. It is also stated in Article 6(1)(b) that 'the trade mark shall not entitle the proprietor to prohibit a third party from using in the course of trade, indications concerning...geographical origin' of products 'provided he uses them in accordance with honest practices in industrial or commercial matters'.¹⁵⁸

¹⁵⁴ Directive 84/450/EEC relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising. [Hereinafter 'Misleading and Comparative Advertising Directive']

¹⁵⁵ Art. 3a (1)(g).

¹⁵⁶ Directive 2000/13/EC on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs.

¹⁵⁷ Directive 89/104/EEC to approximate the laws of the Member States relating to trade marks. [Hereinafter 'Trade Mark Directive']

¹⁵⁸ The same applies for the Community trade marks as stated in Regulation 40/94 on the Community trade mark. [Hereinafter 'Trade Mark Regulation'] However, Art. 64 of the Trade Mark Regulation allows public and private associations to register collective marks as trade mark provided that are capable of distinguishing the goods or services of the members. Contrary to ordinary trade marks, collective marks may designate the geographical origin of the products. In addition rules governing the use of the collective mark must also be registered.

2 Regulations

In order to implement the free movement of goods and to create a quality policy for agricultural products the EC has adopted Community-wide regulations for the grant of geographical indications. This regulatory structure is built on three pillars:

- Protection of agricultural products and foodstuffs;
- Protection of wine products; and
- Protection of spirit and wine-based drinks.¹⁵⁹

2.1 Agri-products and foodstuffs

To conform to the WTO panel decisions, the EC recently replaced the 1992 Origin Regulation with a new Origin Regulation.¹⁶⁰ Materially it does not differ very much from its predecessor although it does introduce some new elements such as a national opposition procedure for third parties who wish to oppose the registration of a GI.

The Origin Regulation deals exclusively with the registration and protection of certain geographical indications. It applies to most geographical indications for foodstuffs and agricultural products intended for human consumption. Regarding foodstuffs, the Regulation refers to Annex I¹⁶¹ thereto, and regarding agricultural products, to Annex II¹⁶² and to Annex I of the EC Treaty. GIs for wines and spirits are expressly excluded from its purview.¹⁶³

Originally Annex I to the 1992 Origin Regulation also included natural mineral waters and spring waters but they were deleted due to administrative difficulties.¹⁶⁴ The Commission received hundreds of applications for waters but many of these were identical with either existing names for waters or existing trade marks.¹⁶⁵ Although the Regulation did cover co-existence between GIs and trade marks and the refusal of a GI based on the reputation and renown of a prior existing trade mark, the Commission was

¹⁵⁹ Provisions on GIs are also found in other regulation such as the Regulation 1383/2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights.

¹⁶⁰ Origin Regulation, *supra* note 9.

¹⁶¹ Beers, beverages made from plant extracts, bread, pastry, cakes, confectionery and other baker's wares; natural gums and resins; mustard paste and pasta.

¹⁶² Hay, essential oils, cork, cochineal (raw product of animal origin), flowers and ornamental plants; wool wicker and scutched flax.

¹⁶³ Art. 1(1).

¹⁶⁴ Regulation 692/2003 amending Regulation 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

¹⁶⁵ COM(2002) 139 final, Proposal for a Council Regulation amending Regulation (EEC) No 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, 2.

unable to handle the administrative burden.¹⁶⁶ Therefore, it was found that the names for mineral and spring waters were not suitable for GIs.¹⁶⁷ As some names of natural and mineral waters had already been registered, a transition period was set up until 31 December 2013, after which these names will be removed from the register.¹⁶⁸

The Regulation provides for the registration of two different types of geographical indications: protected geographical indication ('PGI') and protected designations of origin ('PDO'). To enjoy protection throughout the EC, a geographical designation must be registered.¹⁶⁹ Groups, and in certain cases natural and legal persons, may apply for a name to be registered as a PGI or PDO. The application is addressed to the member country in which the geographical area is situated. The member country is required to scrutinise the application by appropriate means to check that it is justified and meets the conditions of the Regulation. The scrutinising process has to include the possibility for natural and legal persons residing or established in the member country with a legitimate interest to initiate a national objection procedure within a reasonable period.¹⁷⁰

If the application meets the requirements of the Regulation, the member state passes it to the Commission which investigates whether or not the requested denomination is eligible for protection. The application is then published in the Official Journal of the European Communities (OJ) after which anyone with a legitimate interest, including other member states and third countries, have six months to object to the intended registration.¹⁷¹ If objections are made, the objection procedure set out in Article 7 is followed. If no objections are made the GI is entered in the register of protected PDOs and PGIs.¹⁷²

¹⁶⁶ The main reason might have been the potential conflict between the trade mark EVIAN and a GI application for EVIAN. See IP/C/W/360, Communication from Australia, Canada, Guatemala, New Zealand, Paraguay, the Philippines and the United States to the Council of TRIPS, WTO (2002), para. 22.

¹⁶⁷ Mineral and spring waters are regulated by Directive 80/777/EC on the approximation of the laws of the Member States relating to the exploitation and marketing of natural mineral waters.

¹⁶⁸ Regulation 692/2003, *supra* note 164, Art. 2.

¹⁶⁹ Originally the 1992 Origin Regulation provided for two different registration procedures: the ordinary procedure under Arts 4-7 and the 'simple' procedure under Art. 17. Because the 'simple' procedure did not provide for any right of objection, and consequently by reasons of legal security and transparency it was deleted by Regulation 692/2003. See also COM(2002) 139 final, *supra* note 165, at 4.

¹⁷⁰ Art. 5(5). It should be noted, that the 1992 Origin Regulation reserved the right to initiate an objection procedure only to member countries. This right was introduced in the Origin Regulation to natural or legal persons as well as third countries in order to bring the protection of PDOs and PGIs in line with TRIPS and GATT 1994 agreements. See COM(2005) 698 final/2, Proposal for a Council Regulation on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, 3-4. IP/06/2, Commission proposes improved rules on agricultural quality products, 4 January 2006.

¹⁷¹ Art. 7.

¹⁷² Arts 7(6), 15(3)(i) and 17(1). See also Regulation 2400/96 on the entry of certain names in the 'Register of protected designation of origin and protected geographical indications' provided for in Council Regulation (EEC) No 2081/92 on the protection of geographical indications and designations of origin for agricultural

The Commission originally intended the 1992 Origin Regulation to be exclusive. The idea was that it would harmonise the geographical indications for all agricultural and foodstuff products in the EC, and abolish all national geographical indications which did not satisfy the criteria of the Regulation.¹⁷³ However, in the *Montagne* case, the ECJ analysed the preamble of the Regulation and the registration criteria for PDOs and PGIs, and concluded that it does not preclude EC member countries from adopting or applying national laws governing other geographical indications.¹⁷⁴

The case was referred to the ECJ by the *Cour de Cassacion*, and it concerned the French national legislation which restricted the use of the description 'mountain' to products manufactured on national territory and prepared from domestic raw materials. The four French defendants were prosecuted under French domestic acts for marketing cooked meat products under labels bearing the descriptions '*montagne*' and '*Monts de Lacaune*', without the prior authorisation necessary for such descriptions under the domestic laws. The ECJ found that because *montagne* was neither a designation of origin nor a geographical indication, it was not capable of being protected under the Regulations. Furthermore, the Court found that the Regulation does not preclude the application of domestic legislation on GIs other than PDOs or PGIs. To sum up, the Regulation did not intend to govern all GIs in the Community and thus does not bar national protection for simple GIs.¹⁷⁵ The same is true of the current Origin Regulation.

2.2 *Wine products*

The organisation of the common wine market is one of the most complex and detailed areas of Community legislation, where the rules on geographical indications are embedded in a web of broader industry regulations. The fact that the use of terminology is in many parts inconsistent within a single regulation as well as between the several regulations does not make matters any easier.

products and foodstuffs; and Regulation 1107/96 on the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Council Regulation (EEC) No 2081/92.

¹⁷³ Brouwer, *supra* note 18, at 624.

¹⁷⁴ C-321/94, C-322/94, C-323/94 and C-324/94, *Criminal proceedings against Jacques Pistre and Others* ('*Montagne*'), [1997] E.C.R. I-2343.

¹⁷⁵ This has been confirmed in no uncertain terms by ECJ in C-312/98, *Schutzverband gegen Unwesen in der Wirtschaft eV v Warsteiner Brauerei Haus Cramer GmbH & Co. KG* ('*Wasteiner*'), [2000] E.C.R. I-9187, paras 41-44.

The Wine Regulation¹⁷⁶ deals broadly with the wine industry, and includes the protection of geographical indications as one major element. Chapter 2, along with Annexes VII and VIII, deals *inter alia* with geographical indications, traditional terms and labelling.¹⁷⁷ The Wine Regulation applies to most wine and grape products including musts. It is supplemented by several implementing regulations including the Wine Labelling Regulation.¹⁷⁸

Neither of the two regulations provide a direct definition for geographical indications. They are defined indirectly through the distinction of two separate categories of wine: quality wine produced in a specific region ('quality wine psr') and table wine. A designation of origin must be used for a quality wine psr, whereas a table wine may use a geographical indication. The regulations also reserve certain traditional terms that may only be used with quality wines psr or table wines with geographical indications. Furthermore, certain bottle shapes are reserved for particular wines.

The competence to recognise and control the different designations and bottle shapes remains with each member country.¹⁷⁹ Applications pertaining to the registration or other forms of recognition are governed by national laws. However, the member countries are required to forward to the Commission lists of the following designations and national rules governing their use:

- the designation of origin used to designate quality wines psr;¹⁸⁰
- the geographic indications used to designate table wines;¹⁸¹
- the traditional terms that may be used on quality wines and tables wines with geographic indications;¹⁸² and
- certain types of bottles.¹⁸³

The EC Commission has communicated of its intention to reform the wine sector.¹⁸⁴ The aim of the reform is among other thing to make the use of geographical indication clearer, simpler and more

¹⁷⁶ Regulation 1493/1999 on the common organisation of the market in wine. [Hereinafter 'Wine Regulation']

¹⁷⁷ Arts 47(2)(e) and (f).

¹⁷⁸ Regulation 753/2000 laying down certain rules for applying Regulation 1493/1999 as regards the description, designation, presentation and protection of certain wine sector products. [Hereinafter 'Wine Labeling Regulation']

¹⁷⁹ O'Connor, *supra* note 15, at 153.

¹⁸⁰ Wine Regulation, *supra* note 176, Art. 54 (4). See also List of quality wines produced in specified regions (Published pursuant to Article 54(4) of Council Regulation (EC) No 1493/1999), OJ 2006 C 41/01.

¹⁸¹ Wine Labelling Regulation, *supra* note 178, Art. 28. See also List of names of geographical units smaller than the Member State as referred to in Article 51(1) of Council Regulation (EC) No 1493/1999 (Table wines with geographical indication), OJ 2006 C 19/05.

¹⁸² Wine Regulation, *supra* note 176, Art. 53.

¹⁸³ Wine Labelling Regulation, *supra* note 178, Art. 9.

¹⁸⁴ COM(2006) 319 final, *supra* note 11.

transparent. The Commission proposes to establish two classes of wine to replace the existing ones. These would be wine with GI and wine without GI. Wine with GI would be further divided into wine with PDO and wine with PGI. The system of traditional terms would be maintained and improved.¹⁸⁵ It remains to be seen if the system of bottle shapes will also be kept.

2.3 *Spirit Drinks and Wine-Based Drinks*

Both the Spirit Drinks Regulation¹⁸⁶ and the Wine-Based Drink Regulation¹⁸⁷ also deal broadly with definitions and composition of different alcoholic beverages and their labelling, as well as the protection of geographical indications. The names of drinks such as whiskey, rum, vodka, vermouth and sangria may be supplemented by geographical indications.

The EC Commission has adopted a proposal to update the spirit drinks legislation.¹⁸⁸ The proposed new regulation is based on the existing Spirit Drinks Regulation but would adopt a registration scheme similar to that in the Origin Regulation for geographical indications.¹⁸⁹ However, applications for a geographical indication would be addressed directly to the Commission and not to member countries. If no objections are made, the geographical indication is included in Annex III of the regulation.¹⁹⁰ Currently no proposal exists to update the Wine-Based Drinks Regulation.

3 *Case law under Articles 28-30 of the EC Treaty*

In resolving the problem which geographical indications pose for the free movement of goods, the ECJ has developed extensive case law under Articles 28 and 30 of the EC Treaty. With this case law the ECJ has extensively developed the concept of geographical indications. The following is a cut through of the most important cases that demonstrate the development of what is understood to be a geographical indication under Community law.

¹⁸⁵ *Ibid.*, at 10-11.

¹⁸⁶ Spirit Drink Regulation, *supra* note 5. On the drafting history of the regulation see Alfred Jung, *Der Schutz von geographischen Herkunftsangaben für Weine und Spirituosen im internen und externen Recht der EG* (1990) 104-111.

¹⁸⁷ Regulation 1601/91 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails [hereinafter 'Wine-Based Drinks Regulation']

¹⁸⁸ IP/05/1659, Spirit Drinks: Commission proposes clearer rules to enhance quality, respect international obligations and protect GIs, 21 December 2005.

¹⁸⁹ COM(2005) 125 final, Proposal for a Regulation of the European Parliament and of the Council on the definition, description, presentation and labelling of spirit drinks. [Hereinafter the New Spirit Drinks Regulation]

¹⁹⁰ New Spirit Drinks Regulation, *supra* note 10, Art. 15.

3.1 *Sekt/Weinbrand case*

The ECJ dealt with the protection of geographical indications for the first time in 1975 in the *Sekt/Weinbrand* case.¹⁹¹ The case concerned the German wine legislation that reserved the names '*Sekt*' and '*Weinbrand*' respectively for sparkling wines and brandies originating in Germany or coming from German speaking countries.¹⁹² The Commission brought the case against Germany because it regarded the designations to be generic, and the legislation as an attempt to transform generic words into indirect GIs. The German Government argued that the names were indirect GIs and even adduced opinion polls to show that for German consumers the words referred to domestic products. Under Article 2(3)(s) of the Quantitative Restrictions Directive they could not be described as measures having an effect equivalent to quantitative restrictions.¹⁹³ The ECJ saw the matter differently. It made it clear that 'an area of origin which is defined on the basis either of the extent of national territory or a linguistic criterion cannot constitute a geographical area' for the purpose of GIs.¹⁹⁴ Therefore the legislation had the effect of restricting imports within the meaning of Article 28, and could not be justified for the protection of industrial or commercial property under Article 30.¹⁹⁵

In the obiter dicta, the ECJ went further by suggesting that geographical indications could only be justified if there was a link between some feature of the product and their geographical origin.¹⁹⁶ Thus, the ECJ appeared to be saying that the protection of geographical indications could not be justified under Article 30 unless there was some distinguishing specific quality or characteristic attained by the product as a result of its geographic origin. This implied that the protection of simple GIs could not be justified under Article 30.

¹⁹¹ C-12/74, *Commission of the European Communities v Federal Republic of Germany* ('Sekt/Weinbrand'), [1975] E.C.R. 181.

¹⁹² These names had substituted the names 'Champagne' and 'Kognac' since the Versailles peace treaty of 1919. See *supra* note 91.

¹⁹³ On the Quantitative Restrictions Directive see *supra* note 153.

¹⁹⁴ C-12/74, *supra* note 191, para. 8.

¹⁹⁵ In 1992, following the amendments to the EC Treaty, Arts 30 and 36 were renumbered as Arts 28 and 30 respectively.

¹⁹⁶ C-12/74, *supra* note 191, para. 12. See also Jeremy Reed, 'ECJ Protects Simple Geographical Indications for their Bud-dy', (2005) 27 *E.I.P.R.* 25 26; Friedrich-Karl Beier and Roland Knaak, 'The Protection of Direct and Indirect Geographical Indications of Source in Germany and the European Community', (1994) 25 *IIC* 1, 26; and Friedrich-Karl Beier, 'The Need for Protection of Indications of Source and Appellations of Origin in the Common Market: the Sekt/Weinbrand Decision of the European Court of Justice of February 20, 1975', (1977) 16 *IP* 152, 157.

3.2 *Bocksbeutel* case

The *Bocksbeutel* case concerned a provision in the German wine law, which reserved the typical shape of the *bocksbeutel* bottle for wines from Franconia and specific winegrowing regions in Baden.¹⁹⁷ Karl Prantl, a distributor, who imported red wine from the Italian province of Bolzano in *bocksbeutel* bottles and offered them for sale in Germany, was claimed to violate the wine law. *Landgericht München* (Regional Court) who has handling the proceedings referred the case to the ECJ.



Figure III.1 A bocksbeutel bottle.

The ECJ held the wine law to be in violation of Article 28, as it would benefit certain German producers at the expense of Italian importers. The German Government argued that the *bocksbeutel* was an indirect geographical indication and ‘therefore constituted an industrial or commercial property right which belongs to the wine producers in the specific region’. In considering whether the German law was justified under Article 30, the ECJ did not deem it necessary to determine whether or not the *bocksbeutel* bottle in fact was intellectual property, and simply stated that the German producers ‘may not in any event successfully rely upon an industrial and commercial property right in order to prevent imports of wines originating in another Member State which have been bottled in identical or similar bottles in accordance with a fair and traditional practice in that State’.¹⁹⁸

3.3 *Exportur* case

In the *Exportur* case the ECJ recognised for the first time the protection of simple GIs with a prominent reputation among consumers.¹⁹⁹ The case was referred to the ECJ by the *Cour d’*

¹⁹⁷ C-16/83, *Criminal Proceedings against Karl Prantl* (‘Bocksbeutel’), [1984] E.C.R. 1299.

¹⁹⁸ *Ibid.*, paras 34 and 35.

¹⁹⁹ C-3/91, *Exportur SA v LOR SA and Confiserie du Tech* (‘Exportur’), [1992] E.C.R. I-5529.

Appel de Montpellier (Court of Appeal), and concerned the compatibility of the 1973 Franco-Spanish Treaty on the protection of geographical indications with the rules on free movement of goods. According to this bilateral agreement, the designations *Turróns de Alicante* and *Turróns de Jijona* may be used in France only for Spanish *turrón* products²⁰⁰ and according to the requirements provided by Spanish legislation, even if used together with expressions such as 'kind', 'type' or the like. Exportur, an association of firms exporting *Turróns de Jijona*, instituted proceedings against two French firms that had manufactured and sold in France confectionaries with the designations '*Turróns Alicante*', '*Turróns Jijona*', '*Turróns type Alicante*' and '*Turróns type Jijona*'. The French companies relied on the obiter dicta in the *Sekt/Winebrand* case and alleged that the qualities and the characteristics of the nougat are not due to their geographical origin and thus the bilateral agreement would be contrary to the EC Treaty.

The ECJ rejected the defendants' arguments because it would have had the effect of depriving geographical indications from protection when used for products which cannot be shown to derive a particular flavour from the land, but might nevertheless enjoy a high reputation among consumers.²⁰¹ It decided that the simple GIs in question were worthy of protection provided they had not become generic in the country of origin.²⁰²

3.4 *American Bud case*

The ECJ went even further in the protection of simple GIs in the *American Bud* case.²⁰³ The case was referred to the ECJ by the *Handelsgericht Wien* (Commercial Court) and concerned the compatibility of a 1976 Austro-Czechoslovak bilateral treaty on the protection of geographical indications. The bilateral agreement gave absolute protection to the indications '*Bud*', '*Budejovické pivo*', '*Budejovické pivo – Budvar*', and '*Budejovický Budvar*' which could only be used in Austria for Czechoslovak products and according to the requirements provided by Czechoslovak legislation even if used together with a reference to the actual source or with such expression as 'style', 'type' or the like. The Czech brewery Budjovický Budvar, which

²⁰⁰ *Turrón* (Spanish) is a nougat confection, typically made of honey, sugar, and egg white, coated in crushed, toasted almonds, and usually shaped into either a rectangular tablet or a round cake. Nowadays it is mostly consumed as a traditional dessert for Christmas.

²⁰¹ C-3/91, *supra* note 199, para. 28. See Reed, *supra* note 196, at 26, who explains that 'The ECJ did not say that *Sekt/Winebrand* had been wrongly decided but merely gave it an extremely narrow interpretation, but some passages in *Sekt/Winebrand* are almost irreconcilable with *Exportur*'.

²⁰² C-3/91, *supra* note 199, para. 37.

²⁰³ C-216/01, *Budějovický Budvar, národní podnik v Rudolf Ammersin GmbH* ('American Bud'), [2003] E.C.R. I-13617.

produces the beer Budweiser Budvar, brought an injunction action against Rudolf Ammersin, an Austrian company, seeking to enjoin it from selling and marketing beer under 'American Bud' which was produced by a US company Anheuser-Busch Inc.

Rudolf Ammersin argued that the treaty was contrary to Article 28 of the EC Treaty and that only direct simple GIs with a strong reputation could justify protection under Article 30. 'Bud' was not the name of a place and did not have a reputation among consumers and its protection was therefore not justified. The Austrian Government submitted that the names protected by the treaty enjoyed a special reputation. The German Government went even further and stated that there was no need for actual reputation and a GI with 'even merely potential reputation' could be protected. The ECJ simply concluded that absolute protection to indirect simple GIs was not precluded by the EC Treaty provided the designation was not generic. However, it is unclear whether or not the ECJ implicitly also gave protection to simple GIs with no reputation.²⁰⁴

3.5 *Markenqualität aus deutschen Landen case*

If even indirect simple GIs may be protected, then where do you draw the line on what indications are GIs and what are not? In the *Markenqualität aus deutschen Landen* case the ECJ precluded GI protection from a designation which designates the area of the whole member country and which was applied to all agricultural products.²⁰⁵ The case concerned a publicly funded scheme for the promotion of German agriculture and food where a quality label '*Markenqualität aus deutschen Landen*'²⁰⁶ was awarded to German manufactured products of a certain quality regardless of whether or not the raw materials were of German origin. The Commission brought the case against Germany because it regarded the scheme as a restriction on the free movement of goods as it underlines the German origin of the relevant products, and may encourage consumers to favour products with the label to the detriment of foreign products. The German Government argued that the label was a geographical indication and, therefore, justified under Article 30 of the EC Treaty.

²⁰⁴ Reed, *supra* note 196, at 28.

²⁰⁵ C-325/00, *Commission of the European Communities v Federal Republic of Germany* ('*Markenqualität aus deutschen Landen*'), [2002] E.C.R. I-9977. For other cases to the same effect see C-6/02, *Commission of the European Communities v French Republic*, [2003] E.C.R. I-2389, C-255/03, *Commission of the European Communities v Kingdom of Belgium* (Unreported) 17 June 2004.

²⁰⁶ 'German Quality Product'.



Figure III.2 German quality product label.

The ECJ dismissed the arguments of the German Government and ruled that a designation referring to the whole of Germany as the area of provenance and applying to all agricultural and food products fulfilling certain quality requirement cannot be considered a geographical indication.²⁰⁷

* * *

In little less than 30 years, the approach of the ECJ towards GIs has shifted from the strict requirement that there must be a link between some feature of the product and their geographical origin to a more lax requirement that consumers associate the product with a certain geographical origin. Giving GIs absolute protection, not subject to any defence of genericness combined with strict prohibition to use them even in the absence of consumer deception, seems to be at odds with the basic functions of GIs. Unduly high GI protection seems to the detriment of free movement of goods.

²⁰⁷ C-325/00, *supra* note 205, para. 27.

IV Community-wide protected GIs

1 *Designations eligible for protection*

1.1 *PDO and PGI*

The Origin Regulation²⁰⁸ protects two different types of geographical indications: protected geographical indications (PGIs) and protected designations of origins (PDOs). The main difference between the two is the proximity of the connection between the product qualities and the geographical area.

According to Article 2(1)(a), a ‘designation of origin’ means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff. In order to be protected, the designation must fulfil three cumulative conditions:

- the product must originate in that geographical area;
- the quality or characteristics of the product must be essentially or exclusively due to a particular geographical environment with its inherent natural and human factors; and
- production, processing and preparation of the product must take place in the defined geographical area.

In other words, the only requirement for a word to become a PDO is an essential connection between land and the qualities of the product. Thus, PDOs are based on the romantic core idea of *terroir*. A traditional non-geographical name designating a region or a specific place may also be registered as a PDO as long as it fulfils the conditions above.²⁰⁹ A prime example of such a name is Feta, for cheese. Other designations, such as symbols, are not eligible for registration as a PDO. In principle both agricultural and foodstuff products qualify, but in practise foodstuffs with a number of processing and preparation stages will as a rule fail to satisfy the narrow limits of a PDO and are only eligible for protection as a PGI.²¹⁰

Similarly, according to Article 2(1)(b), a ‘geographical indication’ means the name of a region, specific place or, in exceptional cases, a country that is used to describe an agricultural product or a foodstuff, and is also subject to three cumulative conditions:

²⁰⁸ Origin Regulation, *supra* note 9.

²⁰⁹ Art. 2(2). Such a designation would be an indirect GI.

²¹⁰ Roland Knaak, ‘Case Law of the European Court of Justice on the protection of Geographical Indication and Designations of Origin Pursuant to the EC Regulation No 2081/92’, (2001) 32 *IIC* 357, 378.

- the product must originate in that geographical area;
- a specific quality, reputation or other characteristics must be attributable to that geographical origin; and
- the production and/or processing and/or preparation of the product must take place in the defined geographical area.

A product with a PGI has a lesser link between its qualities and the land: it is enough that plain reputation or quality is 'attributable' to the product's geographical origin. Furthermore, it is enough that only one of the elements of production, processing or preparation takes place in the geographical area. Also a traditional non-geographical name designating a region or a specific place may also be registered as a PGI as long as it fulfils the conditions above.²¹¹ It is not possible to register any symbols as PGIs.²¹²

So far there is not and has not been an obligation to indicate that the name of a product marketed under a registered PDO or PGI is a registered designation. However, according to Article 8, when a product is marketed under the registered GI, the phrases 'protected designation of origin', 'protected geographical indication' or their respective abbreviations ('PDO' or 'PGI') and the Community symbols associated with them must appear on the labelling.²¹³ This obligation applies only to product placed in the market after 30 April 2009.²¹⁴



Figure IV.1 Community symbols for PDO and PGI.

²¹¹ Art. 2(2). Such a designation would be an indirect GI.

²¹² In the proposal for the Origin Regulation 'geographical indication' was defined to mean an indication serving to identify an agricultural product or a foodstuff. This would have made it possible to register symbols or other signs as PGIs. See COM(2005) 698 final/2, *supra* note 170, at 8; Observations on the proposal for a Council Regulation on the protection of geographical indications, 9 March 2006, ECTA, available at <www.ecta.org/position_papers/GI-March-2006> (last visited 23 July 2006).

²¹³ According to Art. 16 the Commission shall adopt rules to implement Art. 8 and may according to Art. 17 adopt transitional provisions the need be. However, currently the symbols for PDO and PGI are still governed by Art. 5a of Regulation 2037/93 laying down detailed rules of application of Council Regulation 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

²¹⁴ Art. 20.

1.1.1 Geographical area

PDO and PGI seem to be quite strictly defined in relation to the geographical area. Indeed, such a strict definition would help geographical indications to fulfilling their origin and source functions. In reality, the Origin Regulation provides for a number of exceptions and ample room for discretion which makes the fulfilment of the functions often rather arbitrary.

Article 2(3) provides that certain geographical designations shall be treated as PDOs even though the raw materials for the products come from a larger or different geographical area than bears its name.²¹⁵ *Prosciutto di Parma* (Parma Ham) may serve as an illustration: It is to a very large extent manufactured with meat from pigs born and raised in 11 regions of central-northern Italy.²¹⁶ If PDO were always to imply that the raw material must come from the geographical area of production, the producers of Parma Ham would not be provided with sufficient raw materials to continue their business.

For a PGI it is sufficient that only one of the elements of production, processing or preparation takes place in the geographical area that has given the designation its name. However, the PGI definitions may be interpreted in a way that the production area behind the geographical designation may be defined larger than what the actual name suggests to an average consumer. The *Spreewälder Gurken* case concerned the validity of the *Spreewälder Gurken* PGI²¹⁷ on the grounds that it was registered for Speewälder economic zone double the size of actual Spreewald. The *Landgericht Hamburg* (Regional Court) who referred the question to the Court considered that *Spreewälder Gurken* might be misleading and not conform with the requirement of a PGI since consumers had for centuries know the designation *Spreewälder Gurken* to refer to gherkins originating from Spreewald proper and not a larger economic zone. ECJ did not rule on the PGI definition and simply pointed out that it was for the national authorities and courts to carry out the proper check to ensure the lawfulness of a designation.²¹⁸

Since the Origin Regulation does not set clear limits, one may even try to define the production area to which the designation refers so that the products are clearly produced in other places or regions than what the designation would have you believe. In the *Melton Mowbray*

²¹⁵ It should be noted that according Art. 2(3) this kind of PDOs must have been recognised as designations of origin in the country of origin before 1 May 2004.

²¹⁶ Consorzio del Prosciutto di Parma, Production Info, The Pigs <www.prosciuttodiparma.com/eng/info/pigs/> (last visited 23 July 2006).

²¹⁷ C-269/99, *Carl Kühne and Others* ('Spreewälder Gurken'), [2001] E.C.R. I-9517.

pork pie case the Court of Appeals has asked ECJ for a preliminary ruling on whether 'Melton Mowbray pork pie' fulfils the requirements of PGI when the defined area behind the designation is an enormous area encompassing Melton Mowbray along with other areas.²¹⁹ The case is made interesting by the fact that only one producer produces the pies in Melton Mowbray.²²⁰ It seems that this time the ECJ will have to clarify the PGI definition and hopefully it will use the expectations of consumers about the geographical name appearing on the product as a basis for its decision. If the name only refers to the place where the pies originated in the past, it would seem that it is at best only a simple GI but more likely a generic term no longer eligible for protection.

The PDO and PGI do not in all cases strictly require the product to come from the areas one would assume on the basis of the geographical name it contains or consist of. It would seem fair to conclude that in such cases the designations have a hard time fulfilling their function as guarantees of origin and source. Defining or expanding the area beyond the area which the GI stands for clearly breaks any link between the GI and its underlying tradition. Only a long-standing traditional practice could justify a larger defined area.

1.1.2 Product specifications

Countries have clear borders but this is not always the case with regions and places. Boundaries of a region or a place may be difficult to establish. As we have seen above, one may wish to extend the area behind the designation. Even if the product is produced inside a defined area it may not necessarily be allowed to use the PDO or PGI because the product is not of a certain quality. How do we solve who can legitimately claim the right to use a GI?

In the EC, the legitimate use of PDOs and PGIs are controlled by product specifications. Only an agriproduct or foodstuff that complies with the specification is eligible to use the registered PDO or PGI. When an application for a PDO or a PGI is put forward by groups of producers or individuals, they must include all the specification elements required to show that the product name fulfils the requirements for protection.²²¹ It is the responsibility

²¹⁸ *Ibid.*, paras 58 and 60.

²¹⁹ C-169/06, *Northern Foods Plc v The Secretary of State for the Environment, Food and Rural Affairs* ('Melton Mowbray pork pie'), pending.

²²⁰ Mike Lynd, 'Porky & Best: PGI's and the need to be on the right side of the fence', [2006] *Trademark World*, March, 12, 12-13.

²²¹ According to Art. 4 of the Origin Regulation these include: The product specification shall include at least: (a) the name of the agricultural product or foodstuffs; (b) a description of the product including the raw materials, if appropriate, and principal physical, chemical, microbiological and/or organoleptic characteristics of the product; (c) the definition of the geographical area; (d) evidence that the product originates in the geographical

of the EC Commission to examine that the application complies with the requirement set by the Origin Regulation. Because this often involves extremely technical details, the Commission has set up a Scientific Committee²²² consisting of highly qualified experts to give advisory opinions on the application and any possible opposition thereto.

Still, it may be technically extremely difficult to delineate the right to use a GI in producing a particular product on one side of the line and not the other. There is no exact knowledge of how geographical factors affect the product. The minimum requirement is nevertheless that the particular climatic, geographical and morphological conditions which are claimed to affect the characteristics of the product are present throughout the geographical area concerned. Clearly, the likelihood of this being the case diminishes in proportion to the size of the area to which the name relates. The larger the area the more unlikely it also is that there is an essential connection between the area and the qualities of the product. It is possible to amend a specification at the request groups of producers or individuals with a legitimate interest, in particular to take into account the developments in scientific and technical knowledge or just to redefine the geographical area.²²³

When looking at the requirement for a PDO, one would think that requirement of an express link between the product and its geographical origin would preclude protection for many geographical names because a lack of scientific evidence on how the different elements of the specification affect the product. Also, if modern production techniques enable almost any product to be replicated anywhere, the geographical origin cannot be necessary for the quality and characteristics of the product. However, the determination of the essential or exclusive link between the product and its *terroir* is not based on strict or exact science but on a global evaluation of all factors from climate to the flora and from the fauna to the people.²²⁴ The connection therefore seems to be implicit and not explicit in much a similar way as is required for a name to be a PGI.

A specification may effectively define the geographical area and production methods. But can it protect culture of production from market forces? While specifications set various

area; (e) a description of the method of obtaining the product the authentic and unvarying local methods as well as information concerning the packaging; (f) the details bearing out the link with the geographical environment or the geographical origin; (g) details of the inspection structures; (h) the specific labelling details relating to the indication PDO or PGI or the equivalent traditional national indications; and (i) any requirements laid down by Community and/or national provisions.

²²² Decision 93/53/EEC setting up a Scientific Committee for designations of origin, geographical indications and certificates of specific character.

²²³ Origin Regulation, *supra* note 9, Art. 9.

elements and methods that have to be followed, they do not necessarily determine the several dimensions of those elements or methods. A prominent example of this is the change of local cattle stock to 'descendants of North American Holsteins and Dutch Fresians' in the production of *Parmigiano-Reggiano* cheese (Parmesan).²²⁵ Yet no one says that *Parmigiano-Reggiano* cheese is no longer *Parmigiano-Reggiano* cheese. It seems that culture and traditions change when markets cause them to, and remain constant when markets cause them to.

Sometimes the market forces are strong enough to encourage producers for commercial reasons to risk the GI they are legally entitled to use. This happened in Britain, where Scottish and Newcastle Plc, the sole producer of Newcastle Brown Ale PGI, decided to close its Tyne Brewery in Newcastle and to move the production of the beer across the river Tyne to Gateshead in order to reduce costs. The Specification for Newcastle Brown Ale PGI limits production of the beer to the City of Newcastle-Upon-Tyne and states that the production methods take water exclusively from that area. It also states that the 'Newky Broon' flavour is unique to the added yeast and salt/water blend which only the Tyne Brewery uses. Although the water supply in Gateshead may be identical, and the same recipe and production methods can be used, there is no escaping the fact that Gateshead is not within the boundaries of the City of Newcastle.²²⁶ The company has requested the PGI be revoked, but it remains to be seen if the Commission will succumb to market pressures and revoke or change production requirements set out in the specifications. Because Scottish and Newcastle have a prior trade mark right in Newcastle Brown Ale, they believe that they can brew Newcastle Brown in Gateshead even if the PGI status is not revoked.²²⁷ However, the trade mark could also be revoked if it has become liable to mislead the public as to the nature or geographical origin of the product for what it is registered.²²⁸ However, this is unlikely to happen.

²²⁴ Opinion of AG Colomer in joint cases C-465/02 and C-466/02, *Federal Republic of Germany and Kingdom of Denmark v. Commission of the European Communities* ('Feta II'), [2005] E.C.R. 0, paras 194-196.

²²⁵ Pamela Sheldon Johns, *Parmigiano* (1997) 23-25.

²²⁶ Tracey Huxley, 'If it's not from the Toon, hoo can ye call it Newky Broon', *The Times*, Law section, 2 March 2004.

²²⁷ Guy Basnett, 'Message in bottle to the Eurocrats', *The Journal*, 11 May 2005.

²²⁸ Trade Mark Directive, *supra* note 157, Art. 3(1). In practice, the criteria for considering a trade mark misleading enough to be revoked is extremely high as demonstrated by the recent ruling from the ECJ: C-259/04, *Elizabeth Florence Emanuel v Continental Shelf 128 Ltd*, (Unreported) 30 March 2006.



Figure IV.2 Label for Newcastle Brown Ale.

Since in reality the criteria for PDO and PGI are quite arbitrary, it seems also fair to conclude that PDOs and PGIs are in the first place marketing tools rather than guarantees of origin, source or protection of culture. Changing the traditional elements of the production by amending the specification also clearly breaks any link between the GI and its underlying tradition.

1.2 *Designation of Origin and Geographic Indication for Wines*

The wine industry regulations protect GIs as designations of origin and simple GIs as geographical indications. Also, some indirect GIs and indirect simple GIs are protected as traditional terms or as bottle shapes.

There is no direct definition for a 'designation of origin', but by virtue of Annex VI of the Wine Regulation it can be derived to mean the name of a specified wine-growing area or a combination of wine growing areas used to designate a quality wine psr.²²⁹ In addition, the designation must also fulfil three cumulative conditions:

- the wine (grapes) must originate from the specified area;²³⁰
- the quality of the wine must be ascribed to the specified area;²³¹ and
- the processing, production and preparation of the wine must take place within the specified area.²³²

There is clearly a requirement that the geographical location endows qualities to the wine, but the links here seems to be much weaker than what is required for a PDO or PGI for agri-products and foodstuffs. Whereas in the Origin Regulation the quality has to be attrib-

²²⁹ Wine Regulation, *supra* note 176, Annex VI(A)(1).

²³⁰ Annex VI(D)(1).

²³¹ Annex VI(A)(2).

²³² Annex VI(D)(1).

utable to the geographical origin, it is enough in the Wine Regulation for the quality to only be ascribed to the wine region.²³³ Also some non-geographical words may designate a quality wine psr as long as they also fulfil the three conditions.²³⁴ A prime example of such a name is *Cava* for sparkling wine.

The term 'geographic indication' refers only to the wine-growing area from where the product originates and is not as such an indication of quality.²³⁵ According to Article 51 of the Wine Regulation, it may be used to designate table wines resulting from the blending of wines of different origin provided 85% of the wine is from the area whose name the wine bears.²³⁶

The use of a geographical indication is compulsory for quality wines psr. In addition, the labelling has to include a specific term such as 'AOC' or 'Qualitätswein' to indicate that they are quality wines.²³⁷ However, certain wines such as Champagne and Port are exempt from this requirement.²³⁸ The use of geographical indication is optional for table wines, but when used, the label must also include either the words 'table wine' or a term such as 'PGO', 'Landwein' or 'vin de pays' to indicate the use of a geographical indication.²³⁹

The labelling of certain quality wines psr and table wines with geographic indications may be supplemented with 'traditional terms' such as *Clásico*, *Cream*, *Château* or *Claret*.²⁴⁰ These terms designate the production or ageing method or the quality, colour, type of place, or a particular event linked to the history of the wine originating from the member country. The Wine Labelling Regulation reserves certain 'bottle shapes' for certain wines, such as the *Flûte d'Alsace*, *Clavelin* and *Bocksbeutel*. These shapes evoke certain characteristics or a certain origin of the wine. Although traditional terms and bottles shapes are protected by the regulations, they are not in most cases geographical indications. However, some traditional terms and bottle shapes may be so closely linked with the geographical origin of a particular wine

²³³ 'Attribute' may imply less of the tentative than 'ascribe'; in its suggestion it falls between 'ascribe' and 'assign'. See 'ascribe' in *Webster's Third New International Dictionary, Unabridged* (2002).

²³⁴ Wine Regulation, *supra* note 176, Annex VI(A)(3).

²³⁵ O'Connor, *supra* note 15, at 156.

²³⁶ For white wines the 15 % has to come from within wine growing regions A and B. See Wine regulation, *supra* note 176, Art. 51(2) and Annex III.

²³⁷ Wine Labeling Regulation, *supra* note 178, Art. 29, which refers to these as 'specific traditional terms'.

²³⁸ *Ibid.*, Art. 30.

²³⁹ *Ibid.*, Art. 28; and Wine Regulation, *supra* note 176, Annex VII A(2)(b).

²⁴⁰ Wine Labelling Regulation, *supra* note 178, Art. 23 and Annex III; Wine Regulation, *supra* note 176, Annex VII (B)(1)(b). Both refer to these terms as either 'additional traditional terms' or 'other traditional terms'.

that they may be regarded as indirect GIs or indirect simple GIs.²⁴¹ For example the traditional term Claret may be regarded as an indirect GI for red quality wines from Bordeaux.



Figure IV.3 *Flûte d'Alsace*, *Clavelin* and *Bocksbeutel* or *Cantil*.

If the Commission's plan to reform the wine sector is successful, the two wine classes, quality wine *psr* and table wine, would be replaced with two new ones: wine with GI and wine without GI. Wine with GI would be further divided into wine with PDO and wine with PGI.²⁴² The intention seem be to create a common quality concept for wines.²⁴³ With the reform, the Commission may actually enhance the link requirement between the geographical location and the characteristics of the wine by replacing designation of origin with PDO. The effect may be quite the opposite if geographical indication is replaced PGI. If the EC Commission were to adopt a similar definition for wine PGI to that found in the Origin Regulation, it would in effect give up the requirement that at least 85% of the wine designated by a GI actually comes from that area. The wine PGI may be even less of origin or source guarantee than its predecessor.

1.2.1 Production Area

As mentioned earlier above, the power to regulate the use of the wine designations remains with member countries. In respect to quality wines *psr*, there is an obligation to determine certain conditions for the production of wine. One of these is demarking the production area. This is seemingly strictly controlled by the Wine Regulation. But like in the Origin Regulation, a number of exceptions and ample room for discretion is provided which make the fulfilment of the functions rather arbitrary.

Annex VI (D)(3) of the Wine Regulation provides that the member countries may authorise the production of quality wines *psr*, other than sparkling wine, outside the specified region in an area in immediate proximity to the specified region. In the case of a traditional prac-

²⁴¹ O'Connor, *supra* note 15, at 159.

²⁴² COM(2006) 319 final, *supra* note 11, at 10-11.

²⁴³ *Ibid.*, at 5.

tice, member countries may go even further and authorise production of a quality wine psr or parts of it outside the area in immediate proximity provided the practice:

- was in use before 1 September 1970 or, in the case of member country which acceded to the EC after that date, before the effective date of their accession;
- has continued without interruption since those dates; and
- involves quantities which have not increased since by more than those corresponding to the general market trend.

In addition, Annex VI (D)(2) of the Wine Regulation provides in case of traditional practice that member countries may by 31 December 2008 the latest authorise the production of a quality sparkling wine psr by adding one or more wine sector products that do not originate in the specified regions provided:

- the type of added wine sector product is not produced in that specified region
- the total volume of added wine sector products does not exceed 10 % of the total volume of products used. However, Commission may authorise the member country to allow in exceptional cases a percentage of added products higher than 10 %, but not more than 15 %.

Although the exceptions are largely based on traditional practice, the Wine Regulation leaves ample room to define the extent of the actual specified region.

1.2.2 Other Production Conditions

The member countries also have to define various other elements for the production of quality wines psr, some of which are limited in various ways by the Wine Regulation.²⁴⁴ In addition to the obligatory production conditions, the member countries may, taking into account fair and traditional practices, determine other production conditions or characteristics obligatory for a quality wine psr.²⁴⁵ Legitimate use of the wine designations is controlled by the production conditions specified in national law. A wine that complies with the national law and its specifications is eligible to use the designation

As with PDOs and PGIs, not even the stringent regulation of production elements seems to prevent markets from causing changes in the culture of production. Broude tells of how

²⁴⁴ Wine Regulation, *supra* note 176, Art. 55. The production elements include vine varieties; cultivation methods; wine-making methods; minimum natural alcoholic strength by volume; yield per hectare and analysis as well as assessment of organoleptic characteristics.

innovative wine-makers in Tuscany, with the view of better access to international markets, abandoned the prestigious quality wine psr '*Chianti Classico*' and introduced non-Tuscan grape varieties such as Cabernet Sauvignon into the traditional blends that made up some of their best wines and bottled it as table wine under the formally inferior 'Toscana' geographical indication. These new luxury wines soon became known as 'Super Tuscans' and overtook the *Chianti Classico* wines in terms of international, high end demand, but also entered low end markets, all at the expense of traditional blends. The modernisation that significantly deviates from the traditional methods in the national rules cannot benefit from the GI. Sometimes market forces are strong enough to encourage producers to forego the GI in order to pursue new production methods. This market pressure may also bring national regulators to amend the traditional production methods. In Tuscany, the success of the 'Super Tuscans' has caused the production conditions to be turned on their heads: once the inclusion of white Tuscan grape varieties was mandatory condition for the Chianti Classico is now prohibited by the new law. Only non-Tuscan white grape varieties may be included in the wine for it to be called *Chianti Classico*.²⁴⁶

Since in reality the criteria for the wine GIs are quite arbitrary, it seems also here fair to conclude that wine GIs are in the fist place marketing tools rather than guarantees of origin, source or protection of culture.

1.3 *Geographical designations for Spirit and Wine-Based Drinks*

The Spirit Drinks Regulation and the Wine-Based Drink Regulation only protect simple geographical indications. According to both regulations the term 'geographical designation' means a name of a geographical area used to designate a spirit drink that has acquired its character and definitive qualities during a production process in the geographical area in question.²⁴⁷ In other words, there is no requirement that the character or definitive qualities would even have to be ascribed to the geographical origin of the product.

The protected designations are listed in Annex II and include for example such designations as Scotch Whisky, Calvados or *Cassis de Dijon*. The Spirit Drinks Regulation also protects the indirect simple GIs such as Grappa and Ouzo as categories of spirit drinks, requiring them

²⁴⁵ Art. 57.

²⁴⁶ Broude, *supra* note 20, at 26-28.

²⁴⁷ Spirit Drinks Regulation, *supra* note 5, Art. 5(3)(b); Wine-Based Drink Regulation, *supra* note 6, Art. 6(3)(b).

to be produced respectively in Italy and Greece.²⁴⁸ Member countries may adopt national rules on production, descriptions and presentations of the spirit and wine-based drinks manufactured on their territory. Such rules may also restrict the production of a spirit or wine-based drink to a given geographical area and require them to comply with specific rules on quality.²⁴⁹ There is no obligation to use a geographical designation for a spirit or wine-based drink, but they may be used either to supplement or replace a category name of a drink such a whiskey or vodka.²⁵⁰

The proposed New Spirit Drinks Regulation²⁵¹ adopts a similar definition for GIs as found in the TRIPS Agreement.²⁵² According to Article 13, 'a geographical indication is an indication which identifies a spirit drink as originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristics of that spirit drink are essentially attributable to its geographical origin'. This means that the new Regulation would protect GIs and no longer simple GIs. Therefore, for geographical indications protected under the old Spirit Drinks Regulation, a technical file will have to be submitted within seven years from the date the new regulation enters into force. The technical file corresponds to the information provided for a product specification under the Origin Regulation, and is compulsory for any application for a new geographical indication.²⁵³ If no technical is submitted for an old spirit GI, it will cease to be protected.²⁵⁴ Any disputes concerning the registration of a GI will be addressed by the Commission,²⁵⁵ and it will be assisted by the Management Committee for Spirit Drinks to be established.²⁵⁶

2 Genericness

2.1 PDO or PGI

According to Article 3(1) of the Origin Regulation, a name that has become generic cannot be registered as a PDO or PGI. This is the case when 'the name of an agricultural product or a foodstuff which, although it relates to the place of the region where this product or

²⁴⁸ Art. 1(4). Jägertee (Austria), Korn (Germany), Pacharán (Spain), Pálinka (Hungary) and Zivania (Cyprus).

²⁴⁹ Spirit Drinks Regulation, *supra* note 5, Art. 5(3)(c); Wine-Based Drink Regulation, *supra* note 6, Art. 6(4).

²⁵⁰ Spirit Drinks Regulation, *supra* note 5, Art. 5(3)(a); Wine-Based Drink Regulation, *supra* note 6, Art. 6(2)(a).

²⁵¹ New Spirit Drinks Regulation, *supra* note 10.

²⁵² Compare TRIPS, *supra* note 124, Art. 22 (1).

²⁵³ Art. 15(2). The technical file shall induce at least: (a) the name of the spirit drink including the geographical indication; (b) a description of the spirit drink including principal physical, chemical, microbiological and/or organoleptic characteristics of the product or the foodstuff; (c) the definition of the geographical area concerned; (d) a description of the method for obtaining the spirit drink and, if appropriate, the authentic and unvarying local methods; (e) the details bearing out the link with the geographical environment or the geographical origin; (f) any requirements laid down by Community and/or national provisions; (g) the name and contact address of the applicant. Unlike in the Origin Regulation, there is no article in the proposal for the New Spirit Drinks Regulation dealing with the amendment of the technical file.

²⁵⁴ Art. 16.

²⁵⁵ Art. 15(5).

foodstuff was originally produced or marketed, has become the common name of an agricultural product or a foodstuff'.²⁵⁷ This is not a very pertinent definition of genericness because geographical indications are, linguistically speaking, common names.²⁵⁸ Presumably, the term 'common name' in this context means the name of the product that has become accepted in common language as signifying the type of product, rather than its geographical origin.²⁵⁹

In the Origin Regulation, genericness seems to be viewed retrospectively.²⁶⁰ Once a name has become a common name, it cannot be registered, regardless of what has happened thereafter. If this is true of names that have once become generic, then it is more so for words that were generic in the first place. Such an interpretation would effectively prevent the registration of non-geographical traditional terms as PDOs because they are words that have drifted in meaning from a common noun to a GI. Regardless of the wording, it seems to be possible to register a GI that has again become non-generic.

2.1.1 Criteria for assessing genericness

People use and understand words in different ways. Some may understand a word as a generic term where as others may regard it as a geographical indication. Furthermore, certain names are used by the same people both as generic terms and GIs. For example, a person may use the term feta when describing a type of cheese used in a salad and then specifically ask for Feta when grocery shopping. In some cases people may know that a term is a GI, yet use it most often solely as a generic term.

When people may understand and use a word in different ways, how do you then determine when a term has become generic? According to the Origin Regulation, this is done as a global assessment of all the relevant factors, in particular:

- the existing situation in the EC member country in which the name originates;
- the situation in the areas of consumption;
- the existing situation in the other EC member country; and

²⁵⁶ Art. 19.

²⁵⁷ Origin Regulation, *supra* note 9, Art. 3(1).

²⁵⁸ Holmqvist, *supra* note 32, at 101; and Gardiner, *supra* note 36, 14;

²⁵⁹ O'Connor, *supra* note 15, at 95-96; Opinion Colomer in C-465/02 and C-466/02, *Federal Republic of Germany, Kingdom of Denmark v Commission of the European Communities* ('Feta II'), (Unreported) 25 October 2005, para. 132.

²⁶⁰ This was pointed out by France in the first Feta case. See Opinion of AG La Pergola in joint cases C-289/96, C-293/96 and C-299/96, *Kingdom of Denmark, Federal Republic of Germany and French Republic v. Commission of the European Communities* ('Feta I'), [1999] E.C.R. I-1541, para. 10.

- the relevant national or community laws.²⁶¹

A geographical indication cannot be protected if it is a generic term in its country of origin. To determine whether this is the case, the situation in the member country in which the name originates has to be assessed. This includes factors such as production and consumption as well as how the nationals use and understand the word. 'Areas of consumption' refers not only to the areas where the product is consumed but also to consumers. The opinion of the average consumer is usually determinative of the nature of a word.²⁶² The product is not necessarily consumed in all member countries and it may also be consumed outside the EC. It is also possible that the product is produced in other areas than it is consumed. Therefore it is necessary to at least determine the situation in other EC member countries. Relevant factors also include the use of the word in different reference works such as dictionaries and various guides; or classification of the word as generic in an international treaty which at least one member country has ratified.

As we see, there are no clear criteria for assessing whether a name has become generic or not. In addition we can take account of such factors as (1) the share of people who use the term as a GI or as a generic term, (2) the share of people who use the term as both a generic term and a GI, and whether one of these two meanings is more prominent, (3) the availability and knowledge of alternative generic names and (4) people's knowledge of the origin of the term. Also, using different methods may easily lead to different estimates and conclusions.²⁶³

A part of determining genericness also includes defining the area where the transformation into a common name has taken place. Whereas the Trade Mark Regulation bars the registration of a mark notwithstanding the fact that it has become generic in only part of the Community,²⁶⁴ the Origin Regulation seems allows the registration of GIs that have become generic in only a part of the Community. In light of the similarity of the two rights, their functions and scope of protection as well as potential use throughout the Community, this different approach to the issue does not seem very sound. If a GI has become generic it is incapable of fulfilling its functions.

²⁶¹ Art. 3(1)(2).

²⁶² Opinion of AG Colomer in joint cases C-465/02 and C-466/02, *Federal Republic of Germany, Kingdom of Denmark v Commission of the European Communities* ('Feta II'), (Unreported) 25 October 2005, para. 152.

²⁶³ Itamar Simonson, 'An Empirical Investigation of the Meaning and Measurement of "Genericness"', (1994) 84 *TMR* 199, 201.

²⁶⁴ Trade Mark Regulation, *supra* note 158, Art. 7.

2.1.2 Feta – a common name or PDO?

The disputes over the protection of the name Feta clearly illustrate the difficulties in assessing genericness.

Although the word feta was protected in Austria by virtue of an Austria-Greek treaty on the protection of geographical indications,²⁶⁵ Greece had not adopted it nationally. It was not before 1987 until Greece started even to adopt measures on the production and marketing of Feta. In 1994, a ministerial order established and protected the denomination of origin Feta in Greece. That same year Greece also requested registration of Feta as a PDO.²⁶⁶

The EC Commission was concerned that the name Feta might have become generic, and arranged for a survey of the opinion of 12,800 nationals of the then 12 EC member countries. Having regard to the results of the survey and the opinion of the Scientific Committee, the Commission concluded that the name Feta had not become generic and adopted Regulation 1107/96²⁶⁷ by which Feta was registered as a PDO.²⁶⁸

Greece is not the only country which produces white cheese in brine labelled as feta in the EC. Because the registration meant that other cheese producers would have to cease using the name Feta, the other main producer countries, namely Denmark, Germany and France, brought actions to the ECJ for the annulment of Feta PDO.²⁶⁹ Their main arguments were that feta is a generic name and that there is no link between the product and its geographical area, given that it extends to substantially the whole of Greece.

When deciding the case, the ECJ did not address the arguments presented by the claimant countries but considered only whether the Commission had properly applied the criteria in the 1992 Origin Regulation and taken all factors into account when determining that feta had not become generic. It ruled that the Commission had downplayed the importance of the situation existing in the member countries other than the country of origin, and had considered the national legislation of these countries to be entirely irrelevant. The ECJ pointed out that the Commission should have taken into account the existence of products marketed legally under the name feta in other member countries. Based on these findings, the ECJ annulled the registration of Feta as a PDO. Because the judgement was not based on a re-

²⁶⁵ C-289/96, C-293/96 and C-299/96, *Kingdom of Denmark, Federal Republic of Germany and French Republic v Commission of the European Communities ('Feta I')*, [1999] E.C.R. I-1541, para. 27.

²⁶⁶ O'Connor, *supra* note 15, at 96-97.

²⁶⁷ Regulation 1107/96 on the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Council Regulation (EEC) No 2081/92.

²⁶⁸ O'Connor, *supra* note 15, at 97.

view of the name itself, it was possible to apply the criteria correctly and to register feta anew.

On 15 October 1999, the Commission sent each of the member countries a detailed questionnaire. The questionnaire sought to provide an exhaustive picture of the production and consumption of Feta in all member countries, including any relevant laws and general consumer knowledge of the word. The responses were forwarded to the Scientific Committee, which was asked once again to give an advisory opinion on whether or not Feta was generic.

The Scientific Committee stated that a geographical name can be considered to have become generic only when there is no significant part of the general public in the EC that still considers the indication as a GI. Because of the Community-wide protection, the Committee did not consider it possible to consider the individual member countries in isolation. Also, because the product was cheese for consumption by private as well as commercial end users, the Committee determined that it was with regard to the general public that the GI must have lost its geographical meaning. In determining the perception of the general public, both direct²⁷⁰ and indirect²⁷¹ measurements are relevant. The Scientific Committee also examined statistics on production and consumption in Greece and in other member countries, existing national and Community legislation and the results of the Eurobarometer survey. In light of all the factors, the Committee unanimously concluded that 'in consumers' perception the name "Feta" always evokes a Greek origin and therefore is not something which has become a common name and hence generic in the Community'.²⁷²

The Commission proposed again the registration of Feta as a PDO which was adopted by means of Regulation 1829/2002. In response to this registration, Denmark and Germany initiated again proceeding in the ECJ to have the registration annulled on similar grounds as the first time.²⁷³ The ECJ considered the various factors taken into account and concluded that the Commission made no legal error in deciding that the word feta had not become generic. As for the link between the product and geographical area, the ECJ stated that the applicants have not demonstrated the assessment of the Commission to be unfounded. Because Feta was registered under the simplified procedure under Article 17 of the 1992 Origin

²⁶⁹C-289/96, C-293/96 and C-299/96, *supra* note 165.

²⁷⁰ Usually measured by means of opinion polls and surveys.

²⁷¹ Measured by the nature and kind of advertising as well as occurrence of the word in dictionaries.

²⁷² Point 30 of the Recital to Regulation 1829/2002 amending the Annex to Regulation 1107/96 with regard to the name 'Feta'.

²⁷³ C-465/02 and C-466/02, *Federal Republic of Germany, Kingdom of Denmark v Commission of the European Communities* ('Feta II'), (Unreported) 25 October 2005.

Regulation member countries may by virtue of Article 1(15) of Regulation 692/2003 permit the use of the Feta PDO for no more than five years after the publication of the registration, namely until 15.10.2007.²⁷⁴

2.2 *Wine, Spirit Drink and Wine-Based Drink GIs*

The approach taken to the genericness issue is quite different in regard to wine, spirit drink and wine-based drink GIs. In other words, protecting a generic name as a wine, spirit or wine based drink GI is possible.

In the proposed New Spirit Drinks Regulation,²⁷⁵ the possibility of registering generic names as GIs is deleted. According to Article 13(3) of the proposed regulation '[n]ames that have become generic may not be registered'. The definition of a generic name is identical to that found in the Origin Regulation, carrying with it also the same problems relating to construction. The proposed regulation does not, however, contain a list of factors that have to be taken into account when determining the generic nature of a spirit drink GI.

An illustration of the approach to generic wine GIs is offered by the *Champaigne method* case.²⁷⁶ *Méthode champenoise* is the name of the traditional method of making sparkling wine developed in France's Champagne region. It consists of adding a syrupy mixture of sugar and wine along with yeast to the wine immediately before bottling. The result is the creation of additional alcohol and carbon dioxides gas inside the bottle.²⁷⁷ The gas gives the wine its 'sparkle'. Despite *méthode champenoise* being accepted to be a common name of a method, it became reserved for Champagne wines only in 1985.²⁷⁸ Producers who had traditionally used the expression or its equivalents were given until 31 August 1994 to phase out its use and to begin to use the expression 'traditional method'. Naturally, not all producers outside the Champagne region were happy to stop using the term when that time finally came. In Germany, an association of wine-producers called Winzersekt challenged the validity of the Community regulation prohibiting use of *méthode champenoise* based on the principles of right to property and freedom to pursue a trade. Winzersekt argued that if it were unable to con-

²⁷⁴ The Feta was registered with Regulation 1829/2002 which was published 15.10.2002.

²⁷⁵ The New Spirit Drink Regulation, *supra* note 10.

²⁷⁶ C-306/93, *SMW Winzersekt GmbH v Land Rheinland-Pfalz* ('*méthode champenoise*'), [1994] E.C.R. I-5555.

²⁷⁷ '*méthode champenoise*', Wine Dictionary <www.epicurious.com/drinking/wine_dictionary> (last visited 23 July 2006).

²⁷⁸ Art. 6 of Regulation 3309/85 laying down the general rules for the description and presentation of sparkling wines and aerated sparkling wines (*no longer in force*). The equivalent provision is now found in the Wine Regulation, *supra* note 176, Annex VIII(E)(5).

tinue to use the designation, it would be placed at a competitive disadvantage and its very existence might be jeopardised.²⁷⁹ The case was referred to the ECJ for a preliminary ruling.

The ECJ stated that one of the objectives of the regulation was to provide the final consumers sufficiently accurate information to enable them to form an opinion of the products in question, and on the other hand, to prevent producers from benefiting from a reputation established for a similar product by producers from a different region.²⁸⁰ The pursuit of these objectives cannot be regarded as a disproportionate interference with the position of producers such as Winzersekt. The Court ruled that, the Commission did not exceed the limits of its discretion in adopting the provision.²⁸¹

One can question whether the use of the expression 'traditional method' instead of 'champagne method' actually provides accurate information to a consumer in decision-making. It is also unlikely that normal prudent consumers would believe, by reason of the name of the method, that a sparkling wine is of the same standard as Champagne.²⁸² The use of the generic term of a method is not in my opinion unwarranted use of the reputation of Champagne.

2.3 *Protection against Genericness*

Words drift from proper names to common nouns and vice versa. Therefore, the generic nature of a word is question of fact and not of law.²⁸³ Yet, in the EC, protected geographic indications cannot be treated as generic terms in law although they may have become such in common language or speech. In the Origin Regulation this is explicitly stated in Article 13(2): 'Protected names may not become generic'. The Spirit Drink Regulation, Wine-Based Drink Regulation and the wine industry regulations do not contain such an explicit rule, but similar protection is, in effect, granted indirectly through other forms of protection provided in the regulations.²⁸⁴ This aim is expressly stated in the preamble to the Spirit Drink Regulation: '[T]he...rules will ensure that the designations in question continue to serve as [...]

²⁷⁹ C-306/93, *SMW Winzersekt GmbH v Land Rheinland-Pfalz* ('méthode champenoise'), [1994] E.C.R. I-5555, para. 20.

²⁸⁰ *Ibid.*, para. 25.

²⁸¹ *Ibid.*, para. 27.

²⁸² Similarly Olszak, *supra* note 85, at 32; and also AG Gulmann in C-306/93, *SMW Winzersekt GmbH v Land Rheinland-Pfalz* ('méthode champenoise'), [1994] E.C.R. I-5555, para. 34.

²⁸³ Holmquist, *supra* note 32, at 299, 343 and 351.

²⁸⁴ These rules will also prevent generic use of a GI. E.g., even if your wine is claret red, you are not permitted to call or describe you wine claret, because the Wine Labeling Regulation reserves the traditional term for only red Bordeaux wines.

[geographical indications] and will prevent them from entering the public domain and becoming generic terms'.²⁸⁵ This approach does not seem that sound since generic terms are not able to fulfil the functions of GIs.

In the proposed New Spirit Drinks Regulation, protected geographic indications cannot be treated as generic terms. According to Article 13(3), registered geographical indication may not become generic.

Although a protected term may not become generic or be used generically, does the rule also apply to every constituent part of a compound term? The ECJ answered the question indirectly in the *Époisses* case.²⁸⁶ It was referred to the ECJ by the *Tribunal de Grande Instance de Dijon* (Regional Court) and concerned the French national legislation that altered a pre-existing Community protected PDO *Époisses de Bourgogne* to *Époisses*. Two French cheese markers, Mr Chiciak and Mr Fol, were prosecuted under the French domestic act for using the name *Époisses*. The defendants argued that they were entitled to use the name *Époisses* for their cheese because the national legislation was contrary to the 1992 Origin Regulation. The third parties in the case, including the *Syndicat de Défense de l'Époisses* challenged the argument, and claimed that term *Époisses* was protected on the same footing as *Époisses de Bourgogne*. They referred to the Annex of the Regulation 1107/96, which lists the protected PDOs and PGIs, and which included inter alia *Époisses de Bourgogne* and *Camembert de Normandie*. A footnote expressly states that protection of term 'camembert' is not sought. The third parties argued that the absence of any express provision meant that the *Époisses* part of *Époisses de Bourgogne* was protected as such.

The ECJ confirmed that member countries cannot, by adopting provisions of national law, alter a registered PDO. It also stated that the protection covers each constituent part of compound GIs provided that they are not generic, and that the absence of a footnote does not mean that each constituent part of the compound GI is protected. In effect, what the Court appears to be saying is that a protected designation may not become generic but its constituent parts may do so.

How about translations of a protected term? According to Article 13(1)(b) of the Origin Regulation there is an infringement of a protected term even if it is used in translated form. May a translation of a protected term become generic even though the protected term itself

²⁸⁵ Spirit Drink Regulation, *supra* note 5, para. 3 of the Recital.

²⁸⁶ C-129/97 and C-130/97, *Criminal proceedings against Yvon Chiciak and Others*, [1998] E.C.R. I-3315.

cannot? The ECJ may soon have to rule on this question in the *Parmesan* case.²⁸⁷ The Commission has brought the case against Germany for allowing the use of the word Parmesan for products that do not conform to the PDO *Parmigiano-Reggiano*. The Commission contends that the Parmesan is a translation borrowed from French for *Parmigiano-Reggiano*. Since *Parmigiano-Reggiano* is a protected term, member countries have to protect it against infringement even in cases where a translation of the protected PDO is used. Germany contended already in the *Dante Bigi* case that the word Parmesan is generic and does not therefore fall within the scope of the protection provided by Article 13.²⁸⁸ In that case Germany tried to prevent the admissibility of the questions referred for a preliminary ruling by *Tribunale di Parma* (District Court). The ECJ stated in the *Dante Bigi* case that it was far from clear that the designation parmesan had become generic and allowed the reference for a preliminary ruling. It remains to be seen how the ECJ will rule in the *Parmesan* case and what will be the criteria for determining if a translation is a generic term. Because development in languages is different, the sound solution in the case would be to look at the possible generic nature of the word parmesan only in the German language in isolation of the languages of the rest of the EC. After all, the Regulation is there only to prevent protected terms from becoming generic, not its translations.

3 Relationship with homonyms and trade marks

3.1 Homonyms

It is not that uncommon for different geographical regions to have the same name.²⁸⁹ There is the city of Paris in France, Europe, but also in Texas and Ohio, United States.²⁹⁰ The names of the cities are homonyms, in other words, words spelled and pronounced alike but different in meaning. It is also possible that the cities of Paris are the place of origin for the same kind of products. Clearly the use of homonymous GIs can give rise to real problems. Honest use of homonymous GIs should be allowed because they designate the true origin of

²⁸⁷ C-132/05, *Commission of the European Communities v Federal Republic of Germany* ('Parmesan'), pending. IP/04/881, Protection of 'Parmigiano Reggiano': Commission decides to take Germany to the Court of Justice, 9 July 2004.

²⁸⁸ C-66/00, *Criminal proceedings against Dante Bigi*, [2002] E.C.R. I-5917, paras 15-21. Similarly Opinion of AG Colomer in C-317/95 *Canadane Cheese Trading and Kouri*, [1997] ECR I-4681, para. 30.

²⁸⁹ One reason for this is emigration of people. They named the regions and places where they settled after the regions and places which they came.

²⁹⁰ Paris, Idaho <www.epodunk.com/cgi-bin/genInfo.php?locIndex=7031>; Paris, Texas <www.epodunk.com/cgi-bin/genInfo.php?locIndex=26885> (both last visited 23 July 2006).

the products.²⁹¹ However, their use might be misleading since the expected particular product qualities might not be present in the products on which they are used.²⁹²

Article 3(3) of the Origin Regulation allows the registration of a homonymous GI provided due regard is taken of local and traditional usage and actual risk of confusion with the prior GI. It will not be registered if people believe that the products come from another territory than the one it actually designates. Also, in practice, there needs to be a sufficient distinction between the prior GI and the homonymous GI. Even if the homonymous GI is refused registrations, the Commission may decide, by virtue of Article 13(4), to allow co-existence of the registered GI and the unregistered homonymous GI provided the homonym had legally and equitably been used prior to 1968.²⁹³ Other requirements for co-existence are that it is shown that the homonymous GI has not been used to exploit the reputation of the registered GI and that the public could not be misled as to the true origin of the product. These conditions seem extremely hard to fulfil and even if successfully done, the co-existence is not allowed for more than 15 years during which the use of the homonymous GI has to be phased out.

No general provisions on homonymous GI are found in the common wine market regulations. Article 37(1)(e)(ii) of the Wine Labelling Regulation allows homonymous traditional terms provided a third country requests to use such terms on wines or grape musts. In order for the Commission to allow co-existence, the terms must have been traditionally used for at least 10 years in the third country in question and the rules laid down in the third country on the use of the term are such as not to mislead consumers. For example, the Commission has recently allowed, at the request of South Africa, the use of the traditionally Portuguese terms 'ruby', 'tawny' and 'vintage' also for South African wines in the Common market.²⁹⁴

Neither the Spirit Drink Regulation nor the Wine-Based Drink Regulation contain any provisions on homonyms and therefore do not seem to even provide for co-existence.

In the proposed New Spirit Drinks Regulation, the issue of homonymous GI is to be regulated in a similar fashion as in the Origin Regulation. Homonymous GIs will be registered with due regard for local and traditional usage and actual risk of confusion between it and the prior GI.²⁹⁵ An unregistered

²⁹¹ SCT/5/3, Possible solutions for conflicts between trademarks and geographical indications and for conflicts between homonymous geographical indications, WIPO (2000), 20.

²⁹² O'Connor, *supra* note 15, at 104.

²⁹³ Art. 13(4) states that use has to have been legal and equitable for at least 25 years before 24 July 1993.

²⁹⁴ Regulation 261/2006 amending Regulation 753/2002 laying down certain rules for applying Regulation 1493/1999 as regards the description, designation, presentation and protection of certain wine sector products.

²⁹⁵ New Spirit Drink Regulation, *supra* note 10, Art. 15(4).

homonymous GI may co-exist only if it has acquired trade mark rights through use in good faith either before 1 January 1996 or before the GI is protected in its country of origin.²⁹⁶

3.2 *Trade marks*

Geographical indications and trade marks are different legal categories of distinctive signs. Conflicts as to the right of the exclusive use of a distinctive sign usually arise where there are different parties claiming entitlement to such use and one and the same sign is used by different parties as a trade mark and a geographical indication for the same product. Who should be entitled to use the sign? What should the conditions of such use be? Should one right prevail over the other or should both rights co-exist? Further complications arise where the same sign is used by different parties as a trade mark and a geographical indication for different goods, and either the trade mark or the geographical indication has a reputation, is well-known or famous.²⁹⁷

In the Origin Regulation conflicts between trade marks and geographical indication are regulated by Articles 3 and 14. Accordingly, a GI may not be registered, where in light of the trade mark's reputation and length of time it has been used, the registration could mislead the consumers as to the true identity of the product protected by the trade mark. A trade mark with a reputation is an absolute ground to refuse a registration of GI, but it may also be refused due to traditional fair use and actual likelihood of confusion with a prior trade mark, provided an objection is made.²⁹⁸

Once registered, a GI obtains in principle supremacy over prior and later trade marks. GI has this supremacy over a trade mark in cases where its use would infringe the GI as stipulated by Article 13. Despite this, according to article 14(2) a trade mark is allowed to co-exist with the GI provided it was applied for, registered or established by use in good faith within the territory of the Community before protection was granted to the GI in the country of origin. Co-existence is also allowed when the trade mark was applied for, registered or estab-

²⁹⁶ *Ibid.*, Art. 14(3).

²⁹⁷ SCT/5/3, Possible solutions for conflicts between trademarks and geographical indications and for conflicts between homonymous geographical indications, WIPO (2000), 14-15.

²⁹⁸ Origin Regulation, *supra* note 9, at 7(3)(c).

lished by use in good faith before 1996 even if this was after protection was granted to the GI in the country of origin.²⁹⁹

It is uncertain what 'in good faith' in this context may require. Some have suggested that the most suitable interpretation would be 'without deceptive or misleading intent'.³⁰⁰ The EU Commission has stated that 'in good faith' will depend on whether the owner of the mark has taken all reasonable steps at the time to ensure that the use of the mark was compatible with national law in force at the time.³⁰¹ This interpretation has also been confirmed by the ECJ in the *Cambozola* case.³⁰²

In the common wine market regulations, the conflict between trade marks and wine GIs are also resolved by way of supremacy to GIs. According to the Wine Regulation, an identical or similar trade mark to a wine GI may not be used for wines or other beverages if they are likely to confuse or mislead consumers as to the nature, composition, origin or characteristics of the product.³⁰³ In other words, if there is a likelihood of confusion by the consumers between a trade mark and a GI, the trade mark cannot be used. On the other hand, even if consumers believe a product bearing a GI to be a product of a certain producer, this trade mark cannot be invoked against the use of the GI on wines that are eligible to use it.

An exception is made for well-known registered trade marks for wine. Such a trade mark may continue to be used, provided that it was registered 25 years before the GI was recognised in the country of origin and it has been used without interruption and corresponds to the identity of its original holder or provider of the name.³⁰⁴ Another exception is made for trade marks containing traditional terms. Such a trade mark may continue to be used, pro-

²⁹⁹ Art. 14(2) is not written unambiguously and one could also argue that it should be read in a way that Trade marks registered before 1 January 1996 are not subjected to the 'in good faith' evaluation and can always co-exist with a later GI.

³⁰⁰ Other interpretations of 'in good faith' could be a) not knowing of the existence of the other party or b) not knowing of the 'right' of the other party. See Conrad, *supra* note 16, at 41-42.

³⁰¹ Opinion of AG Jacobs in C-87/97, *Consorzio per la tutela del formaggio Gorgonzola v Käserei Champignon Hofmeister GmbH & Co. KG and Eduard Bracharz GmbH* ('Cambozola'), [1999] E.C.R. I-1301, paras 50-52

³⁰² C-87/97, *Consorzio per la tutela del formaggio Gorgonzola v Käserei Champignon Hofmeister GmbH & Co. KG and Eduard Bracharz GmbH* ('Cambozola'), [1999] E.C.R. I-1301, para. 35. The case will be discussed in more detail in Chapter V.3.2.

³⁰³ Wine Regulation, *supra* note 176, Annex VII(F)(1) and Annex VIII(H)(1).

³⁰⁴ *Ibid.*, Annex VII(F)(2) and Annex VIII(H)(2). This provision goes also under the name 'Lex Torres' as it was introduced to solve the conflict between a Spanish wine trade mark Torres and later established Portugal Wine GI 'Torres Vedras'. Until the EC introduced the provision, the Torres family was at risk of losing their rights in the trade mark. See Roland Knaak, 'Der Schutz Geographischer Angaben Nach Dem TRIPS-Abkommen', [1995] *GRUR Int* 642, 645; and WIPO/GEO/SFO/03/14, Geographical Indications and International Trade, Worldwide Symposium on Geographical Indications, WIPO (2003), 2.

vided it was registered or acquired rights though use in good faith before the traditional term was protected by the Wine Labelling Regulation.³⁰⁵

Neither the Spirit Drink Regulation nor the Wine-Based Drink Regulation contain any provisions on the relationship with trade marks.

In the New Spirit Drink Regulation the relationship with trade marks is regulated similar to the Origin Regulation. However, a trade mark with a reputation does not seem to prevent the registration of a GI. A registered GI obtains supremacy over prior and later trade marks which contain or consist of the GI if the use of the trade marks would infringe the GI. Only a trademark that was applied for, registered or established by use in good faith before either protection was granted to the GI in the country of origin or 1 January 1996 is allowed to co-exist.

³⁰⁵ Wine Labeling Regulation, *supra* note 178, Art. 24(3).

V Protection of Community-wide protected GIs

1 *Requirement of use in commerce*

In the Origin Regulation, Article 13(1)(a) states that geographical indications are protected against 'any direct or indirect commercial use'. What is meant by 'commercial use', has not yet been defined, but its content is likely to be similar to the 'course of trade' requirement in trade mark law.³⁰⁶ As with a trade mark, commercial use of a GI takes place in the context of commercial activity with a view to economical advantage and not as a private matter.³⁰⁷ Use would also have to affect or be liable to affect one of the functions of the GI.³⁰⁸

Although it is not expressly stated, there is an implied requirement of commercial use in any act that infringes GIs. The following two examples demonstrate the need for such a requirement. Imagine that a person invites some friends over to his home and serves them home-made wine with a self-made label 'Châteaux so-and-so, Clare, 2006'. Would this be an infringement of a GI?³⁰⁹ What about if instead of painting a sequence of Campbell's soup cans Andy Warhol had painted a sequence of sparkling wine bottles bearing the word Champagne? In both cases the particular use is the use of a GI, but even the consuming public would see that these are either private matters or works of art, and would not consider them acts infringing a GI. A contrary conclusion would make our world quite absurd.

The regulations do not go into detail as to what infringing use physically entails. However, trade mark law provides an illustrative non-exhaustive list of what constitutes unauthorised use:

- affixing the GI to product or their packaging
- offering products, or putting them on the market or stocking these products under the GI
- importing or exporting products under the GI; and
- using the GI on business papers or in advertising.³¹⁰

³⁰⁶ See Trade Mark Regulation, *supra* note 158, Art. 9; Trade Mark Directive, *supra* note 157, Art. 5; TRIPS, *supra* note 124, Art. 16.

³⁰⁷ C-206/01, *Arsenal Football Club plc v Matthew Reed*, [2002] E.C.R. I-10273, para. 40.

³⁰⁸ *Ibid.*, para. 42.

³⁰⁹ Clare is a traditional term for Bordeaux red vines and therefore a protected and indirect wine GI.

³¹⁰ Compare to Trade Mark Regulation, *supra* note 158, Art. 9(2) and Trade Mark Directive, *supra* note 157, Art. 5(3).

2 *Product-Specific Protection*

GIs are granted absolute product protection. The use of the protected designations is forbidden for products that do not correspond to the product specification,³¹¹ or in the case of wines, with the national laws governing the use of the designation.³¹² There is misuse of the GI even if the GI is used in translation or accompanied with an expression such as 'kind', 'type', 'like' or similar.³¹³ However, Article 24(4) of the Wine Labelling Regulation states that geographical indications and tradition terms for wines are protected only in the original language.

Any producer who was not apart of the original applicant group, but can demonstrate a nominated inspection body that his or her product fully conforms to the requirements of the protected GI may use the GI to designate their product. Producers who are entitled to use the designation are obliged to comply with the product and quality requirements as well as with any other conditions they contain to be eligible to use the designation for their products. It is important that there is an objective and impartial procedure to verify that all producers, original or new, comply with the product specifications. The Origin Regulation requires that the member countries designate an authority or authorities who shall be responsible to ensure compliance with the regulation.³¹⁴ Before any new PDO or PGI product can be placed on the market the competent authority or an authorised independent inspection body verifies that the product complies with the specifications.³¹⁵

Once a product legitimately designated by a GI is sold, is it still possible for the joint owners of the GI to oppose its further commercialisation? In other words, would an undertaking who purchases Rioja wine, *Grana Padano* cheese or Parma Ham, and then bottles, grates or slices it outside the geographical area of production still be able to call the bottled wine Rioja, the grated cheese *Grana Padano* or the sliced ham Parma Ham? One would think so. This was also the opinion of the ECJ in the first *Rioja* case in 1992.³¹⁶

³¹¹ Origin Regulation, *supra* note 9, Art. 13(1)(a); Spirit Drink Regulation, *supra* note 5, Arts 5(1) and 5(3)(b); Wine-Based Drink Regulation, *supra* note 6, Arts 6(1) and 6(2)(b).

³¹² Wine Regulation, *supra* note 176, Arts 51 and 52(2)-(4).

³¹³ Origin Regulation, *supra* note 9, Art. 13(1)(b); Spirit Drink Regulation, *supra* note 5, Arts 8 and 11a; Wine-Based Drink Regulation, *supra* note 6, Arts 7(2) and 10a. As for wines, Wine Regulation, *supra* note 176, Art. 50 requires member countries to adopt measure that enable interested parties to prevent GI infringements even if the GI is translated or accompanied by expressions such as kind, like or the like.

³¹⁴ Origin Regulation, *supra* note 9, Art. 10.

³¹⁵ *Ibid.*, Art. 11.

³¹⁶ C-47/90, *Établissements Delhaize frères et Compagnie Le Lion SA v Promalvin SA and AGE Bodegas Unidas SA* ('Rioja I'), [1992] E.C.R. I-3669.

2.1 *The Rioja cases*

In the *Rioja* case, the Court was asked to rule on the preliminary question whether Spanish national legislation, which imposed the obligation to bottle wine in the place of origin before it is exported to another member country, constitutes a measure having an equivalent effect to a restriction on exports under the EC Treaty.³¹⁷ The question was raised in the proceedings before *Tribunal de Commerce de Brussels* (Commercial Court) in a dispute between Delhaize, Promalvin and Bodegas.

Delhaize had made an agreement with Promalvin for 3000 hectolitres of Rioja wine in bulk. Promalvin tried to order the quantity of wine from a Spanish company Bodegas which informed Promalvin that the Spanish rules in force stipulated that wine with a Rioja GI had to be bottled in cellars at the place of origin and it was therefore prevented from selling the amount of wine requested. Delhaize commenced proceedings against Promalvin after being informed that Promalvin would not be able to satisfy its contractual obligations. Promalvin then joined Bodegas in the proceedings as a third party under an obligation to indemnify it.

Regulation 823/87,³¹⁸ which has subsequently been replaced by the Wine Regulation,³¹⁹ provides for member countries to define the conditions applicable to the use of a name of a geographical area within its territory as a registered designation of origin for a wine from that area. Despite this, the ECJ ruled that:

[t]he requirement that the wine be bottled in the region of production, in so far as it constitutes a condition for the use of the name of that region as a registered designation of origin, would be justified by the concern to ensure that that designation of origin fulfilled its specific function if bottling in the region of production endowed the wine originating in that region with particular characteristics, of such a kind as to give to it individual character, or if bottling in the region of production were essential in order to preserve essential characteristics acquired by the wine.³²⁰

In this specific case, it was not shown that the bottling of wine at the place of origin would add or preserve any special characteristics or qualities of the wine.

The *Rioja* case was brought before the ECJ for the second time by Belgium,³²¹ since the Spanish government had not annulled the national provision requiring bottling of wine at

³¹⁷ *Ibid.*

³¹⁸ Regulation 823/87 laying down special provisions relating to quality wines produced in specified regions (*no longer in force*).

³¹⁹ *Supra* note 176.

³²⁰ C 47/90, *supra* note 316, para. 18.

³²¹ C-388/95, *Kingdom of Belgium v Kingdom of Spain* ('Rioja II'), [2000] E.C.R. I-3123.

the place of origin. In this case the ECJ heard the opinion of the EC Commission's wine expert on the effect of transportation on quality of wine. It was the opinion of the expert that, although it is impossible to prove with full certainty, the quality of a GI wine is preserved better when transported in bottles.³²² Consequently, the ECJ was persuaded that the Spanish legislation, 'whose aim is to preserve the considerable reputation of Rioja wine by strengthening control over its particular characteristics and its quality, is justified as a measure protecting the [designation of origin] [...] which may be used by all the producers concerned and is of decisive importance to them'.

2.2 *Parma Ham case*

Prior to the 1992 Origin Regulation producers of GI food and agricultural products had in vain tried to stop further commercialisation of their GI products. For example, the *Consorzio del Prosciutto di Parma* had attempted in the United Kingdom to stop Marks & Spencer from selling sliced and pre-packed Parma Ham as 'Parma Ham'.³²³ However, the Court of Appeal judges were not convinced that there was a misrepresentation. The sentiments of the judges are illustrated in the opinion of Leggat LJ:

It would in my judgment defy reason if in this country sliced Parma ham could not be sold as sliced Parma ham. Although ham that is not carved in front of purchasers cannot in Italy be sold as Parma ham, it does not follow that such ham has ceased to be Parma ham. [...] In my judgment, because the description 'sliced Parma ham' is true, it cannot amount to a misrepresentation.³²⁴

In 1997, the Consorzio decided to try again. This time it brought proceedings in the United Kingdom against Asda and Hygrade. Asda purchased the pre-sliced Parma Ham from Hygrade who had sliced and hermetically sealed the ham. The packets bore the wording 'Asda—A taste of Italy—Parma Ham—Genuine Italian Parma Ham' and on the back of the packets it was clearly marked 'Produced in Italy, packed in the UK for Asda Stores Limited'.³²⁵ Both the High Court and Court of Appeals dismissed the action. The Consorzio appealed to the House of Lords which considered that the outcome of the case depended on the interpretation of the 1992 Origin Regulation. It asked the ECJ for a preliminary ruling on the question

³²² Opinion of AG Saggio in C-388/95 *Kingdom of Belgium v Kingdom of Spain* ('Rioja II'), [2000] ECR 3123, para. 24.

³²³ *Consorzio del Prosciutto di Parma v Marks & Spencer Plc*, (CA) [1991] R.P.C. 351. See also Norma Dawson, 'The Parma Ham Case: Trade Descriptions and Passing off Shortcomings of English Law', (1991) 13 E.I.P.R. 487.

³²⁴ *Consorzio del Prosciutto di Parma v Marks & Spencer Plc*, CA [1991] R.P.C. 351, 379.

³²⁵ C-108/01, *Consorzio del Prosciutto di Parma and Salumificio S. Rita SpA v Asda Stores Ltd and Hygrade Foods Ltd*, ('Parma Ham') [2003] ECR I-5121, paras 23 and 24.

of whether the 1992 Origin Regulation read in conjunction with the provisions of the specifications for the PDO *Prosciutto di Parma* (Parma Ham), created a valid directly enforceable Community right.³²⁶

The Consorzio submitted that only ham sliced and packaged in the region of production may bear the PDO Parma Ham since this requirement forms a part of the specifications. It relied on the judgement in the *Rioja II* case and contended that the requirements were designed to protect the PDO's reputation which is essentially determined by the quality of the ham.³²⁷ Asda and Hugarde opposed the action by arguing that the specifications had not been published and that there was no link existing between the geographical origin of the ham and the slicing and packaging process.³²⁸

The Advocate General noted in his opinion that the Consorzio had not put forward a convincing argument to support that the slicing of the ham in the region of production conferred any particular characteristics on the ham or was essential in preserving the characteristics acquired by the ham during production. The special knowledge required in selecting hams for slicing and to slice them properly could also be applied outside the region of production.³²⁹ In this respect the case also differed from *Rioja II*, where transporting wine in bulk and bottling elsewhere could indeed give rise to changes in quality.³³⁰

The ECJ answered that the Regulation must be interpreted as not precluding the use of a PDO from being subject to the condition that operations such as the slicing and packaging of the product take place in the region of production, where such a condition is laid down in the specification. In the Court's view the risk to the quality and authenticity of the product finally offered to consumers is consequently greater where it has been sliced and packaged outside the production region than within. In the production area checks are done by experts with special knowledge and such checks could not effectively be introduced outside the area of production. Because the condition of slicing and packaging at the region of production has the aim of preserving the reputation of Parma Ham by strict quality control, it may be regarded as a justified measure protecting the PDO.³³¹

³²⁶ *Ibid.*, para. 31.

³²⁷ Opinion of AG Alber in C-108/01, *Consorzio del Prosciutto di Parma and Salumificio S. Rita SpA v Asda Stores Ltd and Hygrade Foods Ltd* ('Parma Ham'), [2003] E.C.R. 5121, paras 27 and 32.

³²⁸ *Ibid.*, paras 34 and 39-43.

³²⁹ *Ibid.*, paras 76-81.

³³⁰ *Ibid.*, paras 81-83.

³³¹ C-108/01, *supra* note 325, para. 78.

In light of the Advocate General's opinion, the Court's reasoning on why a condition on slicing and packaging is justified does not sound very convincing.³³² However, the end result in the case was affected by the fact that the PDO *Prosciutto di Parma* was registered through a simplified procedure provided in Article 17 which did not provide for the publication of the specifications in any form.³³³ The ECJ explained that legal certainty requires that 'Community rules must enable those concerned to know precisely the extent of obligations which they impose on them'.³³⁴ Because the specifications had not been adequately published, the rules on slicing and packaging could not be relied on against third parties.³³⁵

2.3 *Budějovické pivo or Budweiser Beer?*

A product that does not comply with the specifications of a specific GI does not have the right to use the GI, not even if the GI is in translated form. In a reversed situation, does a product complying with the specifications have the right to use the GI in translated form, since it has the right to use the GI in its original language? The *Svea Hovrätt* (Court of Appeal) in Sweden had to rule on this question recently in the *Budějovické pivo* case.³³⁶

After a long trade mark battle with the Czech brewery Budjovický Budvar, the US Company Anheuser-Busch was finally in 1999 granted trade marks in the words 'Budweiser' and 'Bud' in Sweden. On the same year it brought proceedings before Stockholm district court for trade mark infringement against Budjovický Budvar and two Swedish companies, B&S Food and Birra Mex, who had offered, marketed and sold beer under the name 'Budweiser Budvar' and other names containing either the word 'Budweiser' or 'Budweis'. The district court found for Anheuser-Busch and the defendants appealed to the *Svea Hovrätt* where they claimed that since *Budějovické pivo* was a PGI protected by the 1992 Origin Regulation also its translation 'Budweiser Beer' could be used side by side with Anheuser-Busch's trade mark.

The Court pointed out that Article 13 (1)(b) of the 1992 Origin Regulation affords a registered geographical indication protection against misuse even if translated but it says nothing

³³² See Bernard O'Connor and Irina Kireeva, 'Overview of the EC Case Law Protecting Geographical Indications: The Slicing of Parma Ham and the Grating of Grana Padano Cheese', (2004) 26 *E.I.P.R.* 313, 318 who are of a contrary opinion.

³³³ Because the 'simple' procedure did not provide for any right of objection, and consequently by reasons of legal security and transparency it was deleted by Regulation 692/2003. See also COM(2002)139 final, Proposal for a Council Regulation amending Regulation (EEC) No 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs

³³⁴ C-108/01, *supra* note 325, para. 89.

³³⁵ *Ibid.*, para. 99.

³³⁶ T 2655-03, *Budejovický Budvar N.P. and others v Anheuser-Busch, Inc.*, (Unreported) 12 January 2006.

about the right to use a GI in translated form. The understanding is that geographical indications are only protected in the registered form and not in translated form which is also supported by EC's statement to the same effect before the WTO Dispute Panel.³³⁷ Therefore, the Court found no support for that 'Budweiser Beer' is a protected geographical indication.

Although a registered GI may be used together with other signs or as part of a combination of signs as well as in translated form, the registration itself does not confer a positive right to use the GI in any other form. This must be kept in mind when solving conflicts between GIs and other forms of intellectual property.

3 *Protection against comparable products*

Use of protected designations is also prohibited for products that are comparable product to the registered ones.³³⁸ Also this prohibition covers cases when the GI is used with additional expressions such as kind, type or similar or even if translated.³³⁹ In the Origin Regulation and Wine Labelling Regulation the protection is further supplemented by prohibiting any use that is misuse, imitation or evocation of PDOs, PGIs, geographical indications and traditional terms.³⁴⁰

3.1 *When are products comparable?*

When are products comparable and when are they different? By way of example, consider three cheeses: one is a Danablu, one a *Grana Padano* and one a Feta. Danablu is a creamy blue cheese with a sharp metallic taste, *Grana Padano* a hard cheese with a fresh fruity taste and Feta a solid but crumbly cheese with acidity and a salty taste. No one who has sampled the three could ever confuse them. They are all different types of cheeses, but are they also comparable products? Is it their cheesiness that distinguishes them from other foodstuffs and agri-products?

³³⁷ See Panel Report, European Communities - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, Complaint by the United States, WT/DS174/R (15 March 2005), para. 7.518; and Panel Report, European Communities - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, Complaint by Australia, WT/DS290/R (15 March 2005) para. 7.522 where the EC confirms that '[a] registered GI...does not confer a positive right to use...the name in any linguistic versions not entered in the register'.

³³⁸ Origin Regulation, *supra* note 9, Art. 13(1)(a); Wine Regulation, *supra* note 176, Arts 51 and 52.

³³⁹ Origin Regulation, *supra* note 9, Art. 13(1)(b); Wine Regulation, *supra* note 176, Art. 50; Spirit Drinks Regulation, *supra* note 5, Art. 11a; Wine-Based Drink Regulation, *supra* note 6, Art. 10a.

³⁴⁰ Origin Regulation, *supra* note 9, Art. 13(1)(b); Wine Labelling Regulation, *supra* note 178, 24(2)(a).

The issue of comparable products has not yet been subject to detailed legal scrutiny in GI law. Conversely, in trade mark law this question is usually answered by asking the following four questions:

- Are the products serving the same purpose?
- Are the products sold in proximity to one another?
- Are the products substitutable with one another?
- Are the products offered to the same public?³⁴¹

The breadth of categorisation by which goods are determined to be comparable will affect the answer to these questions and in consequence, they will affect the scope of protection afforded to GIs.

As for wines, spirits and wine-based drinks, their respective regulations limit the protection to the products of their respective sectors. In effect, this means that all the products of those sectors are comparable products. However, there are exemptions where prohibition to use a GI is extended to other beverages.³⁴²

3.2 *When is there misuse, imitation or evocation?*

None of the regulations on GIs provide a definition or specify what is meant by misuse, imitation or evocation. Knaak specifies 'misuse' to be more or less the identical use of the protected designation, 'imitation' to be use of a designation capable of causing confusion, and 'evocation' to be use of a designation that establishes a reference to a protected designation.³⁴³

Although Knaak's definitions provide some assistance, they are still unable to clearly circumscribe uses that are prohibited. The following example illustrates the point: PDO *Pecorino Romano* is a hard, salty Italian cheese made out of sheep's milk. Unilever uses the cheese in one of its Bertolli pasta sauces which it sells under the sub-brand name '*pecorino romano e aglio*'.³⁴⁴ Even if pasta sauce is a different product from cheese, could Unilever's use of the GI still constitute misuse, imitation or evocation of the PDO *Pecorino Romano*? Is it enough that

³⁴¹ Philips, *supra* note 18, at 334-335.

³⁴² E.g. Wine Regulation, *supra* note 176, Art. 52(2) which prohibits the use of GI on other beverages if there is a risk of confusion as to the nature, origin or source of the beverage.

³⁴³ Roland Knaak, 'Case Law of the European Court of Justice on the protection of Geographical Indication and Designations of Origin Pursuant to the EC Regulation No 2081/92', (2001) *32 IIC* 357, 382. Similarly also John Asland, 'Beskyttelse av geografiske betegnelser', (2003) *116 TtR* 366, 394.

the product contains *Pecorino Romano* cheese to avoid misuse? Even if consumers are not misled, is it not almost certain that the words and the pictures on the label call the renowned Italian cheese into the minds of consumers and thereby establish a reference to the protected designation? Would this not be evocation?



Figure V.1 Use of Pecorino Romano on Bertolli pasta sauce.

The infringements of misuse, imitation and evocation are limited by the principle of speciality.³⁴⁵ This fundamental principle means that GI protection is available only within the scope of comparable products. In other words, geographical indications are protected against misuse, imitation and evocation only when the products are comparable. Only GIs with a reputation may be protected outside the area of comparable products.³⁴⁶

Although not expressly stated, the principle seems to be implied by the ECJ in the *Cambozola* case.³⁴⁷ In this case the ECJ had an opportunity to construe the meaning and scope of evocation. It was referred to the Court by *Handelsgericht Wien* (Commercial Court) and in effect concerned whether the marketing of a blue cheese under the name Cambozola infringes the PDO Gorgonzola. A consortium of producers of Gorgonzola had brought proceedings against Hofmeistere and Eduard in order to stop them from marketing blue cheese in Austria under the name Cambozola.

The defendants argued that the commonly used suffix zola in Italian place names cannot be protected under the 1992 Origin Regulation. Because there is a parallel between trade mark

³⁴⁴ '*Pecorino Romano* and garlic'.

³⁴⁵ Olszak, *supra* note 85, at 45-46; Schmidt-Szalewski J, 'La Protection des noms géographiques en droit communautaire', [1997] 44 JCP 465 cited by Véronique La Meur-Baudry, Literature review – France in WP 1 (2003), Concentrated Action DOLPHINS, *supra* note 13, 26. On the principle of specialty in trade mark law see Annette Kur, 'Well-Known Marks, Highly Renowned Marks, and Marks Having a (High) Reputation – What's It All About?', (1992) 23 IIC 218, 218.

³⁴⁶ Origin Regulation, *supra* note 9, Art. 13(1)(a). In Italy *Pecorino Romano* cheese might be considered having a reputation.

³⁴⁷C-87/97, *Consorzio per la tutela del formaggio Gorgonzola v Käserei Champignon Hofmeister GmbH & Co. KG and Eduard Bracharz GmbH* ('Cambozola'), [1999] E.C.R. I-1301.

and GI protection, they should be construed in a similar way.³⁴⁸ The defendants referred to the *Sabel* case where the Court ruled that the mere association which the public might make between two trade marks as a result of their analogous semantic content was not in itself sufficient grounds for concluding that there was a likelihood of confusion.³⁴⁹ In *Sabel* the association of ideas was much stronger than any association with the idea of Gorgonzola triggered by the use of the same suffix in Cambozola. Consequently there was no evocation of Gorgonzola although Cambozola might trigger an association of ideas.³⁵⁰

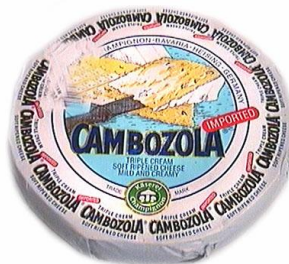


Figure V.2 Use of Cambozola on a blue cheese.

The ECJ stated that 'evocation [...] covers a situation where the term used to designate a product incorporates part of a protected designation, so that when the consumer is confronted with the name of the product, the image triggered in his mind is that of the product whose designation is protected'.³⁵¹ There need not be likelihood of confusion for a protected designation to be evoked and there can also be evocation in situations where non-protected parts of a designation are echoed in the term or terms used.³⁵² The ECJ concluded that since Cambozola is a soft blue cheese similar in appearance to Gorgonzola, and the word Cambozola is obviously phonetically and visually similar to Gorgonzola because both contain the same number of syllables and ending in the same two syllables, the PDO Gorgonzola has indeed been evoked.³⁵³

Although the ECJ defined evocation extremely widely, its reference to the similarity of the products when concluding that there was evocation seems to imply that misuse, imitation

³⁴⁸ Opinion of AG Jacobs in C-87/97, *Consorzio per la tutela del formaggio Gorgonzola v Käserei Champignon Hofmeister GmbH & Co. KG and Eduard Bracharz GmbH* ('Cambozola'), [1999] E.C.R. I-1301, paras 22 and 25.

³⁴⁹ C-251/95, *SABEL BV v Puma AG, Rudolf Dassler Sport* [1997] ECR I-6191.

³⁵⁰ Opinion of AG Jacobs in C-87/97, *supra* note 348, paras 23 and 25.

³⁵¹ C-87/97, *supra* note 347, para. 25.

³⁵² *Ibid.*, para. 26.

³⁵³ *Ibid.*, para. 27. See also *Gorgonzola/Cambozola*, [1999] E.T.M.R. 135 in which *Verfassungsgerichtshof Frankfurt am Main* (upper country court) held Cambozola to be neither an imitation nor an adaptation of Gorgonzola.

and evocation require that the products are comparable for there to be an infringement.³⁵⁴ Contrary would, in effect, mean protection for any Pavlovian response a term designating a product may create and would extend the protection of protected GIs without a reputation beyond that which is provided for trade marks with a reputation. Considering the similarity of the functions and policies behind the two categories of distinctive such wide protection would not seem very sound, and as Advocate General Jacobs said in the *Cambozola* case, '[...] an unduly high level of protection of geographical indications [...] would impede the integration of national markets by imposing unjustified restrictions on the free flow of goods'.³⁵⁵

The New Spirit Drink Regulation prohibits in Article 8 the use of geographical indication in a compound term or the allusion in the presentation of a foodstuff unless the alcohol originates exclusively from the spirit drink that the term refers to. This would widen the scope of misuse, imitation and evocation to cover situations where products are not found to be comparable. Such wide protection would be in conflict with the principle of speciality.

4 *Protection beyond comparable products*

A registered GI is entitled to protection against use for comparable products without the need to prove that it possesses a reputation. However, like a registered trade mark having a reputation, a registered GI is also protected against exploitation of its reputation. Currently only the registered GIs protected under the Origin Regulation receive this form of protection community-wide.³⁵⁶ According to Article 13(1)(a) the registered names are protected against use that exploits the reputation of the protected GI.

The Origin Regulation differentiates between the 'reputation' which is attributed to geographical origin of a PGI and the 'reputation' which is protected against exploitation. These are not the same. The reputation required to register a PGI refers to 'quantity' in the sense that the GI has to be known by a significant part of the relevant public,³⁵⁷ whereas the repu-

³⁵⁴ It may be interesting in this connection to refer to the judgment of *Tribunal de Grande Instance de Paris* of 6 December 1996 where the name 'Pardano' for cheese was considered to be an imitation of PDO Grana Padano. The ruling is cited by O'Connor, *supra* note 15, at 173.

³⁵⁵ Opinion of AG Jacobs in C-87/97, *supra* note 348, para. 57.

³⁵⁶ This does not however mean that wine, spirit and wine-based drink GIs with a reputation could not receive protection under national laws. A recent example is, C 33/99 *Institute National des Appellations d'Origine (INAO) and others v Arla Foods AB*, MD 2002:20, where the Market Court of Sweden found that Arla had exploited the reputation of the word Champagne by selling yoghurt under the name Yoggi Original med champagnesmak ('with champagne taste').

³⁵⁷ In similar fashion OHIM Board of Appeals on the reputation of trade marks in R 283/199-3, *Hollywood SAS v Souza Cruz Sa*, [2002] E.T.M.R. 705, para. 61.

tation protected against exploitation could be described as 'advertising value'.³⁵⁸ The reputation needed to register a PGI does not decide in advance the significance of the reputation that is protected against exploitation. Reputation is not a constant and may be made and even be lost in both senses.

Article 14 of the New Spirit Drink Regulation would also protect geographical indication with a reputation beyond comparable product.

4.1 *When does a GI have a reputation?*

The reputation of a GI may extend in different directions. It may penetrate a particular market to a great extent or it may cover many separate markets. The reputation's reach affects the extent which a GI can be protected against identical or similar denominations beyond the products for which it is registered.

In relation to trade mark law, the ECJ has had the opportunity considered the meaning of reputation in *General Motors v Yplon*.³⁵⁹ The case was referred to the ECJ by *Tribunal de Commerce de Tournai* (Commercial Court) and concerned the attempt of General Motors to prevent the use of its registered trade mark, Chevy, for cleaning and polishing products on the basis that Chevy was a trade mark with a reputation. The ECJ explained the meaning of reputation in the following way and said that reputation:

[...] implies a certain degree of knowledge of the earlier trade mark among the public. It is only where there is a sufficient degree of knowledge of that mark that the public, when confronted by the later trade mark, may possibly make an association between the two trade marks, even when used for non-similar products or services [...].

The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

Territorially, the condition is fulfilled when,[...], the trade mark has a reputation 'in the Member State'. In the absence of any definition of the Community provision in this respect, a trade mark cannot be re-

³⁵⁸ Kur, *supra* note 345, at 226.

³⁵⁹ C-375/97, *General Motors Corporation v Yplon SA*, [1999] E.C.R. I-5421.

quired to have a reputation 'throughout' the territory of the Member State. It is sufficient for it to exist in a substantial part of it.³⁶⁰

Applying the criteria set out by the ECJ on GIs would mean that a GI has a reputation if a significant part of the public knows it for the products it is registered in a substantial part of the member country. By definition exploitation means unjust or meanly use for one's own advantage as well as of taking unfair advantage.³⁶¹ In his opinion the Advocate General Jacobs stressed that reputation is not to be used to give marks 'an unduly extensive protection' and that there must be actual unfair advantage, not merely a risk of it.³⁶²

4.2 *When is there exploitation?*

The concept of exploiting encompasses instances where there is a clear taking of unfair advantage and free-riding on the coattails of a famous GI or an attempt to trade upon its reputation.³⁶³ In establishing exploitation of a GI, two criteria must be fulfilled. First it must be established that the user has obtained an advantage and second that the advantage is unfair. Not every use confers an advantage. The nature of the product for which the GI enjoys reputation or the cultural difference might be such that the use does not confer any advantage. It should be also remembered that not every advantage is an unfair one.³⁶⁴ For example, marketing of evening gowns, dresses or even underwear by stating them to be in 'colours of champagne' naturally gives some advantages compared to stating them to be just 'grayish-yellowish brown colour'. However, the advantage is fair one because champagne by definition also means a certain colour.

The two criteria to be established are clearly illustrated by a case on the use of the word Champagne to sell IBM computes decided under the German Trade Mark Act which also protects GIs.³⁶⁵ The defendant had used the following slogan in an advertisement distributed nationwide: 'Get Champagne for the price of sparkling wine: IBM Aptiva now at a bargain price'.³⁶⁶ The plaintiff, an Association for French Champagne, claimed inter alia that the advertising unfairly exploited the special reputation of the designation of origin Champagne

³⁶⁰ *Ibid.*, paras 23-28.

³⁶¹ 'exploit', *Webster's Third New International Dictionary, Unabridged* (2002)

³⁶² Opinion of AG Jacobs in C-387/97, *General Motors Corporation v Yplon SA*, [1999] E.C.R. I-5421, paras 42-43.

³⁶³ Opinion of AG Jacobs in C-408/01, *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd*, [2003] E.C.R. I-12537, para. 39. See also Mostert, Fredrick W., *Famous and Well-Known Marks* (1997) 62.

³⁶⁴ This is also the case in trade mark law. See Phillips, *supra* note 18, at 379-380.

³⁶⁵ *Get Champagne, Pay for Sparkling Wine*, I ZR 290/99, [2002] E.T.M.R. 1091.

³⁶⁶ 'Champagne bekommen, Sekt bezahlen: IBM Aptiva jetzt zum V-Preis'

without justification. *Bundesgerichtshof* (Federal Supreme Court) held that by comparing the term Champagne to sparkling wine the defendant conveys the idea to the reader that in buying an IBM Aptiva computer he would be buying an exclusive and high-quality product at a special bargain price. The defendant thus exploits the special reputation in order to represent his own product as particularly exclusive by reference to a comparable exclusivity. *Bundesgerichtshof* ruled that such exploitation is unfair.

To the similar effect is also a more recent case decided under the 1992 Origin Regulation in Germany.³⁶⁷ The defendant, an affiliate company of Nestle, had sold a potato-salad sauce under the name '*Kartoffelsalat-Sauce mit Spreewälder Gurken*'.³⁶⁸ The plaintiff, an Association for *Spreewälder Gurken*, sought an injunctive relief against the company. *Landgericht Berlin* (District Court) held that by displaying prominently and in an eye-catching manner the words *Spreewälder Gurken* on the product package the defendant had exploited the excellent reputation of the PGI in breach of the 1992 Origin Regulation. The Court found it irrelevant for the determination of the case that the product actually contained *Spreewälder Gurken* gherkins. Accordingly, only undertakings meeting the specifications can use the geographical indication with a reputation.



Figure V.3 Use of Spreewälder Gurken on Thomy potato-salad sauce.

5 *Unfair Competition law protection*

The registered wine, foodstuff and agri-product GIs are also provided supplementary protection against deception. They are protected against any false or misleading indication as to the provenance, origin, nature or essential qualities of the product on the inner or outer

³⁶⁷ Malte Hartmann, 'Reference to a Protected Geographical Indication on a Composite Food Product', (2006) 1 *JIPLP* 306.

packaging, advertising material or documents relating to the product.³⁶⁹ In addition the wine, foodstuff and agri-product GIs are protected by a catchall provisions for 'any other practice liable to mislead the public as to the true origin of a product'.³⁷⁰

Article 14 of the New Spirit Drink Regulation would also provide Spirit Drink GIs supplementary protection against deception.

It may be hard to conceive of real life situations where this additional unfair competition law type of protection could supplement the already broad product-specific and designation law type of protection.³⁷¹ The following illustrations may help: A small upstart fancy restaurant has on its menu a selection of fruit and cheese platters by country. The Italian platter contains *Castelmagno*, *Montasio* and Feta cheeses, *Kiwi Latina* kiwifruit, *Nocciola di Giffoni* hazelnuts and *Oliva Ascolana del Piceno* olives. All other products on the platter except Feta originate from Italy, and it was probably included there by accident since the word feta derives from the Italian word *fetta* meaning slice. Although there is no unauthorised use of any protected designation, there might still be an infringement of the PDO Feta. There is false or misleading reference to Italy in the advertising materials with regard to Feta or at least the reference might be liable to mislead the public.

The above illustration is not far from reality. In 2001 the *Cour d' Appel de Paris* (Court of Appeal) held in a case decided under French law that displaying sparkling wine bottles of *Café de Paris Brut ou demi sec* on a catalogue page titled Champagne was misleading. The court ruled that the place of the term 'champagne' in the advertisement could lead an average consumer to believe that the bottles shown on the same catalogue page belonged to the champagne category. The fact that the price between the sparkling wine and champagne bottles was very different and the prices were indicated in the catalogue did not remove the possibility that consumers might be misled since an average consumer is not aware of the lowest possible price for champagne.³⁷²

Although the wine sector regulations in normal cases limit the protection to wine sector products, Article 52(2) of the Wine Regulation extends the protection of wine GIs to other beverages if there is a risk of confusion as to the nature origin or source and comparison of

³⁶⁸ 'Potato-salad sauce with Spreewälder gherkins'

³⁶⁹ Origin Regulation, *supra* note 9, Art. 13(1)(c); Wine Regulation, *supra* note 176, Art. 48; Wine Labeling Regulation, *supra* note 178, Arts 6 and 24(2).

³⁷⁰ Origin Regulation, *supra* note 9, Art. 13(1)(d); Wine Labeling Regulation, *supra* note 178, 24(2).

³⁷¹ O'Connor, *supra* note 15, at 136, who gives a far fetched example of misleading the public with the imitation of a particular smell.

such beverage. This provision has been interpreted in *Elderflower Champagne* case by the UK courts where the defendants marketed a non-alcoholic fruit drink under the name Elderflower Champagne.³⁷³ They argued that the name Elderflower Champagne was a traditional English country drink found in recipe books and unrelated to Champagne produced in France. The three Appeal Court judges in the case found that there was more than a minimal risk of confusion by the use of the name Edelflower Champagne for the defendant's product.

It may also be useful to look at the Misleading and Comparative Advertising Directive as guidance to understanding the possible scope of protection against deception provided by the regulations. The Directive requires that in determining whether advertising is misleading, account shall be taken of all its features and, in particular, of any information it contains concerning geographical or commercial origin or the results to be expected from their use.³⁷⁴ It also defines comparative advertising very widely as any advertising which explicitly or by implication identifies a competitor or products offered by a competitor.³⁷⁵ This definition requires a competitive relation between the advertiser who compares, and the one who is being compared. Using the geographical indication Champagne in an advertisement for mineral water would not fall within the scope even though a comparison is made since sparkling wine is not sold in competition with mineral water.³⁷⁶

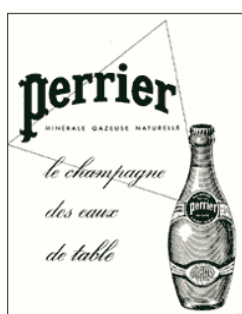


Figure V.4 Comparative add used by Perrier in France in 1907.³⁷⁷

³⁷² *Misleading advertising – Champagne wine, the judgement of Cour d'Appel de Paris on 17 January 2001, (2002) 29 AIDV/IWLA Bulletin, 50.*

³⁷³ *Taittinger and Others v Allbev Limited and Another ('Elderflower Champagne') (CA), [1993] 2 C.M.L.R. 741 .*

³⁷⁴ Art. 3(a).

³⁷⁵ Misleading and Comparative Advertising Directive, *supra* note 154, Art. 2(2a).

³⁷⁶ This does not mean that this kind of advertising could not be prohibited by national laws or the Wine Regulation.

³⁷⁷ Gert Wurtenberger, 'A Champagne Among Mineral Waters: Unfair Competition and geographical Desingnation', (1988) *10 E.I.P.R.* 145, 146. See also Our Brand Image, The dawn of century I: the champagne of table waters at <www.perrier.com/EN/entzbulle/rubrique143.asp> (last visited 22 July 2006)

The Directive permits comparative advertising if a number of conditions are met. One of these is that when comparing products with a GI, the GIs must be the same.³⁷⁸ This means that parmesan must not be compared with feta. Bernitz suggests, the text of the directive even implies a prohibition to compare GI products with non-GI products. This would mean that sparkling wine could not be compared with Champagne.

In the wake of the *Feta II* judgement, producers of feta cheese outside Greece are soon enjoined from calling their products feta. Although the ECJ ruled that the name had not become generic in the EC as a whole, this might not be the case when individual member countries are looked at separately. Bernitz' suggestion means that, for example Arla, could not in the future inform consumers that its Apetina cheese product is a competing product to Feta since even phrases such as 'use like feta' would be prohibited. Contrary to Bernitz, the Directive should be interpreted in a way that would allow comparison of GI products with non-GI products when this is done in accordance with honest practices in industrial and commercial matters.³⁷⁹ Such comparison is justified when it is the only effective means of providing the information to consumers and expanding the range of substitutable products they can choose from. Using elaborate paraphrases like white-cheese-in-brine-often-sold-in-cubes-for-your-Greek-salad can hardly be seen as effective way to sell products.

³⁷⁸ Art. 3a(1)(e).

³⁷⁹ In C-228/03, *The Gillette Company and Other v LA-Laboratories Ltd Oy.*, (Unreported) 17 March 2005, para. 49, the ECJ stated that trade mark use is not in accordance with honest practices in industrial and commercial matters if 1) it gives the impression that there is a commercial connection between the third party and the trade mark owner; 2) it affects the value of the trade mark by taking unfair advantage of its distinctive character or repute; 3) it entails the discrediting or denigration of that mark; or 4) the product is presented as an imitation or replica of the trade mark product.

VI Conclusions

GIs are a fascinating area of intellectual property law. Despite the differences, the actual functions of GIs are in many ways identical to those of trade marks. A sound view would be to accept that geographical indications have a limited role as source and quality indicators in allowing consumers to make informed and efficient choices in the market. In the EC, this role is at times undermined by the fact that the Regulations give ample room and discretion for uses that are arbitrary. Products are not strictly produced in the locations from which the GI indicates them to originate. Also the quality of the products may vary considerably since product specifications are unable to determine all the dimensions of productions, although a certain minimum quality level is established.

The traditionally acknowledged theory that GIs communicate, in addition to the products geographical origin, exclusive non-geographical qualities related to the products geographical origin seems implausible in most cases. Even if one accepts that geography can influence the characteristics of a product, it is far clear that these characteristics are exclusive. Qualities and characteristics are more likely to be related to transportable skill and manufacturing methods than the actual geographical location of production. Geographical indications are also incapable of protecting culture from market-induced changes. Protection of generic GIs or of GIs against genericness cannot be justified with arguments on *terroir* or culture. Nor should these arguments be accepted as grounds for expanding or strengthening the already existing GI protection.

Protection against genericness, against any misuse, imitation or evocation as well as against the exploiting the reputation of a GI seem to be there to protect the GI itself. They place the emphasis on the marketing function which allows producers to create attractive product images to promote product and obtain premium prices. This means that the promotional worth of GIs is being protected. Is it in the public interest to protect this aspect of geographical indications?

Geographical indications merit protection where they act as vehicles for communication between producers and consumers in the market place. They do not merit protection for any Pavlovian response they create. Any addition to the monopoly right needs some sort of a strong justification. Monopolies are the antithesis of competition and can be tolerated or even encouraged if they assist the development of commerce in some way. In the EC, the reform of the agricultural sector may be a justification to tolerate an additional monopoly or it may not. The advantages to agriculture do not necessarily outweigh the disadvantages to it.

Does promotional value of GIs in itself merit legal intervention? At the end of the day, the scope of GI protection is a policy issue.

My conclusion is that GIs themselves merit protection only in extremely rare cases. The approach here should not be any different from one taken in trade mark law. GI protection should not be used as a means to monopolise names. Usually only the source and origin function of GIs should be protected. As players in the market seek to monopolise any commercial magnetism or potential GIs have, judges and legislature alike should resist their claims for grater protection. It could be argued that the battle is lost. Some of the Regulations already protect GIs against genericness, against any misuse, imitation and evocation as well as against exploiting their reputation and new Regulation are in the process of being drafted to the same effect. Yet the application of all of them rests on judicial interpretation. Of course it will be for the ECJ to ultimately to decide the proper application, but a cautious approach is nevertheless advised.