

# WORLD TRADE ORGANIZATION

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**Council for Trade-Related Aspects  
of Intellectual Property Rights**

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**PROPOSAL FROM BULGARIA, CUBA, THE CZECH REPUBLIC, EGYPT, ICELAND,  
INDIA, JAMAICA, KENYA, LIECHTENSTEIN, MAURITIUS, NIGERIA, PAKISTAN,  
SLOVENIA, SRI LANKA, SWITZERLAND, TURKEY AND VENEZUELA**

## Revision

The Secretariat has received the attached paper, by means of a communication dated 23 March 2001, from Bulgaria, Cuba, the Czech Republic, Egypt, Iceland, India, Liechtenstein, Mauritius, Nigeria, Sri Lanka, Switzerland, Turkey and Venezuela with the request that it be circulated to Members. At the meeting of the Council for TRIPS of 2 to 5 April 2001, Jamaica, Kenya, Pakistan and Slovenia requested that their delegations also be reflected as co-sponsors.

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## **WORK ON ISSUES RELEVANT TO THE PROTECTION OF GEOGRAPHICAL INDICATIONS**

### **EXTENSION OF THE PROTECTION OF GEOGRAPHICAL INDICATIONS FOR WINES AND SPIRITS TO GEOGRAPHICAL INDICATIONS FOR OTHER PRODUCTS**

#### **I. INTRODUCTION AND OBJECTIVE**

1. In communication IP/C/W/204/Rev.1, Bulgaria, the Czech Republic, Egypt, Iceland, India, Kenya, Liechtenstein, Pakistan, Slovenia, Sri Lanka, Switzerland and Turkey presented their view on why the issue of extending the protection of geographical indications for wines and spirits to geographical indications for products other than wines and spirits is part of the negotiations in the TRIPS Council under Section 3 of Part II of the TRIPS Agreement.

2. The purpose of the present communication is to sustain communication IP/C/W/204/Rev.1 by demonstrating:

- why the level of protection provided by Article 22 of the TRIPS Agreement for geographical indications for products other than wines and spirits is not sufficient;
- why providing two different levels of protection for geographical indications in the TRIPS Agreement (one for wines and spirits and another one for products other than wines and spirits), is not justified; and
- why the extension of the protection of geographical indications for wines and spirits to one uniform level of protection for geographical indications is necessary in order to conform Section 3 of Part II to the goals of the TRIPS Agreement and to general WTO principles.

#### **II. ARTICLES 22 AND 23 OF THE TRIPS AGREEMENT: TWO LEVELS OF PROTECTION FOR ONE AND THE SAME INTELLECTUAL PROPERTY RIGHT**

3. Article 22.1 of the TRIPS Agreement defines geographical indications which are protected by the TRIPS Agreement as "indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin". Although, there is one identical definition for all geographical indications, Section 3 of Part II of the TRIPS Agreement provides for two different levels of protection for geographical indications.

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

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

6. Hence, the protection in Article 23 for geographical indications for wines and spirits is notably enhanced compared to that provided in Article 22 for geographical indications for other products, which relies on the 'misleading test'.

### **III. HISTORICAL BACKGROUND OF THE TRIPS PROVISIONS AND TODAY'S CRUCIAL SIGNIFICANCE OF GEOGRAPHICAL INDICATIONS IN INTERNATIONAL TRADE**

7. The fact that the TRIPS Agreement provides a different scope of protection for geographical indications for wines and spirits than for other products has its roots in a time before the Uruguay Round. The importance of geographical indications for the purpose of identifying and distinguishing products, and the essential role human know-how and geographic and climatic factors play in the end-quality of a product have been recognized for wines and spirits for a very long time. Recognition for the crucial significance which protected origins can play in the trading value of all sorts of other goods at an international level also came, but more slowly. By the time the Uruguay Round began, some Members still held on to the premise that additional protection for geographical indications was only truly required for wines and spirits, resulting in a heavy emphasis being placed by those Members on the protection of geographical indications for these products throughout the negotiations. However, there were also other Members who consistently pointed to the existence of other products particularly vulnerable to imitation, counterfeiting and usurpation and insisted on the importance of additional protection for geographical indications for these other products as well. Eventually, Section 3 of Part II of the TRIPS Agreement was agreed upon as a compromise in the Uruguay Round. However, a specific provision was included in Article 24 which envisioned further negotiations on increasing the protection of geographical indications.<sup>1</sup>

8. Since the adoption of the TRIPS Agreement, Member awareness of the need for sufficient protection of geographical indications for all products has continued to grow. Also, the ongoing negotiations in the field of industrial and agricultural products, as pursued by the WTO, shows the growing importance of extending the level of protection for geographical indications for wines and spirits for geographical indications to all products. Such protection is an invaluable marketing tool and an added value for exports because it increases the chances of market access for such goods. The extension of the so-called "additional" protection of Article 23 to geographical indications for products other than wines and spirits must be part of the global vision of a multilateral trade system.

### **IV. THE TRIPS AGREEMENT DOES NOT PROVIDE SUFFICIENT PROTECTION FOR GEOGRAPHICAL INDICATIONS OF PRODUCTS OTHER THAN WINES AND SPIRITS**

9. The limited protection granted by Article 22 as compared to Article 23 of the TRIPS Agreement entails several deficiencies.

#### **Article 22 enables free-riding on geographical indications**

10. In order for the protection of Article 22 of the TRIPS Agreement to apply, the undue use of a geographical indication has to mislead the public as to the geographical origin of the product or must constitute an act of unfair competition. The same applies for refusing or invalidating the registration

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<sup>1</sup> The relevant legal provisions for this are Articles 23.4, 24.1 and 24.2 of the TRIPS Agreement. In 1996, the TRIPS Council unanimously agreed "to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23" (document IP/C/8, paragraph 26). Moreover, the TRIPS Council stated "that a review of the application of the provisions of the Section on Geographical Indications as provided for in Article 24.2 ... permits inputs from delegations on the issue of scope" (ibid., paragraph 34). For more information on this issue, see document IP/C/W/204/Rev.1, paragraphs 9-16.

of a trademark containing or consisting of a geographical indication with respect to goods not originating in the territory indicated.

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

12. Unlike Article 23, Article 22 does not prevent the use of geographical indications in translation or accompanied by expressions such as "style", "type", "kind", "imitation" or the like. Such use should be prohibited. Over time, it puts geographical indications at risk to become generic terms. Let us illustrate this by using the example of 'Etivaz', a cheese with a special flavour produced in a specific area of Switzerland. Labelling cheese not originating in the area of Etivaz with expressions such as 'Etivaz-like' should not be allowed. Otherwise, there is a risk that Etivaz becomes a generic term for all cheese tasting similar to Etivaz cheese.

#### **Article 22 leads to legal uncertainty**

13. The requirement of the 'misleading test' in Article 22 of the TRIPS Agreement results in legal uncertainty as to the enforcement of protection for an individual geographical indication at the international level. It is up to the national courts and the national administrative authorities to decide whether or not the public is being misled by a particular use of a geographical indication, and to enforce their decision. However, whether or not the public is being misled and how the legal and administrative authorities apply and interpret this discretionary element of 'misleading the public' differs from country to country. The results are inconsistent decisions and legal uncertainty regarding the protection granted to geographical indications and its enforcement at the international level. Such legal uncertainty undermines and damages the good functioning of international trade in goods having the added value of a geographical indication. It can be avoided by granting the level of protection as provided by Article 23 of the TRIPS Agreement, which does not require the 'misleading test' or evidence of unfair competition, to all geographical indications.

#### **Article 22 puts the burden of proof on the producer entitled to use a geographical indication**

14. The 'misleading test' required in Article 22 carries another disadvantage for enforcing protection of a geographical indication, namely, in order to defend a geographical indication for a product under this Article, a plaintiff must prove to judicial or administrative authorities that the public has been misled, or that there has been an act of unfair competition. This is complicated and expensive. There is no such burden of proof put on the producer in the domain of geographical indications for wines and spirits. In contrast, Article 23 specifically prohibits *per se* the use of geographical indications for wines and spirits not originating in the place indicated by the geographical indication. This standard of protection should not only apply to geographical indications for wines and spirits but for other products as well.

## **V. NO JUSTIFICATION FOR TWO LEVELS OF PROTECTION FOR GEOGRAPHICAL INDICATIONS**

### **The difference in treatment according to products concerned is an anomaly in the intellectual property system of the TRIPS Agreement**

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

### **There is no substantive justification for a discriminatory treatment between geographical indications for wines or spirits and those for other products**

16. To treat geographical indications for wines and spirits differently from those for other products is substantively unjustified. The geographical origin confers, whether due to natural or human factors, intrinsic qualities to a good which a similar product without this origin will not have. The geographical origin, from a commercial point of view, has the same importance for all products. Often, the trade value of geographical indications for products other than wines and spirits is even higher than a specific geographical indication for a wine or a spirit. Let us just think of famous geographical indications such as 'Darjeeling tea', 'Carolina rice', 'Maine Lobster' or 'Bukhara' for carpets, which possess great trade value.

## **VI. GOALS OF THE TRIPS AGREEMENT, GENERAL WTO PRINCIPLES**

### **Avoiding trade distortions**

17. The draft summary paper of the WTO Secretariat on the responses to the checklist of questions<sup>2</sup> shows that Members fulfil their obligation to protect geographical indications by a variety of protection systems. The level of protection granted varies: some Members seem to have adopted a minimalist approach, implementing TRIPS Articles 22 and 23 narrowly, while others provide additional protection for geographical indications for all products. The diversity of protection systems and the differences in levels of protection create a situation of imbalance and contribute to legal uncertainty. The result of this is trade distortions at the multilateral level.

### **Transparent and coherent legal framework at the multilateral level**

18. A horizontal goal of the WTO agreements and a common interest of WTO Members is to establish and ensure a fair and predictable legal framework within which international trade can flourish. The TRIPS Agreement, like other WTO agreements, aims to reduce trade distortions and impediments to international trade.<sup>3</sup> Granting the level of protection of Article 23 of the TRIPS Agreement not only to wines and spirits but to geographical indications for all products establishes a uniform level of protection for geographical indications at the multilateral level and remedies the legal uncertainty regarding the level of protection granted by WTO Members to a specific geographical indication. It also allows the TRIPS Agreement to provide a single benchmark for protection, which would be implemented by Members at the national level, irrespective of the individual protection system they choose to apply. Predictability, transparency and legal security for the protection of geographical indications within the WTO framework would be enhanced and the risk of trade distortions minimized.

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<sup>2</sup> JOB(00)/5619; the draft summary paper covers the information delivered so far by 36 Members.

<sup>3</sup> Cpr. TRIPS Agreement, Preamble, 1<sup>st</sup> paragraph.

## VII. CONCLUSION

19. The current differentiation regarding the level of protection for geographical indications made by the TRIPS Agreement in Article 23 for wines and spirits and in Article 22 for all other products is reminiscent of the perception of the relevance of geographical indications in the pre-TRIPS era. It is the result of a compromise agreed upon at the time of the Uruguay Round, which mandated further work to improve protection for geographical indications.

20. The extension of the level of protection of geographical indications for wines and spirits to geographical indications for all other products is in the best interest and to the benefit of all WTO Members: It is not a North-South issue. Every country – whether developed, developing or in transition – has products which are the fruits of its culture and know-how, and its unique blend of soil, water or climate, and which, therefore, deserve effective protection. At a time when further trade liberalisation is being striven for, it seems, particularly in relation to the negotiations going on in the field of agriculture, a natural corollary that Members should be able to fully reap the advantages of their geographical indications when competing with their products on the liberalized world market. This can only be done effectively by granting them additional protection against erosion of their geographical indications.

21. In conclusion, Bulgaria, Cuba, the Czech Republic, Egypt, Iceland, India, Jamaica, Kenya, Liechtenstein, Mauritius, Nigeria, Pakistan, Slovenia, Sri Lanka, Switzerland, Turkey and Venezuela propose that the TRIPS Council continue its negotiations and start without any further delay to work out the legal modalities necessary to eliminate the existing deficiencies in the TRIPS Agreement in the field of the protection of geographical indications with a view to reaching a mutually agreeable solution.

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