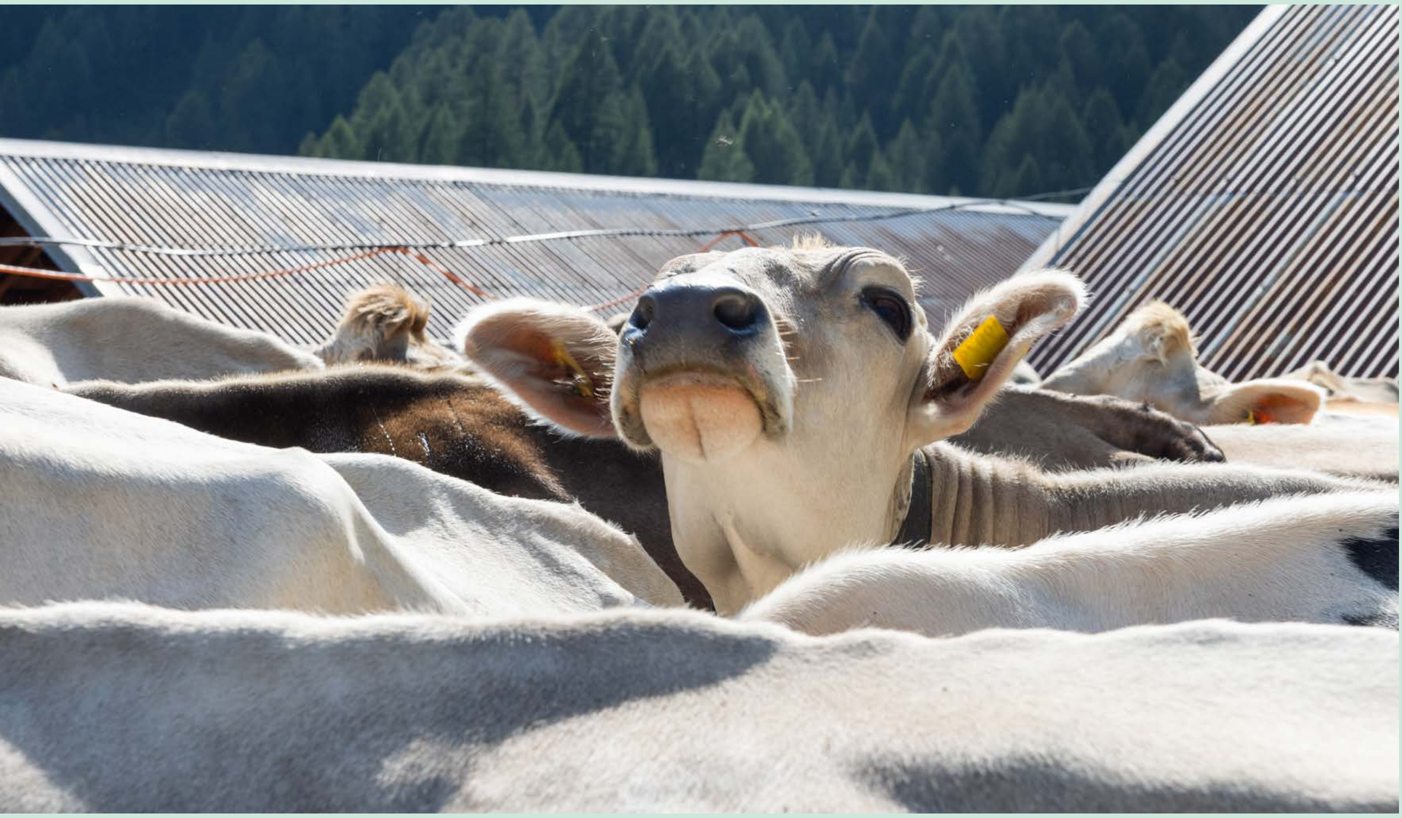

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Module 1

General introduction to geographical indications

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Contents

Note

There is no conceptual difference between “Appellation of Origin” (AO), “Protected Appellation of Origin” (PAO), “Protected Designation / Denomination of Origin” (PDO) and “Appellation d’Origine Contrôlée” (AOC). These are simply different terms (all referring to the same sub-category of GIs) rooted in separate legal texts and for the purpose of this learning course should be understood as synonyms.

1 What is a geographical indication?

1.1. Historical background and definitions

A geographical indication (GI) is a sign designating the geographical origin of a product. It applies to products that have specific characteristics due to their geographical origin and whose reputation is based on this origin. Following its definition as a broad category in the TRIPS Agreement of 1994 (see below), the concept of GI now includes the other categories of appellations of origin and geographical indication defined in other international agreements (Lisbon Agreement) and in regional and national legislation.

Long before being recognised as geographical indications in modern legal frameworks, place names enjoyed an extensive history in trade. Certain products originating in specific regions were recognised as endowed with qualitative characteristics that were sought after, and these products were often designated by a geographical name when sold in distant markets. This history stretches back to well before the industrialisation period and continues into the 21st century, in which foodstuffs are almost totally commercialised. Even when agricultural and craft productions were based mainly on local resources and techniques that varied from place to place, some food products – both high-value products such as wines and spices and basic products such as salt and cod have been traded since early times. This is evidenced by the reputation enjoyed by certain geographical names and the associated risk of freeriding, the public debate on the qualities of products, and the rules implemented by states and international trade treaties to maintain these products.

Today, local producers and international processing and marketing firms are conveyers of GI products in the global market. Ways to boost and regulate the origin of goods have evolved in different social, economic, administrative and legal frameworks over time.

Alpe Campo da Torba, where Formaggio d'Alpe Ticinese AOP cheese is produced.

The idea of place-based products recognised by consumers and traders for having specific qualities due to their geographical origin is not new, and many historical aspects of this practice still feature in contemporary debates. Generally speaking, a product's origin has been viewed as expressing the specific local resources and knowledge embodied in it, and this is still true today. Here we are dealing with both factual issues – which types of goods take on such unique specificity – and with institutional issues – which types of GI product identifiers are utilised by marketers and consumers. Regulation of GI products and their identifiers goes back to the expansion of markets for these products. Each time trade extended its reach in previous historical periods of development, regulations governing origin products were at stake. The contemporary period of globalisation is no exception.

The specificity of a product coming from a precise region may have resulted, in past centuries or decades, from innovation due to the environmental and economic constraints of remote and isolated communities as well as from the exploitation of local natural resources. For example, in many mountainous areas, making hard cheeses with a long maturing period was the only way to preserve the summer production obtained in remote pastures. To some extent, any commodity has specific qualities related to the place where it has been produced, even industrial commodities. But for the origin of a product to matter, the product must have some recognised special quality or qualities. Generally, the reason why origin matters to merchants and clients is because it indicates high quality. GI products retain their specificity if it is diffcult or impossible to copy them in any other place owing to specific local assets, production secrets or legal protection. The way in which these three factors influence the existence and maintenance of GI products has changed over time.

The livestock feed on grasses and herbs that are only found in this combination in the Ticino Alps.

The regulation of indications of geographical origin began with the wine trade in Ancient Greece. Indeed, at different periods of time, wine trade regulation has been a basis for the establishment of dedicated legal systems and institutions for diverse GIs identifying food products (e.g. olive oils, cheeses). Not only was wine one of the agri-food products tradable in distant areas owing to the duration of its preservation, but it also had a cultural status in relation to Greek and Roman civilisations, which was reinforced by Christian culture. Wine itself is a special kind of product as a result of the variety of grapes selected by producers and the capacity of these various grapes to express differences in the soils and climates where they are grown. These specific attributes have been developed and enhanced over centuries for cultural reasons, and the writings of ancient Greek and Roman authors reflect the special attention given to the diversity of wines. The idea of allocating precise allocations to vineyard parcels was developed in the Middle Ages by wine producers, mainly those affliated with religious institutions.

Designation of the products by the name of the region of production (or of the town which was their main market or their main processing place, as in the case of Roquefort cheese) was a way to provide information in trade relations among merchants or connoisseurs. In large modern public consumer markets, GIs often represent traditional and protected production methods, and are recognised as a means of quality differentiation in a market inundated by mass production. While many special types of products for which the origin was significant have disappeared (e.g. most textile products in indus-

The production of Ticino Alpine cheese follows strict rules.

trialised countries), markets for GI products can still be an economic asset for rural development, both in developed countries which have supporting policies and in developing countries, many of which are looking to create such policies.

In Europe, some regulations on defining appellations were adopted as far back as the Middle Ages. These regulations were mostly endorsed by local corporations in order to protect products' reputations. Therefore, they were mostly internal rules, enforced at the local level. In some cases, the state took the responsibility of adopting regulations where the economic stakes were high. Not surprisingly, this is particularly the case for some wines whose geographical areas and production methods were defined at an early stage, such as Chianti, Tokaj and Porto. But other products benefited from a particular status too, e.g. Roquefort cheese.

The history of GIs as an intellectual property right really began in the first decades of the 20th century, mostly in France, where the legal concept of «Appellation of Origin» was introduced in 1905. The concept was further developed in laws adopted in 1919 and 1927, but it was not until the adoption of legislation in 1935 that appellations of origin were defined in a way that clearly distinguishes them from mere indications of source. Indeed, appellations of origin (then «appellations d'origine contrôlées», AOC) consist of the combination of a name, a geographical area and production methods, and are defined in an administrative process involving producers and public authorities.

Following these developments, it is worth noting that appellations of origin were introduced in 1925 in the Paris Convention for the Protection of Industrial Property of 1883, whereas the initial treaty only mentioned indications of source. Neither concept is defined in the treaty.

The first definition of appellations of origin was set out in the Article 2 of Lisbon Agreement of 1958 (special union under the Paris Convention):

(1) In this Agreement, «appellation of origin» means the geographical denomination of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.

(2) The country of origin is the country whose name, or the country in which is situated the region or locality whose name, constitutes the appellation of origin which has given the product its reputation.

The Lisbon Agreement entered into force in 1966, and its definition of appellation of origin was introduced into the legislation of its members and some other countries. For about three decades, appellations of origin were recognised in European countries. Many of them were also registered in the Lisbon System administered by the World Intellectual Property Organization (WIPO).

Later, the concept of geographical indications was coined in the legislation of the European Community (EC) that was adopted in 1992. The EC aimed to accommodate both the rather strict concept of appellation of origin and a lighter concept of geographical origin, in which the link to the geographical area lies in the processing expertise and not necessarily in the raw materials. Therefore, Article 2 of the Council Regulation (EEC) No 2081/92 provides two definitions:

> *(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:*
> - *originating in that region, specific place or country, and*
> - *the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and the production, processing and preparation of which take place in the defined geographical area;*
>
> *(b) geographical indication: means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:*
> - *originating in that region, specific place or country, and*
> - *which possesses a specific quality, reputation or other characteristics attributable to that geographical origin and the production and/or processing and/or preparation of which take place in the defined geographical area.*

Certain traditional geographical or non-geographical names designating an agricultural product or a foodstuff originating in a region or a specific place which fulfil the conditions referred to in the second indent of paragraph 2 (a) are also considered as designations of origin.
The Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, concluded in 1994 as one of the treaties establishing the World Trade Organization (WTO), deals only with this broad concept of geographical indications (GI) in a way that is even broader than the definition provided by the European regulation. Indeed, according to the definition set out in Art. 22 of the TRIPS Agreement, a GI is not necessarily a name, and there is no mention of the different production steps:

> *Geographical indications are, for the purposes of this Agreement, 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.*

But there is another difference: whereas the 1992 European legislation defines AOs and GIs in the context of agricultural policies and limits their scope to agri-food products, the TRIPS Agreement, similarly to the Lisbon Agreement, does not limit the kinds of products covered. Therefore, most national laws that were adopted by countries after 1995 to comply with their obligations under the TRIPS Agreement established a single regime for GIs, without making a distinction between different kinds of products.

Although Art. 22 TRIPS covers all kinds of products, there is a very important differentiation between GIs for wines and spirits (Art. 23) and GIs for other products (Art. 22). Only GIs for wines and spirits benefit from a high standard of protection, whereas other GIs are protected only to the extent that they prevent consumers from being misled.

Shortly after the TRIPS Agreement entered into force, a growing number of WTO Members, including the EU, Switzerland and many developing countries, sought better protection for all GIs, or in other words an alignment of the general protection standard with the protection granted to wines and spirits. Other WTO Members, including New World countries such as the United States and Australia, opposed this and refused to agree to the extension of the higher level of protection to all GIs. This subject was debated for over a decade without any convergence of positions. This disagreement prevented the establishment of a multilateral system of notification and registration of GIs in accordance with Art. 23.4 TRIPS. Indeed, the WTO Members could not even reach an agreement about coverage in terms of products, to say nothing of the mechanisms and effects of such a system.

Under the TRIPS Agreement, GIs for cheese are less well protected than those for wines and spirits. This is not the case under the WIPO's Geneva Act of the Lisbon Agreement.

For detailed information on the WTO framework and negotiations on GIs:
https://www.wto.org/english/tratop_e/trips_e/gi_e.htm
https://onlinelibrary.wiley.com/doi/epdf/10.1111/j.1747-1796.2002.tb00185.x
https://onlinelibrary.wiley.com/doi/epdf/10.1111/j.1747-1796.2009.00374.x

Discover the Swiss position with regard to GIs and why Switzerland is working on a national and international level to strengthen GIs here: ige.ch/position-paper

At the same time as the deadlock at the WTO, a project was launched at WIPO to modernise the Lisbon Agreement. Between 2009 and 2014, Lisbon Members and Observers prepared a draft that was adopted at the diplomatic conference in 2015 and which would become the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications.

The Geneva Act covers both AOs (as defined in the Lisbon Agreement) and GIs (as defined in the TRIPS Agreement), providing both categories with the same high standard of protection. Indeed, contrary to the other global systems administered by WIPO for other IP rights, the Lisbon System is not only an international system of registration, but also a system that prescribes a protection standard that applies in all contracting parties.

Sources of definition of Appellation of Origin (aka Designation of Origin in the EU legislation)
- WIPO Lisbon Agreement (1958)
- EC Regulation 2081/92 (1992)
- WIPO Geneva Act of the Lisbon Agreement (2015)

Sources of definition of Geographical Indication
- EC Regulation 2081/92 (1992)
- WTO TRIPS Agreement (1994)
- WIPO Geneva Act of the Lisbon Agreement (2015)

1.2. The Nature of GIs

A protected GI is a combination of a denomination, a defined geographical area and a set of requirements. In principle, anyone located within the geographical area and fulfilling the requirements has the right to use the protected denomination.

GIs are names, i. e. verbal forms. The definition of a GI in the TRIPS Agreement and in the Geneva Act only says «indication», but up to now all recognised GIs have consisted of words.

These names are usually geographical names, i.e. place names, which may be accompanied by generic terms designating the kind of good concerned and / or by qualifiers traditionally associated with the geographical name.

Examples of GIs containing place names:
– Cognac (spirit, France)
– Idiazabal (cheese, Spain)
– Marsala (wine, Italy)
– White / Blue Stilton cheese (UK)
  Note: the village of Stilton is outside the delimited geographical area for the protected appellation of origin Stilton. For the PAO, the use of pasteurized milk is mandatory; therefore, a producer located in the area but using raw milk had to name his cheese «Stichelton», which is an old name of the village of Stilton. More information on https://fr.wikipedia.org/wiki/Stilton_Cheese and https://stichelton.co.uk/background.html
– Penja pepper (Cameroon)
– Sanuki shiro miso (Japan)
– Single Gloucester (cheese, United Kingdom)
– Vino nobile di Montepulciano (wine, Italy)
– Cuzco Giant White Maize (corn, Peru)

Some GIs consist of or include names that are not place names, but refer to a precise geographical origin. These names are called «traditional denominations» in some legislations.

Examples of GIs not containing place names:
– Reblochon (cheese, France)
– Prosecco (wine, Italy)
– Tête de Moine (cheese, Switzerland)
– Oscypek (cheese, Poland)
– Mezcal (spirit, Mexico)

The product name Formaggio d'Alpe Ticinese also contains the name of the region (Ticino).

Finally, some GIs are accompanied by terms or geographical names that indicate sub-categories within one broader GI. This is particularly the case with wines.

Examples of GIs that contain sub-categories:
– Chianti, Chianti Classico, Vin Santo del Chianti, Vin Santo del Chianti Classico (wine, Italy)
– Chambertin (wine, France) and 9 appellations of origin containing the name «Chambertin»

Only beneficiaries may use abbreviations in the legal category of IP rights corresponding to the sui generis registration or recognition of GIs, such as AOC/AOP (appellation d'origine contrôlée / protégée), PGI (Protected Geographical Indication), DOCG (denominazione di origine controllata e garantita).

These abbreviations are often accompanied by, or included in, official symbols or collective logos. There are two types of logos: those that indicate the recognition / protection of all products in one jurisdiction, and those that are specific to each single GI.

Examples of official symbols for all products in one jurisdiction:

European Union

Japan

Indonesia

Examples of official symbols for specific GI products:

Tequila
(spirit, Mexico)

Gruyère
(cheese, Switzerland)

Grana Padano
(cheese, Italy)

Bajawa Coffee
(Indonesia)

Madd de Casamance
(fruit, Senegal)

The importance of product specifications:
A GI is a denomination that is used in relation to a specific product (type). All tangible products of this type (bottle, piece, jar, etc.) must comply with GI specifications (conceptual definition), which are also called a «code of practice», «book of specifications» or «book of requirements». The code of practice is the set of obligations in terms of means and results, which is applicable within the boundaries of a defined geographical area. Thus, producers need to comply with the rules of production set out in the code of practice.

1.3. GIs and other intellectual property rights

As previously mentioned, GIs – in the form of appellations of origin – started to be recognised as an intellectual property right (IP right) in the first decades of the 20th century, not long after the first recognition of the «classical» IP rights. There are, however, essential differences between GIs and the conventional types of IP rights. The table below presents a comparison between all IP rights.

Feature	Geographical indication (GI)	Collective mark	Certification mark	Individual trade mark	Patent	Copyright	Design
Purpose	Protects products with specific geographical origins	Distinguishes goods / services of members of an association or group	Certifies that products meet certain standards or characteristics	Identifies and distinguishes goods / services of an individual entity	Protects inventions, processes and technologies	Protects original creative works	Protects the visual appearance of products
Subject matter	Products linked to a specific geographic region	Goods / services of a collective organisation	Products that meet certification criteria	Goods / services of a single entity	New inventions, processes and products	Original works of authorship such as literary, artistic and musical works and computer programs	The ornamental design and external appearance of products or objects
Eligibility criteria	Must be linked to a specific geographic area and its qualities	Membership in the collective group or organisation	Must meet specific standards or characteristics set by the certification mark owner	Must be distinctive and not confusingly similar to other trade marks	Must be novel, involve an inventive step and be usable industrially	Must be original and expressed	Must be new and unique – not identical to existing designs
Duration	Indefinite, as long as the product meets the GI criteria	Typically renewable indefinitely (subject to use)	Typically renewable indefinitely as long as standards are met	Typically renewable indefinitely (every 10 years)	Usually 20 years from filing	Life of the author +70 years (varies by jurisdiction)	Typically 25 years, renewable in some jurisdictions
Registration	Often requires registration with an authority (e.g., government or certification body) and submission of a code of practice (specifications)	Must be registered with the relevant trade mark office	Must be registered with the relevant trade mark office	Must be registered with the relevant trade mark office	Must be filed with the relevant patent office	Registration is optional but provides benefits	Must be registered with the relevant design office
Protection scope	Protects names and, indirectly, qualities tied to a geographical region	Provides protection for group members for goods / services	Provides certification of quality or standard	Ensures exclusive use by the owner	Protects the inventor's exclusive rights to the invention	Protects the expression of an idea (e.g., books, films, music) for its author	Protects the aesthetic features of a product
Beneficiaries	Producers from the region specified in the code of practice	Members of the collective group or association	Producers whose products meet the certification standards	The owner of the trade mark	The inventor or patent holder	The author, the creator or their assignees	The designer or their assignees
Enforcement	Typically enforced by authorities or collective groups	Enforced by the collective association or group	Enforced by the certifying authority or certification mark owner	Enforced by the individual trade mark owner	Enforced by the patent holder	Enforced by the author or copyright holder	Enforced by the designer or their assignees
Use	The product must meet quality / origin criteria tied to the geographical region	Used by members of the collective group for specific goods / services	Used by certified products to show compliance with standards	The owner has exclusive rights to use the mark for specific goods / services	The patent holder has exclusive rights to make, use and sell the invention	The author has exclusive rights to reproduce and distribute their work	The designer has exclusive rights to the visual design of a product
Examples	Champagne, Tequila, Parmigiano Reggiano	«Cooperative» mark for a group of producers	«Fair Trade» certification mark	Nike, Apple, Rolex	Light bulb, pharma-ceuticals, machinery	Books, films, paintings, songs	Furniture designs, product packaging

GIs and trade marks are complementary. In particular, GIs and trade marks both function as distinctive signs in the market. It is in the interest of GI beneficiaries and trade mark owners that they clearly distinguish from each other. Moreover, many GI beneficiaries hold individual trade marks, in addition to trade marks held by collective GI organisations, and many trade mark owners also use GIs on some of the goods they produce.

Example: The Swiss firm Bell Food Group produces and commercialises a broad range of meat products, including PGI sausages and hams, but the biggest logo on all its products is its own.

Some non-GI Bell products for illustration:

© Bell Food Group AG

Examples of Bell GI products:

© Bell Food Group AG

© Swiss PDO-PGI Association

La «Girolle», the tool used to create the famous Tête de Moine cheese 'flowers'.

Even patents and designs may be related to GIs, either for individual producers or GI collective organisations.

Example: the interprofessional organisation of Tête de Moine PAO owns a number of trade marks, including a 3-D trade mark for the cheese flower that is the usual way to consume this cheese. The invention of the tool that helps to make these flowers, called «Girolle», which was patented in 1982, was an instrumental step for the development of the production of Tête de Moine.

Co-branding, mostly for GIs used as an ingredient, is also very trendy: the trade mark benefits from the reputation of the GI while the GI gets a larger market and visibility. Both Kambly and Biscuits Agathe use Gruyère AOP as an ingredient and highlight this on their packaging with a form of co-branding.

In conclusion, GI stakeholders (at individual and collective levels) should consider whether to protect their IP assets with different IP tools, once their main asset – the GI itself – is protected as such.

© Kambly SA

© Biscuits Agathe

Photo: Bakery products with Gruyère PAO

2 Why protect a product as a GI?

2.1. Legal reasons

From a legal perspective, there are several interrelated reasons for protecting GIs:

- **Long-term brand development by producers:** over generations, producers within a specific region have invested substantial time, effort and financial resources into cultivating a reputation for quality associated with the geographic origin of their product. This investment is based on both traditional knowledge and consistent quality production methods that are passed down through families and communities. In most cases, the specific quality of a GI product is also due to one or more innovations that have been developed by a community. Without legal protection, this investment could be undermined by producers outside the designated region attempting to exploit the established reputation. For example, if a region's wine, cheese or craftwork is recognised for its high quality, producers outside that region could attempt to use the same name or similar names to capitalise on the product's reputation without having made the same effort or adhering to the same standards. Protection of GIs ensures that the producers who have spent generations cultivating this reputation are the ones who benefit from the value they have created. It ensures that their reputation is not stolen and that they earn the fair returns they deserve for their efforts.

  Example: the producers of Roquefort spent centuries digging and fitting out the maturing cellars in Roquefort-sur-Soulzon, a tiny village where the geological and biological environment provides unique characteristics to the cheese. Related skills have been developed and transmitted across generations of experts in producing Roquefort cheese.
  https://www.roquefort.fr/en/natural-ripening/

- **Preventing the genericisation of geographical names**: the particular nature of GIs is due to the fact that geographical names normally belong in the public domain. This is the reason why they cannot be registered as trade marks: in relation to the specific good concerned, a geographical name is not distinctive for one producer or a group of producers. On the contrary, it is even descriptive of the product. But that name is distinctive when considering all the products of the same kind or the substitutes.

  For instance, if sparkling wine producers outside the Champagne region of France used the name «champagne» for their wines, the name would lose its distinctiveness, and the reputation as-

© IPI

Giorgio Dazio (left) learnt how to make cheese from his father and is passing the skill on within the family.

sociated with the specific region would be diluted. Hence, the state imposes rules for the use of the denomination by producers within the geographical area, and prevents producers located outside the geographical area from using the denomination. The denomination is thus taken out of the public domain and protected against the risk of becoming a generic term for a certain type of good.

An example of a geographical name that may become generic, in particular because it has not been yet protected as a GI, is «Dubai chocolate».

This example contrasts with «Cioccolato di Modica» (Italy), which is also chocolate, but properly protected as a GI.

– **Safeguarding the interest of consumers:** Consumers have legitimate expectations that the product they purchase will meet certain quality standards associated with its geographic origin. For instance, a consumer who buys a piece of Parmigiano Reggiano expects a specific taste, texture and method of production that may most likely only be provided by producers from the designated area in Italy that respects the mandatory quality standard. A registration procedure under a sui generis GI system, with a public consultation, is the best way to ensure that consumers' expectations are taken into account when the applicant group of producers submits the quality standard.

  In dispute procedures and judicial cases, consumers' expectations as to the quality of a GI product is also a key issue. In dealing with the regulation of GIs, public authorities aim to prevent consumers from being deceived as to the quality standard of a GI or by any particular tangible good labelled with a GI.

  Please consult the web page of WIPO for further information.

© IPI

The entire production process for Alpe Formaggio Ticinese – from milking to maturing the cheese – takes place on the Alpine farm.

2.2. Economic reasons

The economic justification for the protection of GIs is that it allows local producers to collectively manage their GIs as intangible assets and benefit from the unique qualities of products tied to a specific geographical origin. GIs provide an essential means for local producers to protect the quality of their products, ensuring that their distinctive characteristics are maintained. This not only adds value to the product but also creates a market niche that differentiates the product from others in a globalised market.

Transaction costs refer to the costs incurred during the exchange of goods and services, such as those related to information, negotiation, enforcement and monitoring. The concept of transaction costs plays a crucial role in understanding the economic justification for the protection of GIs. Without the collaboration between the producers implied by the GI protection, producers may face higher transaction costs related to ensuring product quality, maintaining consumer trust and preventing imitation or fraud. Transaction costs also arise from the difficulties involved in verifying the authenticity of a product, both for producers and consumers.

From a transaction cost perspective, collective action by GI producers plays a key role in reducing market inefficiencies such as information asymmetry. As the quality standard is part of the GI registration, consumers can rely on the GI tag to get the quality they expect. By forming collectives, producers are also able to share the costs of certification, marketing and enforcement. Without such collective management, the costs of creating and maintaining a distinct market presence would be very high for individual producers. Moreover, collective governance minimises market distortions and reduces the risk of freeriding by producers both inside and outside the geographical area, who might attempt to exploit the GI without adhering to the same standards. This reduces the costs related to monitoring and enforcing product quality, thus enhancing the overall economic sustainability of the GI.

For example, the costs associated with monitoring product quality and enforcing the GI standards are reduced when there is a clear governance structure in place and when producers have a shared understanding of the benefits that maintaining the GI provides. This cooperative approach minimises the costs of verification, dispute resolution and enforcement, allowing producers to focus more on producing and promoting high-quality goods rather than on managing conflicts or navigating complex regulatory environments.
The protection of GIs serves as a tool to signal quality to consumers, which should in turn add significant economic value to the products. GIs help consumers identify products that are not only of superior quality, but that are also authentic and tied to a specific region's culinary and cultural heritage. This reputation-based differentiation often allows producers to charge a premium price or to secure a market niche, which is one of the main economic justifications for GI protection.

Protecting GIs can reduce the transaction costs related to consumer searches and quality verification. Many consumers are more likely to trust products bearing a GI label because they associate it with a certain standard of quality and authenticity that is verified. This reduces the need for costly information-gathering activities that consumers might otherwise have to engage in to assess product quality.

For producers, GIs offer a form of protection from competitors who might otherwise attempt to exploit the reputation of a region without adhering to its quality standards. The protection of GIs through legal mechanisms is a way to prevent such freeriding, and it ensures that the market for GI products is transparent and trustworthy. In economic terms, the reduction of transaction costs related to verifying quality and authenticity is a significant benefit, not only for consumers but also for producers who can more efficiently enter and navigate the market.

The matured cheese is rubbed daily.

Protecting GIs through legal frameworks can reduce these transaction costs by providing clear rules and certifications that establish product origin and quality. For instance, the legal protection of GIs ensures that only producers who meet specific standards can market their products under a GI label, reducing the need for costly verification by consumers. This protection also helps create a more efficient market, as it fosters transparency and reduces the risks of misleading claims and deceptive marketing practices.

Furthermore, protecting GIs can help reduce the transaction costs associated with entry into new markets. When a product is protected by a GI, it carries a certain level of prestige and consumer trust, which can reduce the need for costly marketing and branding efforts. Producers can rely on the reputation associated with the GI to differentiate their products in competitive markets. This reduces the costs of advertising and product promotion.

In conclusion, protecting GIs not only provides a means for preserving cultural heritage and promoting regional identity but may also deliver substantial economic benefits by reducing transaction costs, improving market efficiency and creating a sustainable framework for collective economic growth. By lowering transaction costs related to product verification, quality assurance and market entry, GIs help producers maintain their competitive edge, ensuring long-term economic success. Thus, protecting GIs is both an economic strategy and a tool for fostering fair and sustainable development in global markets.

Table

Incentives for the registration / recognition of a GI

Grounds / features	Intended effects / benefits	Alternatives / difficulties
A GI pre-exists its registration / recognition	IP title of protection: legal certainty, prevention of genericisation, etc.	Protection ex post is available: general legislation on unfair competition and misleading of consumers, protection of GIs without registration. But: legal uncertainty, risks of genericisation, etc.
Geographical names or traditional denominations are in the public domain: they do not belong to anyone	A GI is an open right: anyone complying with the requirements may use the denomination.	WTO TRIPS Agreement (1994)
Fair competition among the legitimate producers (= producers who are located in the relevant geographical area)	Rule-setting (GI specification) and a control system are crucial to ensure that nobody within the geographical area cheats on quality.	For a small group of producers, it may seem burdensome to impose collective rules and a control system.
An unregistered GI may be appropriated and misused as a brand name substitute by competitors outside the geographical area or not conforming to traditional standards.	GI protection makes it possible to fight misuse, imitations, exploitation of reputation and freeriding.	Even if a GI is used with a term like «style» or «type», or with a localiser, any such use damages the reputation and distinctiveness of the GI.
A GI should not be registered as a trade mark or be included in a trade mark, unless that trade mark is restricted to products benefiting from the GI.	GI protection makes it possible to prevent the registration of trade marks in third countries that could deny the legitimate producers the right to use that denomination.	There is no alternative: the producers in the region of origin do not have other names they could use.
Consumers' expectations as to the origin, quality and characteristics of the goods	A GI standard is publicly available. For consumers who would like to get more details, information can easily be found.	Most consumers do not have a precise idea of the methods, resources and ingredients that are used to produce goods benefiting from a GI.
Consumers' welfare: authentic products originating in remote regions or countries	The protection of GIs offers a guarantee to consumers and enables them to access a growing number of high-quality and controlled goods from all over the world. It also decreases the search costs for consumers, thanks to GI official symbols and logos.	In globalised markets, more and more products come from remote geographical origins. Considering the multiplication of brands, geographical names and logos, consumers can get lost.
Legal basis for collective management of GIs as an asset	A GI makes it possible to gather together all the stakeholders of a supply chain on a defined geographical basis.	There are other ways in which producers can organise themselves collectively.

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