PROTECTION OF GEOGRAPHICAL INDICATIONS: A NEED TO REVISE TRIPS ARTICLE 23

Archa Vashishtha[*]*

I. Introduction

Geographical Indications (GI) indicates that particular goods originate from a country region or locality and have some special characteristic, qualities or reputation which is attributable to its place of origin. These special characteristics quality may be due to various factors e.g. natural factors such as raw material, soil, craftsmanship, regional climate etc., or the methods of manufacture or production.[1]

It can be said that the term GI is relatively new but it is an important concept. The term "Geographical Indications" was first introduced by World Intellectual Property Organisation (WIPO), during the discussion of a Treaty for The Protection of Names and Symbols Indicating Geographical Origin.[2] Unlike other IPRs, Geographical Indications aim to protect the smaller community and world at large. Smaller community being the residents of the place where a particular product is grown and manufactured and people earn their livelihood by it. The world at large could be deceived by the sale of the products not being produced their but having those geographical indications.[3]

Prior to the Agreement on Trade Related Aspects of Intellectual Property Rights(TRIPS Agreement) the term used to describe GI's was "Appellation of Origin (AO)" and "Indication of Source (IS)". These terms were used for the first time in the Paris Convention for the Protection of Industrial Property 1883, but these terms were not defined anywhere. Finally a definition of these terms was given in the Lisbon Agreement for the Protection of Appellation of Origin and their International Registration (1958). *Appellation of Origin* was defined in the Lisbon Agreement as the "geographical name of a country, region which serves to designate a product originating therein, the quality and characteristics of which are due exclusively and essentially to the geographical environment including natural and human factors."[4] The term

* Assistant Professor, Law Centre-II, Faculty of Law, University of Delhi.

1 Hemanth Kumar, *Protection of Geographical Indications in India*, in Sreenivasulu N.S.(ed.), Intellectual Property Rights (Regal Publications,New Delhi, 2007) pp. 187-205, 205.

2 Sachin Chaturvedi, *India, the European Unions and Geographical Indication: Convergence of Interests and Challenges Ahead,* RIS Discussion paper, pp. 1-16, 4.

3 *Supra* n.1.

4 Art.2(1) of Lisbon Agreement for the protection of Appellation of Origin and their international registration.

Indication of Source was not defined even in the Lisbon Agreement. Indication of source can be defined as an "indication referring to a country or a place in that country or a place of origin of a product. It may normally be preceded by words such as made in…."[5]

GI's are dealt with in Section 3 Part II of the TRIPS Agreement. Article 22.1 of the TRIPS Agreement defines Geographical Indication as "Indications which identify a good as originating in the territory of a member (of the WTO), or a region or locality in that territory, where a given quality reputation or other characteristic of the good is essentially attributable to its geographical origin."

The concept of geographical indications as evolved during the TRIPS Agreement attempts to cover both the previous concept i.e. Appellation of Origin and Indication of Source. However, there are certain differences between AO and GIs as defined under the TRIPS Agreement. This definition of GI does not cover all Indications of Source. The product identified with the GI, must not only originate from a specific geographical place but also has a quality, reputation or other characteristics which is essentially attributable to the geographical origin. The definition of geographical indication confine only to the quality and the characteristic of the product attributable to its geographical origin and not to the reputation of the product.[6]

II. Protection of Geographical Indications Under the Trips Agreement

It can be said that the importance of GIs emerged only with the advent of the TRIPS Agreement, which came into effect on 1st January 1995. This Agreement obligated WTO members to provide legal means to prevent the use of geographical indications that misleads the public as to the geographical origin of the goods or constitute an act of unfair competition. Article 22 to 24 of Part II of Section 3 of TRIPS Agreement prescribes minimum standards of protection of geographical indications that WTO members must provide.[7] The reason for according special protection to GIs was the special concern of European wine growers that was expressed during the negotiations of Uruguay Round.[8] Article 22 of the TRIPS Agreement obligates the member states to provide the means for interested parties to prevent:

i. The use of any means in the designation and presentation of a good that indicates or suggests that the goods in question originates in

5 *Supra* n. 2, p. 5.

6 *Ibid.*

7 Suresh C. Srivastva, *Geographical Indications under TRIPS Agreement and Legal Framework in India*, 9 Journal of Intellectual Property Rights 9-23 (2004).

8 V.K. Ahuja, *Protection of Geographical Indications: National and International Perspective*, 46 Journal of Indian Law Institute 269-283 (2004).

geographical area other than the true place of origin in a manner which misleads the public as to geographical origin of the goods, and

ii. Any use which constitutes an act of unfair competition within the meaning of Art. 10 bis of the Paris Convention.[9]

TRIPS Agreement authorises a member state to refuse or invalidate the registration of a trademark which contains or consist of geographical indication of such a nature that is likely to mislead the public as to the place of origin of the goods. Member states can do this on the request of any interested party or if their legislation so permits.[10]

Article 22(4) which explains the scope of Article 22(3), provides that Article 22(3) shall also apply to a geographical indication which although literally true as to the territory, region or locality in which the good originate falsely represents the public that the good originates in that territory.

Article 23 is one of the most controversial provisions of the TRIPS Agreement. There are two reasons for controversy surrounding this article. First controversial part is the additional protection provided to wines and spirits. As per Article 23, wines and spirits should be protected even when there is no chance of misleading public or unfair competition. Article 23 imposes an obligation upon member countries to legislate to prevent use of geographical indication regarding wines and spirits, which do not originate in the place indicated.

Second Controversial part of Article 23 of the TRIPS Agreement relates to multilateral system of registration of geographical indications. According to Article 23(4), TRIPS has an inbuilt agenda for negotiations to be undertaken in the council for TRIPS for the establishment of multilateral system of notification and registration of geographical indications for wines. There is uncertainty surrounding this article, whether this article should be applied to wines only or to spirits as well, however this uncertainty was taken care of by paragraph 18 of The Doha Declaration which refers to "wines and spirits" in the context of multilateral register. Now with the demand of extension of Article 23 like protection to all GIs, there is a demand by member states that an extended multilateral system of registration and notification for all goods should be provided.[11] In this article we will deal only with the first part of article 23 which deals with special protection given to wines and spirits.

---

[9] Art. 10 *bis* of Paris Convention for the Protection of Industrial Property.

[10] Article 22(3) of TRIPS Agreement.

[11] Latha R. Nair & Rajendra Kumar, Geographical Indications - a search for identity 137-38 (Lexis Nexis Butterowrths, 2005) pp. 137-138.

Article 24 provides certain minimum exceptions to the protection accorded to geographical indications. However members are free to implement in their law more extensive protection than is provided by TRIPS Agreement, thereby leaving it open to them to dispense with these exceptions. The only caveat is that such protection must not contravene the provisions of the TRIPS Agreement.[12]

A. TRIPS Article 23 Controversy

There was a time when everything under the sun was freely accessible to everyone, and today we are living in an age where even certain names could be registered and rightfully appropriated in the name of IPRs, which everyone may feel are freely available. The privatization and commercialization has increased discontent in the society and have also increased consciousness among masses about their rights and duties, and that is one of the reason why discrimination on what so ever ground is resisted. Two things placed in similar situations should be equally treated is a well-known principle. The application of this principle is being demanded by many countries in the matter of geographical indications also.

The definition of GI is uniform for all products under the TRIPS Agreement, but it provides a hierarchy in the level of protection available to wines and spirits on one hand and other geographical indications on the other hand. The general framework under article 22 of the TRIPS Agreement is the consumer confusion as a main condition for the protection of geographical indications. In effect this condition depends on the proof of two factors:

i. Reputation of geographical indication concerned in the country of disputed use; and

ii. Confusion/ deception as to geographical indication.[13]

This means that use of GIs in a manner which misleads the public as to the geographical origin is not permitted. For example, a usage such as Kholapuri Chappal as a geographical indication would not be actionable unless it is shown that Kholapuri Chappal as a geographical indication is well known in India, and that such use will be misleading. On the other hand under article 23 a usage such as 'Indian Champagne", in spite of the delocalizing agent such as India would be actionable and incorrect. The difference lies in the nature of products, the second category being wines and spirits avails special protection.[14]

---

[12] *Id.* at 22.

[13] *Id.* at 131.

[14] *Ibid.*

This difference in the level of protection has led to a great debate. This debate in the WTO is effectively polarized between the two camps. On the one hand there is EC and its supporters who are seeking to achieve broad protection for a wide range of GIs (agricultural and other products). In addition to the extended members of the European Union, members of this group include India, Kenya, Mauritius, Nigeria, Pakistan and many others. The other side of the debate is represented by a group of members who are opposed to the extension of additional protection beyond wines and spirits. This group includes Argentina, Australia, Canada, Chile, US and many other countries.

Opposing the EU's proposal for extension, the joint proposal of these member countries is that the existing protection under article 23 of the TRIPS Agreement is adequate. They caution that providing enhanced protection will be a burden and would disrupt existing legitimate marketing practices.[15] This group further argue that there is no provision in the TRIPS Agreement that could give the legal basis for negotiating such extension. They say that arguments in favour of extension are not made by judging which group of products deserves additional protection but are rather based on logical analysis and reflects the underlying fact that TRIPS Agreement forms part of finely negotiated trade agreement.[16]Arguments put against extension have been discussed in detail.

B. Arguments Against Extension

(i) Historical Factors

According to this argument the dual level of protection in the TRIPS Agreement is a result of the negotiating compromise reached in the broader context of the Uruguay Round negotiations. The compromise of Article 23 operates to confer exclusive rights over a particular term to one group of producers effectively depriving others of the right to use that term. It is argued that Article 22 which protects against such use of GIs which misleads the public or form an act of unfair competition provides adequate recourse for producer to seek protection of legitimate GIs. Moreover it is not required that governments should take unduly burden some steps to administer appropriate and effective protection. This approach does not seek to diminish the value of GIs, particularly as a means of promoting trade opportunities, rather it recognizes, in full, this position. In background of global markets and the need for existing, as well new and emerging markets, to be accessed in cost effective ways, maintaining Article 22

[15] *Available at* http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm (last visited August 10, 2017).

[16] *Avaiable at* http://www.iprsonline.org/resources/docs/Grant_GIs_paper_Africa.pdf (last visited August 10, 2017).

level protection creates the optimal balance and trading conditions, rather than providing more complex mechanism for the protection of GIs.[17]

(ii) Administrative Costs

Extension of Article 23 will create additional obligation on its members and the new obligation will require the need to implement new laws and administrative mechanism. This will put additional burden on both the developed and the developing countries as it will require considerable costs in terms of money and resources of governments. Moreover it will impact those countries also who do not wish to protect their own GIs. This could involve considerable burden, particularly in view of the fact that some countries like European Union, have many hundreds of geographical Indications.[18]

(iii) Trade Implications on Producers

This argument tries to analyze the impact of extension on the producers that use particular terms to present and market products. Extending the scope of Article 23 (1) to cover other products will undoubtedly be accompanied by claims from certain producer groups that they have the exclusive rights to use particular terms and any exclusive right to one producer will deprive the right of another producer. This will lead to additional burden on producers as they might have to deal with claims that a term that they use should exclusively be reserved for producers from another country or region. Apart from costs for defending court actions, costs would also be incurred if they are forced to rename the terms as they will be required to rename and relabel their products. The negative impact of increased protection is likely to be felt most acutely by producers in new and emerging dairy and processed food industries, amongst others, in which the use of geographically significant terms is particularly prevalent. As these industries may find potentially lucrative export markets closed to their products.[19]

(iv) Consumer Costs

According to this argument, extension of Article 23 will increase the search and transaction costs for consumers, at least in the short to medium term, and potentially prices as well. As extension will lead consumer confusion because of the disappearance of terms customarily used to identify products. Moreover there is increased risk of producer conflict over individual GIs.[20]

[17] *Avialbale at* Communication no. IP/C/W289 submitted to WTO dated 29th July 2001. http://www.iprsonline.org/submissions/geographical.htm (last visited August 10, 2017).

[18] *Ibid.*

[19] *Ibid.*

[20] *Ibid.*

Any Member which did not provide the extended Article 23(1) protection for other Members' GIs could be taken to dispute settlement at the WTO. Experience shows that such disputes can be difficult and burdensome to resolve. Members should therefore be sure that they have a full understanding of, and the resources should be fully available to implement Article 23(1) protection in relation to all goods before they enter into any agreement to take on new obligations.[21]

All WTO members are neither wine growers nor consumers of wines, but all of them consume a variety of agricultural products.So at first glance, it seems appropriate to extend the scope of Article 23 to all geographical indications as it will benefit all WTO members it should however, be noted that additional protection provided for geographical indications for wines and spirits resulted from the Uruguay Round of Multilateral Trade Negotiations, during which concessions were provided in exchange for that additional protection. All WTO members are now being asked to assume additional obligations without receiving any counter balancing concessions. Further in one of the communications submitted to WIPO, members against extension submitted:

> One Member may only have a few geographical indications for domestic products in which it is interested, but would be obliged to provide the means to protect hundreds or thousands of geographical indications from Members with formal systems for such indications. For example, EC member States have registered nearly 600 names for foodstuffs, beer and other beverages under the EC geographical indication regulations and could be expected to seek protection for these in any negotiation. This imbalance is exacerbated by the fact that, under the current EC regulations, the EC does not appear to provide protection for non EC geographical indications (i.e., place names of other WTO Members), except on the basis of bilateral agreements, or if the EC has determined that a country has a system for geographical indications that is equivalent to the detailed system of the EC. So the members are required to evaluate. Further it says that balance of concession is not satisfactorily addressed even with respect to existing obligations, and, if extension were agreed to, it would create an additional dichotomy between the benefits of those WTO Members with many geographical indications would receive and the costs to those Members with few geographical indications.[22]

[21] *Id.* at para 28.

[22] Communication No. IP/C/W/360 submitted on 26th July 2002 to WTO para 4, *available at* http://www.iprsonline.org/submissions/geographical.htm (last visited August 13, 2017).

(v) The Definition of "Geographical Indications" is Still a Barrier

Some WTO member might not consider name of the country to be eligible for protection as GI, some members may not consider fanciful names to be eligible for protection as GI and may be some members may require that the term identify the present name of a geopolitical entity so as to make eligible for a GI. As it has been left on the member countries, the terms protected under GIs differs in every member state. Thus it is unlikely that extension of Article 23 to geographical indications for other goods would not provide the promised protection for all terms in all WTO Members as the terms member are wishing to protect as GI are not protected in some of the member countries.[23]

(vi) Article 22 is Sufficient but not Used

According to this argument the products to which Article 23 does not apply are provided sufficient protection under Article 22 (2) but it is used only by few. Article 22 provides for protection against misleading uses of geographical indications. The Article 22 standard can ensure that geographical indications do not become generic. Further in mid-17th and 20th century many terms became generic because of emigration of people due to various political, economic and other conditions. But under TRIPS Agreement, however, if a more recent geographical term becomes generic, it would be because the owner of the geographical indication is not using the means available to prevent unauthorized use of that geographical indication, which is the obligation of the owner of a geographical indication. As we could gather from the preamble of the TRIPS Agreement, intellectual property rights are private rights.

For example GIs such as STILTON for cheese, PARMA for ham, ROQUEFORT for cheese, and SWISS for chocolate already received Article 22-level protection, and the owners of these geographical indications have taken steps to prevent unauthorized uses of their geographical indications in the United States. The United States legal system currently offers the legal means to prevent unauthorized or misleading use of a geographical indication.[24]

(vii) Article 24 Protection Precludes Protection for Many Promised Terms

It is argued that the benefits sought by extension of Article 23 may not be achieved, as the terms that are sought for protection do not qualify for GI under the Article 22 definition, or will not be covered by Article 23 because they already fall within one of the exceptions of Article 24. For example, many delegations at the TRIPS Council have indicated certain terms for which they

[23] *Ibid.*

[24] *Ibid.*

would like Article 23 level protection; however, many of these terms are already generic in some other countries. Extension of Article 23 will not provide protection for these terms because they would fall under the Article 24(6) exception for terms of customary usage and Members would not be obligated to protect them.[25] For example Basmati Rice is not protected as a geographical indication in the country of origin, then under Article 24(9), other WTO Members would not be obligated to extend protection. Therefore, the term would not benefit from extension of Article 23 to geographical indications for products other than wines and spirits. Further, some WTO Members might not consider BASMATI to be a term eligible for protection as a geographical indication since it does not identify an actual place to which the particular quality and characteristics of the rice are attributable. Additional issues might be raised if exclusive protection for the proposed geographical indication was requested by more than one WTO Member.

(viii) Exceptions Apply on Per Member Basis

Exceptions under Article 24 (6) applies on a per member basis which means that even if a term is generic in one member country it can be protected as a GI in other countries. Therefore, the producers in the WTO Member where the term is generic would not be able to export that product using the generic term to other markets.[26]

C. Arguments in Favour of Extension of Article 23

Many communications were made to the WTO by members favouring GI extension. Moreover it was only in September 2000, with the tabling of proposal for the GI Extension that the TRIPS debate on the GI extension was formally initiated.[27]

In 2000 members of the Central European Free Trade Agreement (CEFTA) with Lavita, and Estonia (Poland speaking on their behalf) made a strong call for negotiations on geographical indications aimed at expanding the higher level of protection currently given to wines and spirits to other products.[28] They were supported by Turkey, India, Switzerland, Pakistan, Mauritius, Sri Lanka, Egypt, Cuba and the EU. Many in this group argued that a mandate to negotiate extension of product coverage exists in the TRIPS Agreement. (Article 24)

[25] *Ibid.*
[26] *Ibid.*
[27] Dwijen Rangnekar, *Demanding Stronger Protection for GI: The Relationship Between Local Knowledge, Information and Reputation* (United Nations University, INTECH, Discussion Paper Series, 2004-11) pp.1-42,19.

Various member countries said that extension is just to ensure that all GIs will be used only for the products originating in that region. Also it is argued that there is no commercial or legal reason to differentiate between GI, moreover in no other form of intellectual property has TRIPS made such differentiation.[29] Letus discuss various points put forward in favour of extension of Article 23.

(i) Historical Reasons

The difference in the level of protection provided to wines and spirits and to other geographical indication has its roots at the time before Uruguay Round. It is believed that the importance of wines and spirits as geographical indication is recognized from long. On the other hand, the recognition for the crucial significance which the protected origins can play in the trading value of all sorts of other goods, also came but more slowly. Moreover when the Uruguay Round began many countries have the view that additional protection for geographical indications was only required for wines and spirits which resulted in more emphasis being placed on these items during negotiations. Though there were some other members that consistently pointed on the existence of some other products which can be imitated or counterfeited and insisted on additional protection to other products as well. This is the reason why section 3 part II of the TRIPS Agreement was agreed upon as a compromise in the Uruguay Round. However, a specific provision is included in Article 24 which envisions further protection on increasing the protection of geographical indications.[30]

(ii) Misleading Test

This argument explains the insufficient level of protection provided to geographical indications other than wines and spirits. The requirement of misleading test in Art 22 of the TRIPS Agreement creates an uncertainty regarding the protection of geographical indications at an international level as it is left on the discretion of national courts and administrative authorities to decide whether the public is being misled by the use of particular geographical indication and to enforce their decision. So the discretionary element of misleading public differs from country to country and this leads to legal uncertainty regarding the protection of GIs at the international level. This kind of legal uncertainty effects the good functioning of international trade in goods having geographical

[28] Communication inMay 2000.
[29] Communication No.TN/C/W/14/ dated 9th July 2003 Introduction submitted to WTO, *available at* http://www.iprsonline.org/submissions/geographical.htm (last visited August 10, 2017).
[30] Communication No. IP/C/W247/Rev.1 dated 17th May 2001Submitted to WTO, *available at* http://www.iprsonline.org/submissions/geographical.htm(last visited August 10, 2017).

value. This can be avoided only by providing same level of protection as provided to wines and spirits under Article 23.[31]

(iii) Potential Cost of Extending Protection

Even the least developed countries in accordance with Article 66(1) are obliged to provide protection to wines and spirits as well as to other GIs under Article 22, so what is required is just extending the scope of already granted protection to wines and spirits to other GIs as well. This will provide for a more coherent and transparent solution for the protection of geographical indications.

The essential difference between Article 22 and Article 23 is that Article 23 does not require proof of an act of unfair competition in order to prevent the use of a geographical indication or the use of accompanying expressions such as "style", "type", "kind", "imitation" or the like. So, extending Article 23 would not require creation of new protection mechanism but would simply mean that a geographical indication could only be used for products actually originating from the place indicated by the geographical indication, relying on consumer confusion in order to determine whether use is misleading or not. Further it is argued that to take public opinion as the decisive criterion in granting protection results in unpredictable and uncertain protection, dependent on time and place. Such protection can lead to arbitrary decisions and this uncertainty could be removed by extending the scope of Article 23. It should also be noted that by extension those entitled to prosecute the misuse of a geographical indication will not have to use time consuming and costly legal proof. Moreover the authorities would simply have to look into whether the product actually originates from the place indicated. This will not only facilitate the reduction of workload on judicial and administrative authorities but will also have cost advantage for the enforcement of GIs against general misuse.[32]

(iv) Potential Implications of Extension on Consumers

GIs are meant to inform the consumers about the true origin of the products, and to prevent them from being misled as to true origin of the products. By extension consumers will no longer be influenced in their choice by the use of geographical indications in combination with a de localising indication for products which try to free-ride upon the reputation of a geographical indication.

[31] *Ibid.*

[32] Communication No. IP/C/W308/Rev.1 dated 2nd October 2001, submitted to WTO http://www.iprsonline.org/submissions/geographical.htm (last visited August 10, 2017).

Further as far as the argument of relabel and disappearance of product is concerned, Article 24 prevents indications which have been used in good faith and in a customary manner over some time and for specific products from being abandoned. This shows the flexibility provided under the TRIPS Agreement. Further it is submitted in one of the communications submitted to WIPO that:

One of the key reasons for advocating extension is a desire to prevent more geographical indications from becoming generic through their use in translated form or by the use of a corrective or de localising indication for products which are not from the place of origin mentioned by the geographical indication used or do not possess the particularities and quality characteristics owed to that origin. In document IP/C/W/289 it is maintained that such use and the fair imitation of a product often enhances the intrinsic value of a geographical indication or the genuine product. This reasoning is rejected. Again, such a line of argument seems to lead to dangerous waters when applied to other fields of intellectual property rights. There is no valid argument why it should be different for geographical indications. The example of "feta" cheese cited in document IP/C/W/289 may serve as an example of the potential danger of a famous geographical indication becoming a generic if it is widely used with a de localising indication.[33]

(v) Potential Cost of Extension on Trade

The costs of extension especially where the use of geographical indications is particularly relevant, such as dairy and food processing industries, could find access to lucrative trade opportunities in new and emerging markets closed to their products. This could also incur costs due to the need to re-name or re-label their products. Further it is pointed that the use of a geographical indication for products not from the place of origin indicated and not qualifying for one of the exceptions in Article 24 should be prevented. Otherwise, free-riding is encouraged. It is the '*raison d'être*' of the intellectual property rights system to protect such property effectively and to prevent free-riding, usurpation or misuse. The protection of geographical indications would restrict trade and could be applied to other intellectual property rights as well. The question is simply what kind of trade is being referred to, and is it not legitimate to restrict trade which free-rides on the efforts and success worked for by others?[34] Quality products or products with distinctive, sought-after characteristics will always make a name for them and be a success in the market. The concern that

[33] *Id.* at para 18.

[34] *Id.* at para 21.

geographical indications could be used as a protectionist instrument to restrict trade, whether in agriculture or any other area, is unfounded.

Moreover extending the protection of geographical indications for wines and spirits to include geographical indications for other products would benefit all Members. It is of particular importance for Members in view of increasingly intense international trade. Efforts put into the reputation of a geographical indication and its intrinsic qualities deserve to be effectively protected. This can offer Members and their products new opportunities in a competitive global market, other than just the benefit of economies of scale. The more free trade is, the more important the protection of geographical indications becomes.

III. Conclusion

So it can be said that though extension of Article 23 will not lead to any adverse effects but in the light of uncertainties surrounding the issue it may not give the desired result, and infact may lead to more issues. So it is better to first resolve all the uncertainties surrounding the issue and then come to the conclusion with consensus of all the members. But the most important things that appears from the various submissions made by the member countries is that the issue which is required at the WTO with greater propensity is not the justification of extension but achieving the same in a balanced manner. This could be achieved only by the extension of Article 23. Also the dual level of protection for the items belonging to the same subject matter is unacceptable. Keeping in mind the very fact that the objects which account for maximum GIs registration, are provided less protection as compared to wines and spirits.