

# Intellectual Property Rights for Geographical Indications



# Intellectual Property Rights for Geographical Indications:

*What is at Stake in the TTIP?*

Edited by

Filippo Arfini, Maria Cecilia Mancini,  
Mario Veneziani and Michele Donati

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and Michele Donati

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# INTRODUCTION

FILIPPO ARFINI, MARIA CECILIA MANCINI,  
MARIO VENEZIANI AND MICHELE DONATI

The purpose of this volume is to broaden the discussion on the topic of Geographical Indications (GIs), considering both the ongoing debate which aims to include their management and regulation in the Transatlantic Trade and Investment Partnership (TTIP) agreement between the EU and the US, and the complexity of GI products, where their characteristics and political implications are broader than any other food production or product.

The topic of, and issues related to, GIs have been thoroughly debated by agricultural – and related fields’ – economists, practitioners and policymakers. A number of Seminars of the European Association of Agricultural Economists (EAAE) have focussed on the topic over two decades (Arfini and Mora, 1998; Sylvander et al., 2000; Arfini et al., 2012) and a vast body of literature has appeared on the “*issue of GIs*” (Barham and Sylvander, 2011). This literature shows that GI products can be characterised by several paradoxes:

- GIs are products originating from possibly very small areas but are destined for global consumption;
- GIs may be produced by small companies, often unknown to the majority of consumers, but their reputations, if not stronger, are in any case comparable to that of multinational food brands, which devote big investments to branding;
- GIs are related to traditional and historical food products, but they are presented as the food of the future. They are considered an expression of an innovation that can win over consumers in the name of tradition;
- GIs in Europe present a complex institutional architecture aimed at guaranteeing strong protection for the geographical name, although this does not prevent unfair competition or the improper use of the geographical designation on international markets;

- GIs are products whose quality cannot be reproduced because it is based on the natural and anthropic resources of the area of origin; however, imitations appear and are traded all over the world;
- GIs are the intrinsic demonstration of the sustainability of their production processes, whose future might be compromised by the general, and local, environmental degradation and market imperfections which hamper the full remuneration of the productive factors;
- GIs are locally rooted products and only a fraction of output is exported. They are, however, significant in international trade negotiations.

The fundamental characteristics of GI products have been highlighted by numerous studies completed during international research projects in Europe and elsewhere (AREPO, 2015).

Two elements identify and characterise GI products: the complexity, and multifaceted nature, of the concept of quality and the multifunctional role of GI systems. The quality of GI products derives from the close dependence on natural and anthropic local resources, the history of the territory of production, the cultural heritage and their own reputation. The reputation of a GI product has developed over time and consumers identify it with the concept of typicity (Casabianca and Touzard, 2009). The latter is an intrinsic part of the GI quality concept and is perceived by consumers as not reproducible. The multifunctional role of GI systems highlights the necessity of considering different “dimensions” of GI products at the same time. It also helps us to recognize that the GI system is not niche (Sylvander and Baraham, 2011) but a wider system which is part of an overall economy (Allaire et al., 2011).

Describing the numerous dimensions of GI products entails adopting a multiplicity of approaches to overcome the limits of methodologies used in traditional marketing analysis of value chains. This multiplicity is required to evaluate aspects impacting on quality such as the natural, productive, recreational and cultural aspects of the territory, and the multifunctional role of GI systems which shape the rural and local development path, system coordination, agricultural and commercial policy dimensions and the protection of intellectual property rights related to the use of the geographical name.

In international trade, these aspects become even more problematic because of the difficulty of safeguarding and protecting GI systems, which synthesise them into the geographical name. Furthermore, the two international organisations, the World Trade Organisation (WTO), with its



Trade-Related aspects of Intellectual Property Rights (TRIPS) agreement, and the World Intellectual Property Right Organization (WIPO), with its Lisbon agreement, that regulate the international trade of food products, have adopted different definitions and protection regimes in relation to GI products (Addor and Grazioli, 2002):

- The TRIPS agreement (Articles 22.1 and 22.4) reflects a compromise between countries that have different levels of “sensitivity” to GI products. The compromise gives “weak” protection for food items and “strong” protection for wines and spirits. In fact, Art. 22 gives the burden of proof of usurpation to the party reporting usurpation. On the other hand, Art. 23 concerning wines and spirits establishes protection *ex-officio* without placing any burden of proof on the party who reports it;
- The Lisbon agreement regulates the international register of the Designations of Origin and offers strong protection for all GI products in countries signing the Agreement. These, however, are fewer than the WTO TRIPS signatory countries.

The distinctions brought about by the TRIPS agreements have generated a trade war (Josling, 2006) among WTO countries because of the aforementioned two-tier approach and because, on the other side of the Atlantic, trademark law is widespread and stronger than the *sui generis* system adopted in the EU. Moreover, EU producers perceive trademark law as expensive and unfair, and consider the *sui generis* system an appropriate approach to a more inclusive and democratic way to manage GIs. The trade disputes concerning GIs exported from the *sui generis* to the trademark area are not yet resolved in spite of the multilateral renegotiations of the WTO agreements or the bilateral TTIP one. Negotiations from the Millennium to the Doha Round, in the framework of WTO reform, have failed to approve substantial reforms of the regulation system and the protection of geographical names.

In this context, bilateral negotiations on trade rules between the EU and other countries, such as Canada and the USA, have been taking place. While the EU and Canada have reached the Comprehensive Economic and Trade Agreement (CETA), to be ratified shortly, negotiations on the TTIP are still ongoing. TTIP negotiations include GIs and have the joint objective of laying down rules and solving outstanding trade conflicts between the USA and the EU in order to allow stable trade relations.

Presentations and discussions at the 145<sup>th</sup> EAEE Seminar (Parma, Italy, April 2015) found that an agreement benefitting producers and

above all consumers is not impossible. Consumers, especially, would benefit from a broader choice of higher quality traditional foods at a fair price (because of lower tariffs and bureaucratic costs).

However, the importance of the GI system is not limited to the protection of the geographical name. It also has qualitative and socio-economic implications. Discussions about TTIP also need to examine the use of GIs as a rural development tool and their production model as an example of sustainability.

As far as the theme of rural development is concerned, the use of specific inputs and processing techniques based on local knowledge creates a connection with rural areas, leading to potential positive returns at a local level. This is due to growing consumer appreciation for non-industrial production, which appears to offer significant possibilities for economic (both at a local and chain level), social, cultural and environmental development in rural areas, especially remote ones. Consumer interest in traditional foods with a strong local identity gives opportunities for development with different effects. GI products, in fact, act on the identity and aggregative components of rural area populations, becoming the essence of the multifunctional role of agriculture and offering elements of competitiveness to enterprises in rural regions (Belletti and Marescotti, 2011).

Nevertheless, the connection between GI products and rural development is of potential rather than of certain benefit for two reasons: a) the potential for conflict between chain actors, and b) the low remuneration of the production factors. These two elements reduce the competitiveness of GI firms and impact negatively on local development initiatives, the vitality of rural areas and the sustainability of the entire GI system (Belletti and Marescotti, 2011).

The sustainability of GI systems is linked to their ability to prevent conditions of market failure and to distribute value added fairly along the value chain. These goals have been obtained by replacing specific resources and traditional techniques with more productive resources and modern techniques, although they bring about the risk of losing the characteristics of typicalness (Belletti and Marescotti, 2015).

In turn, the sustainability of GIs offers a viable production and development paradigm to producers of localised food products in developed and developing countries, while underpinning food security and food sovereignty policies (Vandecandelaere et al., 2011; Laesslé, 2015). The Food and Agriculture Organization (FAO) has used the methodological approach described by Belletti and Marescotti (2011) to draft a guide (Vandecandelaere et al., 2011) providing GI producers worldwide with

good practices for identifying, developing and maintaining sustainable GI systems.

If consumers attribute a value to the environmental, economic and social dimensions of GI systems, they can be very significant for society. As well as conveying information about origin and respect for traditions, the GI system in itself, rather than particular geographical names, could also become the symbol of a sustainable approach.

The editors of this volume believe that it is time to cease the “war of *terroir*” in the interest of the environment and society worldwide, as well as consumers and producers. In this spirit, the debate on GIs in the TTIP negotiations could be an arena for fruitful discussion, and an opportunity to recognise what is really at stake with the GI issue.

The present volume, therefore, examines four topics from this debate:

1. Legal and institutional protection of GIs
2. Domestic and international trade of GI products
3. Consumers, quality and food safety
4. Local/rural development and sustainability

The book opens with contributions on a wide overview of the implications of the GI systems in an international context. Matthews and O’Connor discuss the stakes and the expectations of TTIP negotiations, while Wirth debates the role of food safety within the more extensive framework of the Agreement on Sanitary and Phytosanitary Measures (SPS) as barriers in trade relationships.

GI protection, *per se*, is not a sufficient feature to ensure the product competitiveness on the international market. Competitiveness may be interpreted as the production system capacity for being effective on international markets, at managing local resources, food chains and institutional settings. Mantino and Vasić consider the factors and strategies that support the competitiveness of local GI systems when trade and export become the main driver for local development.

Zannoni and Perrea, and co-authors, analyse changes in production practices and quality value perceptions considering different production systems where history has played a key role.

The last chapters in the book return to the issue of GIs within the TTIP negotiations and examine the implications for sustainability and rural development through case studies which show the link between GIs, sustainability, development and trade. Vandecandeleare discusses the role of GI systems as a means of making production systems more sustainable. Inama presents several case histories of GIs in developing countries.

Santini and co-authors review and dissect the European strategy to promote remote rural-area development via GI legislation, and Petit and Ilbert investigate the implications of the TTIP talks for rural development.

Vaquè concludes the book by briefly considering the emerging role of civil society in the international debate on international agreements, which will impact on citizen rights in food habits.

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**SECTION 1 –**  
**LEGAL AND INSTITUTIONAL**  
**PROTECTION OF GIS**

CHAPTER ONE

WHAT OUTCOME TO EXPECT  
ON GEOGRAPHICAL INDICATIONS IN THE TTIP  
FREE TRADE AGREEMENT NEGOTIATIONS  
WITH THE UNITED STATES?<sup>1</sup>

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**Abstract**

This chapter outlines the EU's demands in the Transatlantic Trade and Investment Partnership (TTIP) negotiations for greater protection for its GIs in the US and examines possible outcomes. In the absence of the formal negotiating texts as yet, it draws on an analysis of recent free trade agreements signed by both parties to assess how GIs are protected in these agreements and what this might mean for TTIP. This analysis highlights how both parties have attempted to promote their respective perspectives on GI protection through these agreements. Various options for possible outcomes in TTIP are outlined. It is concluded that negotiating a compromise agreement will not be easy.

**Keywords**

Geographical indications, trade agreements, Transatlantic Trade and Investment Partnership, intellectual property rights

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<sup>1</sup> I have benefited from discussions with Bernard O'Connor on this topic although any views expressed in this paper are my own.



## Introduction

The EU and the US are negotiating a free trade agreement known as the Transatlantic Trade and Investment Partnership (TTIP). Negotiations were launched in 2013 and the hope was expressed that these could be completed rather quickly. Under the Treaty of Lisbon, the EU Commission (and specifically the Commissioner for Trade) negotiates on behalf of the European Union, subject to a mandate agreed by the EU Council of Ministers. One of the issues addressed in the mandate is more extensive protection for Geographical Indications (GIs) in the agreement:

The negotiations shall aim to provide for enhanced protection and recognition of EU Geographical Indications through the Agreement, in a manner that complements and builds upon the TRIPS, also addressing the relationship with their prior use on the US market with the aim of solving existing conflicts in a satisfactory manner. (EU Council 2013)

A GI is an indication that is used on a good, and identifies that good as possessing a particular quality, reputation, or some other characteristic due to its geographical origin. Many GIs consist of the name of the town, region or country where the goods originate from. An example of a GI is *Champagne*, denoting a wine that originates from the Champagne region in France.

For the EU, GIs are a way of protecting and marketing particular foodstuffs, wines and spirits where part of their value to consumers arises both from their geographical origin and the guarantee that the product has been produced according to specific rules which are agreed when the name is registered. As of January 2016, some 1,259 EU agricultural and foodstuff PDO/PGI GIs, 1,750 EU wine GIs and 332 EU spirit GIs were registered in the EU (in addition, the register is also open to third countries).<sup>2</sup> The importance of this issue in trade negotiations is because the EU recognises it is unlikely to be competitive in the production of basic agricultural commodities but that its long culinary heritage has created a number of premium products which are valued by consumers in the marketplace. Although these product names are protected on the EU market, the EU also wants to have protection for these GIs on international markets.

The negotiating objectives of the US Trade Representative (USTR) do not specifically refer to GIs but pledge to advance and defend the interests

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<sup>2</sup> These numbers are derived from the three EU GI databases, the DOOR database for foodstuff GIs, E-Bacchus for wines and E-Spirit-Drinks for spirits.

of US farmers, among others, “with respect to strong protection and effective enforcement of intellectual property rights, including their ability to compete in foreign markets” (USTR 2014). This last aspect can be seen as a specific rebuke to the EU, whose attempt to gain protection for its GIs in third-country markets is seen by US interests as damaging to their export opportunities.

Recognition and protection of GIs are thus areas of disagreement between the two parties in the TTIP negotiations.<sup>3</sup> This disagreement is also evident in other fora (Josling 2006). For example, the US and the EU have taken different positions on extending protection for GIs in the World Trade Organization (WTO) Doha Round multilateral trade negotiations and in negotiations on updating the Lisbon Agreement in the World Intellectual Property Organization (WIPO). Both parties have attempted to promote their differing conceptions of GI protection in their bilateral free trade agreements (FTAs) with third countries. When countries are negotiating bilateral FTAs with both the EU and the US, faced with competing demands, this can place these countries in an invidious position. In particular, the US has promoted its view on how GIs should be protected in its negotiations on the proposed Trans-Pacific Partnership (TPP) with many of its Asian trading partners, some of whom either have already ratified an FTA with the EU with specific GI provisions (Mexico, Singapore, South Korea) or are negotiating an FTA (Vietnam, Japan).

This paper examines the background to the different positions of the US and EU with respect to the protection of GIs and evaluates the prospects for an agreed outcome on GI protection in the TTIP negotiations. The chapter focuses on foodstuff GIs, as the issues around GIs for wines and spirits are rather different (for a discussion, see Gaeta and Corsinovi, 2015). The chapter first examines the differences between the parties with respect to how GIs are protected in each jurisdiction. It then examines the protection that the EU and the US have obtained for their GIs in their recent bilateral FTAs. The GI provisions in the EU

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<sup>3</sup> These differences, in turn, reflect differences in the positions of important industry groups in both countries. In the EU, the views of GI beneficiaries are represented by the Organization for an International Geographical Indications Network (oriGIN), a Geneva-based organisation representing some 350 associations of producers in some 40 countries. In the US, a prominent opponent of the EU’s position on GIs is the US Dairy Export Council, which is a member of the international Consortium for Common Food Names (CCFN). The views of both groups presented to the stakeholder meeting held alongside the eighth TTIP negotiating round in February 2015 can be found at <http://www.ip-watch.org/2015/02/12/stakeholders-give-opposing-views-on-gis-in-eu-us-trade-agreement/> accessed 6 January 2016.

agreements often fall short of the optimal level of protection that it would like to see, and they may suggest areas where the EU may be willing to compromise on its desired outcomes in TTIP. The protection for GIs in those recent trade agreements that the US has signed can help to identify the approach it is likely taking in the TTIP negotiations as well. In the final section, possible outcomes for the GI negotiations in TTIP are evaluated.

## **The protection of GIs in the EU and the US**

Both the EU and the US recognise and protect GIs on foodstuffs, but they do so in different ways which reflect their different perceptions of the role of GIs. The EU has adopted legislation which grants protection to GIs entered on a specific register. The US protects GIs through its trademark system. Whereas the trademark system sees GIs primarily as based on private property rights, the EU's *sui generis* system regards GI protection as a product quality system in which enforcement and controls are ensured by the public administration. There is no individual or group ownership and any producer fulfilling the specifications can benefit from the GI.

### **GI protection in the EU**

EU legislation to protect GIs dates back to the initiation of the single market in 1992.<sup>4</sup> The legislation provides that applications for GI protection are sent to the Commission (from within the EU, following the national stage of procedure, or directly from third countries, provided they already qualify for protection in the country of origin) which then examines the application to see if it is justified and meets the conditions of the Regulation. Grounds for refusal include that the name is generic or that it is a prior, renowned and long-used trademark. For other trademarks, the GI name and the trademark can coexist. The names for which protection is sought must be published, and any Member State, third country or natural or legal person may object to the proposed registration within a defined time period. If no objections are made or the objections are deemed inadmissible, the name is registered and entered on the European Register of Protected Geographical indications and Designations of Origin. To use

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<sup>4</sup> New rules came into force on 1 January, 2013, following the passage of Regulation 1151/2012 on quality schemes for agricultural products and foodstuffs which repealed Regulation 510/2006.

a registered name, a product's conformity with the PDO, PGI or TSG specifications must be validated by an accredited certification body.<sup>5</sup>

Entry onto the GI register provides a high level of protection against use and misuse of the GI by those not entitled to use it. Direct or indirect use on a comparable product that does not comply with the specifications is prohibited, as is its use on any product in case of exploitation of reputation. So is imitation or evocation, even if the name is translated, the true origin is indicated, or the use is qualified with terms like "type" or "method". Indeed, the use of any other false or misleading indication or any other practice liable to mislead (such as imitating the shape of a GI, or the use of flags or symbols purporting to represent the true country of origin) is not permitted. The public authorities in the EU Member States are responsible for enforcing GI protection.

### GI protection in the US

The US recognises and protects GIs through its trademark system. Examples of GIs from the United States include *Florida* for oranges, *Idaho* for potatoes and *Washington State* for apples. The US Patent and Trademarks Office argues that by protecting GIs through the trademark system – usually as certification or collective marks – it can provide TRIPS-plus levels of protection to GIs, of either domestic or foreign origin (USPTO 2005). A "collective trademark" is a mark adopted by a "collective" (i.e. an association, union, cooperative, fraternal organisation, or another organised group) for use only by its members. A "certification mark" differs both from a "collective trademark" and a regular trademark because its owner (usually a government body or a body operating with governmental authorisation) does not itself use the mark but simply verifies that the entity using it meets the certifying standards. A certification mark does not indicate origin in a single commercial or

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<sup>5</sup> PDO stands for Protected Designation of Origin and covers agricultural products and foodstuffs whose quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors and where all the production steps take place within the geographical area. PGI stands for Protected Geographical Indication and covers agricultural products and foodstuffs whose given quality, reputation or other characteristic is essentially attributable to its geographical origin and where at least one of the stages of production, processing or preparation take place in the area. TSG stands for Traditional Specialties Guaranteed and covers foodstuffs whose specific character results from a traditional production or processing method or if it is composed of raw materials or ingredients used in traditional recipes. Unlike the PDO and PGI marks, the geographical origin of a product is irrelevant under the TSG scheme.

proprietary source, rather it informs purchasers that the goods/services of the authorised user possess certain characteristics or meet certain qualifications or standards. Because GIs are protected as a trademark, it is up to the trademark/GI owner to prevent the use of the mark by unauthorised parties when such use would likely cause consumer confusion, mistake or deception as to the source of the goods/services.

### **GI protection in the WTO TRIPS Agreement**

Any provisions in a TTIP agreement would build on existing international rules for the protection of GIs in the relevant articles of the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS Agreement). Under the TRIPS Agreement, two levels of protection for GIs are provided. TRIPS Art. 22 provides protection for GIs against, among other things, the use of the GI in the designation or presentation of a good that indicates or suggests that the good originates in a geographical area other than the true place of origin in a manner which misleads the public as to the true origin of the good. In that case, there is a need to show evidence of consumer confusion to prevent the use of a GI term. As the Commission argues: *“This may be difficult when the true origin is indicated (for instance ‘Australian Feta’), when the GI term is accompanied by expressions such as ‘like’, ‘kind’, ‘style’, etc. (for instance ‘Prosciutto Parma style’), or when the GI is used in translation. This level of protection is the one which applies for foodstuffs, and is seen as insufficient by the EU to protect its GIs properly around the world”* (DG AGRI 2012).

Art. 23 provides a higher or enhanced level of protection for GIs for wines and spirits: subject to a number of exceptions, they have to be protected regardless of deception and even if misuse would not cause the public to be misled for example if the true origin is indicated. Protection against use in translation is also automatic and objective, and use of expressions such as “like”, “kind”, etc. is also prevented. The EU wants to see this level of protection also extended to its foodstuff GIs.

### **EU’s negotiating objectives on GIs**

In its international trade negotiations both multilaterally and bilaterally, the EU seeks to ensure that its GI names are recognised and receive the same level of protection in third countries as on the EU market. It has been active multilaterally (for example, focusing on the establishment of a multilateral Register for GIs and the extension to all products of the level of protection currently granted to wines and spirits in the WTO Doha

Round negotiations) and bilaterally (where it is negotiating GI protection under two different frameworks: specific Stand Alone agreements on GIs [e.g. China] and broader free trade agreements [DG TRADE 2016]).

Its main objectives in international negotiations are to assure protection of EU GIs; to reach extension of the level of protection for foodstuffs; to agree on coexistence with prior trademarks; and to guarantee administrative protection in addition to judicial action (DG AGRI 2012). However, the EU recognises that it needs to adapt its request to the type of third country it is negotiating with (DG AGRI 2012). Thus, it accepts that it is not always possible to get protection for all EU GIs but only for a “short” list. While the EU negotiating text on GIs (as of January 2016) has not been published, the specific objectives for GIs in TTIP have been set out by the Commission as follows (DG TRADE 2015):

- Rules guaranteeing an appropriate level of protection for EU GIs;
- Administrative enforcement against the misuse of EU GIs;
- Establishment of list(s) of GI names, to be protected directly through the agreement. This list could include both European and American GI names;
- Specific arrangements for certain specific GI names;
- Exclusive protection for the 17 EU wine names included in Annex II of the EU and the US agreement concluded in 2006 on “trade in wine”;
- Protection for additional EU GI spirits names.

In essence, the EU finds that the US trademark system falls down in giving protection to EU GIs in a number of ways. Defending a GI name through the US courts against misuse is both costly and time-consuming. Also, US courts tend to allow wide latitude to users of GI terms even where it is clear that the product does not originate in that geographical area. GI terms can be registered as trademarks even where the product has no relationship with that area. US trademark law follows the ‘first-in-time, first-is-right’ principle so a prior trademark can prevent the registration of a GI. In the US, to maintain the validity of a trademark registration it must be periodically renewed, and evidence showing the continued use of the mark must be provided for the registration to remain in force, in contrast to the EU view that a GI mark has unlimited validity. The US also claims that many EU GI terms have entered into common usage and become generic and thus cannot be protected. The upshot, according to the EU, is both that EU producers lose out because US and other producers can unfairly exploit the reputation associated with their products, while

consumers lose out because the products they are buying are not necessarily what they think they are.

## Comparative analysis of EU and US FTAs

In order to identify whether a compromise is possible between the EU and US approaches to GI protection in TTIP, this chapter now turns to examine the outcomes on GI protection in recent bilateral free trade agreements signed by both the EU and the US. The EU has included GI protection in all of its recent ‘deep’ bilateral FTAs. As the survey by O’Connor and Richardson (2012) of the extent of GI protection in recent EU FTAs notes: “*Not only do there seem to be discrepancies in terms of the level or type of protection provided to GIs under the various FTAs recently concluded by the EU, it appears that there is also little uniformity and consistency with regard the specific GIs being granted protection under the agreements*” (see also Engelhardt, 2015). For illustrative purposes, we focus on the EU-South Korea (EUKOR) agreement (2011),<sup>6</sup> EU-Singapore FTA (2013)<sup>7</sup> and the EU-Canada (CETA) agreement (2014)<sup>8</sup>. All three countries had prior FTAs with the US, although the US FTA with South Korea (KORUS) did not come into force until after the negotiations with the EU were completed. Both South Korea and Canada aligned themselves with the US position on a multilateral register for wines and spirits in the Doha Round negotiations, while Singapore bases its GI protection on a trademark system similar to the US. These agreements provide some insight into how the EU might secure more satisfactory protection for its GIs in countries with a trademark system of protection. We focus particularly on the method of protection; the scope of protection; the enforcement of protection; the relationship with prior trademarks; and the treatment of common names.<sup>9</sup> Other differences between the agreements such as the precise definition of GIs are not

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<sup>6</sup> European Union, “Free Trade Agreement between the European Union and its Member States, of the one part, and the Republic of Korea, of the other part”, *Official Journal of the European Union*, L127/62, 14 May 2011, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2011:127:TOC>.

<sup>7</sup> The text is available at <http://trade.ec.europa.eu/doclib/press/index.cfm?id=961>. Annex 11-A contains the List of Names to be Applied for Protection as Geographical Indications in the Territory of the Parties.

<sup>8</sup> The text of the agreement is available on the DG Trade website [http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc\\_152806.pdf](http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf).

<sup>9</sup> For a more detailed description of the content of these agreements regarding GIs, see Matthews (2015).

considered here (Vivas-Eugui and Spennemann 2006; O'Connor and Richardson 2012; O'Connor 2014a; O'Connor 2014b; O'Connor 2015; Engelhardt 2015).

The EU achieved different outcomes with respect to protection for its GIs in each of these three FTAs. This confirms the observation in O'Connor and Richardson (2012), who examined GI provisions in a wider number of the EU's FTAs, that:

While there were some significant constants like Scotch Whisky and Prosciutto di Parma in all the agreements there were significant differences in the listed names as between them. CETA adds to the differences. The only constant is that not all EU GIs are protected under the bilateral agreements examined.

For those EU GIs annexed to each agreement, the EU succeeded in getting the higher level of protection mandated under TRIPS Art. 23 for its foodstuff names, although with some differences in wording and coverage in each agreement. Both Korea and Singapore will maintain a separate register of GI names although only Korea has promised to provide for administrative enforcement. Canada will continue to use its trademark system and enforcement will require private court proceedings, as seems also will be the case in Singapore. Only Korea fully accepted the EU position on coexistence with prior trademarks. Both parties agreed to disagree on this issue in the Singapore agreement, while Canada obtained various exceptions to the principle of coexistence, including all GI terms not included in the original agreement. Current Canadian users of the GI names *Asiago*, *feta*, *Fontina*, *Gorgonzola* and *Munster* will be able to use these names in Canada. Future users will be able to use the names only when accompanied by expressions such as "kind", "type", "style", "imitation" or the like, in combination with a visible indication of the actual origin of the product. There is a limited exception for users of the GI name *Nürnberger Bratwürste*. The right of any person to use or register a series of specific names in Canada is maintained, provided they do not attempt to mislead the public as to the true origin of these products: *Valencia oranges*, *Black Forest ham*, *Tiroler bacon*, *parmesan*, *Bavarian beer*, *Munich beer* and *St George cheese*. The number of EU GI terms which have gained protection varies from 60 in EUKOR to 173 in CETA and 196 in EU-Singapore. In each case, this number is only a small subset of the 1,259 EU GIs on the EU register in January 2016. However, each agreement also provides for the addition of GI names in the future, although the extent of this is severely restricted in CETA.



The US approach to negotiating recognition and protection of GIs is also best summarised by looking at the provisions it has sought in its recent bilateral FTAs. We focus here on the US-South Korea FTA (KORUS) and the recently concluded negotiations on the TPP.<sup>10</sup> As for the EU, we pay specific attention to the scope of protection, the method of protection, the enforcement of protection, the treatment of common names, and coexistence with trademarks.

Regarding the method of protection, KORUS provides that “[e]ach Party shall provide that trademarks shall include certification marks. Each Party shall also provide that geographical indications are eligible for protection as trademarks”. Also, a TPP party can protect GIs either through a trademark or *sui generis* system or other legal means (Art 18.30), but it must provide that signs that may serve as GIs are capable of protection under its trademark system, and its trademark system must allow for both collective and certification marks (Art 18.19). While this language does not preclude a separate *sui generis* system of GI protection, it requires that the option of trademark protection must be made available.

No specific provisions are included in either KORUS or TPP regarding the nature of protection to be granted to GIs, so the two-tier provisions of the TRIPS Agreement apply. The treatment of common names in KORUS follows Art. 24.6 TRIPS, which exempts a party from providing GI protection to an indication which has become customary in a common language as the common name for such goods or services in the territory of that Member. The TPP text goes further by providing guidelines for determining whether a term is customary or not in a common language (Art 18.33). The key point is how consumers understand the term, as indicated by sources such as newspapers, dictionaries or websites, but parties are also encouraged to look at whether the term is used in relevant international standards, for example, whether a Codex standard for that term already exists. Furthermore, protection given to a multi-component GI name should not give protection to an individual component of that name if that individual component is a term customary in the common language as the common name for the associated good (Art 18.34).

In both KORUS and TPP, enforcement provisions refer to IPRs in general and GIs are not singled out. The basic obligation is that parties

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<sup>10</sup> The KORUS text retrieved from [http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset\\_upload\\_file273\\_12717.pdf](http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset_upload_file273_12717.pdf) accessed 19 January 2016. The TPP text is available on the USTR website <https://ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-full-text> accessed 10 January 2016.

must make available to IPR holders civil judicial procedures concerning the enforcement of any intellectual property right.

Both KORUS (Art. 18.2) and TPP (Art 18.20 and 18.21) use almost exactly the same language to describe the relationship between GIs and prior trademark holders. Trademark owners are given the right to prevent recognition of an identical or similar GI for identical or similar goods. Similarly, a GI registration can be refused or cancelled if it is likely to cause confusion with an already-existing trademark. However, whereas under the TRIPS exception it would be up to the trademark owner to show evidence of confusion to defend his exclusive right to the trademark against a proposed GI under the limited exception provision, under the TPP, it appears it would be up to the GI beneficiary to show that it was not causing confusion, thus reversing the burden of proof.

A system of GI protection will usually involve some administrative procedures in order to be granted GI status, which is then enforced by a government agency under a relevant law. The TPP text (but not KORUS) sets down some “good practices” which should be followed in these administrative procedures (Art 18.31). One is the obligation to accept an application for GI status without requiring the intercession by a Party on behalf of its nationals. Another is that there should be procedures to oppose GIs that are the subject of applications and to cancel the protection and recognition afforded to an existing GI.

Possible grounds for opposition or cancellation include where the GI is likely to cause confusion with a prior trademark (as discussed above) or where the GI term has become generic (“*is a term customary in common language as the common name for the relevant good in the territory of the Party*”). This essentially repeats the exception for generic terms in the TRIPS Agreement.

There is clearly potential for confusion and conflict if a country signs FTAs with both the US and the EU where both make different demands for the protection of GIs. It is thus interesting that the TPP text contains a whole article (Art. 18.36) setting out obligations if, when a TPP party signs an international agreement, it extends protection to GIs that it has not previously recognised through its own administrative procedures.

In this situation, a TPP party is required to make available, on the Internet, details of the terms it is proposing to recognise as GIs and to offer interested parties the possibility to oppose the extension of protection to these additional GIs, including on the grounds that it could cause confusion with a prior trademark or that the term has become generic. It must also inform other TPP parties of the opportunity to oppose no later than the commencement of the opposition period. These obligations also

apply where a trade agreement allows additional GI terms to be added to the agreement at a later date. However, terms recognised in trade agreements concluded prior to the TPP are not covered by this article. This article is clearly directed against possible efforts by the EU in the future to obtain protection for its GI names in third countries that the US believes conflict with prior trademarks or generic terms in use in the US.

## **Are GIs a stumbling block to a TTIP agreement?**

The US and the EU hold different positions on the nature of GI protection, with the US protecting GIs as trademarks under trademark legislation while the EU argues that GIs are a distinct form of intellectual property and should be protected under a *sui generis* system. Given these differences, three possible outcomes can be envisaged with respect to foodstuff GIs in a TTIP agreement. These are: (1) the EU pursues a maximalist outcome based on persuading the US to adopt the EU position on GIs; (2) the EU pursues a realpolitik strategy in which it gains US acceptance of some of its GI demands; or (3) there is no agreement.

### **Maximalist outcome**

The maximalist position is that a TTIP agreement should recognise that trademarks and GIs are different forms of intellectual property which need separate systems to provide adequate protection. EU producers should be able to seek protection for their GIs not as trademarks in the context of US trademark law, but as GIs in the context of a separate system for the protection of GIs. The agreement should then provide that all GIs properly protected in one country be protected in the other. Where there are problematic names, then the coexistence provisions set out in TRIPS should apply. Where names are generic in one region but not in another, aspects of the rules already in place for trademarks can apply. This endpoint is most eloquently argued by O'Connor (2015) who states that the debate has been clouded by concerns in relation to specific names when it would be more appropriate to focus on the coexistence between two different forms of intellectual property.

While this would be a highly desirable outcome from the EU side, the feasibility of obtaining it in the context of a trade negotiation must be questioned. This difference of opinion over the concept of GIs now goes back over a century and has also been at the root of disagreements over many years both in the WTO and WIPO. The strenuous efforts made by the US to promote its view of GIs as just another type of trademark in its

bilateral trade agreements, most recently in the TPP text, suggest that it would be hard to dislodge it from this position in the TTIP negotiations.

### **The realpolitik approach**

EU negotiators appear to have recognised this in their stated objectives for GI protection of foodstuffs in the TTIP negotiations, which set out a much more limited agenda. These include establishing a list of GI names to be protected directly through the agreement, and stronger (administrative) enforcement against the misuse of EU GIs. The precedents from previous EU FTAs suggest that the list of protected names could be relatively modest in relation to all GI names on the EU register.

Much of the opposition in the US to the EU's perceived demands for GI protection in the TTIP negotiations has centred on the alleged threat to common, or generic, names. Some US interests claim that some EU GI terms are used so widely that consumers view them as representing a category of all of the goods and services of the same type. Affected US industries have responded to the EU effort by establishing the Consortium for Common Food Names, a Washington, DC-based international initiative to preserve the right to use common food names.<sup>11</sup> The Consortium supports GIs associated with specialised foods from regions throughout the world, but opposes any attempt to monopolise common (generic) names that have become part of the public domain. It seeks to foster the adoption of an appropriate model for protecting both legitimate GIs and generic food names. The Consortium has garnered significant support from US legislators on this issue, particularly around dairy product names. Over 50 senators and 177 members of the House of Representatives have signed letters urging the USTR to reject EU attempts to appropriate common food names as GIs.<sup>12</sup>

This suggests that the differences between the US and the EU on this issue are not differences in principle, but rather revolve around a number of specific names which are protected in the EU as GIs but which the US sees as generic (though two competing systems add costs, of course, for

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<sup>11</sup> <http://www.commonfoodnames.com/the-issue/names-at-risk/>  
accessed 10 January 2016.

<sup>12</sup> The senators' letter is available here [http://www.baldwin.senate.gov/in-the-news/bipartisan-effort-in-us-senate-to-protect-common-cheese-names\\_accessed\\_10\\_January\\_2016](http://www.baldwin.senate.gov/in-the-news/bipartisan-effort-in-us-senate-to-protect-common-cheese-names_accessed_10_January_2016). The letter from congressmen is available here <http://www.commonfoodnames.com/u-s-congress-demands-that-u-s-defend-common-food-names-and-reject-eus-aggressive-abuse-of-geographical-indications/>  
accessed 10 January 2016.

those attempting to have global protection for their GIs). If, indeed, this is the crucial issue, how significant is it?

As O'Connor (2014b) notes: "The majority of EU GIs are multi-component terms containing a direct reference to a geographical place. Their component parts may be used on their own without undermining the EU GI". For example, *Mozzarella di Bufala Campana* is protected as a GI in the EU but the term "Mozzarella" is free to use by any producer. Similarly, *Gouda Holland* is a protected GI in the EU but any producer is free to sell Gouda cheese.

While this is the situation for most EU GIs, it is not the case for all. Some of the most valuable GIs are single word component GIs such as *Asiago*, *Fontina*, *Gorgonzola* and *Feta*, as well as *Parmigiano Reggiano* (*Parmesan*), which the EU seeks to protect and which many in the US believe are now common names. Under the realpolitik approach, the focus would be on trying to reach a compromise on what should happen to these relatively few, but high profile and valuable, names.

There is a possible danger under the realpolitik approach that putting all efforts into trying to secure GI registration for a handful of names could mean that the other element in the EU's demands, namely, better enforcement of GI names, could be downplayed or neglected. Would it make more sense to put more negotiating effort into getting the US authorities to agree to take a tougher stand against producers using flags, symbols or other marks to mislead consumers into thinking that the parmesan they are buying comes from Italy when this is not the case? Perhaps more effort should be put on the use of qualifying labels ("original", "authentic", etc.) than restricting future use of particular names *per se*. Would a product labelled as "Wisconsin feta" really cause confusion in the minds of consumers as to the source of the product (this is the solution that was adopted for some EU cheese GIs in CETA for the production of these cheeses in Canada)?

There is also the question of what the EU is prepared to "pay" in terms of concessions to persuade the US side to accept some of its GI demands. Previous agreements on GIs with third countries, including agreements on wines and spirits, were successful because the EU offered additional market access for third-country products in return. Given that much (though not all) opposition to the EU GI demands has come from the US dairy industry, is there a package of market-opening measures which might persuade the US dairy industry to back an agreement? Such trade-offs may be equally difficult for the EU to accept, as the gains from greater protection for GI names in the US will accrue primarily to producers in particular Member States, notably Italy and Greece, while the

costs of market-opening will be felt more broadly, including by producers in the northern EU Member States.

### **No agreement**

The final possible outcome is that the negotiators fail to find a negotiated compromise and a TTIP text is sent for ratification without any appreciable concessions on GIs. This option is also not without its difficulties. It raises a potential question mark over ratification of the TTIP agreement in the EU, as well as raising the prospect of further litigation at the WTO due to unresolved disagreements.

Politically, EU agriculture has relatively few offensive interests in the TTIP negotiations, so gaining greater protection for foodstuffs as well as wines and spirits GIs is seen as a way to sell a deal to EU farmers as a compensating factor for likely losses for EU livestock producers. Even if the benefits of securing greater GI recognition accrue to relatively few countries and products at the expense of broader EU interests, the absence of a breakthrough on GIs could make a TTIP agreement more difficult to sell to farm groups.

Also, the TTIP agreement must be approved not only by the Council and the EU Parliament but also by the parliaments of the 28 individual Member States. Here, regional interests can play a role. For example, the Greek or Italian parliament might be tempted to vote down a deal which they felt did not give adequate recognition to their protected GIs.<sup>13</sup> On the other hand, voting down a prospective TTIP agreement would maintain the status quo and would not improve the position of EU GIs on the US market.

GIs are a valuable form of intellectual property. It is easy to understand why passions are aroused if EU producers feel that the value inherent in a GI is appropriated by a competitor making use of the same designation. In international trade, this is likely to be the case just for a small number of single-component GI names which are commercially valuable because these names are widely recognised around the world and can command a consumer premium. Most EU GIs are unknown outside their region of origin, which is presumably why the EU has chosen not to seek protection

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<sup>13</sup> It has been reported that ratification of CETA may run into difficulty in the Greek parliament because of what is viewed as inadequate protection for the feta GI in the proposed deal (recall that current users of the name can continue to use it, and new Canadian producers can also use it provided they qualify it by expressions such as “kind” or “like”). See <http://www.bbc.com/news/world-europe-25363611> accessed 10 January 2016.