

Protection of **G**eographical Indications

An Overview of Select Issues with
Particular Reference to India

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Foreword

Notwithstanding the numerous political statements from world leaders for an early deal ever since the resumption of the Doha talks earlier this year, the number-games over agricultural subsidies and Non-Agricultural Market Access (NAMA) are still continuing. Services negotiations also are not showing much sign of a possible breakthrough. However, while the lion's share of the negotiating capital of WTO Members is getting invested in these three areas, many other important issues that did find a mention in the Doha Work Programme (2001) have been relegated to the back seat. One such issue is that of the 'extension' of the higher level of protection granted to Geographical Indications (GIs) designating wines and spirits, under Article 23 of TRIPS, to all other GIs.

The 'extension' issue has turned out to be one of the most contentious intellectual property issues in the WTO. In view of the inadequacy of TRIPS-protection for GIs, excepting those relating to wines/spirits, India has joined the league of the demandeurs of the 'extension', which also includes Sri Lanka and Pakistan from South Asia. This negotiating stance of India is based on the fact that the country has in its possession a number of registered/potential GIs like 'Darjeeling' (tea), 'Basmati' (rice), 'Alphonso' (mango), 'Malabar' (pepper), etc. However, due to strong opposition from countries like the US, Canada, Australia, etc., the 'extension' debate has reached a state of virtual deadlock at the WTO.

Written in the backdrop of this long-drawn debate, the present paper is a comprehensive overview of a range of issues in the context of GI protection, with a particular focus on India. It tracks the negotiating history of TRIPS in search of the origin of the hierarchical protection for GIs and provides a cogent account of various contours of the debate till date. It also analyses the Indian GI Act in the light of the TRIPS provisions and provides a portrait of the current status of GI registration in India. Importantly, the paper cautions that without well-designed policies and strategies on marketing and promotion of Indian GIs, their underlying commercial potential might remain unrealised. On the multilateral front, the paper observes that it is extremely important for India to weigh the costs and benefits of GI protection in general and the 'extension' of Article 23 in particular. Given the scarcity of research-based inputs on these matters, a more prudent approach on the part of India would be to 'go slow' rather than pushing too hard for the 'extension' at the WTO. Meanwhile, the country should attempt to explore more about the economic and socio-economic implications of GI protection on the basis of rigorous empirical research.

Given the dearth of awareness in the area of GI, I hope this extensive overview, which happens to be Centad's maiden publication in this area, would go a long way in facilitating a better understanding of the subject and would provide the policy makers with some food for thought!

Dr. Samar Verma
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Abbreviations

CAFTA	Central American Free Trade Agreement
CTM	Certification Trade Mark
DMD	Doha Ministerial Declaration
EC	European Communities
EU	European Union
FTA	Free Trade Agreement
GI	Geographical Indication
GoI	Government of India
HKMD	Hong Kong Ministerial Declaration
IGO	Indications of Geographical Origin
IP	Intellectual Property
IPR	Intellectual Property Right
MFN	Most Favoured Nation
MoCI	Ministry of Commerce and Industry
MRTP	Monopolies and Restrictive Trade Practices (Act)
NAFTA	North American Free Trade Agreement
NAMA	Non-Agricultural Market Access
OECD	Organisation for Economic Co-operation and Development
PDO	Protected Designations of Origin
PGI	Protected Geographical Indication
RTA	Regional Trade Agreement
TK	Traditional Knowledge
TNC	Trade Negotiations Committee
TRIPS	Trade-Related Aspects of Intellectual Property Rights (Agreement)
UK	United Kingdom
UR	Uruguay Round
US	United States
USPTO	United States Patent and Trademark Office
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

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Executive Summary

The protection of Geographical Indications (GIs) has, over the years, emerged as one of the most contentious intellectual property right (IPR) issues in the realm of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) of the World Trade Organisation (WTO). TRIPS defines GI as any indication that identifies a good as originating from a particular place, where a given quality, reputation or other characteristics of the good are essentially attributable to its geographical origin. Much like trade marks, the economic rationale of GI is based on the ‘information asymmetry’ between buyers and sellers in the market and role of reputation, conveyed through distinctive signs, in tackling such asymmetry. Thus GI acts as a signalling device that helps the producers to differentiate their products from competing products in the market and enable them to build a reputation and goodwill around their products, which often fetch a premium price.

Given its commercial potential, the legal protection of GI assumes enormous significance. Without such protection, competitors not having legitimate right on a GI might ride free on its reputation. Such unfair business practices result in loss of revenue for the genuine right holders of the GI and also misleads the consumers. Moreover, such practices may eventually hamper the goodwill and reputation associated with the GI.

At the international level, TRIPS sets out the minimum standards of protection that WTO Members are bound to comply with in their respective national legislations. However, as far as the scope of protection of GIs under TRIPS is concerned, there is a problem of hierarchy. This is because, although TRIPS contains a single,

identical definition for all GIs, irrespective of product categories, it mandates a two-level system of protection - (i) the basic protection applicable to all GIs in general (under Article 22); and (ii) additional protection applicable only to the GIs denominating wines and spirits (under Article 23). It is widely argued that this kind of hierarchical protection is problematic, because Article 22 fails to provide a sufficient intellectual property protection for the benefit of the genuine right holders of a GI. A producer not belonging to the geographical region indicated by a GI may use the indication, as long as the good’s true origin is indicated on the label, thereby free-riding on its reputation and goodwill.

Importantly, there is no logical or legal reason, which could justify the discriminatory treatment between GIs associated with wines or spirits and those designating other goods. The origin of this hierarchical protection may only be traced back to the negotiating history of the Uruguay Round (1986-94). A close look at this history clearly reveals that the higher level of protection for wines and spirits was granted solely for the political reason of persuading the European Communities (EC) to join consensus on the Uruguay Round package, despite strong opposition from many other countries.

At the national level, there exist significant divergences among WTO Members with regard to the modes of protection of GIs. The WTO Secretariat has classified all these diverse means of protection into three broad categories: (i) laws focusing on business practices; (ii) trade mark law; and (iii) *sui generis* protection.

As far as India is concerned, the country has enacted ‘The Geographical Indications of Goods

(Registration and Protection) Act, 1999' (GI Act) as part of the exercise in the country to set in place national intellectual property laws in compliance with India's obligations under TRIPS. Under the purview of this Act, which came into force with effect from 15 September 2003, the Central Government has established the 'Geographical Indications Registry' with all-India jurisdiction at Chennai, where the right holders can register their GIs. Interestingly, unlike TRIPS, the counterpart of Article 23 in the GI Act does not restrict itself to wines and spirits only. Rather, it has been left to the discretion of the Central Government to decide which products should be accorded such higher level of protection. This approach has deliberately been taken by the drafters of the Indian Act with the aim of providing the Article 23-type stringent protection to GIs of Indian origin, most of which do not relate to wines or spirits. However, other WTO Members are not obligated to ensure Article 23-type protection to all Indian GIs, thereby leaving room for their misappropriation in the international arena.

Aware of the inadequacy of the protection granted under Article 22, since 2000, India, along with a host of other like-minded countries (e.g. the EU, Bulgaria, China, the Czech Republic, Hungary, Liechtenstein, Kenya, Mauritius, Nigeria, Pakistan, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand and Turkey) has been pressing for an 'extension' of the ambit of Article 23 (henceforth 'extension') to cover all categories of goods. However, countries like the United States (US), Australia, New Zealand, Canada, Argentina, Chile, Guatemala, Uruguay are strongly opposed to the 'extension'. The 'extension' issue formed an integral part of the Doha Work Programme (2001) as an 'outstanding implementation issue'. Nevertheless, as a result of the wide divergence of views among WTO Members, not much progress could be achieved in the negotiations so far.

Meanwhile, around 30 GIs of Indian origin have already been registered with the GI Registry. These include GIs like Darjeeling (tea), 'Pochampalli' Ikat (textiles), 'Chanderi' (saree), 'Kancheepuram silk' (textiles), 'Kashmir Pashmina' (shawls), 'Kondapalli' (toy), 'Mysore' (agarbathi). There are many more Indian GIs in the pipeline for registration under the GI Act. This is a positive step on the part of the right holders of potential GIs of the country. However, there is a number of issues and concerns in the context of harnessing the potential benefits out of GI registration in India. Apart from effective enforcement of GIs in the relevant markets (domestic and export), much depends on the strategies adopted for marketing and distribution of the product, and its branding and promotion. Without well-crafted policies and strategies in these spheres the underlying commercial potential of Indian GIs might remain unrealised.

At the multilateral level, considering the long-drawn deadlock over the issue of 'extension', it seems highly unlikely that the debate will actually be resolved some time in the near future. However, given the *quid-pro-quo* nature of WTO negotiations, even if an agreement is ultimately reached in favour of the 'extension', it is most likely to be in exchange for concessions to be granted elsewhere. Hence, it is extremely important for India to weigh the costs and benefits of GI protection in general and the 'extension' of Article 23, in particular. Given the scarcity of research-based inputs in this regard, there is not much clarity on these issues till now. Hence, rather than pushing too hard for the 'extension' at the WTO, a more prudent approach on part of India would be to 'go slow'. Meanwhile, the country should explore further the economic and socio-economic benefits and costs of GI protection on the basis of rigorous empirical research. This would enable India to adopt a more informed negotiating stance on the issue of 'extension' at the WTO.

1. The Backdrop

The term ‘Geographical Indications’ (GIs) entered the terminology of international intellectual property (IP) law by way of its inclusion in the Agreement on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) of the World Trade Organisation (WTO). GI refers to any indication that identifies a good as originating from a particular place, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. India has in its possession a number of existing or potential GIs. Some of them like, ‘Darjeeling’ (tea), ‘Basmati’ (rice), ‘Alphonso’ (mango), etc. are already renowned the world over.

GIs serve to recognise the essential roles played by geographic and climatic factors and/or human know-how in the end quality of certain products. They also help producers to differentiate their products from competing products in the market and enable them to build a reputation and goodwill around their products, which often fetches a premium price.

Various studies have quantified the price premium associated with certain GI-products. A consumer survey undertaken in the European Union (EU) in 1999, for instance, found that 40 percent of consumers would pay a 10 percent premium for origin-guaranteed products.¹ Econometric models employing hedonic pricing techniques also support

the willingness to pay more for GI products.² Though anecdotal, these studies bear testimony to the fact that GIs do have the potential to fetch a significant increase in the value-added through premium pricing.³

Given such commercial potential, the legal protection of this IP assumes enormous significance. Without such protection, competitors who do not have a legitimate right on a GI might free ride on its reputation. Such unfair business practices result in huge loss of revenue for the genuine right-holders of the GI concerned and also mislead the consumers. Moreover, such practices may eventually hamper the goodwill and reputation associated with the GI concerned.

Protected effectively, GIs may yield certain socio-economic benefits. For instance, GI is often regarded as a potential means for protecting ‘traditional knowledge’. While the suitability of GI in performing this role is not free from limitations (see Box 1),⁴ it is widely believed that effective protection of a GI-product, by way of preventing loss of value through copying, free riding or usurpation, could go a long way in increasing the inflow of cash income to the community involved in its production. Hence, GI is often cited as a tool that has the potential to contribute to rural development — though indirectly — through a reduction in income poverty.

¹ WTO (2004).

² One econometric study found that certain regional designations for ‘Bordeaux’ wines command a large price premium—as much as US \$15 per bottle—in the case of the ‘Pomerol’ designation (see Landon and Smith, 1998). Another such study found that wines with a ‘Napa Valley’ designation were priced 61 percent higher than wines with a ‘California’ designation (see Bombrun and Sumner, 2003). Evidence for price premium is not limited to wines alone. For instance, econometric work on the Spanish market for meat products showed that products bearing the ‘Galician Veal’ label commanded a premium of US \$ 0.21 per kilogramme (Loureiro and McCluskey, 2000).

³ Fink and Maskus (2006), p.203.

⁴ Protection of ‘traditional knowledge’ and suitability or otherwise of GIs for this purpose is a vast area of research. A detailed discussion on this area is outside the scope of the present paper. Box 1 merely attempts to touch upon a few issues in this context.

In order to rule out its misuse and to tap the potential economic and socio-economic benefits emanating from this IP, it is essential to ensure an appropriate legal protection for GIs the national as well as the international level.

At the international level, the TRIPS Agreement sets out the minimum standards of protection that WTO Members are bound to comply with in their respective national legislations. However, as far as the scope of protection of GIs under TRIPS is concerned, there is a problem of hierarchy in the levels of protection based on an arbitrary categorisation of goods. This is because, although TRIPS contains a single, identical definition for all GIs, irrespective of product categories, it mandates a two-level system of protection: (i) the basic protection applicable to all GIs in general (under Article 22); and (ii) an additional protection applicable only to the GIs denominating wines and spirits (under Article 23).

In line with its obligations under the TRIPS Agreement, India has put in place a *sui generis* system of GI protection by way of enacting a legislation dealing exclusively with GIs, namely 'The Geographical Indications of Goods (Registration & Protection) Act, 1999' (GI Act). Under the purview of this Act, which came into force with effect from 15 September 2003, the Central Government has established the Geographical Indications Registry with all-India jurisdiction in Chennai.

Interestingly, while Article 23 of TRIPS accords a higher level of protection only to wines and spirits, the corresponding provisions in the Indian GI Act do not restrict themselves to wines and spirits only. Rather, it has been left in the discretion of the Central Government to decide which products should be granted such higher level of protection. However, there is no guarantee that similar protection would be granted to all Indian GIs by other WTO Members. Because, TRIPS does not

impose any obligation on the WTO Members to provide Article 23-type (higher level of) protection to GIs other than those designating wines and spirits and very few Indian GIs belong to these two product categories.⁵

Aware of the inadequate protective shield for most of the Indian GIs in the international arena, India, along with a host of other like-minded countries has, since 2000, been pressing for an 'extension' of Article 23 protection to cover all categories of GIs. The issue of 'extension' did find mention in the ongoing Doha Development Agenda. However, due to widely divergent views of various WTO-Members, the issue has reached a situation of virtual stalemate for quite some time now.

Given this backdrop, the present paper attempts to articulate various issues and debates around GI protection, with particular focus on India. The paper is structured as follows. Section 2 touches upon various related concepts in the area of GIs and their protection at the international and national levels. Section 3 explains the economic rationale underlying GI protection. Section 4 discusses the relationship between GIs and trade marks. Section 5 analyses the TRIPS provisions on GIs, while Section 6 explores the counterparts of the TRIPS provisions on GIs in the Indian GI Act. Section 7 focuses on the negotiating history of the TRIPS provisions on GIs and the state of play of the ongoing negotiations at the WTO on GIs. Section 8 then briefly discusses the GI-related provisions in the regional and bilateral free trade agreements to which either the European Union (EU) or the United States (US) is a signatory. Section 9 provides a snapshot of the current status of GI registration in India. Section 10 brings out certain issues and concerns in the context of harnessing the potential benefits out of GI protection in India and concludes with some policy suggestions.

⁵ A 'potential' spirit-GI of India is Goan 'Fenni'.

GI as a Tool for Protecting 'Traditional Knowledge'

In the light of the growing importance attached to traditional knowledge (TK) and related concerns about preserving cultural and biological diversity, protection of TK has assumed enormous significance in the recent past. TK, however, is a multidisciplinary and complex area. There is no universally accepted definition of TK. Even the World Intellectual Property Organisation (WIPO) uses the term TK in two senses, one narrow and one broad. In its narrow sense, TK refers to the content or substance of knowledge that is the result of intellectual activity and insight in a traditional context, and includes the know-how, skills, innovations, practices and learning that form part of TK systems, and knowledge that is embodied in the traditional lifestyle of a community or people, or is contained in codified knowledge systems passed from one generation to another. It is not limited to any specific technical field, and may include agricultural, environmental, medicinal knowledge, and knowledge associated with genetic resources. The broader definition of TK used by WIPO is an all-encompassing and working concept, which states that:

'Traditional knowledge' ... refer[s] to tradition-based literary, artistic or scientific works; performances; inventions; scientific discoveries; designs; marks, names and symbols; undisclosed information; and all other tradition-based innovations and creations resulting from intellectual activity in the industrial, scientific, literary or artistic fields. "Tradition-based" refers to knowledge systems, creations, innovations and cultural expressions which have generally been transmitted from generation to generation; are generally regarded as pertaining to a particular people or its territory; and, are constantly evolving in response to a changing environment. Categories of traditional knowledge could include: agricultural knowledge; scientific knowledge; technical knowledge; ecological knowledge; medicinal knowledge, including related medicines

and remedies; biodiversity-related knowledge; "traditional cultural expressions" ("expressions of folklore") in the form of music, dance, song, handicrafts, designs, stories and artwork; elements of languages, such as names, geographical indications and symbols; and, movable cultural properties. Excluded from this description of traditional knowledge would be items not resulting from intellectual activity in the industrial, scientific, literary or artistic fields, such as human remains, languages in general, and other similar elements of "heritage" in the broad senseⁱ

Certain intellectual property (IP) mechanisms are considered to be more suitable for the protection of TK than others. GI seems to be one of those mechanisms because GI as an instrument of IP protection has peculiar features, which in contrast to other IPRs, are considered to be relatively more amenable to the customary practices of indigenous communities:ⁱⁱ

- **Knowledge remains in the public domain:** No institution (firm or individual) exercises exclusive monopoly control over the knowledge/information embedded in the protected indication (or the good), which remains in the public domain.
- **Rights are (potentially) held in perpetuity:** Generally, a GI is protected as long as the distinctive good-place link is maintained and the indication is not rendered generic. Certain systems of GI protection, however, require registration and its subsequent renewal.
- **The scope of protection is relatively circumscribed:** The scope of protection does not include the 'right to assign' an indication – a right that exists for trade marks (Article 20) and patents (Article 28.2) within the TRIPS Agreement. All enterprises fulfilling the conditions specified in a GI have the 'right to use' the indication but do not have the

ⁱ WIPO (2002b), p.11.

ⁱⁱ Rangnekar (2002), p.15.

(Box Contd.)

(Box 1 Contd.)

‘right to authorise use’ to others. Moreover, the good-place link underlying GI protection automatically prohibits the transfer of the indication to non-locale producers and the use of the indication on ‘similar’ goods originating from outside the designated geographical area. In effect, the result of protection is to limit the class and/or location of people who may use the protected indication.

In addition to the above, GIs are considered to be free of the many adverse socio-economic results of corporate control and accumulation of IPRs. However, a major

limitation of GI as a means of TK protection is that it does not in any way protect the knowledge embodied within the good and/or the associated production process. Consequently, neither is protection of GIs a guarantee against the misappropriation of TK nor are other strategies to protect TK precluded by the use of GIs. Notwithstanding such caveats, it may still be asserted that to the extent that products draw on distinctive traditional methods of production that have been preserved and nurtured over time by communities specific to a region, GIs can be used as a legal tool to develop, market and protect a brand.ⁱⁱⁱ

ⁱⁱⁱ Downes and Laird (1999).

2. Indications of Geographical Origin: Terminology and Protection

While GI with its very specific legal meaning as enshrined in the TRIPS Agreement is a relatively new category of intellectual property right (IPR), the practice of using place names or other symbols as indicators of the geographical origin of a product has a long history. Evidence of using distinctive signs for indicating geographical origin can be found even in the pre-industrial era for a variety of products including minerals, simple manufactured goods and agricultural products. Blakeney (2001)⁶ refers to the use of animals (e.g. panda beer), landmarks (e.g. Mt. Fuji sake), buildings (e.g. Pisa silk), heraldic signs (e.g. fleur de lys butter), and well-known personalities (e.g. Napoleon brandy, Mozart chocolates) as distinctive signs indicating geographical origin while at the same time conveying a certain quality or reputation.⁷

2.1 Terminology

Broadly, an indicator of geographical origin is a sign used in connection with goods in order to indicate its geographical origin.⁸ However, there are significant differences in the terminology used in national laws and international treaties on this subject. While the term ‘geographical indication’ (GI) is a relatively new concept introduced by the TRIPS Agreement, several other closely related concepts pre-existed TRIPS, such as ‘appellations of origin’, ‘indications of source’, ‘designations of origin’, ‘protected geographical indications’, each of which has a very specific meaning in the legal parlance of IPRs (see Box 2 for a discussion on the differences of GIs *vis-à-vis* ‘Indications of source’ and ‘Appellations of origin’). The term ‘indications of geographical origin’ (IGO) is used in this paper as a common denominator for all the aforesaid

⁶ Blakeney (2001).

⁷ Rangnekar (2004), p.13.

⁸ Correa (2002), p.2.

closely related terms and concepts. In contrast, the term 'geographical indication' (GI) is used only when the discussion in the paper refers to this specific legal concept as defined in Article 22.1 of the TRIPS Agreement.⁹

Conceptually, IGOs may be classified into two broad categories:¹⁰

- (a) **Simple IGOs**, like 'made in China', which do not connote any linkage between product attributes and their geographical origin. In such cases, the use of an IGO on a given product is merely subject to the requirement that the product originates from the place designated by the IGO.
- (b) **Qualified IGOs**, which have a particular descriptive meaning that indicates a linkage between the geographical origin of a product and its attributes, such as, quality, characteristics, and/or reputation.

As far as GIs are concerned, Article 22.1 of the TRIPS Agreement defines the term as indications, which identify a good as originating from a particular geographical location, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. Thus, as per the aforesaid classification of IGOs, GIs belong to the category of 'qualified IGOs'.

GIs, as defined by TRIPS, need not always be geographical names (such as name of a town, region or country) to designate the origin of the goods to which they are associated, but may consist of symbols as well, if such symbols are capable of indicating the origin of the goods concerned without

literally naming the place of their origins. One such indication is 'Basmati' for particular varieties of fragrant rice produced in certain regions of India and Pakistan. 'Basmati' is not a geographical name. But if it is perceived by the public as an indication of rice originating from those particular geographical regions of India and Pakistan, then 'Basmati' can very well qualify as a GI.

While GIs may be associated with manufactured or industrial goods, the vast majority of these indications are attached to agricultural products, mostly food and beverages. The non-agricultural products, which typically qualify for GI protection, include handicrafts, jewellery, textiles, etc.¹¹

2.2 International Protection of IGOs

At the international level, prior to the TRIPS Agreement, which for the first time brought to the fore the specific legal concept of GI in the multilateral arena, there were mainly three international conventions dealing with protection of IGOs, i.e. the Paris Convention for the Protection of Industrial Property (1883), the Madrid Agreement (1891) and the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (1958).¹² While the Paris Convention and the Madrid Agreement dealt with 'indications of source', the Lisbon Agreement focused on protection of 'appellations of origin'.

Nevertheless, given the restricted scope of protection afforded by these multilateral conventions and the limited number of signatory states, none of these treaties could render any significant impact on the global protection of IGOs. Given such a scenario, the advent of the TRIPS Agreement constituted

⁹ This approach is in line with that adopted by the WTO (2001), which states (in Paragraph 6) that: "In regard to terminology, the paper, when referring to the various terms used and defined by Members to indicate the geographical origin of goods and services, uses the expression "IGOs" (indications of geographical origin) as a common denominator. Given that "geographical indication" has a specific legal meaning under Article 22.1 of the TRIPS Agreement, it has not been used in order to avoid any appearance of prejudicing the rights and obligations of Members. This has been done solely for the purposes of this summary paper and should not be given any other significance. Another point in connection with terminology is that Members use a large variety of expressions to describe their national laws, the forms of protection granted and the procedures involved. For example, a range of terms are used and defined to describe IGOs which can benefit from special protection, including geographical indications, appellations of origin, designations of origin, etc."

¹⁰ Correa (2002), p.2.

¹¹ WTO (2004), p. 72.

¹² There were also several other plurilateral and bilateral agreements on specific goods. Examples of plurilateral agreements on IGOs include the Stresa Convention (1951) on Cheese, signed by eight countries; the Olive Oil Agreement (1963), signed by thirteen olive oil producing countries. Bilateral agreements include the EU-Australian wine agreement of 1994.

an important step forward for the international protection of IGOs. First, it provided the ‘minimum’ standards of protection for GIs (along with all other IPRs), which as many as 150 (as of now) Member countries of the WTO were bound to comply with in their respective national legislations,¹³ and second, it was backed by an enforcement mechanism in the form of the dispute settlement understanding of

the WTO. Given such wide-ranging applicability and enforceability, the TRIPS Agreement did herald a significant upgrading of the standards of protection for IGOs. However, there remains the problem of a hierarchy in the levels of protection based on an arbitrary categorisation of goods under the TRIPS Agreement. Although TRIPS contains a single, identical definition for all GIs, irrespective of

BOX 2

‘Geographical Indications’ vis-à-vis ‘Appellations of Origin’ and ‘Indications of Source’

Although ‘geographical indications’, ‘indications of source’ and ‘appellations of origin’ are closely related concepts, there exist significant differences among them, which become evident from a close scrutiny of their definitions.

As far as ‘indication of source’ is concerned, there are two multilateral agreements dealing with it, viz. the Paris Convention for the Protection of Industrial Property (1883) and the Madrid Agreement (1891). Neither of these treaties, however, contains a clear-cut definition of the term ‘indication of source’. According to WIPO (1998),ⁱ however,

‘Indication of source’ means any expression or sign used to indicate that a product or service originates in a country, region or a specific place.

Coming to ‘appellation of origin’, Article 2.1 of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (1958) defines the term as follows:

In this Agreement, “appellation of origin” means the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.

The TRIPS Agreement is the first multilateral agreement dealing with ‘geographical indications’

(GIs) as such. Article 22.1 of TRIPS defines GIs as under:

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.

‘Indications of source’ may be geographical names (such as name of a country, region or city), which directly indicate the origin of the products to which they are attached. However, besides geographical names, figurative or written symbols or emblems may also qualify as ‘indications of source’ if they serve to evoke the geographical origin of the product, though indirectly. For instance, the image of the Taj Mahal may act as an ‘indication of source’ for products of Indian origin. In this respect, ‘indications of source’ are similar to GIs because, GIs need not always be geographical names (e.g. Darjeeling), but may consist of symbols as well (e.g. ‘Basmati’), if such symbols are capable of indicating the origin of goods without literally naming the place of their origin. By definition, however, GIs do not include all ‘indications of source’. In order to qualify as a GI, a product to which the indication is attached not only needs to originate from the geographical location indicated by it, but must also have a quality, reputation or some other characteristics, which are

ⁱWIPO (1998).

(Box Contd.)

¹³ WTO Members, however, are free to grant a higher level of protection under their national laws, provided such protection does not contravene the provisions of TRIPS (See Article 1.1 of TRIPS).

(Box 2 Contd.)

essentially attributable to that geographical origin. Since all 'indications of source' do not fulfill these additional requirements, they fail to qualify as GIs. In other words, by definition, an 'indication of source' is a 'simple IGO', whereas a GI is a 'qualified IGO'.

'Appellations of origin' are more restrictive than either 'indications of source' or GIs. First, an 'appellation of origin' must be a geographical name of a country, region, or locality, thereby directly indicating the geographical origin of the product to which it is attached. Thus, unlike 'indications of source' or GIs, figurative or written symbols cannot qualify as 'appellations of origin'. Second, whereas, the definition of GIs contains the additional requirement (apart from the requirement that the product designated by a GI must originate from the geographical location indicated therein) that a given quality, reputation or other characteristic of the good must essentially be

attributable to its geographical origin, the comparable requirement in the case of 'appellations of origin' excludes 'reputation' as a sufficient condition. In other words, as per the TRIPS definition of GIs, 'reputation', 'quality', and 'other characteristic' are each individually sufficient conditions in their own right to qualify for GI status. However, as per the Lisbon Agreement, a geographical name may qualify as an 'appellation of origin' only if the quality and characteristics of the product identified by it are due exclusively or essentially to the geographical environment, including natural and human factors. Consequently, goods having a certain 'reputation' but no quality/characteristics attributable to their geographical origin would remain outside the scope of protection as 'appellations of origin' but may qualify for protection as GIs.ⁱⁱ Thus, while all 'appellations of origin' would qualify as GIs, not all GIs are capable of getting protection as 'appellations of origin'.

ⁱⁱ Rangnekar (2002), p.10.

product categories, it mandates a two-level system of protection: (i) the basic protection applicable to GIs associated with all products in general (under Article 22); and (ii) additional protection applicable only for the GIs denominating wines and spirits (under Article 23).¹⁴

2.3 Protection of IGOs at the National Level

Special systems for the protection of IGOs at the national level were put in place in a number of countries long before the advent of any multilateral agreement dealing with IGOs. For instance, IGOs like 'Champagne' (wine) and 'Scotch' (whisky) were afforded protective cover by special laws in France and Britain respectively.

However, there exist significant divergences among countries with regard to the modes and the purpose of protection of IGOs at the national level. These differences in approach are, to an important extent, related to historical developments. In some countries, the renown of certain products goes back centuries and their continued importance reflects the intertwining of commerce, history, culture and regional or local pride.¹⁵

Notably, the TRIPS Agreement (Article 1.1) leaves it up to the Member countries to determine the appropriate method of implementing the provisions of the Agreement¹⁶ (including the provisions on GIs) within their own legal framework.¹⁷

¹⁴ For further details on the nature and scope of protection of GIs under the TRIPS Agreement, see Section 5 of this paper.

¹⁵ WTO (2004), p.72.

¹⁶ Das (2000), p.60.

¹⁷ Article 1.1 of TRIPS:

Members shall give effect to the provisions of this Agreement. Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.

A WTO Secretariat survey¹⁸ focusing on GI-protection in 37 Member countries has clearly revealed the multiplicity of ways and means that WTO Members have chosen to carry out their obligations to comply with the GI provisions of the TRIPS Agreement. The WTO Secretariat has classified all this diverse means of protection available for IGOs into three broad categories: (i) laws focusing on business practices; (ii) trade mark law; and (iii) *sui generis* protection.

(i) Laws Focusing on Business Practices

This category of means of protection for IGOs covers laws, which, while not specifically providing for the protection of IGOs, prohibit business practices, which can involve the misuse of IGOs. This category covers a broad range of laws, such as, common laws—particularly in relation to passing-off; laws relating to the repression of unfair competition; or the laws meant for consumer protection, either in general terms or more specifically with regard to such matters as product-labelling, health protection, food safety. The issue at stake in legal proceedings regarding use of an IGO under these laws is not whether the IGO as such is eligible for protection but whether a specific act involving the use of an IGO has contravened the general standards contained in the law relating to unfair competition; consumer protection; trade descriptions; food standards, etc.

(ii) Trade Mark Law

Trade mark laws are found to provide two types of protection for IGOs: (a) protection against the registration and use of IGOs as trade marks; and, (b) protection as collective, certification or guarantee marks¹⁹ against unauthorised use by third parties.

(iii) *Sui generis* Protection

The forms of protection in this category cover those under laws specifically dedicated to the protection

of IGOs or those under provisions providing for special protection of IGOs contained in other laws, for example, on trade marks, marketing, labelling, or taxation. Some of these means provide *sui generis* protection for IGOs that relate to products with specifically defined characteristics or methods of production; while other means apply without such specific definitions. However, in general, the protection provided under this category is stronger than that available under the aforesaid two categories of modes of protection.

Generally, these different categories of protection coexist in a single country. For instance, the legal forms of protection for GIs available in the US include measures of categories (i) and (ii). In other countries (e.g. Europe) there are also regulations of type (iii), especially for foodstuffs, wines and spirits.²⁰

The adoption and implementation of the TRIPS standards required some legal and administrative reforms for setting GI protection in various countries including leading economies such as the US and Canada. However, in most cases countries without an independent GI regime simply reformed their trade marks regime as to accommodate the new TRIPS obligations. Even in countries where some sort of GIs or ‘appellations of origin’ protection existed, such as the Latin American countries, the standards provided by the TRIPS Agreement implied reforms, especially in relation to enforcement measures. Implementation of the TRIPS Agreement standards has been subject to examination by the TRIPS Council since 1996. Currently, all developed countries and many developing countries have already concluded this examination process, by notifying their legislation to the WTO Secretariat and responding to other Members’ questions in the TRIPS Council.²¹

¹⁸ WTO (2001).

¹⁹ For further details on collective and certification marks, see Box 3 of this paper.

²⁰ Correa (2002), p. 6.

²¹ Vivas-Eugui and Spennemann (2006), p.2.

2.4 Protection of IGOs in India

Prior to the enactment of 'The Geographical Indications of Goods (Registration and Protection) Act, 1999' (GI Act), there was no separate legislation dealing specifically with GIs. However, there were three different ways in which the then-existing legal systems of the country could have been utilised for preventing the misuse of GIs:

- Under the consumer protection acts²²
- Through passing-off²³ actions in courts
- Through certification marks.²⁴

The GI Act was formulated as part of the exercise in the country to set in place national intellectual

property laws in compliance with India's obligations under the TRIPS Agreement. Under the purview of this Act, which came into force with effect from 15 September 2003, the Central Government has established the 'Geographical Indications Registry' with all-India jurisdiction at Chennai, where the right holders can register their GIs. Once a GI gets registered, any person claiming to be the producer of the registered GI can file an application for registration as an authorised user. The GI Act is being administered by the Controller General of Patents, Designs and Trade Marks, who is the 'Registrar of Geographical Indications'.

3. Economic Rationale underlying GI Protection

Not much economic research has been undertaken that directly deals with GIs.²⁵ However, trade marks and GIs share a common economic rationale for their protection based on the 'information asymmetry' between buyers and sellers in the market and role of reputation, conveyed through distinctive signs, in tackling such asymmetry.²⁶ 'Information asymmetry' describes a situation where buyers are not able to observe all the characteristics they consider relevant in a product (e.g. taste, flavour) before purchase, while sellers have better information about those characteristics. In other words, 'information asymmetry' is a situation where, before purchasing the good, no buyer can accurately assess the value of the product through examination, whereas sellers can assess the value of the product more accurately prior to sale.

3.1 'Search', 'Experience' and 'Credence' Goods

Economists have classified goods into three categories according to the degree of information available to consumers when purchasing a good. In the case of the so-called 'search goods' (e.g. dresses) prior to purchase, consumers develop a robust idea about quality, either through inspection and/or search.²⁷ In the case of certain other categories of goods, the quality is learnt only after the good is bought and consumed, i.e. through experience. This is the case, for instance, with the taste of food or the quality of a restaurant. In Economics literature these goods are referred to as 'experience goods'. For yet another category of goods, neither prior inspection, nor subsequent use is sufficient to develop a robust notion of quality²⁸ (e.g. pesticide

²² The principal legislations in the field of consumer protection are the following: (a) The Consumer Protection Act of 1986, and (b) Sections 36-A to 36-E of the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969. The aforesaid sections in the latter Act pertain to unfair trade practices and were inserted into the MRTP Act by an Amendment Act in 1984, with effect from 1 August 1984.

²³ In its simplest form, the principle of passing-off states that "No-one is entitled to pass-off his goods as those of another". The principal purpose of an action against passing off is therefore, to protect the name, reputation and goodwill of traders or producers against any unfair attempt to free ride on them. Though, India, like many other common law countries, does not have a statute specifically dealing with unfair competition, most of such acts of unfair competition can be prevented by way of action against passing-off.

²⁴ Here 'Certification trade mark' means a mark capable of distinguishing the goods or services in connection with which it is used in the course of trade which are certified by the proprietor of the mark in respect of origin, material, mode of manufacture of the goods or performance of services, quality, accuracy or other characteristics from goods or services not so certified and registrable as such. 'Certification trade marks' can be registered under the Trade Marks Act of India.

²⁵ WTO (2004), p.79.

²⁶ Rangnekar (2004a), p.1.

²⁷ Rangnekar (2004a), p.9.

²⁸ Rangnekar (2004a), p.10.

residue in food). This category of goods is referred to as 'credence goods' in Economics.

However, most goods cannot often be classified in one or the other category, as they possess characteristics that are learnt before purchase, after purchase or never. In the case of 'Basmati' rice, for instance, the size of the rice is a 'search good' characteristic; its flavour after cooking is an 'experience good' characteristic; and its calorie content is a 'credence good' characteristic.

In addition, as individual consumers differ in their preferences, a particular good could be classified differently across consumers. For example, as Rangnekar (2004) exemplifies, a bag of coffee beans could be considered a 'search good' for those consumers who are largely concerned about price rather than other product attributes. In contrast, it would be classified as an 'experience good' if other attributes (e.g. flavour and aroma) were given comparable importance to price. Finally, the same bag would be classified as a 'credence good', if the consumer were to express interest in the attributes of the production process (e.g. workers' pay, use of pesticides).²⁹

For the sake of simplicity of analysis, Economics, however, often sticks to the pure classification only. Following that approach, it may be stated that only in the case of 'experience goods' and 'credence goods' do economists speak of market distortion due to 'information asymmetry'.³⁰ By definition, 'search goods' do not suffer from 'information asymmetry' between buyers and sellers.

3.2 The Market for 'Lemons'

Akerlof (1970)³¹ has demonstrated how the presence of 'information asymmetry' between the buyers and the sellers in a market characterised by

quality heterogeneity may lead to a situation of 'market failure'. Unable to distinguish high-quality goods from their low-quality counterparts, buyers may be unwilling to pay a price that elicits supply of anything other than the lowest-quality items. In the worst-case scenario, the market may cease to exist altogether. Thus, potential gains from trade may remain unrealised.³²

Akerlof (1970) used the market for used cars as an example to demonstrate this market failure problem. In the market for used cars, the buyers cannot observe the quality³³ of a used car with any significant surety whereas the sellers have more reliable information about it.³⁴ In this model, as quality is undistinguishable beforehand by the buyer and there exists 'information asymmetry', there are incentives for the seller to pass-off a lower-quality good as a higher-quality one. The buyer, however, would take this incentive into consideration, and view the quality of the car as uncertain. That is, the buyer would tend to suspect that a certain proportion of used cars available in the market are bad cars or 'lemons'.³⁵ Assuming the car to be of average quality, s/he would be willing to pay a price befitting a car of known average quality. In such a situation, good and bad used cars would tend to sell at comparable prices. Hence, the owner of a good used car would be unable to command a price mark-up that would reflect its superior quality and make its sale worthwhile. The result would be that owners of good used cars would not place their cars in the market. The withdrawal of good cars would subsequently reduce the average quality of cars in the market, causing buyers to revise downward their expectations for any given car. This, in turn, would motivate owners of moderately good cars not to sell their used cars, and so on. This would ultimately lead to a situation where most cars traded in the market would be 'lemons' and good cars may not

²⁹ *ibid.*

³⁰ WTO (2004), p.79.

³¹ Akerlof (1970).

³² McMillan, John, 'Market Institution', available at <http://faculty-gsb.stanford.edu/mcmillan/personal_page/documents/Market%20Institutions.pdf>.

³³ In this context, the term 'quality' is used in a very broad sense, referring to any relevant good characteristic that can be ranked according to objective criteria, such as fuel consumption in cars. Other things being equal, higher fuel efficiency is unequivocally a plus point in case of cars.

³⁴ Rangnekar (2004a), p.9.

³⁵ 'Lemons' is the term used for bad cars in America.

be traded at all. Thus the bad cars would drive out the good cars in much the same way that ‘the bad money drives out the good money’, as per the Gresham’s Law. As Akerlof (1970) points out,

*...in a more continuous case with different grades of goods, even worse pathologies can exist. For it is quite possible to have the bad driving out the not-so-bad driving out the medium driving out the not-so-good driving out the good in such a sequence of events that no market exists at all.*³⁶

Thus, Akerlof (1970) demonstrates how, under certain assumptions (on which the model is based), a market characterised by ‘asymmetric information’ between buyers and sellers with respect to quality, may dynamically lead to a situation of outright ‘market failure’.

Since the difficulty of distinguishing good quality from bad is inherent in the business world, some kind of institutional mechanism is required for signalling and screening to counter the inefficiencies arising out of quality uncertainty and the resultant tendency towards ‘market failure’. Examples of some such market-supporting institutional mechanisms include guarantees/warrantees;³⁷ license/certification;³⁸ reputation/brand names;³⁹ etc.

As far as reputation or brand name is concerned, it is often built up through distinctive signs like trade marks. In a scenario of quality uncertainty, reputation, built up through trade marks, can act as a useful signalling mechanism to indicate a certain level of quality that consumers learn to expect.⁴⁰ By persistent maintenance of this minimum level of quality, reputation economises search costs for consumers. Consequently, the attempt by producers

of reputable products to charge a premium price and the willingness of consumers to pay this premium.⁴¹

3.3 The Rationale underlying Trade Marks

A trade mark acts as an indicator of the enterprise producing the product and helps to build up an expectation of quality, thereby enabling consumers to overcome, to some extent, the ‘information asymmetry’ regarding quality in real-world markets. Acting as an information source, trade marks enable consumers to lower search costs, protect them from being misled as to the origin or quality of a product and assist in consumers’ decision making. However, in order to act as an efficient information channel, a trade mark must be distinct and differentiated from previously existing trade marks.⁴² The distinctiveness of trade marks provides the consumers with an opportunity to retaliate by changing their loyalty when the expected quality is not delivered.⁴³

Apart from protection against consumer confusion, the second economic rationale underlying trade mark protection relates to the appropriability of investments undertaken by a firm to develop brand names and associated reputation. Brand development requires investments in maintaining certain quality standards and advertising and promoting distinctive signs, names and logos. The objective of advertising and other promotional efforts undertaken by an enterprise is to help consumers identify and differentiate its product from the vast array of similar products belonging to the same category. Given the unobservable characteristics of the product, the identification and differentiation of the product occurs through information captured in the brand name of the enterprise.

³⁶ Akerlof (1970), p.490.

³⁷ Most consumer durables carry guarantees to ensure the buyer of some normal expected quality (Akerlof, 1970, p.499).

³⁸ For instance, there is the licensing of doctors, lawyers, etc. Most skilled labor carries some certification indicating the attainment of certain levels of proficiency. The High School diploma, the Ph.D., even the Nobel Prize, to some extent, serve this function of certification (Akerlof, 1970, p.500).

³⁹ Brand names not only indicate quality but also give the consumer a means of retaliation if the quality does not meet expectations. For the consumer will then curtail future purchases. Often, new products are associated with old brand names. This ensures the prospective consumer of the quality of the product (Akerlof, 1970, pp. 499-500).

⁴⁰ Rangnekar (2004a), p.10.

⁴¹ Stigler (1970), p.79.

⁴² Rangnekar (2004a), p.10.

⁴³ Akerlof (1970), p.500.

However, a firm's decision to invest in developing brand names and associated reputation is dynamic, in the sense that the returns from (current) investments in producing high-quality products and developing brand names occur in the future, following repeated purchases on account of the firm's reputation for high-quality products. It is when consumers learn about the reputation through past purchases, experience, and other information channels that it becomes economically meaningful for firms to invest in producing high-quality (reputable) products.⁴⁴ It is through its function of signalling certain quality standards that induce consumers to return and purchase new products that a trade mark becomes an asset of the firm, embodying its accumulated goodwill.⁴⁵ However, if this asset (trade mark) is not protected against misappropriation, then there is hardly any incentive for a firm to make investments in brand-building and quality maintenance. Hence it is argued that an economic rationale underlying the legal protection of trade marks is to provide incentives to firms making investments in maintaining a certain minimum level of quality and brand development.⁴⁶

Apart from confusing consumers, and causing immediate revenue-loss to the owner (firm) of the trade mark concerned, the misappropriation of a trade mark through the sale of counterfeit products is said to harm the owner (firm) by diluting its reputation and market power.⁴⁷ The following scenario may explain this. Suppose there exist counterfeit goods in a market for 'experience goods' – whose quality/characteristics buyers cannot observe readily and only get to learn one period later. In such a situation, when a consumer, upon consuming the product, realises that the product does not match the quality claims made by the (legitimate) firm, s/he supposes that either the (legitimate) firm has shaved its quality or that a counterfeit has been inadvertently purchased. If one assumes that consumers are rational beings, then it is reasonable to expect that the buyer of a

counterfeit good would presume that a cheating firm would continue to shave quality or that the counterfeit good would continue to exist, hence s/he would play safe by transferring his/her loyalty to another firm in the next period. Thus, even if the genuine firm did not actually shave its quality, due to the existence of lower-quality counterfeit goods in the market, it would lose its market share over time.

3.4 The Rationale underlying GIs

In the backdrop of the aforesaid discussion, it may be argued that much like trade marks, the economic rationale for GI protection is also based on the problem of 'information asymmetry' in the market and the important role played by reputation in that context. GIs act as a signalling device linking a product, its particular quality/characteristics/reputation, and its area of geographical origin. As noted by WIPO (2002a),

Geographical indications are understood by consumers to denote the origin and the quality of products. Many of them have acquired valuable reputations which, if not adequately protected, may be misrepresented by dishonest commercial operators. False use of geographical indications by unauthorised parties is detrimental to consumers and legitimate producers. The former are deceived and led into believing to buy a genuine product with specific qualities and characteristics, while they in fact get a worthless imitation. The latter suffer damage because valuable business is taken away from them and the established reputation for their products is damaged.

Implicit in the above statement are the two central legal principles within the common law tradition that enable protection of GIs:

- (i) **Protection against misleading use of a protected indication** – a measure aimed primarily at consumers.⁴⁸ For the use of an indication to

⁴⁴ Rangnekar (2004a), p.10.

⁴⁵ Grossman and Shapiro (1988), p.60.

⁴⁶ Rangnekar (2004a), p.11.

⁴⁷ Grossman and Shapiro (1988a, 1988b).

be considered 'false' – and hence mislead the public – it must be the case that the public perceives the (original) GI to refer to a certain geographical area. Naturally, denominations, which have become generic,⁴⁹ do not meet this requirement.

- (ii) **Protection against the dilution of an indication** – a measure aimed primarily at the producers.⁵⁰ There might be certain uses of GIs, which while not 'misleading the public', are considered as 'free riding' on the reputation of the products, e.g. when the protected denomination is used in translated form, i.e. with additional information to convey the true origin of the

product, e.g. 'Californian Chablis'. This 'free riding' is considered to be against the ethics of honest commercial activity and is said to dilute the reputation of the product.⁵¹

Despite the shared economic rationale and legal principles, there are important differences between GIs and 'individual' trade marks (as distinct from collective and certification marks). In fact, the relationship between GIs and trade marks is extremely complex and debatable. Although a detailed discussion on this subject is outside the scope of the present paper, certain key issues are discussed briefly in the next section.

4. Geographical Indications vs. Trade Marks

Although GIs and trade marks perform somewhat similar functions of building reputation and goodwill, there are important differences between these two intellectual properties. Section 4.1 focuses on certain key differences between GIs and 'individual' or 'ordinary' trade marks, as distinct from 'certification trade marks' or 'collective marks', which are special categories of marks that are generally covered under any trade mark legislation, but do not share all the characteristics of an 'individual' or 'ordinary' trade mark. Certification and collective marks are discussed briefly in Box 3.

4.1 Differences between GIs and 'Individual'/'Ordinary' Trade Marks

A trade mark is a distinctive sign, which is used by an individual, a business organisation or any other legal entity to uniquely identify the source of its goods and/or services to consumers, and to distinguish them from goods and/or services of other entities.

Article 15.1 of the TRIPS Agreement defines trade marks as follows:

*Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark.*⁵²

A trade mark provides its owner the exclusive (or monopoly) right to the use of the mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of its infringement.

GIs, on the other hand, are designed to identify goods (not services) originating from particular geographical locations with certain quality/characteristics/reputation, essentially attributable to their respective geographical origins. Clearly, unlike trade marks, GIs are not limited to any

⁴⁸ Rangnekar (2004a), p.14.

⁴⁹ A generic indication is one that relates to the place or the region where the good was originally produced or manufactured, but has lost its original meaning and has become the common name of that particular category of good. French fries or say, Bermuda shorts are examples of some such generic names/indications.

⁵⁰ Rangnekar (2004a), p.14.

⁵¹ Rangnekar (2002), p.13.

⁵² Possibilities include words or combination of words, such as family names (e.g. Ford, Chevrolet, Dodge), fanciful words that mean nothing (e.g. Exxon and Kodak), and also suggestive or descriptive names when they have acquired secondary meaning. Also possible are images, figures, symbols, logos, monograms and insignias (Rangnekar, 2004a, p.12).

particular enterprise; they are rather enjoyed by all enterprises within the demarcated geographical area that qualify for use of the indication. Thus, unlike trade marks, GI is a collective monopoly right. The use of a GI may be combined with a trade mark, which identifies a specific producer within the demarcated geographical area.⁵³

The link with the geographical origin is not an essential condition for trade marks; delocalisation of production is possible. For instance, 'Chiquita Banana', a trade mark, can be used on bananas of whatever geographical origin. In the case of GI, however, the link between the product and its geographical origin is inalienable. No delocalisation of production is possible. For instance, 'Honduran Bananas' as a GI can only be used on bananas from Honduras.⁵⁴

The holders of a GI do not have the right to assign the indication, which is provided to holders of trade marks. Article 21 of the TRIPS Agreement, for instance, states that:

The owner of a registered trademark shall have the right to assign the trademark with or without the transfer of the business to which the trademark belongs.

In many countries (e.g. the US) GIs are protected under the trade mark law. It is important to note that protecting GIs under the purview of trade mark law is not incompatible with the TRIPS Agreement, provided the minimum standards of protection are complied with. As mentioned earlier, trade mark laws are found to provide two types

of protection for GIs: (a) protection against the registration and use of GIs as trade marks; and, (b) protection as collective; certification or guarantee marks against unauthorised use by third parties.

4.2 Conflicts between GIs and Trade Marks⁵⁵

Conflicts as to the right to the exclusive use of a distinctive sign usually arise where there are different parties claiming entitlement to such use. Competing claims to the right in a given sign, either as a trade mark, or as a GI, can be looked at from at least two different angles, namely, from the point of view of trade mark law, or from the point of view of the laws on GIs. The former approach may be best described by the question: 'Can a particular sign constitute a valid trade mark in a given territory, if, at the same time, it is claimed that this sign constitutes, in this territory, a GI?' The question that may characterise the latter approach would be: 'Can a particular sign constitute a GI in a given territory if, at the same time, it is claimed that this sign constitutes, in this territory, a trade mark?' Due to the variety of legal concepts existing in the field of GIs, it is more complex to illustrate the latter approach.

4.1.1 Conflicts under Trade Mark Law

In order to distinguish a product or service, a trade mark must be distinctive, that is, it must be capable of identifying the source of a particular good. In the absence of distinctiveness, closely similar signs would generate unnecessary confusion and would lead to considerable waste of economic resources on account of litigation. Distinctiveness may, however, be inherent or acquired through use.⁵⁶ The TRIPS Agreement does not specify under what

⁵³ See Gevers (1995), p. 148.

⁵⁴ Addor and Grazioli (2002), p.873.

⁵⁵ The information used in Section 4.2 draws heavily on WIPO (2000), pp.14-17.

⁵⁶ In determining whether a mark is distinctive, the courts group marks into four categories based on the relationship between the mark and the underlying product: (i) arbitrary or fanciful, (ii) suggestive, (iii) descriptive, or (iv) generic. An **arbitrary or fanciful** mark is one that bears no logical relationship to the underlying product. For example, the words 'Exxon' and 'Kodak' bear no inherent connection to their underlying products (respectively, gasoline and cameras/computers). **Suggestive** marks are those that evoke or suggest a characteristic of the underlying good. For example, the word 'Coppertone' suggests the colour of a deep sun tan, but does not specifically describe the actual product. Some exercise of imagination is needed to associate the word with the product. A **descriptive** mark directly describes, rather than suggests, a characteristic or quality of the underlying product (e.g. its colour, odour, function, dimensions or ingredients). For example, 'Holiday Inn' describes some aspect of its underlying service (e.g. hotel). Unlike arbitrary or suggestive marks, descriptive marks are not inherently distinctive and are protected only if they have acquired 'secondary meaning'. This occurs when the consuming public primarily associates that mark with a particular producer. A **generic** mark is a mark that describes the general category to which the underlying product belongs. For example, the term 'Computer' is a generic term for computer equipment. Generic marks are not entitled to protection under trademark law. Thus, a manufacturer selling 'Computer' brand computers would have no exclusive right to use that term with respect to its product. <www.how-to.com/Operations/How_to_understand_different_types_of_trademarks.htm>

circumstances a sign is to be considered distinctive in respect of certain goods or services. However, it is commonly accepted that, in order to be considered distinctive, signs used as trade marks must not be descriptive or deceptive.⁵⁷ Geographical terms denoting geographical origins of products, however, are considered to be descriptive, and not sufficiently distinctive. Consequently, trade marks that consist of or contain a GI cannot, generally, be protected, if use of such trade marks is misleading as to the true origin of the products on which the trade mark is used (see for instance, Article 22.3 of TRIPS). This exclusion from registration usually depends on an assessment as to whether a geographical term used as a trade mark would be perceived by the public to indicate a connection between the origin of the good and the trade mark.

There are many instances across the world, where courts have refused to permit registration of a geographical name as a trade mark, on the ground that geographical names are not sufficiently distinctive. These include: ‘Michigan’ as a trade mark for earthmoving equipment in Australia; ‘Glastonbury’ for shipskin slippers in the UK; ‘Kentucky’ for whisky in the US; ‘Alaska’ for beverages in Switzerland, etc.⁵⁸ However, it is possible to use geographical terms as trade marks if those terms are arbitrary, such as ‘Antarctica’ for bananas, because that mark would not be understood by the public to refer to the origin of the goods on which it is used. Moreover, it may be possible to use a geographical term as a trade mark in case the trade mark, despite being originally descriptive, has acquired a distinctive character (or secondary meaning) through use.

4.1.2 Conflicts under Various Modes of GI Protection

(i) Protection of GIs as Part of Laws on Unfair Competition and Passing-off

Laws for the protection against acts of unfair competition or passing-off are meant to provide

remedies against illicit commercial acts, such as false or misleading allegations in the course of trade. The plaintiff in a passing-off action or in an action pertaining to unfair competition against an allegedly unauthorised use of a GI must show, *inter alia*, that such use of the GI is misleading. This can only be done by demonstrating that the GI in question has acquired goodwill or reputation. Where a GI is protected under a law on unfair competition and a conflict arises over its use as a result of a party claiming trade mark rights to it, the question as to whether the use of the GI by any of the two parties (i.e. the right holder of the GI, and the party claiming trade mark rights in it) would be misleading is decisive. If the use of the trade mark consisting of the GI is misleading as to the origin of the good on which it is used, such use would constitute unfair competition or passing-off and, thus, should not be allowed. In turn, this would entail the invalidity of the trade mark in question. If, on the other hand, the use of that trade mark is not misleading, the case on the ground of passing-off is likely to fail. This, in turn, would mean that the use of the trade mark by the right holder of the GI constitutes trade mark infringement. It should be noted, however, that the situation might not present itself in such a clear-cut manner. This may be the case, for example, where due to limited geographical use, a given GI had acquired goodwill only in a limited area, whereas a potentially conflicting trade mark is known throughout a country. In that situation, the result may well be the co-existence of both rights with certain conditions as to the use and/or expansion of that use.

(ii) GIs Protected as Collective or Certification Marks

Where GIs are protected as collective or certification marks, their protection is governed by the applicable trade mark law. Conflicts concerning competing trade mark rights are resolved under trade mark law on the basis of the principle of priority (i.e. ‘first in time, first in right’), because, in case of trade

⁵⁷ WIPO (2000), p.4.

⁵⁸ Addor and Grazioli (2002), p.871.

marks, this rule generally applies. Who uses the trade mark first, gets the protection to the exclusion of all others. Depending on the relevant trade mark law, priority rights may be granted on the basis of a prior application, or prior use, or, under certain circumstances, to a mark that had become well known earlier.

It is worth highlighting here that countries that practise the ‘first in time, first in right’ rule with respect to GIs, can prevent a product legitimately identified by a GI from entering its market on the ground that there already exist products (in its market) identified by a trade mark consisting of, or containing the GI, although not coming from the indicated region or not having the required characteristics to legitimately carry the GI. In such situations, trade mark owners can have a free ride on the quality, reputation or other characteristics of the GI in question. Acquiring the rights of an existing trade mark may be complicated and expensive and hence not feasible for all legitimate right holders of GIs, especially for the small players from the developing countries. While solving the conflicts between GIs and trade marks, the decisive question should be: ‘who is entitled to use the GI’, and not ‘who was the first to use the GI’. This also illustrates that trade marks are probably not an ideal instrument to ensure an effective and comprehensive protection of GIs, in all situations. A *sui generis* system may often turn out to be a more suitable mode of protection for GIs.⁵⁹

(iii) ‘Sui generis’ Protection for GIs

When GIs are protected as ‘appellations of origin’ or ‘registered geographical indications’ under a *sui generis* system of protection, there may be explicit rules to be applied to govern the cases of competing claims to a geographical term based on a trade mark right on the one hand, and on the right to a ‘protected appellation of origin’ or a ‘registered geographical indication’, on the other.

Depending on the applicable legal regime, different solutions are possible. These may range from giving

priority to ‘registered geographical indications’ or ‘protected appellations of origin’ over competing trade marks, to the opposite solution, namely, priority to trade marks over competing ‘registered geographical indications’ or ‘protected appellations of origin’, with the possible intermediary solution of coexistence between the competing rights.

Whether priority is given to a trade mark over a ‘protected appellation of origin’ or a ‘registered geographical indication’ in the case of competing claims, depends on a number of factors. It may make a difference whether the trade mark in question was registered or used in good faith before the GI was protected, or whether the trade mark in question has been used for a long period of time and has acquired reputation and renown. In applying those factors, decisions concerning the relationship between trade marks and ‘protected appellations of origin’ or ‘registered geographical indications’ are taken on a case-by-case basis.

(iv) Administrative Schemes for Protection of GIs

Administrative schemes used for the protection of GIs typically do not directly address conflicts between trade marks and GIs. Those schemes operate independently of administrations, which are responsible for the registration of trade marks. They usually ensure that certain GIs cannot be used on specific products. This mechanism of protection for GIs may be used where protection provided under unfair competition law is considered insufficient. An example of such a situation may be the protection that WTO Members are obligated to provide to GIs designating wines and spirits under Article 23.1 of the TRIPS Agreement, since protection under that provision must be made available even in cases where the unauthorised use of such GIs would not be misleading.⁶⁰ It is conceivable that, under an administrative system of protection, a trade mark that contains or consists of a GI cannot be used on a certain product. However, such decision would be without relevance to the validity of the trade mark in question.

⁵⁹ Addor and Grazioli (2002), pp.871-72.

⁶⁰ See Section 5 of this paper for further details on Article 23.1 of TRIPS.

4.3 TRIPS Provisions to Address Conflicts between GIs and Trade Marks

Given the possibility of conflicts between GIs and trade marks, TRIPS contains specific provisions regarding the issue. Article 22, which stipulates the general standard of protection available to all GIs, obligates WTO Members in its third sub-article (i.e. Article 22.3) to refuse or invalidate the registration of a trade mark that contains or consists of a GI with respect to goods not originating in the place indicated therein, when the use of such trade mark is misleading to the public regarding the true place of origin of the good. Again, Article 23.2, which deals only with trade marks for wines and spirits that contain or consist of a GI identifying wines/spirits,

requires refusal or invalidation of registration of such trade marks irrespective of whether the public is misled.

Article 24.5 of TRIPS, however, exempts from the aforesaid provisions trade marks applied for or registered in good faith, or acquired through use in good faith,⁶¹ before the entry into force of the TRIPS Section on GIs in the relevant country,⁶² or before the GI was protected in its country of origin.

The provisions of TRIPS will be discussed in greater detail in Section 5 of the present paper. It may, however, be noted at this point that the TRIPS Agreement, through Articles 22.3 and 23.2 on the

BOX 3

Collective and Certification Marks

The terms collective, and certification marks are used somewhat differently in different countries. Notwithstanding such differences, certain key features may be identified.

Unlike an 'individual' or 'ordinary' trademark, a certification trade mark (CTM) does not indicate commercial origin by identifying the manufacturer, producer or provider of the goods or services to which it is attached. Instead, it conveys the message that the goods or services to which it is attached, have been examined, tested or in some way certified by the registered proprietor of the mark. Certification by the proprietor of the mark may be in respect of origin, material, mode of manufacture of the goods or performance of services, quality, accuracy or other characteristics. Importantly, the registered proprietor of a CTM is not permitted to undertake trade or business involving the supply of goods or services of the kind to which the CTM concerned is attached. The proprietor can only authorise third parties to

use the CTM, once checks have been undertaken to ensure that the third party's products and services meet the requirements guaranteed or certified by the mark. In order to be registered, application for a CTM is generally required to be accompanied by the corresponding regulation governing the proposed CTM. Application is often required to be accompanied also by evidence of the applicant's competence to certify the goods or services for which the CTM is to be registered. Competence to certify is usually a question of the applicant's ability to monitor and control its licensees, or authorised users. CTMs are generally found in common law countries. The verification by the owner of a CTM of compliance with specified standards means that this instrument in the common law system comes closest to the *sui generis* system established in some countries regarding 'appellations of origin'.

Collective marks are required to be registered in the name of a collective entity, such as an association

(Box Contd.)

⁶¹ This could include common law marks. The term 'common law' trademark indicates that the trademark rights that are developed through customary use are not governed or derived by statutory norms. Common law trademark rights have been developed under a judicially created scheme of rights governed by common law. Registration is not required to establish common law rights in a mark. However, formal registration usually gives a trademark titleholder additional rights not available under common law (see Vivas-Eugui and Spennemann, 2006, p.8).

⁶² For example, 1 January 2000 for developing countries.

(Box 3 Contd.)

of producers, manufacturers, traders, or service providers. Thus, unlike ordinary trademarks that distinguish the goods or services of one person (that is the proprietor of the mark) from those of others, a collective mark distinguishes the goods or services of members of an association of persons (that is the proprietor of the mark) from those of others. Membership in the association gives the right to use the collective mark. As far as modalities are concerned, most countries require the applicant of a collective mark to supply a copy of the regulation governing the use of the collective mark. The applicant may also be required to specify the persons authorised to use the mark; the conditions of membership of the association; and the conditions of use of the mark, including any sanctions against misuse; and such other matters as may be prescribed. The association, which owns the collective mark, may often set its own standards, which its members must meet when using the mark. Thus, the main function of collective marks of indicating the membership of an association may often be supplemented by a secondary function similar to that of a CTM. However, unlike CTMs, specification of such standards is not an essential precondition for collective marks. In this sense, collective marks occupy the middle ground between CTMs and ordinary trade marks. Another key difference between a collective mark and a CTM is that unlike collective marks, which may only be used by members of the association owning the mark, CTMs may be used by any person who complies with the specified standards; membership is not an essential prerequisite in the case of CTMs.

It is quite common to find differences in the conditions of registration for collective and certification marks from the conditions of registration for 'individual'/'ordinary' trademarks. Whereas trademarks consisting

of descriptive geographical terms are usually excluded from registration, geographical terms are often expressly admitted for registration as collective or certification marks. When a mark, which consists of a sign that serves to designate the geographical origin of goods or services, is to be registered as a collective mark, membership of the association may be dependent on compliance with conditions, such as geographical location of the producer applying for membership; adherence to certain specified methods of production, etc. When a geographical term is to be registered as a CTM, the national legislation usually assigns to the applicant the task of defining, in the regulation governing the use of the proposed mark, the delimitation of the area of production of the good on which the CTM is to be used and any applicable standard of production. In some countries (e.g. the US), when a CTM consists solely or essentially of a geographical term, normally the authority that exercises control over its use is a governmental body or a body operating under governmental authorisation. Examples of registered CTMs in the US include 'Idaho', 'Real California Cheese', 'Napa Valley Reserve', 'Pride of New York', 'Ohio River Valley'. In India, both the word 'Darjeeling' and the logo associated with 'Darjeeling' (tea) have been registered by the Tea Board of India as CTMs.

Once a GI is protected as a collective or certification mark, it can be enforced in accordance with the applicable rules of trademark law. The question whether a geographical term may be registered as a collective mark or a CTM, however, depends entirely on a given national law. Some national laws, for instance, exclude the registration of geographical terms as collective marks or CTMs. Registration of GIs already protected under a *sui generis* system as collective or certification marks is also not permitted under some national legislations.

Sources of information:

- (i) WIPO (2000), pp.12-13.
- (ii) Correa (2002), p.5.
- (iii) OECD (2000), p.9.
- (iv) Rojal (2005), p.6.
- (v) Das (2006a), p.480.

one hand, and Article 24.5-exception, on the other, has attempted to address the controversial issue of conflicts between GIs and trade marks. In their respective regional/ bilateral trade agreements, however, both the EU and the US have been

attempting to shift this balance, either in favour of GIs or in favour of trade marks, respectively, according to their respective domestic legal traditions and practices. This issue will be discussed in greater detail in Section 8 of this paper.

5. The TRIPS Provisions on GIs

Section 3 of Part II of the TRIPS Agreement (Articles 22 through 24) incorporates provisions for protection of GIs in three articles:

- Article 22 contains a definition of GIs and sets out the general standards of protection that must be available to all GIs;
- Article 23 deals with the additional protection granted to GIs associated with wines and spirits;
- Article 24 deals with the conditions of future negotiations in the field of GIs and also lays down certain exceptions to obligations on GI protection under TRIPS.

5.1 Article 22 of TRIPS: Definition and the General Standard of Protection for All GIs

5.1.1 The Definition of GIs

Section 3 of Part II of TRIPS begins by defining GIs in Article 22.1, as follows:

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.

Certain features of the TRIPS definition of GI are worth highlighting here.

- (i) TRIPS does not specify the nature of ‘indication’ that may qualify as a GI. Hence, some commentators have argued that ‘indication’ may take the form of words/phrases; iconic symbols and emblems; scripts and pictorial images, etc.⁶³
- (ii) Implicit in the TRIPS definition is the idea that the indication must evoke the geographical origin of the good. However, it may not necessarily be a geographical name to evoke the origin. Any other symbol may suffice as long as it succeeds in evoking the geographical origin of the good. Examples of some such non-geographical terms that have developed a reputation as GIs are ‘Feta’ (cheese), ‘Basmati’ (rice), etc.
- (iii) The TRIPS definition categorically refers to ‘good’, thereby apparently leaving out services from the scope of GI protection. Notwithstanding this, Articles 24.4 and 24.6 of TRIPS contain explicit reference to services. A close look at the negotiating history of the TRIPS Agreement, however, reveals that the preferred term in this context was ‘product’. Article 19 of the EC proposal dated 29 March 1990⁶⁴ and Article 9 of Argentina *et al.*’s proposal dated 14 May 1990⁶⁵ are worth noting here. Later, the Unified Proposal of 23 July 1990⁶⁶ placed ‘services’ within brackets. However, it is only in the Brussels draft dated 3 December 1990⁶⁷ that the term ‘good’ is found to replace ‘product’ with the simultaneous removal of the bracketed

⁶³ Rangnekar (2004b), p.10.

⁶⁴ WTO document: MTN.GNG.NG11/W/68.

⁶⁵ WTO document: MTN.NGN.NG11/W/71.

⁶⁶ WTO document: MTN.NGN.NG11/W/76.

⁶⁷ WTO document: MTN.TNC/35/Rev.1.

term ‘services’. Given this historical perspective, Rangnekar (2002) has inferred that if services were to be included within the ambit of Section 3 of Part II of TRIPS, the drafters would have clearly stated the same. Moreover, it is rare to find legal commentary that interprets Article 22.1 to include services. Rangnekar (2002), therefore, concludes that “... the inclusion of services was decidedly not the intention of the drafters of the TRIPS Agreement. Moreover, the possibility of including services within the ambit of Article 22.1 remains problematic.”⁶⁸

(iv) As per the TRIPS definition, the good must necessarily possess “a given quality”, “reputation” or “other characteristic” essentially attributable to the designated geographical area of origin. It is important to note that, *ceterius paribus*, each one of these qualifiers is in its own merit a sufficient condition for the grant of GI protection. However, TRIPS does not define any of these qualifiers, thereby leaving it to the discretion of the WTO Member countries.

The notion of ‘a given quality’ might be related to physical attributes of a good that are measurable to an extent, as in the EC Regulation (EEC 2081/92), which, according to some commentators, adopts a production management approach, where quality is intended as a standard set of characteristics, which can be measured, observed and certified.⁶⁹ However, quality is a highly complex, subjective and debatable notion, the criteria of which may vary not only from one country to another, but also from one individual to another. For instance, of late, one can observe the emergence of a variety of socially-constructed quality criteria that include concerns about animal welfare; concern for the environment and biodiversity loss; fair and ethical trading; local and rural development, etc.

The acknowledgement of ‘reputation’ as a stand-alone criterion for getting protection as a GI allows for the possibility that some reputable goods that do not have certain quality/characteristics attributable to their geographical origin might get protection as GIs. This provision acknowledges public perceptions about a good linked to its geographical origin as a sufficient condition for getting protection as a GI.⁷⁰

(v) As per the TRIPS definition, it is necessary for the designated geographical area to be identified in some manner through the indication-good link. This would require a level of homogeneity (across goods and manufacturing units) in the distinguishing features (quality, etc.) of the good to be established across the designated geographical area.⁷¹

Given the flexibilities available in the definition of the subject matter (GI) under the TRIPS Agreement, the implementation of this definition in national legislations of WTO Members is worth exploring. The review undertaken by the WTO Secretariat⁷² in 2001 throws some light in this regard, at least for the 37 Member countries covered by the review, most of which are developed countries, a few being economies in transition. One point that has become evident from this review is that in comparison to other TRIPS obligations, GI implementation has occurred in the most diverse and uncoordinated manner.⁷³ Given such diversities in implementation, a detailed discussion is outside the scope of the present paper. Nevertheless, certain key points are mentioned in Box 4.

5.1.2 General Standard of Protection for All GIs

Article 22.2 of TRIPS requires that in respect of GIs, Members “shall” provide the legal means for interested parties to prevent the use of any means in the designation or presentation of a

⁶⁸ Rangnekar (2002), p.17.

⁶⁹ Rangnekar (2004b), p.10.

⁷⁰ Rangnekar (2004b), pp. 10-11.

⁷¹ Rangnekar (2002), p.16.

⁷² See WTO (2001).

⁷³ Watal (2001).

Definition and Scope of the 'Subject Matter' in the National GI Legislations of Select WTO Members

The review undertaken by the WTO Secretariatⁱ bears testimony to the fact that there exists a wide-ranging diversity in the manner in which various elements of the TRIPS definition of GI and the conditions for protection have been imbibed in the national legislations of WTO Members.

First, there is no unanimity with respect to the legal definition of GIs across different national legislations. Some provide a TRIPS-like definition, at times limited to a circumscribed list of products (e.g. the EC, Hungary). Some others (e.g. Belgium, Bulgaria, Italy, Mexico and Portugal) have adopted the 'appellations of origin'-type of definition as per the Lisbon Agreement, necessarily requiring the denomination to be a direct geographical name. It is evident from the WTO Secretariat review that protected denominations are quite diverse and include indications that are not 'direct geographical names'.ⁱⁱ

Second, although 'product characteristics' requirements for protection exist in most legislation, they vary considerably from one country to another. The TRIPS Agreement identifies three dimensions to this requirement: a given quality, reputation, or other characteristic. Since TRIPS does not define any of these three criteria, different Member countries have adopted different interpretations for them.ⁱⁱⁱ The reference to 'quality', for instance, is often formulated with various qualifiers in different national legislations, e.g. 'established quality', 'particular quality', 'given quality', 'specific quality', 'special quality characteristics'. Thus, the term 'quality' appears less to imply a certain quality of the product (a qualitative criterion) than a characteristic (a legal criterion), allowing a product to be distinguished as a result of

its geographical origin. As regards 'reputation', the countries which have adopted the Lisbon model do not generally refer to it in their national legislations as an element linked to the geographical origin of the product, whereas the countries that base themselves on the TRIPS model do so systematically. In fact, the Lisbon model does not mention 'reputation' as an element linking the product to the place. It appears rather that the 'reputation' of the geographical location is based on the quality and characteristics of the product for which it is best known. Several countries, whose legislation follows the TRIPS model, have adopted a variety of qualifiers, such as 'general reputation', 'given reputation', 'specific reputation', etc. As far as the 'other characteristic' is concerned, very little information has been generated from the WTO Secretariat review. According to WIPO (2003), "it may, however, be envisaged that the other characteristics of the geographical environment can be understood to include natural factors such as soil and climate, and human factors such as the particular professional traditions of the producers established in a given geographical area."^{iv}

Third, as far as the description of the geographical area chosen for the application for protection is concerned, the nature and size of the territory is found to vary widely from one national legislation to another. The WTO Secretariat review has revealed that a wide range of geographical units is used, including, for instance, administrative and political units, non-political geographical units, *sui generis* units (e.g. specified wine growing area, restricted viticulture zone^v), etc.

Finally, measures to ensure the link between the good and its designated area of origin are implemented

ⁱ WTO (2001).

ⁱⁱ Rangnekar (2002), p.18.

ⁱⁱⁱ *ibid.*

^{iv} WIPO (2003), pp.4-5.

^v This appears to be the case with the GI definition for wines or grape products under the Australian Wine and Brandy Corporation Act (see Rangnekar, 2002, p.18).

(Box Contd.)

(Box 4 Contd.)

differently. In some countries protection is made available on the simple requirement that the indication designating the good comes from the geographical area indicated^{vi} or that the producer must be located in that area. However, some countries have special requirements concerning production methods and product specifications to ensure eligibility for getting

protection as a GI. These include, for instance, explicit requirements that all stages of production (raw material, processing and preparation) occur in the designated area,^{vii} requirements that the raw materials originate from the designated geographical area,^{viii} that particular stages of production occur in the designated geographical area,^{ix} etc.^x

^{vi} For instance, Australia (for wines) and New Zealand.

^{vii} Examples include the EC Regulation No. 2081/92.

^{viii} This requirement features in countries like Australia (for grapes), Canada (for wines), the EC (for table wines), Switzerland (for wines), etc.

^{ix} For instance, in the US, for wines to qualify for protection, 75 per cent of wine must be derived from fruit grown in the designated area. In some US states the requirement is higher, e.g. in Oregon it is 100 per cent.

^x Rangnekar (2002), p.18.

good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good. It further prohibits any use, which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (1967).⁷⁴

Article 22.3 of TRIPS⁷⁵ obliges Members to refuse or invalidate the registration of a trade mark, which contains or consists of a GI with respect to goods not originating in the territory purported, when this could mislead the public as to the true place of origin of the product. As mentioned earlier, this provision, among a few others, has been included with the aim of taking care of the conflicts that may arise between GIs and trade marks.

Article 22.4 of TRIPS extends the protection enshrined in the previous three paragraphs of Article 22 to a GI, which, although literally true as to the territory, region or locality in which the good originates, falsely represents to the public that the good originates in another territory. In other words, this provision relates to 'homonymous' GIs. 'Homonymous' GIs are geographical names, which are spelled and pronounced alike, but which designate the geographical origin of products stemming from entirely different geographical locations. For instance, 'Rioja' is the name of a region in Spain as well as a region in Argentina and the designation is used for wines produced in both countries.⁷⁶ This kind of situation often arises in the case of former colonies. For instance, when people from one country, say France, emigrated to another country and founded a village/town

⁷⁴ Article 10*bis* of the Paris Convention reads as follows:

(1) *The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.*

(2) *Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.*

(3) *The following in particular shall be prohibited:*

1. *All acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;*
2. *False allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;*
3. *Indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.*

⁷⁵ Article 22.3 of TRIPS:

A Member shall, ex officio if its legislation so permits or at the request of an interested party, refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that Member is of such a nature as to mislead the public as to the true place of origin.

⁷⁶ See Addor and Grazioli, 2002, p. 879.

there, they might have given that new village/ town the name of their village/ region of origin, which may be famous for a special kind of good, say, cheese. In such a case, if the new village/ town produced cheese under its name it could (depending on the circumstances of each case, of course) falsely represent to the public the origin of the cheese.⁷⁷

5.2 Article 23 of TRIPS: Additional Protection for GIs of Wines and Spirits

In contrast to Article 22, which relates to any good, Article 23 of TRIPS deals exclusively with wines and spirits.

Under Article 23.1 of TRIPS, using a GI identifying wines/spirits for wines/spirits not originating in the place indicated by the GI concerned is prohibited, even where the true origin of the wine/spirit concerned is indicated and/or a translation is used and/or the indication is accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like.⁷⁸

Article 23.2 of TRIPS is, in a way, the counterpart of Article 22(3), with the difference that unlike the latter, the former allows refusal or invalidation of registration of a trade mark irrespective of whether the public is misled. The provision reads as follows:

The registration of a trademark for wines which contains or consists of a geographical indication identifying wines or for spirits which contains or consists of a geographical indication identifying spirits shall be refused or invalidated, ex officio if a Member's legislation so permits or at the request

of an interested party, with respect to such wines or spirits not having this origin.

Article 23.3 of TRIPS⁷⁹ deals with the case of ‘homonymous’ GIs for wines (not spirits), whose use is not misleading (or deceptive) under Article 22(4) of TRIPS. In such cases both the indications have to be protected and each Member must determine the practical conditions under which such homonymous indications will be differentiated from each other. In doing so, each Member must ensure that consumers are not misled and that the producers concerned are treated equitably.

Finally, to facilitate the protection of GIs for wines and spirits,⁸⁰ Article 23.4 of TRIPS provides for negotiations for the establishment of a multilateral system of notification and registration of such GIs.

Implications of Hierarchical Protection for GIs under TRIPS

Although there is a single, identical definition for all GIs under the TRIPS Agreement, a comparison between Articles 22 and 23 clearly reveals that TRIPS provides for two different levels of protection for GIs.

Article 22 merely stipulates the general standards of protection that must be available for all GIs against unfair and misleading business practices. Notably, in order to be successful in a law suit pertaining to a passing-off action or an action relating to unfair competition against the allegedly unauthorised use of a GI, the plaintiff must show, *inter alia*, that the use of a given GI by an unauthorised party is misleading and, as the case may be, that damages or a likelihood of damages result from such use.

⁷⁷ See Gervais, 1998, p. 128.

⁷⁸ Article 23.1 of TRIPS states that:

Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like.

The footnote added at the end of this provision, which is Footnote no. 4 under TRIPS, reads as follows:

Notwithstanding the first sentence of Article 42, Members may, with respect to these obligations, instead provide for enforcement by administrative action.

⁷⁹ Article 23.3 of TRIPS:

In the case of homonymous geographical indications for wines, protection shall be accorded to each indication, subject to the provisions of paragraph 4 of Article 22. Each Member shall determine the practical conditions under which the homonymous indications in question will be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled.

⁸⁰ According to the original legal text of TRIPS, Article 23.4 provision was applicable only to wines and not spirits. The Singapore Ministerial Declaration of 1996, however, extended the provision to spirits as well. See WTO Document IP/C/8 dated 6 November 1996, paragraph 34.

This can only be done by demonstrating that the GI in question has acquired distinctiveness or, in other words, the relevant public associates the good sold under that GI with a distinct geographical origin and/or certain qualities. Since lawsuits based on passing-off or unfair competition are only effective between the parties of the proceedings, the distinctiveness of a given GI must be shown every time the GI is to be enforced.⁸¹

This requirement of the so-called ‘misleading test’ in Article 22, which can at best be regarded as suitable in preventing unfair competition, or consumer protection regulations, fails to provide sufficient intellectual property protection for the benefit of the producers entitled to use a GI.⁸² A producer not belonging to the geographical region indicated by a GI may use the indication, as long as the good’s true origin is indicated on the label. For instance, a producer might use the GI ‘Geneva’ on a clock-face, even though the clock does not originate from Geneva, and engrave the true origin on the back of the clock.⁸³ Thus a producer can profit by free riding on the renown of a famous GI and at the same time claim that such use is not misleading the consumer, since the true place of origin has been mentioned.

In contrast, Article 23 ensures that GIs associated with wines and spirits are accorded a higher level of protection, in cases where they are used to identify the same products, i.e. wines or spirits, as the case may be (but not in cases where they are used for other products say, cheese or coffee).

The protection of Article 23 is an additional tool for the right holders of GIs identifying wines and spirits, complementing the protection they enjoy under Article 22. Because, protection under Article 23 would apply to cases when a GI associated with a specific kind of wine/spirit is wrongfully used on another wine/spirit not originating from the place identified by the GI concerned. In addition,

the general protection of Article 22 would apply in cases when the GI associated with wine/spirit is used on goods other than wine/spirit, not originating from the place indicated by the GI. This would be the case if, for instance, the French GI ‘Champagne’, identifying sparkling wine produced in the Champagne region of France, was used on say, grape juice produced in California. Since GIs identify designations with respect to a specific product category (e.g. wine), the misuse is likely to be more attractive in the case of the same category of product compared to that on other categories of products. Hence, misuse of a GI by competitors producing the same category of product is more commonly observed and results in the greatest economic losses for the legitimate right holders of the GIs. It is in these more common and pertinent cases that the additional protection of Article 23 ensures an effective protection, for GIs identifying wines and spirits, than that provided under Article 22 of TRIPS.⁸⁴

First, the additional protection in the case of GIs for wines and spirits implies that they need to be protected by the WTO Members irrespective of whether the consumers are misled or whether use of such indications constitutes an act of unfair competition.

Moreover, the use of accompanying expressions such as “style”, “type”, “kind”, “imitation” or the like in connection with wines and spirits is prohibited under Article 23.1. Protection is also provided against the use of indications in translated forms. No such protection is available for GIs associated with other categories of goods, under Article 22. Competitors, not producing in the geographical region purported by a GI associated with wines and spirits are also not allowed to use such an indication in their trade marks (Article 23.2). In contrast, the refusal or invalidation of registration of a trade mark for any other goods (than wines

⁸¹ WIPO (2000), pp.12 and 16.

⁸² See, WTO Document IP/C/W/247/Rev.1 dated 17 May 2001, paragraph 11.

⁸³ *ibid.*

⁸⁴ Addor and Grazioli (2002), p. 882.

and spirits), on similar grounds, is conditional to the ‘misleading test’ (Article 22.3).

If Article 23 were amended to include other products than wines and spirits alone, it would prevent any tea merchant belonging to, say, Kenya from marketing its tea as ‘Darjeeling tea, produce of Kenya’; or ‘Kenyan Darjeeling tea’; or ‘Darjeeling type tea’, with the true origin of the product indicated elsewhere. However, since Article 22 does not provide this kind of protection, as things stand now, India may find it difficult to prevent any such misuse of the reputation and goodwill associated with the geographical name ‘Darjeeling’ in the international arena. The allowance of such use, however, puts the GIs at risk of becoming ‘generic names’ over time. For instance, in the absence of GI status for ‘Basmati’ (rice), a US-based multinational Rice Tec Inc. had been wrongfully using the term ‘Basmati’ for its rice ‘Texmati’ for more than two decades. When this practice was challenged in the court, the company claimed that ‘Basmati’ is a generic term, which refers to a class of rice, and not necessarily a particular category of rice produced in certain regions of India and Pakistan.⁸⁵

The requirement of the ‘misleading test’ also leads to legal uncertainty regarding the protection and enforcement of a GI at the international level. This is because it is up to the national courts and national administrative authorities to decide whether the public is being misled by a particular misuse of a GI. Since, such decisions are bound to differ from one country to another, the very provision of the ‘misleading test’ leaves adequate room for legal uncertainty, which is not the case with GIs associated with wines and spirits.⁸⁶

Another disadvantage of the ‘misleading test’ is that it is up to the plaintiff – the genuine right holders of GIs – to prove to the judicial or administrative authorities that the public has been misled. No such

burden of proof has been put on the right holders in the domain of GIs for wines and spirits.

The additional protection granted under Article 23 coupled with the protection granted under Article 22 of TRIPS amounts to a very stringent protective shield for GIs associated with wines and spirits from any kind of misappropriation. Such stringent protection is not currently available to other GIs, because Article 23 does not apply to them. It is this absence of Article 23-cover for these other GIs, which enables competitors from outside the region identified by such a GI to usurp the reputation of the GI, thereby dividing a considerable share of the market away from the legitimate right holders of the GI concerned. This kind of illegitimate practice not only damages the reputation of the original GI, but also deprives the genuine right holders of the full benefit of the investments they put into developing their goods and creating the goodwill and reputation in the market. Besides, consumers are also likely to be misled into thinking that they are purchasing an authentic good with certain well-specified quality and characteristics whereas what they are actually buying is a mere imitation. Hence, the inadequacy of Article 22 protection is harmful both for the legitimate right holders of the GIs (other than those designating wines and spirits) as well as the consumers.

5.3 Article 24 of TRIPS: International Negotiations and Exceptions

Article 24 of TRIPS deals with international negotiations and also includes a series of exceptions, most notably in relation to continued and similar use of GIs for wines and spirits; prior ‘good faith’ trade mark rights; and generic designations. These exceptions and concessions were included in this Article to take into account the concerns raised by some WTO Members that protection of GIs would challenge what they considered to be ‘acquired rights’.⁸⁷

⁸⁵ <www.indiaip.com/main/articles/basmati_issue.htm>.

⁸⁶ See WTO Document: IP/C/W/247/Rev.1 dated 17 May 2001, paragraph 13.

⁸⁷ See Section 7.1 of this paper for further discussion on this issue.

Article 24.3 of TRIPS clearly states that in implementing this Section, a Member shall not diminish the protection of GIs that existed in that Member immediately prior to the date of entry into force of the WTO Agreement.

By virtue of the exception included in Article 24.4 of TRIPS,⁸⁸ a Member country is not obliged to prevent continued and similar use of a particular GI of another Member identifying wines or spirits where such an use takes place in connection with goods or services by any of its nationals or domiciliaries who have used that GI in a continuous manner with regard to the same or related goods or services in the territory of that Member either (a) for at least ten years preceding 15 April 1994⁸⁹ or (b) in good faith preceding that date.

In order to take care of the potential conflicts that may arise between GIs and trade marks, Article 24.5 of TRIPS contains what is often called a 'grandfather clause'⁹⁰ in favour of trade marks that are identical with or similar to GIs, provided certain conditions are satisfied. This provision states that:

Where a trademark has been applied for or registered in good faith, or where rights to a trademark have been acquired through use in good faith either:

(a) before the date of application of these provisions in that Member as defined in Part VI; or

(b) before the geographical indication is protected in its country of origin;

measures adopted to implement this Section shall not prejudice eligibility for or the validity of the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with, or similar to, a geographical indication.

Another exception contained in Article 24.6 of TRIPS states that:

Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to goods or services for which the relevant indication is identical with the term customary in common language as the common name for such goods or services in the territory of that Member. Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to products of the vine for which the relevant indication is identical with the customary name of a grape variety existing in the territory of that Member as of the date of entry into force of the WTO Agreement.

The first sentence of this sub-article merely protects certain customary names in local languages, which connote particular goods in particular localities, from future challenge as a result of the emergence of TRIPS as a new law on GIs. For instance, if a word is in use in the vernacular dialect in a locality in India to indicate a particular good, its use cannot be denied merely because that word indicates a geographical appellation in another country of WTO membership. The second sentence of Article 24.6 is basically a specific application of the general principle contained in the first sentence for products of the vine.

Article 24.7 of TRIPS suggests that:

A Member may provide that any request made under this Section in connection with the use or registration of a trademark must be presented within five years after the adverse use of the protected indication has become generally known in that Member or after the date of registration of

⁸⁸ Article 24.4 of TRIPS:

Nothing in this Section shall require a Member to prevent continued and similar use of a particular geographical indication of another Member identifying wines or spirits in connection with goods or services by any of its nationals or domiciliaries who have used that geographical indication in a continuous manner with regard to the same or related goods or services in the territory of that Member either (a) for at least 10 years preceding 15 April 1994 or (b) in good faith preceding that date.

⁸⁹ This is the date of the Ministerial Meeting concluding the Uruguay Round of Multilateral Trade Negotiations.

⁹⁰ The grandfather clause is the TRIPS provision, which allows right holders to maintain certain acquired rights, even if TRIPS inconsistent (see Addor and Grazioli, 2002, p. 872).

the trademark in that Member provided that the trademark has been published by that date, if such date is earlier than the date on which the adverse use became generally known in that Member, provided that the geographical indication is not used or registered in bad faith.

Another exception included under **Article 24.8 of TRIPS** states that:

The provisions of this Section shall in no way prejudice the right of any person to use, in the course of trade, that person's name or the name of that person's predecessor in business, except where such name is used in such a manner as to mislead the public.

Article 24.9 of TRIPS⁹¹ relieves Members from any obligation to protect a GI, which:

- is not protected in its country of origin, or,
- ceases to be protected in that country, or,
- has fallen into disuse in that country.

The first point underscores the need for ensuring appropriate GI protection at the national level of a WTO Member, in the absence of which other WTO Members would have no obligation whatsoever to protect the GIs of the former country within their respective territories. Although TRIPS does not explicitly mention the term 'generic names', Article 24.9 states that Members have no obligation to protect a GI, which has ceased to be protected in its country of origin. It can, however, be argued that protection would cease to exist only when the indication has gone back into the public domain as a result of becoming 'generic'. To the extent that this argument holds, it may be noted that TRIPS leaves it exclusively to the discretion of the country of origin to decide whether a particular geographical name

has become 'generic'. However, it is sometimes argued that the evaluation of a 'generic name' should be based not only on the criterion of the country of origin, but also on the status of the term in international trade.

As per **Article 24.1 of TRIPS**,⁹² Members undertake "to enter into negotiations aimed at increasing the protection of individual GIs under Article 23". The provision further clarifies that the exceptions provided for in Article 24 "shall not" be used by any Member to refuse to conduct negotiations or to conclude bilateral or multilateral agreements. This means that, despite the fact that Members are not obligated to confer protection in cases governed by an exception allowed under Article 24, they may be required to enter into negotiations.

The implication of the exceptions allowed under Article 24, coupled with the provision of future talks under Article 24.1 is that the additional level of protection granted to wines and spirits under Article 23 is also subject to certain exceptions, which are open to future negotiations, leaving room for bilateral or multilateral agreements among the Member countries to phase out such prior rights.

Finally, **Article 24.2 of TRIPS** states that:

The Council for TRIPS shall keep under review the application of the provisions of this Section; the first such review shall take place within two years of the entry into force of the WTO Agreement. Any matter affecting the compliance with the obligations under these provisions may be drawn to the attention of the Council, which, at the request of a Member, shall consult with any Member or Members in respect of such matter in respect of which it has not been possible to find a satisfactory solution through

⁹¹ Article 24.9 of TRIPS:

There shall be no obligation under this Agreement to protect geographical indications which are not or cease to be protected in their country of origin, or which have fallen into disuse in that country.

⁹² Article 24.1 of TRIPS:

Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23. The provisions of paragraphs 4 through 8 below shall not be used by a Member to refuse to conduct negotiations or to conclude bilateral or multilateral agreements. In the context of such negotiations, Members shall be willing to consider the continued applicability of these provisions to individual geographical indications whose use was the subject of such negotiations.

bilateral or plurilateral consultations between the Members concerned. The Council shall take such action as may be agreed to facilitate the operation and further the objectives of this Section.

Notably, the findings of one such review are contained in the WTO Document IP/C/W/253, dated 4 April 2001.⁹³

6. The Counterparts of TRIPS Provisions in the Indian GI Act

6.1 The Counterpart of Article 22 of TRIPS

The definition of GI included in Section 1(3)(e) of the Indian GI Act is as follows:

“geographical indication”, in relation to goods, means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be.

The explanation added to this definition clarifies that for the purposes of this clause, any name which is not the name of a country, region or locality of that country shall also be considered as a GI if it relates to a specific geographical area and is used upon or in relation to particular goods originating from that country, region or locality, as the case may be. This clearly creates room for providing protection to symbols other than geographical names, such as ‘Basmati’.

Notably, while the TRIPS definition (as per Article 22.1) refers to “goods” as a whole, Section 1(3)(f) of the Indian Act specifies that:

“goods” means any agricultural, natural or manufactured goods or any goods of handicraft or of industry and includes food stuff;

However, it may be noted that the aforesaid categories of goods basically cover the entire gamut of ‘goods’. Hence, the Indian definition does not really deviate from the scope of coverage of ‘goods’ under Article 22.1 of TRIPS.⁹⁴

Notably, while TRIPS (Article 22.1) requires “a given quality, reputation or other characteristic” of the good to be essentially attributable to its geographical origin, the GI Act, in the case of manufactured goods, includes the additional requirement that one of the activities of either the production, processing, or preparation of the good concerned must also take place in the place of its geographical origin. This requirement is more stringent than that under Article 22.1 of TRIPS. This can be explained by taking ‘Darjeeling’ tea as an example. ‘Darjeeling’ tea involves manufacture. The green tea leaves plucked from the tea bushes go through a range of rigorous processing stages before turning into the final product (called ‘made-tea’), which is ultimately sold in the market. Now, even if the tea leaves are plucked from Darjeeling, the GI Act will not allow the final product to be designated as ‘Darjeeling tea’, unless the processing also takes place within the Darjeeling region, as demarcated for the purpose of this GI.⁹⁵ The TRIPS definition will, however, allow the final product to be designated as ‘Darjeeling tea’, even if

⁹³ See WTO(2001).

⁹⁴ The author is thankful to Prof. Biswajit Dhar for making this observation.

the processing takes place outside the demarcated region of Darjeeling, if it can be established that “a given quality” (e.g. flavour, etc.), “reputation”, or “other characteristic” of the tea is essentially attributable to the demarcated region associated with the GI ‘Darjeeling’.

Regarding the reference to “a given quality, reputation and other characteristic” in the TRIPS definition (Article 22.1), it has already been pointed out (in Section 5 of this paper) that TRIPS does not clarify any of these requirements further. Thus TRIPS is silent on whether these requirements imply only such qualities and characteristics, which may be attributed to ‘natural factors’ (e.g. climate), or whether those characteristics that result from ‘human factors’ (such as artisans residing in a particular region) may also be covered under the definition contained in Article 22.1. Notably, the inclusion of ‘human factors’ becomes vital for India to ensure that the potential GIs associated with various handicraft products of Indian origin also get protected. For instance, ‘Kancheepuram silk’ is a product of skilled labour from Tamil Nadu; ‘Kolhapuri’ chappals are products of skilled labour from Maharashtra. In this context, it may be noted that Section 11(2)(a) of the GI Act, which stipulates what an application

for registration should contain, refers to the “geographical environment, with its inherent natural and human factors”.⁹⁶

The counterpart of Article 22.2 of TRIPS may be found in Section 21(1)(a) of the GI Act, which provides the proprietor and authorised users of a registered GI with the right to prevent any infringement of the GI concerned.⁹⁷ The meaning of the term ‘infringement’, as included in Section 22(1) of the GI Act perfectly complies with Article 22.2 of TRIPS, while the explanations added to Section 22(1) of the GI Act are virtually a reproduction of the definition of ‘unfair competition’, as included in Article 10*bis* of the Paris Convention.⁹⁸

The provision related to trade marks under Article 22.3 of TRIPS has been complied with in Section 25(a) of the GI Act, which reads as follows:

Notwithstanding anything contained in the Trade Marks Act, 1999, the Registrar of Trade Marks referred to in Section 3 of that Act, shall, suo motu or at the request of an interested party, refuse or invalidate the registrations of a trade mark which:

(a) contains or consists of a geographical indication with respect to the goods or class or classes of

⁹⁵ It may be noted here that the region demarcated for the purpose of the GI ‘Darjeeling’ (tea) is not the same as the administrative district of Darjeeling; the former is only a subset of the latter. The administrative district of Darjeeling has been divided into two tea-growing regions: Terai, which constitutes the plains of Darjeeling district, and Darjeeling, comprising the hills of this district. Thus, tea grown in the Terai region does not belong to the category of ‘Darjeeling tea’. In fact, the precise geographical region associated with the term ‘Darjeeling tea’ has been clearly specified in the ‘definition’ of ‘Darjeeling tea’ as laid down by the Tea Board of India (for further details, see Das, 2006a, pp. 478-79).

⁹⁶ This clause requires that an application for registration should contain: *statement as to how the geographical indication serves to designate the goods as originating from the concerned territory of the country or region or locality in the country, as the case may be, in respect of specific quality, reputation or other characteristics of which are due exclusively or essentially to the geographical, environment, with its inherent natural and human factors, and the production, processing or preparation of which takes place in such territory, region or locality, as the case may be;*

⁹⁷ Section 21(1) of the GI Act states that: *Subject to the other provisions of this Act, the registration of a geographical indication shall, if valid, give,- (a) to the registered proprietor of the geographical indication and the authorised user or users thereof the right to obtain relief in respect of infringement of the geographical indication in the manner provided by this Act;*

⁹⁸ Section 22(1) of the GI Act reads as follows: *A registered geographical indication is infringed by a person who, not being an authorised user thereof, - (a) uses such geographical indication by any means in the designations or presentation of goods that indicates or suggests that such goods originate in a geographical area other than the true place of origin of such goods in a manner which misleads the persons as to the geographical origin of such goods; or (b) uses any geographical indication in such manner which constitutes an act of unfair competition including passing off in respect of registered geographical indication.*
Explanation 1: - For the purposes of this clause, “act of unfair competition” means any act of competition contrary to honest practices in industrial or commercial matters.
Explanation 2: - For the removal of doubts, it is hereby clarified that the following acts shall be deemed to be acts of unfair competition, namely: - (i) all acts of such a nature as to create confusion by any means whatsoever with the establishment, the goods or the industrial or commercial activities, of a competitor; (ii) false allegations in the course of trade of such a nature as to discredit the establishment, the goods or the industrial or commercial activities, of a competitor; (iii) geographical indications, the use of which in the course of trade is liable to mislead the persons as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods...

goods not originating in the territory of a country, or a region or locality in that territory which such geographical indication indicates, if use of such geographical indications in the trade mark for such goods, is of such a nature as to confuse or mislead the persons as to the true place of origin of such goods or class or classes of goods...

As far as the provision regarding 'homonymous' GIs under Article 22.4 of TRIPS is concerned, a similar provision may be found in Section 9 of the GI Act. This section, which deals with prohibition of registration of certain GIs, prohibits registration of misleading 'homonymous' GIs. Section 22(1) of the Indian Act, which deals with infringement of registered GIs, further specifies that a registered GI is infringed by a person who, not being an authorised user thereof uses another GI to the goods which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the persons that the goods originate in the territory, region or locality to which such a registered GI relates.

6.2 The Counterpart of Article 23 of TRIPS

The first provision under Article 23.1 of TRIPS, which sets the ground for additional protection

for wines and spirits GIs, has its counterpart in the Indian GI Act under Sections 22(2) and 22(3). However, there is a significant difference in the Indian Act and the TRIPS approach. While the TRIPS provision relates to wines and spirits alone, under the Indian Act, the Central Government has been given the discretion to accord similar protection to other categories of goods also, by notifying such goods in the Official Gazette.⁹⁹

A provision corresponding to Article 23.2 of TRIPS may be found in Section 25 of the GI Act, but again, it applies to any goods or classes of goods, which the Central Government may decide to notify.¹⁰⁰

The counterpart of Article 23.3 of TRIPS dealing with the case of 'homonymous' GIs for wines (not spirits) can be found in Section 10 of the Indian Act. However, unlike TRIPS, this provision is applicable for any 'homonymous' GI, and not only for those associated with wines.¹⁰¹

6.3 The Counterpart of Article 24 of TRIPS

The flexibility provided under Article 24.3 of TRIPS has been utilised by India in Section 20(2) of the GI Act¹⁰² in maintaining the right of action against passing-off, which was part of the common

⁹⁹ Section 22 (2) of the GI Act:

The Central Government may, if it thinks necessary so to do for providing additional protection to certain goods or classes of goods under sub-section (3), by notification in the Official Gazette, specify such goods or class or classes of goods, for the purposes of such protection.

Section 22(3):

Any person who is not an authorised user of a geographical indication registered under this Act in respect of the goods or any class or classes of goods notified under sub-section (2), uses any other geographical indication to such goods or class or classes of goods not originating in the place indicated by such other geographical indication or uses such other geographical indication to such goods or class or classes of goods even indicating true origin of such goods or uses such other geographical indication to such goods or class or classes of goods in translation of the true place of origin or accompanied by expression such as "kind", "style", "imitation", or the like expression, shall infringe such registered geographical indication.

¹⁰⁰ Section 25 of the GI Act:

Notwithstanding anything contained in the Trade Marks Act, 1999, the Registrar of Trade Marks referred to in Section 3 of that Act, shall, suo motu or at the request of an interested party, refuse or invalidate the registrations of a trade mark which-

(a) *contains or consists of a geographical indication with respect to the goods or class or classes of goods not originating in the territory of a country, or a region or locality in that territory which such geographical indication indicates, if use of such geographical indications in the trade mark for such goods, is of such a nature as to confuse or mislead the persons as to the true place of origin of such goods or class or classes of goods;*

(b) *contains or consists of a geographical indication identifying goods or class or classes of goods notified under sub-section (2) of Section 22.*

Sub-section (2) of Section 22 states that:

The Central Government may, if it thinks necessary so to do for providing additional protection to certain goods or classes of goods under sub-section (3), by notification in the Official Gazette, specify such goods or class or classes of goods, for the purposes of such protection.

¹⁰¹ Section 10 of the GI Act:

Subject to the provisions of Section 7, a homonymous geographical indication may be registered under this Act, if the Registrar is satisfied, after considering the practical conditions under which the homonymous indication in question shall be differentiated from other homonymous indications and the need to ensure equitable treatment of the producers of the goods concerned, that the consumers of such goods shall not be confused or misled in consequence of such registration.

¹⁰² This provision states that:

Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof.

law tradition of India, even prior to the advent of the TRIPS Agreement.

The counterpart of the ‘grandfather clause’ under Article 24.5 of TRIPS in the GI Act may be found in Section 26 (1).¹⁰³

Section 26(2) of the GI Act,¹⁰⁴ corresponds to Article 24.6 of TRIPS. However, the Indian provision is broader in the sense that while the TRIPS provision relates only to GIs of other WTO Members, its Indian counterpart concerns itself with any GI.

Article 24.7 of TRIPS has its counterpart in Section 26(4)¹⁰⁵ of the Indian Act.

India has made use of the leeway provided under Article 24.8 of TRIPS in Section 26(3)¹⁰⁶ of the GI Act.

As far as the Article 24.9 (of TRIPS) provision relating to ‘generic names’ is concerned, a similar provision may be found in Section 9 of the GI Act. This section, which deals with prohibition of registration of certain GIs, includes GIs, which are determined to be “generic names or indications” of goods and are, therefore, not or have ceased to be protected in their country of origin, or which have fallen into disuse in that country (Section 9(f)). The explanation added after Section 9 defines “generic names or indications” in relation to goods,

to mean the name of a good which, although relating to the place or the region where the good was originally produced or manufactured, has lost its original meaning and has become the common name of such goods and serves as a designation for or indication of the kind, nature, type or other property or characteristic of the goods. Unlike the above provision in the GI Act, TRIPS does not explicitly mention the term ‘generic names’. As mentioned earlier (in Section 5 of this paper), Article 24.9 merely states that Members have no obligation to protect a GI, which has ceased to be protected in the country of origin. However, it is sometimes argued that the evaluation of a generic name should be based not only on the criterion of the country of origin, but also on the status of the term in international trade. It seems that a similar approach has been adopted by the drafters of the Indian GI Act. Because, the explanation added to Section 9 of the Act states that:

In determining whether the name has become generic, account shall be taken of all factors including the existing situation in the region or place in which the name originates and the area of consumption of the goods.

The requirement to take account the existing situation in the area of consumption of the goods concerned leaves room for judging the status of the alleged ‘generic name’ in countries other than the country of origin also, in case the goods concerned

¹⁰³ Section 26(1) of the GI Act states that:

Where a trade mark contains or consists of a geographical indication and has been applied for or registered in good faith under the law relating to trade marks for the time being in force, or where rights to such trade mark have been acquired through use in good faith either-

(a) before the commencement of this Act; or

(b) before the date of filing the application for registration of such geographical indication under this Act;

nothing contained in this Act shall prejudice the registrability or the validity of the registration of such trade mark under the law relating to the trade marks for the time being in force, or the right to use such trade mark, on the ground that such trade mark is identical with or similar to such geographical indication.

¹⁰⁴ Section 26(2) of the GI Act:

Nothing contained in this Act shall apply in respect of a geographical indication with respect to goods or class or classes of goods for which such geographical indication is identical with the term customary in common language as the common name of such goods in any part of India on or before the 1st day of January, 1995.

¹⁰⁵ Section 26(4) of the GI Act states that:

Notwithstanding anything contained in the Trade Marks Act, 1999 or in this Act, no action in connection with the use or registration of a trade mark shall be taken after the expiry of five years from the date on which such use or registration infringes any geographical indication registered under this Act has become known to the registered proprietor or authorised user registered in respect of such geographical indication under this Act or after the date of registration of the trade mark under the said Trade Marks Act subject to the condition that the trade mark has been published under the provisions of the said Trade Marks Act, 1999 or the rules made thereunder by that date, if such date is earlier than the date on which such infringement became known to such proprietor or authorised user and such geographical indication is not used or registered in bad faith.

¹⁰⁶ Section 26(3) of the GI Act states that:

Nothing contained in this Act shall in any way prejudice the right of any person to use, in the course of trade, that person's name or the name of that person's predecessor in business, except where such name is used in such a manner as to confuse or mislead the people.

are internationally traded. This implies a departure, on the part of India, from the approach adopted by the TRIPS Agreement.

Another difference worth mentioning is that of the three situations stated in Article 24.9 of TRIPS, under which the Member countries are said to have no obligation to protect a GI, the first is the case where the indication is “not” protected in its country of origin. Now, a GI may not be

protected in the country of origin not only because it has become a ‘generic name’, but also for other reasons, for instance, the absence of a statute on GIs. The first criterion included in Section 9(f) of the Indian Act, for prohibition of registration of a GI, however, restricts itself only to those cases where the concerned GI is “not” protected in its country of origin, ‘solely’ due to the fact that it is a ‘generic name’. Thus the provision in the Indian Act is narrower than its counterpart in TRIPS.

7. WTO Negotiations on GIs: History and State of Play

It is indeed an anomaly that while in no other field of intellectual property rights (IPRs), different levels of protection have been granted by the TRIPS Agreement according to product categories, such a differentiation has been made in the case of GIs, despite the fact that GIs stand on an equal footing with any other IPR.¹⁰⁷ Moreover, there are no logical or legal reasons, which could justify the discriminatory treatment between GIs associated with wines or spirits and those designating other goods. It is interesting to note that the corresponding provisions in the Indian Act do not restrict themselves to wines and spirits only. Rather, it has been left to the discretion of the Central Government of India to decide which products should be accorded such higher level of protection. This discrepancy has deliberately been maintained by the drafters of the Indian GI Act with the aim of providing the Article 23-type of stringent protection to GIs of Indian origin as well.

It may be mentioned here that since the TRIPS Agreement merely stipulates the ‘minimum’ standards of protection that WTO Members are obliged to afford for any IPR, India is free to extend the ambit of the higher level of protection to cover products other than wines and spirits, as long as it is not in contravention of the provisions

of TRIPS. Moreover, providing the higher level of protection for valued Indian GIs is a necessary condition that India needs to fulfill before the country can try to ensure such protection in other WTO Member countries. According to Article 24.9 of TRIPS, WTO Members do not have any obligation whatsoever to protect the GIs, which are not so protected in their respective countries of origin. At the same time, WTO Members are not obligated to ensure Article 23-type of protection to all Indian GIs (excepting those associated with wines and spirits, like Goan spirit ‘Fenni’) in line with the Indian GI Act. However, as discussed earlier, without such stringent protection, it may be difficult to safeguard these GIs adequately in the international arena.

Aware of the inadequacy of Article 22 in protecting most of the priced GIs of Indian origin in the international arena, since 2000, India, along with a host of other like-minded countries (e.g. the EU, Bulgaria, China, the Czech Republic, Hungary, Liechtenstein, Kenya, Mauritius, Nigeria, Pakistan, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand, Turkey) has been pressing for an ‘extension’ of the ambit of Article 23 (henceforth ‘extension’) to cover all categories of goods. These countries are of the opinion that Article

¹⁰⁷ See WTO document: IP/C/W/247/Rev.1 dated 17 May 2001, paragraph 15.

22 of TRIPS allows competitors, not belonging to the geographical region purported by a GI, to easily 'usurp' a GI and free-ride on its reputation without leaving any scope for the legitimate right holders to prevent such misappropriation as long as the true origin of the product is mentioned. According to them, producers of any good and not only those of wines or spirits have a legitimate interest in protecting their respective GIs from misappropriation. The goal of these countries is to ensure that in future GIs identifying any product, and not only wines or spirits, receive the two complementary levels of protection available under Article 22 and Article 23 of TRIPS, taken together. The 'extension', if granted, would mean that:

- (a) the protection of Article 23 would apply, irrespective of the goods concerned, if a GI identifying a specific category of good is wrongfully used on the same category of good, whereas
- (b) the protection of Article 22 would apply in cases when the GI concerned is wrongfully used on a different category of good.¹⁰⁸

However, countries like the US, Australia, New Zealand, Canada, Argentina, Chile, Guatemala, Uruguay, etc. are strongly opposed to the 'extension'. This group argues that protection under Article 22 is adequate, and rejects the 'usurping' accusation put forward by the proponents of the 'extension', particularly when migrants have taken the methods of making the products and the names with them to their new homes. For this reason, the debate over 'extension' has often been described as one between the 'Old World' and the 'New World'. As a result of the wide divergence of views among the WTO Members, the issue of 'extension' has become highly contentious and has by now reached a state of virtual stalemate at the WTO.

It is also interesting to note that in sharp contrast with other controversial IPR issues, such as public health, traditional knowledge, etc. on which there

exists a clear-cut North-South divide in the ongoing debates at the WTO, in case of the 'extension'-debate, one can find both developed and developing countries belonging to each side of the fence. While the participation of the developing countries in the debate is a relatively new phenomenon that emerged only in the post-Uruguay Round period (just like in most of the other areas of the WTO), the controversy over GI protection has its origin in the Uruguay Round (UR) itself. This was an area where there was a major North-North divide all through the UR negotiations. In fact, while it is difficult to find any logical or legal justification for the hierarchical protection granted to GIs under TRIPS, it can be explained quite clearly in the light of the UR negotiations. That the present form of Section 3 of Part II of the TRIPS Agreement was eventually agreed upon as a sort of compromise between different Parties with conflicting opinions and interests, becomes evident if one looks closely at the negotiating history of the TRIPS Agreement. Section 7.1 is an attempt in this direction.

7.1 Negotiating History of the TRIPS Provisions on GIs

When the UR got underway, 14 Negotiating Groups were established under the 'Group of Negotiation on Goods', including the 'Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods'.¹⁰⁹ Participants in this Negotiating Group were allowed to make 'suggestions' on various aspects of IPRs.

As regards GIs, the European Communities (EC) and Switzerland were the countries that placed enormous emphasis on this area throughout the UR negotiations. It is interesting to note that the EC and its member states have a diverse portfolio of over 6,000 protected GIs (as per some rough estimation). Obviously, the EC was most aggressive in seeking the inclusion of GIs within TRIPS.¹¹⁰ In fact, the inclusion of this brand new category of

¹⁰⁸ See Addor and Grazioli (2002), p. 895.

¹⁰⁹ Gervais (1998), p.12.

¹¹⁰ Rangnekar (2002), p.11.

IPR in the TRIPS Agreement is testimony to the negotiating success of the EC and its member states. The aggressive push by the EC and its member states in including GIs in TRIPS may also be judged in the light of their frustrated attempts in strengthening the global protection of ‘indications of geographical origins’ (IGOs) under the international conventions that pre-existed TRIPS. For instance, at the 1956 Lisbon Conference for the Revision of the Paris Convention, the EC made an attempt to include the term ‘origin’ in Article 10*bis*, so as to make the application of principles of unfair competition on IGOs explicit. However, this initiative was defeated by a single vote of the US. Other efforts at the World Intellectual Property Organisation (WIPO), such as the preparation of a multilateral treaty on IGOs in 1974-75, or deliberations in the 1990s on the WIPO’s Committee of Experts on IGOs remained unsuccessful.¹¹¹

From the very beginning of the UR negotiations, the EC proposal emphasised the major trade distortions that were arising, in their view, because of widespread misleading use of GIs, in particular the misuse of names of geographical areas located in the European territory, which represented products specific to the natural and/or human environment in which they were elaborated,¹¹² with special importance being attached to the GIs associated with wines. These views were consolidated in treaty language in the ‘Draft Agreement on Trade-Related Aspects of Intellectual Property’, which was tabled by the EC on 29 March 1990,¹¹³ and covered all aspects of IPRs. This proposal required that “all” GIs “shall be protected against any use which constitutes an act of unfair competition, including use which is susceptible to mislead the public as to the true origin of the product”. The proposal also included a list of “acts”, which were to be considered as such. These were:

- any direct or indirect use in trade in respect of

products not coming from the place indicated or evoked by the geographical indication in question;

- any usurpation, imitation or evocation, even where the true origin of the product is indicated or the appellation or designation is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation" or the like;
- the use of any means in the designation or presentation of the product likely to suggest a link between the product and any geographical area other than the true place of origin.

Thus, while the proposal required protection against ‘unfair competition’ and against consumers being misled for all categories of GIs (and not only for those associated with wines), the “acts, which were proposed to be prohibited practically meant a stringent protection against any misappropriation of GIs. In fact, it is the second kind of “acts” that figured in the EC proposal, which visibly formed the basis of the stringent protection ultimately being granted to wines and spirits in Article 23.1 of TRIPS.¹¹⁴

The corresponding provision in the Draft Agreement tabled by Switzerland¹¹⁵ required that GIs “shall” be protected against any use which is likely to mislead the public, while including exactly the same set of (three kinds of) “acts” as specified in the EC Draft as examples of such ‘misleading’ use. Though the Swiss proposal closely resembled that of the EC, it was stronger in two respects. First, unlike the EC proposal, it did not make any reference to ‘unfair competition’. The reason was that Switzerland believed in absolute protection for GIs, with no undue ‘burden of proof’ being imposed on the plaintiff¹¹⁶ (which basically means the kind of protection that has ultimately been afforded to wines and spirits under TRIPS). Second, while the EC proposal required protection

¹¹¹ Rangnekar (2004b), p.9.

¹¹² See WTO document MTN.GNG/NG11/14, dated 12 September 1989, paragraph 53.

¹¹³ See WTO document MTN.GNG/NG11/W/68 dated 29 March 1990.

¹¹⁴ See Section 5.2 of this paper for Article 23.1.

¹¹⁵ See WTO document MTN.GNG/NG11/W/73.

¹¹⁶ WTO document MTN.GNG/NG11/21, dated 22 June 1990, paragraph 41.

against any use, which is “susceptible to mislead the public as to the true origin of the product”, the Swiss proposal required protection against any use, which is “likely to mislead the public”. The Swiss viewpoint was that the misleading of the public should not be limited to matters of origin. It could relate to quality characteristics as well. According to them, basically it was the goodwill linked to a GI or an ‘appellation of origin’ that warranted protection.¹¹⁷

Another major difference between the Draft Agreements tabled by the EC and Switzerland was that the EC proposal specifically required that, where appropriate, protection should be granted to ‘appellations of origin’, in particular for products of the vine, to the extent that it was provided in the country of origin. The Swiss Draft, however, did not include any such special reference to “products of the vine”. It clearly shows the difference in approach between the EC and Switzerland. Although the EC proposed a somewhat all-encompassing protection for all GIs, their interest basically lay in ensuring ‘absolute’ protection for wines. Switzerland, on the contrary, always maintained that ‘absolute’ protection was required not only for wines and other agricultural products but also for other goods as well as services.¹¹⁸

The US, however, was grossly opposed to dealing with the case of GIs as a separate intellectual property (IP). Rather, it wanted GIs to be protected as a part of the trade mark law,¹¹⁹ a proposal that was

supported by Canada as well.¹²⁰ Hence, the US Draft Agreement¹²¹ merely proposed that the contracting parties “shall” protect GIs that certify regional origin by providing for their registration as certification or collective marks,¹²² while the form of protection proposed to be provided for registered trade marks was nothing more than protection against consumer confusion and any act of unfair competition.¹²³ The EC, however, regarded such trade mark protection as unsatisfactory due to its formal requirements, such as registration and the use requirement.¹²⁴ While the US felt that the protection of GIs should be based on the fundamental principle of avoidance of consumer confusion, the EC was concerned about the trade problems that could arise if the only form of protection granted was that of consumers against deception.¹²⁵ In the EC’s view, the use of a GI for products not originating from the source purported by the GI concerned was always a parasitical and therefore unfair act, even when no consumer deception was involved.¹²⁶

Another alternative form of protection was proposed in the ‘Draft text on Geographical Indications’, which was tabled by Australia in June 1990.¹²⁷ This document provided for protection by requiring Parties to refuse registration or to invalidate a trade mark suggesting the territory or part thereof of a Party with respect to goods not originating in that territory, when this could mislead or confuse the public, and by prohibiting the use of such an indication.¹²⁸

¹¹⁷ *ibid.*

¹¹⁸ See WTO document MTN.GNG/NG11/14, dated 12 September 1989, paragraph 55.

¹¹⁹ See WTO document MTN.GNG/NG11/14, dated 12 September 1989, paragraph 56.

¹²⁰ The Canadian proposal also placed special emphasis on meeting the relevant provisions of the Paris Convention to ensure adequate protection for GIs including appellations of origin. In addition to the general provisions of the Paris Convention on trademarks and the specific provision of Article 7 *bis* requiring protection of collective marks, the Canadian proposal drew attention to Articles 9, 10 and 10*ter* of the Paris Convention requiring members to provide appropriate legal remedies effectively to repress the direct or indirect use of false indications of the source of the goods or of the identity of the producer, manufacturer or merchant (see WTO document MTN.GNG/NG11/16, dated 4 December 1989, paragraph 19).

¹²¹ WTO document MTN.GNG/NG11/W/70, dated 11 May 1990.

¹²² The proposals regarding trademarks in the US Draft clarified that “The term “trademark” shall include service marks, collective and certification marks”.

¹²³ Article 12 of the US Draft Agreement (WTO Document MTN.GNG/NG11/W/70, dated 11 May 1990) included the following two provisions:

(1) *The owner of a registered trademark shall have exclusive rights therein. He shall be entitled to prevent all third parties not having his consent from using in commerce identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is protected, where such use would result in a likelihood of confusion. However, in case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.*

(2) *The owner of a trademark shall be entitled to take action against any unauthorised use which constitutes an act of unfair competition or passing off.*

¹²⁴ See WTO document MTN.GNG/NG11/16, dated 4 December 1989, paragraph 53.

¹²⁵ See WTO document MTN.GNG/NG11/14, dated 12 September 1989, paragraphs 56 and 60.

¹²⁶ See WTO document MTN.GNG/NG11/16, dated 4 December 1989, paragraph 53.

¹²⁷ WTO document MTN.GNG/NG11/W/75, dated 13 June 1990.

¹²⁸ Gervais (1998), p.16.

Interestingly, somewhat similar provisions had already been proposed in both the EC and the Swiss drafts.¹²⁹ However, the difference lay in the fact that while Australia wanted GIs to be protected solely through refusal or invalidation of registration of such trade marks, for the EC or Switzerland, it constituted only one of a whole lot of provisions, which they had proposed for protection of GIs. Eventually, the latter approach was adopted in the TRIPS Agreement. However, while an ‘unconditional’ refusal or invalidation of registration of a trade mark, as was demanded in the EC proposal, has been provided to trade marks associated with wines and spirits under Article 23.2 of TRIPS, for all other trade marks such actions have been made conditional on the ‘misleading test’, under Article 22.3, following the Swiss approach.

The EC proposal further required that appropriate measures “shall” be taken under national law for interested parties to prevent a GI from developing into a designation of generic character as a result of the use in trade for products from a different origin, with the special mention that appellations of origin for products of the vine shall not be susceptible to develop into generic designations. The Swiss Draft also included a similar provision, but without the special reference to the “products of the vine”.¹³⁰

One of Australia’s prime concerns with the texts on GIs submitted by the EC and Switzerland lay in the proposition that standards for the protection of GIs should require contracting parties to protect GIs, which had a history of traditional use in many countries (such as Australia) and, as a

result of such use, had become ‘generic’. Australia maintained that such indications no longer reflected a geographical region or locality; these had rather become associated with a general set of characteristics pertaining to a particular product, or alternatively were names, which, like China for porcelain, were in the common language. Australia acknowledged that there was some justification for extending the scope of protection to GIs, which had acquired a reputation in relation to certain goods, not only against misleading use, but also to prevent the degeneration of such indications into ‘generic names’. However, at the same time it maintained that acquired ‘prior rights’ relating to an indication identical with or similar to a GI, where acquired in good faith, should be preserved by a ‘grandfather clause’.¹³¹ The Australian proposal, therefore, required that the Draft provisions regarding protection of GIs should not apply:

- *to the prejudice of holders of rights relating to an indication identical with or similar to a GI or name and used or filed in good faith before the date of entry into force of this [amendment] [Annex] in the contracting party;*
- *with regard to goods for which the GI or name is in the common language the common name of goods in the territory of that contracting party, or is identical with a term customary in common language.*¹³²

The US Draft also made an attempt to safeguard the interests of those who were relying on terms, which, according to the US, had long since become ‘generic’ in their countries.¹³³ Hence, the sole provision proposed by the US for geographical appellations associated with wines applied only to “non-generic” appellations, as follows:

¹²⁹ The EC Draft required that *the registration of a trademark which contains or consists of a geographical or other indication denominating or suggesting a country, region or locality with respect to goods not having this origin shall be refused or invalidated and that national laws shall provide the possibility for interested parties to oppose the use of such a trademark*. It should be noted here that unlike the Australian proposal, this proposal of the EC did not want such protection to be conditional upon the ‘misleading test’. The Swiss proposal, however, was even closer to the Australian proposal as it included the ‘misleading test’ as well. It required that:

The registration of a trademark which contains or consists of a geographical or other indication designating or suggesting a country, region or locality with respect to products not having this origin shall be refused or invalidated, if the use of such indication is likely to mislead the public.

¹³⁰ The Swiss proposal reads as follows:

Appropriate measures shall be taken so as to prevent a geographical indication from developing into a designation of a generic character as a result of its use in trade for products of a different origin.

¹³¹ WTO document MTN.GNG/NG11/22 dated 22 August 1990, paragraph 2.

¹³² WTO document MTN.GNG/NG11/W/75, dated 13 June 1990.

¹³³ WTO document MTN.GNG/NG11/21, dated 22 June 1990, paragraph 12.

Contracting parties shall provide protection for non-generic appellations of origin for wine by prohibiting their use when such use would mislead the public as to the true geographic origin of the wine. To aid in providing this protection, contracting parties are encouraged to submit to other contracting parties evidence to show that each such appellation of origin is a country, state, province, territory, or similar political subdivision of a country equivalent to a state or county; or a viticultural area.

It may be noted that the US proposal fell far short of the EC's ambition regarding protection of appellations of origin associated with wines. First, the US proposed to make such protection conditional on the 'misleading test', instead of the 'absolute' protection proposed by the EC. Second, it proposed to protect only 'non-generic' appellations for wine.

The kind of stringent protection that has ultimately been accorded to GIs for wines and spirits under TRIPS, can be regarded adequate in safeguarding against the possibility of their degeneration into 'generic names', as was demanded by the EC. However, a similar safeguard does not exist in the TRIPS Agreement for all other GIs, as was proposed by Switzerland.

The safeguard included in Article 24.4 of TRIPS,¹³⁴ which relates to wines and spirits alone, seems to be influenced by the first exception proposed in the Australian proposal.

The second exception proposed by Australia seems to have influenced the first sentence of Article 24.6 of TRIPS,¹³⁵ while its second sentence is a specific insertion, perhaps by the US, to ensure that use of the indication 'Champagne' in California for Californian grape varieties is not denied on account of the US obligation to protect the French rights

on the GI 'Champagne'—an indication of the grape variety of the Champagne region of France.

The foregoing discussion makes it clear that various provisions of Section 3 of Part II of the TRIPS Agreement have come into existence as a combination of the proposals put forward by different participants, who in some cases, had conflicting interests. The eventual framework reflects a very sensitive compromise in an area that was one of the most difficult to negotiate during the UR. Notably, the 'Commission on Intellectual Property Rights' appointed by the British Government has clearly stated in its final report that the difficulty of negotiations "... stemmed from clear divisions between the main proponents of the TRIPS Agreement – the US and EU. In addition, divisions also exist among other developed countries and among developing countries. The final text of the agreement reflects these divisions and, in mandating further work (in Article 24), recognises that agreement could not be reached in a number of important areas."¹³⁶

These provisions are basically the result of trade-offs, which were specific to the circumstances prevailing at the time of the UR negotiations, in particular, the Brussels Ministerial Conference (1990). This was, to some extent, due to the link at that time between the negotiations on GIs and the negotiations on agriculture.¹³⁷ Given this link, the higher level of protection for wines and spirits¹³⁸ was granted solely for the political reason of persuading the EC to join consensus on the UR package, despite strong opposition on the part of many other countries. Notably, the aforementioned 'Commission on Intellectual Property Rights' has observed that the outcome of the difficult negotiations in the field of GIs "...was that the current text of TRIPS provides a basic standard of protection, and a higher standard specifically for

¹³⁴ See Section 5.3 of this paper for Article 24.4 of TRIPS.

¹³⁵ See Section 5.3 of this paper for Article 24.6 of TRIPS.

¹³⁶ Commission on Intellectual Property Rights (2002).

¹³⁷ See WTO document: IP/C/W/204/Rev.1, dated 2 October 2000, paragraph 6.

¹³⁸ The addition of spirits occurred at the end of the negotiations. See WTO document MTN.TNC/W/89, dated 7 November 1991.

wines and spirits.” The Commission has clearly stated that “The inclusion of this higher standard does not refer to the unique characteristics of wines and spirits, but was rather a compromise reached in negotiations.”

In fact, Article 24 of TRIPS is also the direct consequence of difficult negotiation between a number of wine-producing participants, notably in the EC, who wished to protect indications for wines and spirits fully, i.e. without legitimising ‘past sins’ for all posterity, and others (e.g. Australia) who were afraid that it might affect rights more or less considered to be acquired rights in certain appellations. The result of the negotiations was only partly satisfactory for both sides, because, while protection was granted, it was not done exactly in the way proposed by the former group. Similarly, while safeguards for ‘acquired rights’ were included, these were neither complete nor permanent, given the scope of further negotiations and agreements regarding these issues (under Article 24.1 of TRIPS¹³⁹). In fact, the only feasible option not blocking the negotiations was to agree to further talks. In this context, Article 24.1 established the principle, clearly with a view to increasing the protection. Since safeguards were added to satisfy one group, negotiators clearly stated in Article 24.1 that (a) those safeguards (i.e. exceptions granted under Article 24.4 through Article 24.8) “...shall not be used by a Member to refuse to conduct negotiations or to conclude bilateral or multilateral agreements”, but (b) that in the context of such negotiations, “...Members shall be willing to consider...” the continued applicability of the safeguards for individual GIs. This is consistent with the establishment of a registration system, as has been proposed for wines (and spirits) under Article 23.4 of TRIPS, where each individual indication entered in the registry might have to be negotiated.¹⁴⁰

Originally, it was the EC Draft Act that proposed the establishment of an international register, presumably for all GIs.¹⁴¹ However, this provision was restricted to wines only in the original legal text of TRIPS (Article 23.4). The provision was extended to spirits also in the Singapore Ministerial Declaration later (in 1996).

In the Singapore Ministerial Declaration, Article 23.4 was identified, by the TRIPS Council as one of the built-in agenda items (unfinished business of the Uruguay Round) of the TRIPS Agreement.¹⁴² As mentioned earlier, negotiations for setting up of a multilateral register for GIs associated with wines and spirits have been going on in the TRIPS Council since 1997.¹⁴³

7.2 Key Issues in the ‘Extension’ Debate

Given the long-drawn nature of the ‘extension’ debate that has been going on at the WTO since 2000, a series of arguments and counter-arguments has been put forward by the proponents and opponents of the ‘extension’ in various submissions to the TRIPS Council. Considering the plethora of issues in the debate, a comprehensive exposition is outside the scope of the present paper. Nevertheless, an attempt is being made below to briefly discuss some of the key arguments and counter-arguments.

The demandeurs (or proponents) of ‘extension’ question the basis of the existing differential treatment to GIs identifying goods other than wines and spirits and point out the inadequacy of protection under Article 22. They argue that the requirement of the ‘misleading test’ in Article 22 is tailored to suit unfair competition or consumer protection regulations, but not intellectual property protection. Article 22, they say, allows competitors, not belonging to the geographical region purported by a GI, to easily

¹³⁹ See Section 5.3 of this paper for Article 24.1 of TRIPS.

¹⁴⁰ See Gervais (1998), pp.134-35.

¹⁴¹ The EC proposal was that:

In order to facilitate the protection of geographical indications including appellations of origin, an international register for protected indications shall be established. In appropriate cases the use of documents certifying the right to use the relevant geographical indication should be provided for.

¹⁴² See WTO document: IP/C/8, dated 6 November 1996, Section-III.

¹⁴³ See Section 7.4 of this paper for further details.

'usurp' a GI and ride free on its reputation without leaving any scope for the legitimate right holders to prevent such misappropriation, as long as the true origin of the product is mentioned. Furthermore, in lieu of such illegitimate use, these GIs run the risk of becoming 'generic' terms over time, thereby losing all their economic potential and value.¹⁴⁴ In contrast, Article 23 provides protection against the use of a GI with a '*délocalisant*' indicating the true origin and against use in translation or with expressions such as "kind", "type", "style", "imitation" or the like.¹⁴⁵ These provisions (under Article 23) not only prevent free riding but also provide an adequate protective shield against the risk of GIs becoming 'generic' terms.

In response, the opponents argue that the perceived insufficiency of protection accorded under Article 22 is largely due to the failure of Members to implement fully and appropriately its existing obligations. The ability of many WTO Members to make use of the existing provisions of TRIPS was often constrained by their failure to protect their respective GIs domestically.¹⁴⁶ Article 22 protection, they maintain, was sufficient to ensure that GIs did not become 'generic'. It was to be doubted that there were examples of GIs becoming 'generic' under a GI regime that fully implemented the existing provisions of TRIPS. Moreover, the opponents claim that the proponents have not adequately demonstrated why such protection was insufficient. They suggest that the TRIPS Council should be provided with concrete examples of the problems Members have had, or are currently encountering, in obtaining satisfactory protection under Article 22.¹⁴⁷

The opponents of 'extension' are apprehensive of the possible impacts of 'extension' on producers

who did not belong to the geographical region designated by a GI, but had been using the GI concerned. Such producers, they argue, might face considerable adjustment and other costs and burdens, including, for instance, the marketing costs associated with developing substitute terms; changing current packaging and labelling; generating consumer awareness, etc. The re-labelling and marketing process, the opponents apprehend, would be complicated, because in many cases, producers would have to try and market what would appear to be 'new' products (which previously had different names), but without the benefits of those products actually having any new characteristics.¹⁴⁸ These costs, the opponents feel, should not be underestimated, particularly when there is a need to launch a marketing campaign in an overseas market.¹⁴⁹

Opponents further argue that re-labelling of goods as a result of 'extension' would lead to consumer confusion, as consumers would no longer be able to recognise the products that they were used to purchasing. Moreover, 'extension' would lead to a smaller number of producers making a particular product. As the supply of the named product would fall, prices would rise. Moreover, the increase in costs to industry to rename, re-label, and repackage would be passed on to consumers resulting in higher priced goods.¹⁵⁰ Thus, 'extension' would leave consumers in a worse position.

The proponents, however, are of the opinion that such re-labelling would not be necessary because the exceptions contained in Article 24 would apply *mutatis mutandis* to the extended protection under Article 23.¹⁵¹ The 'Extension' proposal was designed only for future effects and would not

¹⁴⁴ WTO document TN/C/4, p.2.

¹⁴⁵ WTO documents: IP/C/W/353, paragraph 13; TN/C/W/14, p.2; JOB(05)/61, p.4.

¹⁴⁶ WTO documents: IP/C/W/386, paragraph 6; New Zealand, IP/C/M/37/Add.1, paragraph 166; Australia, IP/C/M/38, paragraph 76.

¹⁴⁷ WTO documents: Canada, IP/C/M/37/Add.1, paragraph 121; New Zealand, DDG consultations, 7 February 2005; Chinese Taipei, DDG consultations, 25 April 2005.

¹⁴⁸ WTO documents: New Zealand, IP/C/M/38, paragraph 89; United States, DG consultations, 30 June 2003.

¹⁴⁹ WTO document: Australia, IP/C/M/38, paragraph 80.

¹⁵⁰ WTO documents: IP/C/W/386, paragraph 26; Australia, IP/C/M/38, paragraph 81.

¹⁵¹ WTO documents: IP/C/W/353, paragraph 41; EC, DDG consultations, 10 March 2005; WT/GC/W/540/Rev.1 and TN/C/W/21/Rev.1, paragraph 13; JOB(03)/119, p.2.

affect the existing uses of terms that coincided with protected GIs, as long as they were in conformity with the 'exceptions' included under Article 24 of TRIPS.¹⁵² If, however, such prior use had taken place in 'bad faith', with the intention to free ride on the reputation of a GI, then Article 24 exceptions would not apply. In such cases, the demandeurs of 'extension' feel that the obligation to re-label a specific product seemed an appropriate consequence. Moreover, the long-term economic benefits of extension would, in any case, outweigh the costs of a few cases where re-labelling might be necessary.¹⁵³

As for the question of whether the extension of Article 23-level protection would lead to consumer confusion, the proponents believe that it is not possible to understand how consumers could be confused if it had been agreed that only a product that had originated in a given geographic territory could bear a term identifying it as originating from a territory where a given quality, reputation and other characteristic of the good was essentially attributable to its geographical origin.¹⁵⁴

The demandeurs accept that 'extension' could indeed result in higher prices for the products bearing GIs, which would ultimately be paid by consumers. However, they argue that consumers would not necessarily have to pay those higher prices, unlike the case of patents or copyrights, because they would be free to decide whether to buy a good with a specific GI indicating specific characteristics and qualities or to buy another good belonging to the same category but without those specific quality/characteristics. The prices of such goods (without the GI) could even fall as a result of 'extension'.¹⁵⁵

The demandeurs of 'extension' feel that unlike Article 22, which led to legal uncertainty, protection under Article 23, by providing greater clarity and legal certainty as to the situations in which use of a GI was lawful or not, would ensure that the legitimate users of GIs would not have to undergo costly procedures to demonstrate that the consumer was confused, involving expensive, and often inconclusive, opinion polls. The test under Article 23 was more objective and judicial decisions would be more uniform and harmonious as the final decision would not be left to the judge's appreciation on whether the 'public' was actually misled.¹⁵⁶ The proponents argue that offering small producers and associations the less-costly and legally-secure protection of Article 23 would give them a better way to prevent the abusive use of their GIs in a foreign country than going through the difficult and burdensome procedure of 'misleading test', or the requirement to prove that there was an act of unfair competition.¹⁵⁷ It is further argued that basing investment and export decisions on potentially contradictory and changing judicial interpretations was a risk that producers of GI products, especially those from the developing countries could not afford. The improved legal security at the multilateral level (under Article 23) would encourage producers to use GIs as an efficient marketing tool. It would constitute an incentive for producers to market their goods internationally, thus promoting international trade.¹⁵⁸ Thus the benefits resulting from 'extension' would also foster the development of local rural communities.¹⁵⁹

The opponents, however, are of the view that 'extension' would not obviate the need for producers to take action to enforce their rights and bear the associated costs. Thus, the extent to which producers would actually benefit from a higher

¹⁵² WTO documents: IP/C/W/353, paragraph 3; Czech Republic, IP/C/M/37/Add.1, paragraph 169; JOB(05)/61, paragraph 5.

¹⁵³ WTO document: Switzerland, IP/C/M/38, paragraph 70.

¹⁵⁴ WTO document: Hungary, IP/C/M/38, paragraph 117.

¹⁵⁵ WTO document: Bulgaria, IP/C/M/38, paragraph 124 and DDG consultations, 25 April 2005.

¹⁵⁶ WTO documents: IP/C/W/353, paragraph 13; TN/C/W14, p.2; Switzerland, DDG consultations, 7 February 2005; WT/GC/W/540/Rev.1 and TN/C/W/21/Rev.1, paragraph 12.

¹⁵⁷ WTO documents: Pakistan, IP/C/M/37/Add.1, paragraph 167; WT/GC/W/540/Rev.1 and TN/C/W/21/Rev.1, paragraph 6.

¹⁵⁸ WTO documents: Switzerland, IP/C/M/38, paragraph 69; WT/GC/W/540/Rev.1 and TN/C/W/21/Rev.1, paragraph 8.

¹⁵⁹ WTO documents: India, DG consultations, 30 June 2003; WT/GC/W/540/Rev.1 and TN/C/W/21/Rev.1, paragraph 8.

level of protection would also depend on how far producers would be willing and able to enforce their rights.¹⁶⁰ 'Extension', they argue, could not in itself make GIs for quality products a valuable marketing tool. It was the hard work of establishing a quality product and promoting that product in the marketplace that would turn a GI from simply a place name into a valuable marketing tool.¹⁶¹

The opponents further argue that 'extension' could create an additional dichotomy between the benefits that WTO Members with many GIs would receive and the costs to be borne by Members with only a few GIs,¹⁶² for, the latter group might be obligated to protect hundreds or thousands of GIs from other Members. The demandeurs, in turn, argue that there is no evidence of this alleged 'imbalance in numbers'. Rather, there was evidence to the contrary. For instance, since 1996, Brazil, which had already applied 'extension' domestically, had registered or received applications for only five GIs from the EC. Paraguay, another country applying 'extension' domestically, received none. In neither country had there been any GI-related litigation. The 'imbalance in numbers' argument, according to the proponents, did not recognise the fundamental principle that GI protection within the TRIPS Agreement was an 'on-demand' protection, i.e. right holders had to invoke such protection in third country courts. Right holders only went to a third country to benefit from that protection when they had the export capacity to make the investment worthwhile, and when they had an interest. Moreover, the issue of 'imbalance in numbers' was not relevant when assessing the economic benefits of an 'extended' GI protection and resulting market opportunities. What was important were the existing and potential trade flows emanating from each individual GI, the

value of which varied greatly. A single GI like 'Basmati' (rice), which generated some US \$300 million in exports, for example, could be far more important than many GIs which were not used for export. The proponents further argue that if it were felt that 'imbalance in numbers' was an issue, this would suggest radical solutions when it came to trade marks or patents. For example, the USPTO had registered more than 2.5 million trade marks, yet no one had claimed that, because the United States was the biggest beneficiary of trade mark protection, that section of the TRIPS Agreement should be abolished.¹⁶³

Another argument put forward by the opponents, on the grounds of preservation of cultural identity, is that, considering that a number of Members had received many immigrants who had brought with them their cultural traditions, including names and terms, it would be culturally insensitive for Members, predominantly those from which these people had migrated, to try to reclaim terms that had been used for decades without being contested.¹⁶⁴ Immigrants' customs were acquired rights, which Members could not wipe out in the course of negotiations.¹⁶⁵ In response, it is argued by the proponents that the continued availability of all the exceptions under Article 24, including the 'grandfather clause', would adequately take care of this important non-trade concern. According to them, Article 23.3 on 'homonymous' GIs provided additional proof that 'extension' was not contrary to the preservation of cultural diversity.¹⁶⁶ It is argued by the proponents that the GIs designating goods, such as tea, coffee, rice, banana, carpet and handicrafts and the associated cultural heritage in their own countries were also at stake which was something they sought to protect through 'extension'.¹⁶⁷

¹⁶⁰ WTO document: Australia, IP/C/M/38, paragraph 78.

¹⁶¹ WTO documents: New Zealand and Chile, IP/C/M/38, paragraphs 87 and 113, respectively; United States and New Zealand, DDG consultations, 7 February 2005.

¹⁶² WTO documents: Uruguay, IP/C/M/37/Add.1, paragraph 172; IP/C/W/386, paragraphs 3-4; United States, DG consultations, 30 June 2003; Singapore, DDG consultations, 10 March 2005; Chinese Taipei, DDG consultations, 25 April 2005.

¹⁶³ WTO documents: EC, Hungary and Malta, IP/C/M/37/Add.1, respectively, paragraphs 142 (also citing annex, pp. 77-79), 148 and 157; EC, JOB(03)/119, p.3; EC, DG consultations, 30 June 2003.

¹⁶⁴ WTO document: Australia, IP/C/M/35, paragraph 146.

¹⁶⁵ WTO document: Argentina, IP/C/M/36/Add.1, paragraph 86.

¹⁶⁶ WTO document: Hungary, IP/C/M/37/Add.1, paragraphs 150-51

Regarding the extent to which ‘extension’ would require new or modified legislation and institutions, the proponents feel that since all Members were already obligated to provide protection to GIs according to Articles 22 and 23, extension would imply only minimum administrative changes. These might be limited to a modification of legislative provisions so that the protection of GIs for wines and spirits could be extended to GIs for all other products.¹⁶⁸ Therefore, the implementation of protection envisaged in Article 23 for all GIs would not necessarily require the establishment of a completely new protection system,¹⁶⁹ nor would it entail disproportionate costs and administrative burdens.¹⁷⁰

The opponents, however, maintain that ‘extension’ would require more complicated implementation than in the case of Article 22. Because, countries would have to institute a system that protected a wide variety of products, necessitating change in the fundamental concepts in their laws. For instance, amending the trade mark and unfair competition laws to provide Article 23-level of protection for all GIs would be to stand those laws on their heads.¹⁷¹ This would necessitate a substantial overhaul of the entire trade mark and unfair competition regime, a cost that must be acknowledged.¹⁷²

The proponents of ‘extension’ also base their argument on the provision included in Article 24.1 of TRIPS, which requires Members to enter into negotiations aimed at increasing the protection of individual GIs under Article 23. This provision had been identified by the Singapore Ministerial Declaration (1996) as one of the built-in agenda items.¹⁷³ However, the interpretation of this Article is a highly debated issue. The opponents of the ‘extension’ maintain

that the built-in mandate under this sub-article should ‘only’ cover an increase or extension of the protection of GIs for wines and spirits and nothing else. The advocates of ‘extension’, however, argue that this provision of Article 24.1 basically mandates negotiations to extend the additional protection of Article 23 to goods other than wines and spirits. They are of the view that in order to address all issues left for further clarification and improvement by the UR compromise, the negotiations required by the built-in agenda of Article 24.1 should include not only the question of additional protection for GIs for wines and spirits and/or of mitigating the exceptions to protection contained in paragraphs 4 to 8 of Article 24, but should also deal with the issue of increasing the protection of individual GIs to products other than wines and spirits.¹⁷⁴

7.3 Current State of the ‘Extension’ Debate

The issue of ‘extension’ was a part of the discussions in the fourth Ministerial Conference of the WTO at Doha (held in November 2001), which marked the beginning of a new round of trade talks called the ‘Doha Development Round’. In particular, paragraph 18 of the Doha Ministerial Declaration (DMD) notes that the “...issues related to the extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits will be addressed in the Council for TRIPS pursuant to paragraph 12 of this declaration”.

Notably, Paragraph 12 of the DMD declares that the negotiations on ‘outstanding implementation issues’ shall be an integral part of the Doha Work Programme. It further states that (a) those issues, on which the DMD provides a specific negotiating

¹⁶⁷ WTO document: India, IP/C/M/36/Add.1, paragraph 59.

¹⁶⁸ WTO documents: Switzerland, IP/C/M/38, paragraph 203; TN/C/W/14, p.2; EC, JOB(03)/119, p.5; WT/GC/W/540/Rev.1 and TN/C/W/21/Rev.1, paragraphs 10-11.

¹⁶⁹ WTO document: Switzerland, IP/C/M/38, paragraph 203.

¹⁷⁰ WTO documents: Switzerland, IP/C/M/38, paragraphs 204-05; WT/GC/W/540/Rev.1 and TN/C/W/21/Rev.1, paragraphs 10-11.

¹⁷¹ WTO document: United States, IP/C/M/38, paragraph 175.

¹⁷² WTO document: IP/C/W/386, paragraphs 16 and 20.

¹⁷³ See WTO document: IP/C/8, dated 6 November 1996, Section-III.

¹⁷⁴ WTO document: IP/C/W/204/Rev.1, dated 2 October 2000, paragraph 12.

mandate, shall be addressed under that mandate, whereas, (b) the other outstanding implementation issues shall be addressed as a matter of priority by the relevant WTO bodies, which shall report to the Trade Negotiations Committee (TNC) by the end of 2002 for appropriate action.

The Member countries participating in the ongoing debate in the TRIPS Council on the issue of 'extension' have failed to reach any consensus even on the question of whether Paragraph 12 of the DMD provides a mandate for negotiations on this matter. Many developing and European countries (such as India, Bulgaria, Czech Republic, EU, Hungary, Liechtenstein, Kenya, Pakistan, Slovenia, Sri Lanka, Switzerland, Thailand, Turkey) have argued that the so-called outstanding implementation issues are already part of the negotiation and its package of results. Countries like Argentina, the US, Australia, Canada, Japan, etc. on the other hand, argue that there is no negotiating mandate in the DMD on the issue of 'extension'.

As a result of the profound divide amongst Members on the issue, the TRIPS Council could not submit a report to the TNC by the end of 2002 on "appropriate action", as required by Paragraph 12 of the DMD. No progress had been observed on this issue, even in the subsequent period, until the sixth Ministerial Conference of the WTO held in Hong Kong in December 2005. The Hong Kong Ministerial Declaration (HKMD) requested the Director General of the WTO to intensify his consultative process on the issue of 'extension'. It further stipulated that the General Council should review progress and take any appropriate action no later than 31 July 2006. However, when the Doha Round entered a 'temporary suspension' on 24 July 2006, not much progress could be achieved towards bringing this debate to a logical conclusion. Subsequent to the resumption of the Doha talks in early 2007, the issue of 'extension' has been a subject of some of the informal consultations among the Member countries, conducted by the WTO Deputy Director-General Rufus Yerxa. There still exists disagreement among Members

even on whether there is a mandate to negotiate this issue. The EU, India, Switzerland and Sri Lanka have stressed that this is a priority issue for them and called for the discussions to move towards a 'text'-based negotiation. On the other hand, Argentina, the US, Australia, Canada, and Japan have opposed this either on the grounds that there is no mandate or that many technical questions remain unanswered, or both. Hence, the stalemate continues at the WTO on the issue of 'extension'.

7.4 Negotiations on a Multilateral Register for Wines and Spirits

Negotiations are also going on in the TRIPS Council, albeit very slowly, on a multilateral register for wines and spirits, which is part of the 'built-in-agenda' of TRIPS.

Article 23.4 of the TRIPS Agreement calls for negotiations for the establishment of a multilateral system of notification and registration of GIs for wines (not spirits) eligible for protection in those Members participating in the system. The Singapore Ministerial Declaration of 1996, however, extended the provision to spirits as well. Negotiations for such a multilateral system were part of the built-in agenda. The work began in 1997 under Article 23.4 and was subsequently included in the Doha Development Agenda. According to the Doha Ministerial Declaration, Paragraph 18, Members have agreed to "negotiations for the establishment of a multilateral system of notification and registration of geographical indications by the Fifth Session of the Ministerial Conference". The Doha Declaration's deadline for completing the negotiations was the Fifth Ministerial Conference, held in Cancún in 2003. Since this deadline could not be achieved, negotiations are now taking place within the overall timetable for the Doha Round. Deliberations are currently underway in the special (negotiating) session of the TRIPS Council. The multilateral register is discussed separately from the question of 'extension' — extending the Article 23 protection to all products — although some countries consider the two issues to be related.

While WTO Members have generally agreed in the discussions that the system should not increase the level of protection that currently exists for covered products, they remain divided over the nature and scope of the multilateral register. Till date, various proposals have been presented. The EU, for instance, envisages a register that would have an effect on all WTO Members irrespective of whether they have any GIs included in the register. Any WTO Member wishing to challenge the inclusion of a GI in the register would be required to notify the country concerned and enter into negotiations with a view to resolving the disagreement. The EU's detailed proposal¹⁷⁵ circulated in June 2005 calls for the TRIPS Agreement to be amended (by adding an annex to Article 23.4). The paper proposes that when a GI is registered, this would establish a "rebuttable presumption" that the term is to be protected in other WTO Members — except in a country that has lodged a reservation within a specified period (say, 18 months). A reservation would have to be on permitted grounds. These include situations, such as when a term has become 'generic' or when it does not fit the definition of a GI. If the country does not make a reservation, it would not be able to refuse protection on these grounds once the term has been registered.

The Hungarian proposal suggests that if one WTO Member successfully challenges the inclusion of a GI on certain specified grounds, that particular GI would not be required to be protected by other WTO Members. According to the proposals put forward both by the EU and Hungary, inclusion of a GI in the register would constitute a presumption of eligibility for protection of GIs under any legal means in any WTO Member.

By contrast, a joint proposal¹⁷⁶ submitted by Argentina, Australia, Canada, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador,

Honduras, Japan, Mexico, New Zealand, Chinese Taipei and the US does not support an amendment of the TRIPS Agreement, as proposed by the EU. Instead, it advocates a decision by the TRIPS Council to set up a voluntary system where notified GIs would be registered in a 'database'. WTO Members, who would choose to participate in the system, would have to consult the 'database' when taking decisions on protection of GIs in their own countries (say, for instance, while examining trade mark applications containing or consisting of a GI). Non-participating WTO Members would also be "encouraged" but "not obliged" to make similar use of the proposed 'database'.

There is a number of questions pertaining to the debate over the multilateral register. For instance, when a GI is registered in the system, what legal effect, if any, would that need to have within Member countries, if the register is to serve the purpose of 'facilitating protection' (the phrase used in Article 23.4 of TRIPS)? To what extent, if at all, should the effect apply to countries choosing not to participate in the system?¹⁷⁷ Opinions are also divided on several other issues, e.g. the administrative and financial costs for individual governments and whether they would outweigh the possible benefits; opposition/dispute settlement procedures in the system.

Subsequent to the resumption of the Doha talks in early 2007, the discussion on the multilateral register has been resumed in the Special Session of the TRIPS Council under the chairpersonship of Ambassador Manzoor Ahmad of Pakistan. The EU, Switzerland and Turkey have called for negotiations based on a 'working document' that would evolve into a draft and a final agreement. Australia, the US, Canada, New Zealand, Japan, Chile and Guatemala, on the other hand, have ventilated the view that positions are too far

¹⁷⁵ WTO document TN/IP/W/11.

¹⁷⁶ WTO document TN/IP/W/10.

¹⁷⁷ <http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#wines_spirits> (visited on 4 May 2007).

apart for that and have called Members to take another look at the register's objectives and the meaning of "facilitate" — the term used in Article 23.4 of TRIPS, which calls for negotiations for establishing the multilateral register "...in order to facilitate the protection of geographical indications for wines..."

While India is advocating the 'extension' agenda, the country is not party to the negotiations on the multilateral register. According to highly placed sources of the Ministry of Commerce and Industry (MoCI) of the Government of India, until India has a considerable number of GIs in place, there is no point in going in for a multilateral register.

8. GIs in the Regional and Bilateral Trade Agreements of the EU and the US¹⁷⁸

Intellectual property rights (IPRs) have turned out to be a key subject matter in various regional trade agreements (RTAs) and bilateral free trade agreements (FTAs) signed in the recent past, to which the EU or the US is a signatory. Various concerns have emerged as to how these RTAs would impact the existing rights and obligations of WTO Members under the TRIPS Agreement, because many of these RTAs contain TRIPS-plus provisions and inconsistencies with TRIPS might also arise in the course of their implementation. This situation becomes even more worrisome when judged in the light of Article 4 of the TRIPS Agreement¹⁷⁹ that contains the Most Favoured Nation (MFN) clause, which obligates a WTO Member to provide to another WTO Member treatment, which is no less favourable than what the former country accords to any other country (say, for instance, any benefit, advantage or privilege under an RTA), whether a Member of the WTO or not.

As mentioned earlier, Article 24 of TRIPS indicates that:

Members agree to enter into negotiations aimed at increasing protection of individual geographical indications under Article 23. The provisions of paragraph 4 through 8 below (exceptions) shall not be used by Members to refuse to conduct negotiations or to conclude bilateral or multilateral agreements.

While this provision creates a mandate to keep negotiating increased protection of GIs, it seems that the drafters encouraged not only negotiations at the multilateral level but also potential bilateral agreements. This kind of encouragement of having recourse to bilaterals is unusual in the WTO context, as most WTO Agreements seek to achieve results at the multilateral level and regional and bilateral agreements can only be exempted from

¹⁷⁸ This section draws heavily on Vivas-Eugui and Spennemann, 2006.

¹⁷⁹ Article 4 of TRIPS states that:

With regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other Members. Exempted from this obligation are any advantage, favour, privilege or immunity accorded by a Member:

- (a) deriving from international agreements on judicial assistance or law enforcement of a general nature and not particularly confined to the protection of intellectual property;*
- (b) granted in accordance with the provisions of the Berne Convention (1971) or the Rome Convention authorizing that the treatment accorded be a function not of national treatment but of the treatment accorded in another country;*
- (c) in respect of the rights of performers, producers of phonograms and broadcasting organizations not provided under this Agreement;*
- (d) deriving from international agreements related to the protection of intellectual property which entered into force prior to the entry into force of the WTO Agreement, provided that such agreements are notified to the Council for TRIPS and do not constitute an arbitrary or unjustifiable discrimination against nationals of other Members.*

the MFN clause under certain conditions. In the particular case of the TRIPS Agreement, treaties subscribed after 1995 are not exempted from MFN treatment (See Article 4 of TRIPS).

In almost all the RTAs/bilaterals signed by the EU or the US there are subsections on GIs and rules on market access-related issues. In only a few have GIs been included as part of the trade mark chapter. Among the RTAs that include GI rules, one can identify NAFTA (the North American Free Trade Agreement) and Andean Decision 486. Examples of bilateral agreements with GI and trade mark-related rules include the bilateral/partnership agreements of the EU on the one side and Australia, Chile, Lebanon, and Mexico, on the other; or between the US, on the one hand, and Australia, CAFTA (the Central American Free Trade Agreement), Chile, Jordan, Morocco, and Singapore, on the other. The kind of protection that can be found in many of these agreements includes, among other obligations, expanded definitions of GIs (compared to TRIPS); wider scope; incorporation of exclusive rights; simplification of formalities; transparency regulations; GI and trade mark registration; relationship with trade marks; and mutual recognition of protection; among other features.

8.1 GIs in RTAs/Bilaterals Involving the EU

GI protection has a long tradition in continental Europe, and most GIs worldwide are European. The EU has legislated extensively on GIs at the domestic level, e.g. **Council Regulation (EEC) No. 2081/92** of 14 July 1992 on the protection of 'geographical indications of origin' for agricultural products and foodstuffs; **Council Regulation (EC) No. 1493/1999** of 17 May 1999 on the common organisation of the market in wine; and **Council Regulation (EEC) No 1576/89**, of 12 June 1989, laying down general rules on the definition, description and presentation of spirit drinks. These legislations go beyond the TRIPS minimum standards of protection in several respects. In particular, GI protection provided by the EU for agricultural products is stronger

than the protection provided by Article 22 of the TRIPS. Box 5 mentions certain key features of the EU domestic system for the protection of GIs.

A close look at the GI-related provisions in the RTAs/bilaterals involving the EU clearly reveals that in its relations with third countries, the EU is seeking to come to a level of protection comparable to its domestic system. It is often argued that in the context of WTO commitments to reduce export subsidies for EU farmers, advanced protection of European GIs represents an alternative strategy for maintaining European market shares throughout the world.

The EU has three major negotiating objectives pertaining to GIs:

- The establishment of a multilateral register for GIs;
- The 'extension' of Article 23 (of TRIPS) protection to all categories of goods; and
- Multilateral acceptance and enforcement of a list of selected European GIs.

While the first two objectives are pursued at the multilateral level, the recognition of selected European GIs has been a major focus of a number of bilateral agreements between the EU and third countries, such as Australia, Chile, Mexico, and South Africa. All of these agreements concern GIs for wines and/or spirits, in particular. The provisions included in these agreements imply a state's obligation to remove prior conflicting trade marks and to grant protection to European GIs that have become 'generic'. Notably, such obligations would effectively erase the exceptions available under Article 24 TRIPS (paragraphs 4, 5, and 6). It is obvious that since the EU has thus far not been able to make such obligations acceptable at the multilateral level, the Article 24 exceptions have increasingly become the target of its regional and bilateral agreements.

For instance, the bilateral agreements involving the EU, in general, subject the use of protected GIs to the conditions laid down in the laws and

regulations of the Party in which the respective GIs originate. This requirement goes beyond the general obligation under TRIPS to provide for the legal means to protect against certain uses of GIs, because it obligates each Party to follow the domestic system for GI protection as existing in the other Party. For instance, EU domestic legislation provides that trade marks identical with wine GIs may not be used in general, or may only be used until 31 December 2002.¹⁸⁰ Through the above provision in the bilateral agreements, this requirement for the use of GIs has been imported into the obligations for the EU's partners in the bilateral concerned. For the partner country, however, this could lead to conflicts with domestic or third country trade marks incorporating the protected European GIs. The US, for instance, in its bilateral FTAs has recently promoted the protection of GIs under trade mark law, giving trade marks priority over GIs in case of pre-existence of the trade marks concerned. A country party to bilateral agreements with both the US and the EU might find itself caught between opposing obligations in the case of a conflicting European GI and a US trade mark that is similar to or incorporates the particular European GI, in question. This kind of situation is becoming more common as the number of bilateral agreements with IP provisions is increasing, while a multilateral solution is still frozen in the TRIPS Council of the WTO.

As mentioned earlier, the TRIPS Agreement, through Articles 22.3 and 23.2 on the one hand, and the Article 24.5 exception on the other hand, seeks to balance competing GIs and trade marks. In its bilateral FTAs, the EU has shifted this balance in favour of GIs, in line with its domestic legal tradition. Not all of the agreements do it in the same way, though. The most straightforward approach is adopted in the EU – Mexico Agreement on spirit drinks. Article 4.4 of this Agreement expressly excludes the applicability of TRIPS Article 24.5 provision in the bilateral context. On the other hand, the EU Agreements with Chile on trade in

wine and in spirits, without referring to Article 24.5 of TRIPS, flatly state that registration of a trade mark that is identical with or similar to a protected GI “shall” be refused. Existing Chilean trade marks that are listed in appendixes to the respective agreements are required to be cancelled within a specified time period.

In a similar vein, the bilateral agreements involving the EU also eliminate the exceptions with respect to continued and similar use in good faith of a GI and use of designations that have become ‘generic’. Again, this is not done in a uniform manner. While the EU–Mexico Agreement on spirit drinks expressly refers to the TRIPS Agreement exceptions, certain other agreements obligate the Parties to accord exclusive protection to a list of designations annexed to the respective agreements, without direct reference to any TRIPS exceptions. This means that a given designation may only be used by producers located in the respective Party for which it has been listed. For instance, the EU–South Africa Agreement on trade in wine in its Annex II contains a list of wine names, among which there is reference to ‘Porto/Port(2)/Oporto/Portwein/Portvin/Portwijn’. Even though this designation has been used in a ‘generic’ manner for a long time in South Africa, the country is obligated to phase out its use within a specified time period.

Another key feature of the bilaterals involving the EU is that they obligate the Parties to ensure “reciprocal” or “mutual” protection of particular GIs that are enumerated in the ‘lists’ attached to the agreements. This approach goes beyond the TRIPS minimum standard of providing “legal means” for the protection of GIs. Under TRIPS, a country is not obligated to accord automatic protection to a foreign GI. Rather, its authorities maintain the discretion to examine whether the GI, in question, actually meets the basic eligibility requirements under Article 22.1. The requirement of granting automatic protection in the EU-bilaterals takes

¹⁸⁰ See Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market for wine, OJ L 179/1, Annex VII, lit. F, Paragraphs 1 and 2.

away such discretion. The list covering names for Community wines in the EU-Chile Agreement on trade in wines comprises 78 pages, covering hundreds of protected European designations as compared to only two-and-a-half pages of protected wine names from Chile.

8.2 GIs in RTAs/Bilaterals Involving the US

The US has included chapters on IPRs in all of its latest FTAs. Examples include bilaterals with

some Andean countries; Thailand; Sri Lanka; etc. The IPR chapters in the FTAs negotiated so far by the US tend to be very detailed and contain many TRIPS-plus features. In the case of GIs, however, the interests of the US do not necessarily match those in other areas of IPRs. While the US could indeed gain better protection for some of its agricultural and agro-industrial products from 'extension' of Article 23, US negotiators see little or no interest in their own industry as a whole from enhanced protection of GIs whether at the

BOX 5

The EU's Domestic System for the Protection of GIs

In the EU, GIs are protected through three separate regulations:

- Council Regulation (EEC) No. 2081/92, on the protection of 'geographical indications of origin' for agricultural products and foodstuffs (OJ L 208, 24 July 1992, p.1).
- Council Regulation (EC) No. 1493/1999, on the common organisation of the market in wine (OJ L 179, 14 July 1999, p.1).
- Council Regulation (EEC) No. 1576/89, laying down general rules on the definition, description and presentation of spirit drinks (OJ L 160, 12 June 1989, p.1).

Regulation 2081/92 comprises two categories of registered denominations:

- 'protected designations of origin' (PDO)
- 'protected geographical indications' (PGI).

The first category (PDO) is narrower than the GI definition under Article 22 of the TRIPS Agreement. It corresponds to the definition of 'appellation of origin' under the Lisbon Agreement. The link between the product and the geographical area has

to be very close: quality or characteristics must be primarily or exclusively due to the geographical area, including natural and human factors. This means that the designated product not only has to be produced in the respective area, but also that the ingredients of the protected product have to originate from that area.ⁱ

The second category (PGI) corresponds to the definition in Article 22.1 of TRIPS. Here the link between the product and the geographical area may be less close than in the case of a PDO, and may simply consist of the reputation of the area for the production of certain foods. The production/manufacture of the product must take place in the designated area, but the ingredients do not necessarily have to originate from that area.ⁱⁱ

Regulation 1493/1999 deals broadly with the wine industry and includes in Chapter II (Description, Designation, Presentation and Protection of Certain Products) rules on the protection of GIs and labelling. The level of protection accorded corresponds to Article 23.1 of the TRIPS Agreement.

Notes:

ⁱ Vital, page 52, refers as an example to the French cheese 'Comté', which is produced exclusively from a particular cow breed, which in turn feeds only on a delimited area in the French Jura mountains. In addition, the specific climate conditions and the particular producers' skills are said to confer on this cheese its unique characteristics among other cheeses.

ⁱⁱ Vital, page 53, refers as an example to the Spanish meat product 'Sobrasada de Mallorca', which is manufactured on the island of Mallorca. However, the pigs used in the production do not necessarily originate in Mallorca.

Source: Vivas-Eugui and Spennemann (2006), Box 1, pp.9-10.

multilateral, regional or bilateral level.¹⁸¹ This is why, during the Uruguay Round (UR), the US was reluctant to create a new intellectual property (IP) category to protect GIs at the multilateral level that could fall outside the trade marks field.

The GI sections of the FTAs subscribed by the US tend to vary in size and content. One can also notice an evolution of the GI chapters over the years, from an independent GI protection system to a convergence toward trade mark protection covering GIs. Earlier, in the case of NAFTA, for instance, most of the rules were very close to the existing TRIPS standards with independent GI and trade marks sections. In the more recent FTAs, GI sections have included a dual system of protection for GIs and trade marks (e.g. the bilaterals with Chile, and Morocco); or a unique protection system based on the incorporation of GIs as a form of trade marks (e.g. the bilateral with Australia).

While it is acceptable for the US that other countries choose a different system to protect GIs (e.g. systems closer to 'appellations of origin' or *sui generis* systems), the US provides protection in a variety of ways including unfair competition law; common law recognition of marks; certification trade marks; collective marks; special regulatory norms regarding advertisements and labelling; etc.

There are various TRIPS-plus standards in the FTAs recently subscribed by the US. Most of the new standards relate to the incorporation of trade marks law principles into the GI sections or incorporation of GIs in the trade marks sections. In the case of the US FTAs, levels of protection for GIs are higher, provided they are protected through trade marks, certification or collective marks. In the case of FTAs where dual protection exists, i.e. coexistence of GIs and trade marks (e.g. the agreements with Chile, and Morocco), some additional protection is provided in relation to procedural, filing, and transparency features.

A close look at the definition (or the lack of it) of GIs and the scope of their protection under some of these bilaterals also reveals a tendency of these agreements to blur the distinction of GI, as a separate category of IPR, from trade mark. Examples include the US–Chile Agreement, the US–Morocco Agreement, or the bilateral between the US and Australia.¹⁸²

One provision that draws attention to two of the bilaterals involving the US (e.g. the US-Chile, and the US-Morocco) is incorporation of a provision with special grounds (e.g. the GI is likely to be confusingly similar to a trade mark) for refusing protection of GIs by favouring pre-existing trade marks. The provision basically transfers the 'first in time, first in right' maxim applicable in most trade mark laws to GI. It provides that the countries party to those bilaterals may not register GIs in the face of prior trade marks. It may be noted here that the principle of 'first in time, first in right' does not mean 'first in time' anywhere. It is subject to the overarching principle of territoriality, typical of industrial property and trade mark law, meaning that 'first in time' has to have happened in the same country where the application for a trade mark is pending or was previously registered. By adopting this provision, GIs are positioned at the same level as any other trade mark for the purposes of asserting rights in an application procedure.

As far as Article 24 (of TRIPS) 'exceptions' are concerned, NAFTA has basically reproduced these 'exceptions', along with many other provisions on GIs as included in TRIPS. The reason why NAFTA reproduces most of the provisions of TRIPS' GI Section is that it was signed only a few months after the final adoption of the Uruguay Round package; hence little experience was gathered by that time regarding the implementation of the TRIPS provisions on GIs. The US–Chile Agreement and the US–Morocco Agreement do not include the Article 24 (of TRIPS) 'exceptions' or new

¹⁸¹ Nevertheless, some of the agricultural producers in the USA have become more active in expressing potential interest in GIs/trademark protection for the local products (e.g. the Napa valley producers are starting to join European and third country producers in pro-GIs lobbying activities).

¹⁸² For further details, see Vivas-Eugui and Spennemann, 2006, p. 21.

exceptions on GIs. In the case of the US-Australia FTA, the trade mark section that also includes GIs, contains a reference to exceptions regarding the rights conferred by a mark including fair use of descriptive terms, provided those exceptions take into account the legitimate interest of the owner of the trade mark of third parties. This exception is normal in trade mark law and applies to marks that also cover descriptive terms of the goods or the services identified by the mark.

In certain RTAs, such as NAFTA, and the US-Chile FTA, one can also find mutual protection clauses for particular geographical names, although these clauses have so far covered only a few geographical names for wines and spirits. The bilateral agreements between the US and Australia; and the US and Morocco, however, do not contain such clauses.

The foregoing discussion clearly reveals that the GI-related provisions in the RTAs/bilaterals signed by the EU, and the US are reflections of their different economic interests in this area. The EU seeks to use GI as a tool to consolidate the reputation and market niche of certain agricultural products and also for maintaining its level of agricultural exports in both quantity and value terms. GI protection tends to be seen as potential political and economic counterweight to the potential threat by subsidy-reduction and increased market access commitments under the Doha Round to its agricultural production. The US's interests, on the other hand, relate to increased market access for agricultural products and GI protection is seen as a potential 'protectionist' barrier to such products.

In general terms, while the US in its regional/bilateral agreements treats GIs as another form of trade

mark, thus emphasising the exceptions clause under Article 24.5 of TRIPS, the EU, in contrast, seeks to establish, through its regional/bilateral agreements, a *sui generis* form of GI protection that clearly prevails over conflicting trade marks. Thus, the EU seeks to eliminate the exceptions available under Article 24.5 of TRIPS. This difference in approach may be equally observed with respect to the other 'exceptions' under Article 24 of TRIPS. In the case of the RTAs/bilaterals involving the US, the situation is found to vary: either TRIPS 'exceptions' are explicitly included; or they are covered by the non-derogation clause; while in one case the trade mark exceptions are also applied. The EU agreements, on the other hand, explicitly or implicitly eliminate TRIPS exceptions, such as the one referring to continued and similar prior or good faith use of GIs, or to the free use of 'generic' terms.

The EU thus follows a 'TRIPS-plus' agenda on GI, whereas the US seeks to introduce 'TRIPS-minus' provisions in this respect, eliminating to the greatest extent possible domestic *sui generis* GI systems of protection and replacing them with regular trade mark systems of protection.

The EU and US RTAs/bilaterals are testimony to the recent shift in international IP policy-making away from the multilateral forum to the regional and bilateral levels. It is evident that the GI-related provisions enshrined in these regional/bilateral agreements considerably alter existing TRIPS obligations and flexibilities. There are reasons to suppose that the proliferation of such bilateral/regional agreements containing GI provisions may accentuate the perceived lack of urgency on the part of many WTO Members to resolve the ongoing debates around GI protection at the multilateral arena.

9. The Status of GI Registration in India

As far as domestic protection of Indian GIs is concerned, the establishment of a national system of registration under the purview of the GI Act is a significant step forward in the right direction on part of India. Till 15 May 2007, the GI Registry in Chennai had received 94 applications, all from India (See Table 1 for

further details of these applications). Of these, 30 GIs have already been registered. These include GIs like Darjeeling (tea), 'Pochampalli' Ikat (textiles), 'Chanderi' (saree), 'Kancheepuram silk' (textiles), 'Kashmir Pashmina' (shawls), 'Kondapalli' (toy), Mysore (agarbathi), etc. (See Table 2 for further details).

TABLE 1

Applications Received by the GI Registry of India till 15 May 2007

Applica-tion No.	Date of Filing	Geographical Indications Applied for
1	27.10.2003	Darjeeling Tea (word)
2	27.10.2003	Darjeeling Tea (logo)
3	08.12.2003	Aranmula Kannadi
4	11.02.2004	Pochampalli Ikat
5	12.02.2004	Salem Fabric
6	23.02.2004	Payyannur Pavithra Ring
7	02.04.2004	Chanderi Saree
8	05.04.2004	Solapur Chaddar
9	20.05.2004	Solapur Terry Towel
10	10.06.2004	Kotpad Handloom fabric
11	22.07.2004	Mysore Silk
12	22.07.2004	Kota Doria
13	11.08.2004	Mysore Agarbathi
14	19.08.2004	Basmati Rice
15	07.10.2004	Kancheepuram Silk
16	25.10.2004	Bhavani Jamakkalam
17	25.11.2004	Navara Rice
18	25.11.2004	Mysore Agarbathi (Logo)
19	10.12.2004	Kullu Shawl
20	24.01.2005	Bidar
21	24.01.2005	Madurai Sungudi
22	01.02.2005	Orissa Ikat
23	07.02.2005	Channapatna Toys & Dolls
24	07.02.2005	Mysore Rosewood Inlay
25	11.02.2005	Kangra Tea
26	14.03.2005	Coimbatore Wet Grinder
27	14.03.2005	Phulkari
28	16.03.2005	Srikalahasthi Kalamkari
29	18.03.2005	Mysore Sandalwood Oil
30	18.03.2005	Mysore Sandal soap
31	31.03.2005	Kasuti Embroidery
32	31.03.2005	Mysore Traditional Paintings

Applica-tion No.	Date of Filing	Geographical Indications Applied for
33	31.03.2005	Kodagina Kittale (Coorg Orange)
34	31.03.2005	Mysore Betel vine
35	31.03.2005	Nanjanagud Banana
36	18.04.2005	Palakkadan Matta Rice
37	22.08.2005	Madhubani Paintings
38	15.09.2005	Jamnagar Petrol
39	15.09.2005	Jamnagar Fuel
40	15.09.2005	Krishna Godavari Gas
41	15.09.2005	Jamnagar LPG
42	15.09.2005	Jamnagar Diesel
43	29.09.2005	Pisco (Convention Application)
44	10.11.2005	Kondapalli Bommallu
45	28.11.2005	Poddar Diamond
46	09.12.2005	Kashmir Pashmina`
47	04.01.2006	Thanjavur Paintings
48	19.01.2006	Kashmir Sozani Craft
49	13.02.2006	Malabar pepper
50	13.02.2006	Allahabad Surkha
51	13.02.2006	Kani Shawl
52	07.04.2006	Nakshi Kantha
53	28.04.2006	Silver Filigree
54	03.07.2006	Alleppey Coir
55	20.07.2006	Muga Silk
56	20.07.2006	Tellechery Pepper
57	26.07.2006	Coconut shell crafts of Kerala
58	26.07.2006	Screw pine crafts of Kerala
59	26.07.2006	Maddalam of Palakkad (Kerala)
60	26.07.2006	Ganjifa cards of Mysore (Karnataka)

(Table 1 Contd.)

Applica- tion No.	Date of Filing	Geographical Indications Applied for
61	26.07.2006	Navalgund durries
62	26.07.2006	Karnataka bronze ware
63	26.07.2006	Thanjavur Art Plate
64	26.07.2006	Swamimalai Bronze icons
65	26.07.2006	Temple jewellery of Nagercoil
66	14.08.2006	Blue Pottery of Jaipur
67	31.08.06	Molela Clay Idols
68	31.08.06	Kathputlis of Rajasthan
69	24.07.06	Mysore Jasmine
70	24.07.06	Udupi Jasmine
71	24.07.06	Hadagali Jasmine
72	14.09.06	Spices–Alleppey Green Cardamom
73	21.09.06	Applique–Khatwa Patch Work of Bihar
74	21.09.06	Sujini Embroidery Work of Bihar
75	21.09.06	Sikki Grass Work of Bihar
76	16.10.06	Ilkal Sarees

Source: GI Registry of India, Chennai.

As of 15 May 2007, another seven GIs were on the verge of completing the registration process, as per information available from the GI Registry (see Table 3).

However, ‘Basmati’ (rice)—one of the most controversial and crucial GIs—is yet to be registered under the GI Act. A major reason for this delay is the selection of the right varieties. Over the years, scientists have developed several varieties of aromatic rice, naming them ‘Basmati’, although many of these aromatic rice varieties do not contain any parental line of the traditional ‘Basmati’. This has generated enormous confusion regarding the authenticity of different varieties of ‘Basmati’.¹⁸³ The demarcation of the geographical area relevant for this GI is also a debatable issue, not only because it is grown both in India and Pakistan, but also because of the differences of opinion within India over this matter. According

Applica- tion No.	Date of Filing	Geographical Indications Applied for
77	16.10.06	Molakalmuru Sarees
78	27.12.06	Coorg Green Cardamom
79	22.01.07	Chamba Rumal
80	24.01.07	Dharwad Pedha
81	29.01.07	Pokkali Rice
82	12.03.07	Bastar Iron Craft
83	12.03.07	Bastar Dhokra
84	12.03.07	Bastar Wooden Craft
85	05.04.07	Monsooned Malabar Logo
86	09.04.07	Pipli Applique Work
87	09.04.07	Konark Stone Carving
88	09.04.07	Puri Pattachitra
89	16.04.07	Budhiti bell & brass craft
90	16.04.07	Machilipatnam Kalamkari
91	16.04.07	Nirmal Toys and Crafts
92	25.04.07	Arni Silk
93	25.04.07	Covai Cora Cotton
94	15.05.07	Salem Silk

to official sources of the Ministry of Commerce and Industry (MoCI), Government of India (GoI), Commerce and Industry Minister Kamal Nath has urged his Pakistani counterpart to help in expediting the process of filing joint applications for the registration of ‘Basmati’ as a GI. India has already chosen the members of the joint taskforce, while Pakistan has not been forthcoming, as per the MoCI sources. Pakistan is believed to be dragging its feet since the country has lost to India in the ‘Basmati’ segment in the European market. Notably, India’s ‘Basmati’ exports to Europe rose to 2.2 lakh tonnes during the period September 2005–August 2006 from 1.82 lakh tonnes in the period September 2002–August 2003. Pakistan’s exports, however, plummeted to just 53,000 tonnes from 95,000 tonnes during the same period. According to MoCI officials, one reason underlying India’s better performance is that, unlike Pakistan, India’s exports are free from aflatoxin problems.¹⁸⁴

¹⁸³ Sharma (2005).

TABLE 2

GIs Registered in India till March 2007

Sl.No	Application No.	Class	Date of Filing	Geographical Indications	Date of Registration
1	1 & 2	30	27.10.2003	Darjeeling Tea (word & Logo)	29.10.2004
2	4	24, 25 & 27	11.02.2004	Pochampalli Ikat	31.12.2004
3	7	24	02.04.2004	Chanderi Fabric	28.01.2005
4	10	24	10.06.2004	Kotpad Handloom fabric	02.06.2005
5	13 & 18	3	11.08.2004/25.11.2004	Mysore Agarbathi	02.06.2005
6	15	24 & 25	07.10.2004	Kancheepuram Silk	02.06.2005
7	16	24	25.10.2004	Bhavani Jamakkalam	05.07.2005
8	12	24 & 25	22.07.2004	Kota Doria	05.07.2005
9	3	20	08.12.2003	Aranmula Kannadi	19.09.2005
10	5	24	12.02.2004	Salem Fabric	19.09.2005
11	8	24	05.04.2004	Solapur Chaddar	19.09.2005
12	9	24	20.05.2004	Solapur Terry Towel	19.09.2005
13	11	24, 25 & 26	22.07.2004	Mysore Silk	28.11.2005
14	19	24	10.12.2004	Kullu Shawl	12.12.2005
15	21	24 & 25	24.01.2005	Madurai Sungudi	12.12.2005
16	25	30	11.02.2005	Kangra Tea	12.12.2005
17	20	6	24.01.2005	Bidar	30.01.2006
18	23	28	07.02.2005	Channapatna Toys & Dolls	30.01.2006
19	24	19, 20, 27 & 28	07.02.2005	Mysore Rosewood Inlay	30.01.2006
20	26	7	14.03.2005	Coimbatore Wet Grinder	30.01.2006
21	29	3	18.03.2005	Mysore Sandalwood Oil	30.01.2006
22	30	3	18.03.2005	Mysore Sandal soap	30.01.2006
23	31	26	31.03.2005	Kasuti Embroidery	30.01.2006
24	32	16	31.03.2005	Mysore Traditional Paintings	30.01.2006
25	33	31	31.03.2005	Kodagina Kittale (Coorg Orange)	30.01.2006
26	34	31	31.03.2005	Mysore Betel vine	30.01.2006
27	35	31	31.03.2005	Nanjanagud Banana	30.01.2006
28	22	23, 24 & 25	01.02.2005	Orissa Ikat	07.06.2006
29	28	24, 25 & 27	16.03.2005	Srikalahasthi Kalamkari	05.02.2007
30	44	16 & 20	10.11.2005	Kondapalli Bommallu	05.02.2007

Source: GI Registry of India, Chennai.

TABLE 3

GIs on the Verge of Registration in India

S.No	Application No.	Class	Date of Filing	Geographical Indications
1	37	16	22.08.2005	Madhubani Paintings
2	47	16	04.01.2006	Thanjavur Paintings
3	53	6, 8, 14, 18, 20, 26 & 28	28.04.2006	Silver Filigree of Karimnagar
4	54	27	03.07.2006	Alleppey Coir
5	69	31	24.07.2006	Mysore Jasmine
6	70	31	24.07.2006	Udupi Jasmine
7	71	31	24.07.2006	Hadagali Jasmine

Note: As per the information received from the GI Registry till 15 May 2007, the GIs included in this table were already matured for issuance of certificate and the activity of Hindi translation was in progress.

Source: GI Registry of India, Chennai.

There are many more Indian GIs in the pipeline for registration under the GI Act. The GoI is reportedly planning to ensure GI status for a number of agro and textile products shortly. The products, which

are already lined up for GI protection, include (Goan spirit) 'Fenni', 'Bikaner' (bhujia), several varieties of mangoes, Ooty's eucalyptus, Kerala's poovan banana, etc.¹⁸⁵

10. Concluding Observations

As enumerated above, a number of GIs of Indian origin has either already been registered in India under the GI Registry or are in the pipeline for registration. This is a positive step by the right holders of potential GIs of the country towards ensuring an appropriate protective cover for their respective indications. However, there is a number of issues and concerns in the context of harnessing the potential benefits of GI registration in India.

First of all, it needs to be underscored that the identification of the products eligible for protection as GIs is in itself a crucial task that requires the expertise of specialists, because the products to be protected are not necessarily those that flatter the national pride and which have always, been known by the population.¹⁸⁶ Although from a legal angle, the 'reputation' of a product (linked to its geographical origin) would in itself suffice for it to get protected as a GI as per the TRIPS definition, from a practical point of view it is important to assess the commercial status/prospect of a GI product in the domestic and export markets; the potential of its GI status in contributing to its future growth; and the socio-economic implications of its GI-protection for the communities involved in its supply chain. The existing literature, however, does not throw adequate light on these issues from an Indian perspective. Nor is it clearly known whether any such systematic assessment is undertaken by the relevant agencies in India while identifying the products to be accorded GI status.

While domestic registration of a GI is a relatively easy task, registration and enforcement in other countries is a much more complicated venture. Constraints encountered in the process may include:

- Technicalities involved in the registration process in various foreign countries;
- Exorbitant expenses involved in appointing a watch-dog agency to get information on misappropriation;
- Huge financial resources needed for fighting legal battles in foreign countries.

As for the commercial implications of GI protection, the willingness of at least a niche segment of the consumers to pay a premium for GI-products has been revealed in quite a few empirical studies, although mostly in the developed countries. While such anecdotal evidences bear testimony to the potential economic value of these distinctive indications, the actual realisation of these potential benefits is contingent upon a range of other factors. In other words, there may exist a number of hurdles in actualising the economic potential underlying a protected GI.

Apart from effective enforcement of GIs in the relevant markets (domestic and export), much depends on the strategies adopted for marketing and distribution of the product, and its branding and promotion — tasks that are neither costless nor easy to perform, especially for the stakeholders from a resource poor — country like India.

Since, the market potential for this 'niche' is contingent on the consumer's recognising and

¹⁸⁴ Arun (2007).

¹⁸⁵ *The Economic Times* (2007).

¹⁸⁶ Croze (2006), p.6.

valuing the product-place link, hence, success in exploiting the economic potential of a GI is, to a great extent, dependent on effective marketing and promotional efforts to develop consumer perceptions about the product and its quality. Building up reputation about a GI-product is not an easy task, however. It takes a lot of time, patience, money, quality control and a well-crafted marketing strategy to create a valuable GI. Champagne, for instance, took as long as 150 years to build up reputation and goodwill.

While the domestic market might be a relatively easier proposition to handle, marketing and promotion of GI-products in various export destinations is a much more challenging and tricky task. GI producers may have to adopt different distribution channels in different countries for selling the same product. For instance, in the case of agro-food products, selling through retailers and supermarkets may be the best option in countries with highly concentrated supply chains (e.g. the UK); whereas, using local markets, direct selling and specialised outlets may turn out to be a better option in countries that are dominated by such marketing avenues (e.g. Italy, parts of France).¹⁸⁷ Furthermore, producers of GI-products may have to contend with the economic power of various intermediaries to reach the market. Processors, for instance, are increasingly penetrating supply chains of agro-food products to substantially control most aspects of the production process, often making the primary producer significantly dependent on them. In the case of coffee and tea, where India has quite a few GIs, a handful of processing companies controls a very large share of the global trade. Equally problematic is the position occupied by a handful of retail companies, on account of their growth and concomitant economies of scale and scope.¹⁸⁸ Given such complexities, an appropriate marketing and distribution strategy is an essential prerequisite for a GI to act as an effective economic tool. Not much is known about India's preparedness in these

spheres. However, without well-crafted policies and strategies on marketing and promotion of Indian GIs, their underlying commercial potential might remain unrealised.

As far as the implications of GIs in the context of rural development in India is concerned, this is an area worth exploring further, given that most Indian GIs are linked to products related to agriculture, fisheries, crafts and artisanal works and that these are some of the sectors that provide livelihood for a large section of the poor in India.

In order to examine such socio-economic implications of a GI, the entire supply chain of the product concerned needs to be examined. However, it is important to underscore here that the process of GI registration may itself raise substantive issues concerning reorganisation and governance of the supply chain of the product. In seeking protection, the relevant interested parties must specify, among other factors, the distinguishing characteristics of the product; its production process; and details concerning its link to its area of geographical origin. This process may entail some reorganisation of the product's existing supply chain, thus generating new economic opportunities for some while creating problems for others. There may be a number of specific tasks to be completed while reorganising the supply chain. These include, among others, agreeing to codes of practice and defining the GI-product; developing certification schemes and methods of governance; formulating written and/or unwritten contracts to mediate the transfer of intermediate goods within the supply chain; managing production at various stages of the supply chain; promoting and protecting the product; etc.¹⁸⁹

Thus, while GI protection may indeed strengthen the sector concerned by yielding financial benefits, these benefits may not be shared equitably among various stakeholders along the supply chain of

¹⁸⁷ Rangnekar (2004a), p.33.

¹⁸⁸ Rangnekar (2004a), pp.27-29.

¹⁸⁹ Rangnekar (2004a), pp. 19-23.

the product. It may safely be assumed that firms within a supply chain would be differentially endowed in terms of economic power, either on account of their particular location on the supply chain or for simple economic reasons like size, liquidity, etc. Consequently, firms with superior bargaining positions may end up appropriating a disproportionate share of the economic value generated from securing protection.¹⁹⁰ Hence, higher price received by a product on account of GI protection may be confined to the more powerful actors on the upper stream of the supply chain and may not get percolated to the weaker sections of the chain downstream, thereby nullifying to a large extent, the development implications of GI protection. Given such possibilities, the ground realities of the impact of GI protection on rural development in India is worth investigating.

At the multilateral level, considering the long-drawn deadlock over the issue of 'extension', it seems highly unlikely that the debate will actually be resolved some time in the near future. However, it needs to be underscored here that given the interlinked nature of multilateral trade negotiations, even if an agreement is ultimately reached in favour of the 'extension', it is most likely to be a *quid-pro-quo* for concessions to be granted elsewhere. Hence, it is extremely important for India to weigh the costs and benefits of GI protection in general and the 'extension' of Article 23, in particular. While the 'extension' is expected to benefit at least some of the Indian GIs, if not all, it should also be noted here that a higher level of protection, if applied internationally, may adversely affect certain local enterprises, which currently exploit GIs that may become protected under the 'extended' Article 23 by another country. Thus there may be losses to a section of the Indian producers. Just like any other socio-economic impacts of GI protection, the magnitude of such potential losses to India from the proposed the 'extension' is yet to be estimated. Given such scarcity of research-based inputs in the area of GI, the magnitude or extent

of benefits from the 'extension' for India is yet to be ascertained. Hence, rather than pushing too hard for the 'extension' at the WTO, a more prudent approach on the part of India would be to 'go slow'. Meanwhile, the country should explore further the economic and socio-economic benefits and costs of GI protection on the basis of rigorous empirical research. This would enable India to adopt a more informed negotiating stance on the issue of 'extension' at the WTO.

Further research on the ground realities of GI becomes all the more important when judged in the light of the fact that India is already contemplating an FTA with the EU, which is supposed to include provisions on GIs. Given that both India and the EU belong to the list of demandeurs of the 'extension' at the WTO, the India-EU FTA would, in all likelihood, ensure an Article 23-type protection for all categories of GIs. While such a provision, if indeed included, might help Indian GIs in securing better protection in the EU markets, the benefits of such stringent protection are likely to be tilted heavily in favour of the EU. This is not only due to the fact that the number of European GIs is significantly higher compared to that of India, but also because many of the European GIs already have an established reputation in the international markets, including India, unlike many of the Indian GIs that are likely to get protected. Moreover, given the TRIPS-plus nature of GI provisions in the bilaterals involving the EU, India may also be urged to give more than what it seeks to achieve in the multilateral forum. This is a cause for concern, especially because, while the EU's stakes in GI protection is a well-established fact, very little is known about India's stakes from a stringent system of GI protection in line with the domestic system of the EU. Without adequate research-based inputs on these aspects, the country may end up having a bad deal on GIs. Therefore, the urgent need for rigorous empirical research on economics and socio-economics of GIs in India cannot be overemphasised.

¹⁹⁰ Rangnekar (2004a), p. 22.

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