A Multilateral Register of Geographical Indications for Wines and Spirits: A Summary and Assessment of the Competing Proposals

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Abstract: The international stalemate between the U.S. and EC over the form of a multilateral system of notification and registration of geographical indications for wines and spirits, based on their competing proposals reflecting two extreme ends of the spectrum, is a disservice to the global wine industry which, on the whole, would be better served by the adoption of a balanced, middle ground proposal.

Presentation: The WTO Trade-related Aspects of Intellectual Property Rights provision ("TRIPS") of the General Agreement on Tariffs and Trade ("GATT") established an international standard for protection of geographical indications ("GIs") and provided exceptional "absolute" protection for GIs for wines and spirits. An essential provision of the protection of wine and spirit GIs is a requirement that WTO members negotiate the establishment of a multilateral system of notification and registration of GIs for wines and spirits ("Multilateral Register"). In 2001 during the Doha Round of TRIPS negotiations, the WTO Member States committed to reach an agreement on the creation of the Multilateral Register by the 5th Ministerial Conference to take place in Cancun in September of 2003.

The WTO meeting in Cancun came and went without any agreement on a Multilateral Register. Since Doha, there has been absolute gridlock on this issue, largely the result of the vastly divergent positions taken by the EC and U.S. This paper provides summaries of the different proposals for a Multilateral Register put forth by the EC, U.S., Hong Kong and the International Trademark Association ("INTA"). We analyze these different proposals with an eye towards benefits to the wine industry and the chance of practical acceptance by WTO members. Our conclusion is that neither the EC nor the U.S. proposal will be accepted. Rather, a middle ground system such as that proposed by Hong Kong or INTA presents the most realistic chance for the majority of the wine industry to obtain protection for its GIs at the international level.

EC Proposal

Pursuant to the EC proposal, each WTO Member elects whether or not to participate in the Multilateral Register system by notifying GIs for registration on the Multilateral Register. Members choosing not to identify GIs for registration will be deemed to be "non-participating Members." An international administering body at the WTO level would be responsible for the notification and registration of GIs.

A Member may register a GI on the multilateral register as long as the proposed GI meets the definition of a GI specified in Article 22.1 of TRIPS and is protected in its home territory and in use there.

Upon receipt, the notification shall be circulated to all Members and published on the internet. Within 18 months from the date of circulation, any Member may lodge a reservation with the administering body to the effect that it considers the notified GI not to be eligible for protection in its territory. Such reservation must be based upon one of the following prohibitions: (1) the notified GI does not meet the definition of a GI specified in TRIPS Article 22.1; (2) the notified GI is actually misleading in some manner as to source of the goods; or (3) the notified GI is considered a generic term for a type of wine, spirit or grape variety in the Member's territory. A reservation may not be based on prior trademark rights in a Member's territory. However, a trademark owner may invoke a right to continue use in co-existence with a GI under relevant domestic law. The Members involved in a reservation against a notified GI shall attempt to negotiate a resolution before the expiry of the 18-month period.

At the expiry of the 18-month period, the GI will be registered on the Multilateral Register. If any reservations have been lodged in respect of a GI, the registration will be accompanied by an annotation referring to the reservations by the particular Members.

If a participating Member has not lodged a reservation in respect of a notified GI, the Member shall provide the legal means for interested parties to use the registration of the GI as a rebut table presumption of the eligibility for protection of that GI in the territory. Furthermore, upon registration, neither participating nor non-participating Members shall refuse protection of the GI on any of the grounds that could have justified a reservation.

Analysis of the EC Proposal

The principal advantage of the EC proposal is that it provides the opportunity for full protection of designated wine GIs across all WTO Member states. The system also would enable regional wine producers to enforce more easily their GIs in WTO Member states via registration and presumption of rights. Parties misusing a GI in a Member state would bear the burden of proof and be forced to incur the litigation costs associated with carrying such burden.

While clearly advantageous to GIs, the EC proposal is disadvantageous to trademark owners and users of generic terms. Despite providing a clear structure for the protection of GIs, the system provides no structure for the protection of trademarks which might conflict with notified GIs and exempts prior trademark rights as a basis for reservation by a Member. The proposal allows for actions by trademark holders under domestic law pursuant to Article 24.4 and 24.5, but this only would allow trademark owners to continue using their marks in the face of conflicting GIs. It would not allow a trademark owner to prevent registration of a GI based on priority of right and confusing similarity.

The EC proposal prejudices a trademark owner by preventing it from stopping the registration of a junior, confusingly similar GI. However, a trademark owner is perhaps prejudiced to an even greater extent by the fact that to continue use and registration in a jurisdiction where it has superior rights, the trademark owner must bring an action in that jurisdiction to overcome the presumption that attaches to the GI upon its registration.

For instance, the Spanish winery Miguel Torres, owner of the trademark TORRES in many jurisdictions throughout the world, could be forced to prove its right to continue use and registration of the mark in those jurisdictions if the Portuguese GI Torres Vedas were registered in Member states under the EC proposal.

The EC system also prejudices the users of GIs that have become generic in certain territories. While the reservation system allows Members to submit reservations based on generic use within the territory, the interests of Members and private parties using a generic term in the Member state are not always coterminous. For instance, a GI may be used generically in a non-wine producing country by foreign producers that export wine to that country. Even though the GI may be clearly generic in such country, the foreign producer would need that country to file a reservation on its behalf to prevent the GI from becoming presumptively valid there. The incentive for the Member to expend financial resources to protect a foreign producer's right to continue use of a generic term in that country is small. Thus, the EC proposal clearly lacks protection for private parties using generic GIs.

Whether or not one views these shortcomings of the EC system as problematic, the real problem is that the U.S., Australia, Canada and other new world countries view these shortcomings as fatal to the EC proposal. These WTO Members have announced that they will not accept the EC proposal.

U.S. Proposal

Under the proposal submitted by the U.S., Australia and other New World jurisdictions, participation in the Multilateral Register would be strictly voluntary. To participate, Members would simply notify the WTO Secretariat of such intention.

To register a GI, a participating member would submit a notification to the WTO Secretariat indicating the GI, a description of the region that the GI identifies, and whether the GI refers to a wine or spirit. The WTO then would enter the GI on a "Database of GI for Wines and Spirits."

In terms of the legal effect of the registration, each participating Member would "commit to ensure" that its legal procedures include the provision to consult the Database when making decisions regarding registration and protection of trademarks and GIs for wines and spirits in accordance with its domestic law. Non-participating Members would be encouraged, but not obliged, to make similar consultations of the Database. Any Member could terminate, at any time, its participation in the Multilateral Register and, once that

termination has occurred, all GIs previously notified by that Member will be removed from the Database.

Analysis of the U.S. Proposal

The U.S. proposal provides few, if any, legal rights for GI holders. If Members decide to participate in the system, they would be legally bound to consult the database, but the consultation itself has no binding effect. This system deprives GIs of any effective protection.

Even if the legal systems within a member state were to require consultation of the database, the GI would not be accorded any presumption of right by virtue of its inclusion on the database. The weight accorded GI registration likely would be determined by the particular fact finder without the necessity of any legal guidance from higher authorities.

Because the U.S. proposal does not provide for a mechanism to filter out names that should not be protected, it risks creating more confusion than clarity. It is impossible under this approach to ensure that terms that do not meet the provisions of Article 22.1, or that fall under one of the exceptions set forth in Article 24, are denied eligibility. The impact of registration for legitimate GIs is further minimized by this shortcoming.

Hong Kong Proposal

The Hong Kong proposal attempts to span the divide between the EC and U.S. proposals. Like the EC proposal, registration creates a rebuttable presumption of right, but, like the U.S. proposal, participation is voluntary.

Under the Hong Kong proposal, an international administering body is responsible for notification and registration of GIs. Members wishing to participate in the system may notify the administering body of any domestic GIs for wines and spirits. The administering body would undertake only formality examinations; the examination process would not involve substantive examination. A GI will be registered if a Member includes in its notification one of the following statements: (1) that the notifying GI conforms with the definition in Article 22.1 of the TRIPS Agreement, is protected by law and has not fallen into disuse in the Member's territory; *or* (2) that the relevant domestic legislation or judicial decisions protects the GI in the territory of the Member.

In a participating Member state, registration of a GI could be admitted before a legal tribunal as *prima facie* evidence to prove ownership of the GI, that the indication meets the TRIPS Article 22.1 definition of a GI, and that the GI is protected in the country of origin. The issues would be deemed to have been proved unless evidence to the contrary were produced by the other party to the proceeding.

In terms of conflicts between GIs and trademarks or generic uses of GIs, the Hong Kong proposal provides that registration may be refused protection by the courts of a Member state on any grounds permitted under Articles 22-24 of TRIPS. Thus, while there is no

established procedure for challenging a GI registration at the international level, this provision allows a challenge at the Member level and the right of a Member to refuse protection on such basis.

Analysis of Hong Kong Proposal

From the perspective of GI protection, the Hong Kong proposal has the benefit of creating a presumptive right, but because the proposed system is voluntary and not binding on non-participating members, the multilateral significance of the system is questionable.

The Hong Kong proposal provides trademark owners and entities asserting that a GI is generic with an opportunity to challenge the GI registration in the legal tribunals of a particular Member state pursuant to the grounds set forth in TRIPS Articles 22-24. While Articles 22-24 were arguably intended for means of implementation of TRIPS and not for domestic application, the use in this context pursuant to an agreed-upon Multilateral Register would provide interested parties with a means to prevent GI registration territorially. Thus, in this regard, it balances the interests of GIs, trademarks and generic uses.

As mentioned in our analysis of the EC proposal, Article 24 establishes exceptions to GI rights and arguably provides for co-existence between GIs and trademarks. However, the language of the Hong Kong proposal seems to indicate that prior use of a trademark and other provisions covered under Article 24, as well as provisions of Articles 22 and 23, would serve as a basis to deny the effect of registration at the Member state level. Thus, the actual meaning of this provision of the Hong Kong proposal would need to be determined to accurately assess the potential effectiveness of the proposal.

INTA Proposal

INTA contends that the protection of GIs through a Multilateral Register should be based on the experience gained under other multilateral instruments for protection of intellectual property, in particular the Madrid System and the Patent Co-operation Treaty.

The INTA proposal provides for an international registration processed by an international organization based on an initial national application or registration. Participation by WTO Members would be mandatory. Member states would have the opportunity to examine applications for GI registration pursuant to national laws for GI eligibility under TRIPS, including consideration of prior trademark rights, genericness and concepts of fair use. Member states also would have the opportunity to allow third parties to challenge the GI registration before administrative tribunals or national courts. Upon the completion of the review process at the Member level, the GI would be accorded presumptive rights under the registration in the particular jurisdiction.

Analysis of INTA Proposal

The INTA proposal provides the opportunity for substantive examination of the GI registration, but on a case-by-case basis in each Member state. It provides for mandatory Member participation and a presumptive right based on registration, and it balances these by providing mechanisms to protect prior trademark rights or generic uses territorially.

While the INTA proposal may be controversial to the extent that it allows for recognition of priority of right in a GI or a conflicting trademark, as well as non-infringing fair use, the concepts of priority and fair use were both recognized by the WTO in relation to trademarks and geographical indications in the WTO decision related to the EC system for registration of GIs for foodstuffs.

Summary

GIs and trademarks are both essential intellectual properties for the global wine industry. While their relative importance may vary from market to market, the importance of one cannot be said to trump the other. When there are conflicts between the two, such conflicts must be resolved pursuant to the rule of law considering accepted legal principles such as priority of right, fair use and good faith. The applicability of these principles varies case to case and therefore should be given consideration territorially as facts vary from jurisdiction to jurisdiction.

While the recognition of GIs may involve issues of trademark infringement, generic uses and competing GIs, the overwhelming majority of wine GIs will not be subject to such disputes. As it stands currently, the U.S. and the EC are preventing the creation of a Multilateral Register based upon their philosophical differences related to trademarks and GIs – the U.S. favoring a system that benefits trademark owners and the EC favoring a system that benefits GIs. As long as this stalemate continues, the majority of the wine industry suffers and is unable to enjoy a cohesive international system to coordinate and streamline GI registration protection.

The interests of the global wine industry will best be served by the adoption of a middle ground position for a Multilateral Register reflecting elements found in those proposed by Hong Kong or INTA. Such a system would need to be mandatory to be effective. By providing mechanisms for territorial examinations and recourse to legal tribunals, interests of the various intellectual properties could be protected while providing enforceable rights for GIs at a centralized, international level.