

Extension of the Additional Geographical Indications for Wines and Spirits to other Products: Developing a SADC Position

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Contents

Abbreviations.....	2
EXECUTIVE SUMMARY.....	3
1. BACKGROUND.....	6
1.1 Introduction.....	6
1.2 The Mandate.....	7
1.3 Link to the Agriculture Negotiations.....	8
2. GEOGRAPHICAL INDICATIONS PROTECTION UNDER THE TRIPS AGREEMENT.....	10
2.1 Indications.....	10
2.2 Territory of a Member, or a region or locality in that territory.....	10
2.3 Quality.....	11
2.4 Reputation.....	11
2.5 Other Characteristic.....	13
2.6 Essentially attributable to its geographical origin.....	13
2.7 Additional Protection.....	14
2.8 Member States' obligation.....	15
2.9 Exceptions.....	17
2.10 Other forms or protection.....	20
2.11 Possible conflict between the various forms of protection.....	27
2.12 Some considerations regarding the various forms of protection.....	29
3. REVIEW OF CURRENT PROPOSALS.....	35
3.1 Arguments in Favour of the Extension of Protection.....	36
3.2 Arguments Against the Extension of Protection.....	39
4. COSTS AND BENEFITS.....	45
4.1 Possible Benefits.....	45
4.2 Possible Costs.....	48
5. RECOMMENDATIONS.....	52
5.1 Address Market Access Concerns.....	53
5.2 Improvements to Existing Rules.....	54
5.3 Get Something else in Return.....	55
5.4 Further Research.....	56
References.....	57

Abbreviations

EC	European Committee
GI	Geographical Indication
GIs	Geographical Indications
IP	Intellectual Property
SADC	Southern African Development Community
SPS	Sanitary and phytosanitary measures
TBT	Technical barriers to trade
TNC	Trade Negotiations Committee
TRIPs	Agreement on Trade-related Aspects of Intellectual Property Rights

EXECUTIVE SUMMARY

Discussion of the extension of additional protection to products other than wines and spirits in the WTO Council for TRIPs was initiated in 1996. It was clear from the beginning that there were some Members who supported the extension of additional protection, while there were others who opposed it. According to paragraphs 12 and 18 of the Doha Ministerial Declaration and the decision of the Trade Negotiation Committee (TNC) of 1 February 2002, the issue of the extension of the protection of geographical indications for wines and spirits to other products was to be addressed in the regular meetings of the Council for TRIPs on a priority basis, leading to a recommendation to the TNC by the end of 2002 for appropriate action. It was not possible at the end of 2002 for the Council for TRIPs to adopt such a recommendation. Views on the issue remain divided with disagreement as to whether or not the language in paragraphs 12 and 18 establishes a mandate for Members to commence negotiations on the issue of the extension of additional protection.

Because of the competitive pressures in the global market-place, it is not surprising that exporters from economies that rely relatively more for their well-being on the export of commodities such as agricultural products and processed foods, are seeking to market their products by making them more identifiable and interesting in international markets, using distinctive, inventive and creative labelling and branding to appeal to consumers. This is supposed to enable stronger marketing of distinctive or traditional regional products, especially agricultural and processed foods, and to preserve a strong and distinctive market presence on the international markets. It is thought that, for example, tea or coffee is more valuable if sold under a distinctive mark than it would be if sold as bulk, and that its value in the eyes of the consumer may be enhanced by the use of descriptive or laudatory terms such as 'from the mountains of.' The envisaged economic benefit of geographical indications is their role as marks of quality.

But concern has been expressed regarding the potential of geographical indications to monopolize the markets for agricultural products and processed foods. Increased protection, particularly applied internationally, may adversely affect local enterprises, which currently exploit geographical indications that may become protected by another party. Thus there may be losses to countries producing substitutes for goods that become protected by geographical indications. Discussion about the extension of additional protection to products other than wines and spirits therefore, involves reconciling a range of interests, including those of the traders and consumers and being able to find the appropriate balance. Progress on this issue will likely depend on the ability of the *demandeurs* to offer offsetting forms of trade compensation to those countries that will be adversely affected by the extension of the additional protection.

The issue of the extension of protection to products other than wines and spirits has also been raised by the European Communities in the context of the negotiations on agriculture. According to the EC, there is an essential link between market access and the issue of food quality and 'food specificity', since the object of opening up markets is to increase gains from trade through product differentiation and enhanced consumer choice.

The arguments advanced both in support and against extension are hardly convincing. Most of the arguments have no grounding in reality, thereby creating the impression that parties on both sides of the debate are driven by considerations other than those they have put forward in support of their positions. Expectations as to benefits for most Members, except for those such as the EC that appear to have done their homework on this issue, remain largely conjecture. Fears about costs too remain largely conjectural. In considering positions to take on the discussions on the possible extension of the scope of protection, it is important that developing countries consider carefully the potential costs and benefits. The implications of extension for individual countries will likely depend on the volume and value of the

products protected by GIs, or on the volume and value of certain products that extension of additional protection may prevent those currently producing them from doing so. A lot would also depend on whether those products that would enjoy additional protection are produced for domestic consumption or for export, and the source and nature of products competing for a market share.

The economic consequences for a developing country are difficult to assess. Indeed comprehensive economic impact assessments need to be undertaken before any new IP-related obligations are introduced for developing countries. It has been suggested that geographical indications may be of particular interest to a number of developing countries who might have, or might be able to achieve, a comparative advantage in agricultural products and processed foods and beverages.

Since it is clear that the whole issue is a market access issue, the objective of SADC countries should be to see increased market access to the benefit of all WTO Members, considering that the beneficial effect will only materialise insofar as market access opportunities for such products are ensured. SADC countries should make any support for the extension of additional protection conditional upon the improvement of the current rules, in case they at some point identify products that can benefit from geographical indication protection. They should also identify what it is the proponents of the extension of additional protection such as the EC can give them in return for their support. Since the EC has raised this issue in the context of the agriculture negotiations also, SADC Members could demand that their concerns in agriculture be adequately addressed. It is imperative that in the meantime SADC Members undertake inventories of products and services that they could protect under geographical indications, in the context of well-researched projections of benefits and costs to result from the extension of protection to other products.

This study is the first of two parts. The second part of this study will involve a review of SADC countries' domestic legislation and institutions in relation to the protection of geographical indications, identification of the products currently enjoying geographical indications protection, and those that could possibly be protected, including any real or potential markets, and a practical assessment of the costs and benefits of the extension of additional protection to these products.

1. BACKGROUND

1.1 Introduction

The international commodity market is increasingly characterized by a fall in the relative value of products mainly due to increased competition. Because of the competitive pressures in the global market -place, it is not surprising that exporters from economies that rely relatively more for their well-being on the export of commodities such as agricultural products and processed foods, are seeking to market their products by making them more identifiable and interesting in international markets, using distinctive, inventive and creative labelling and branding to appeal to consumers. This is supposed to enable stronger marketing of distinctive or traditional regional products, especially agricultural and processed foods, and to preserve a strong and distinctive market presence on the international markets. It is thought that, for example, tea or coffee is more valuable if sold under a distinctive mark than it would be if sold as bulk, and that its value in the eyes of the consumer may be enhanced by the use of descriptive or laudatory terms such as 'from the mountains of.' The envisaged economic benefit of geographical indications is their role as marks of quality, a factor thought to play a part in enhancing export markets and revenues. The question of the protection of geographical indications is therefore a trade issue on which positions taken reflect trade interests.

Concern has been expressed regarding the potential of geographical indications to monopolize the markets for agricultural products and processed foods. Indeed, as with the protection of all intellectual property, geographical indications protection has implications for a diverse range of interests that include the consumer, the producers and traders, and the general public interests. The consumer is no doubt entitled to the *bona fide* description of the origin of products and to protection from the use of deceptive, confusing or misleading labelling, to afford him a full range of choice between legitimate products on the basis of sufficient information

about a product. The producers and traders, on their part, are entitled to benefit from the recognition of product distinctive characteristics and traditions, and differentiation of their products in a global market, and to use established product descriptions, their own personal or business names, and even unregistered trademarks. The general public may stand to benefit from improved economies arising from increased national earnings through the identification and promotion of distinctive national or regional qualities in products for export markets.

It goes without saying that discussion about the extension of additional protection to products other than wines and spirits, involves reconciling this range of interests and finding the appropriate balance. Increased protection, particularly applied internationally, may adversely affect local enterprises, which currently exploit geographical indications that may become protected by another party. Thus there may be losses to countries producing substitutes for goods that become protected by geographical indications. Progress on this issue will likely depend on the ability of the *demandeurs* to offer offsetting forms of trade compensation to those countries that will be adversely affected by the extension of the additional protection.

1.2 The Mandate

According to paragraphs 12 and 18 of the Doha Ministerial Declaration and the decision of the Trade Negotiation Committee (TNC) of 1 February 2002, the issue of the extension of the protection of geographical indications for wines and spirits to other products was to be addressed in the regular meetings of the Council for TRIPS on a priority basis, leading to a recommendation to the TNC by the end of 2002 for appropriate action. It was not possible at the end of 2002 for the Council for TRIPs to adopt such a recommendation. Views on the issue remain divided with disagreement as to whether or not the language in paragraphs 12 and 18 establishes a mandate for Members to commence negotiations on the issue of the extension of additional protection.

There is no mandate in the TRIPs Agreement itself for Members to enter into negotiations to extend the protection of additional protection to products other than wines and spirits. In Article 24.1 of the Agreement, Members only agreed to enter into negotiations aimed at increasing the protection of individual geographical indications for wines and spirits. Given its narrow focus on those geographical indications relating to wines and spirits, such agreement could not extend to the possibility of extending the scope of products to which additional protection should apply. However, Article 24.2 requires the Council for TRIPs to keep under review the application of the provisions on geographical indications, (Articles 22 to 24 of the Agreement) and take such action as may be agreed to facilitate the operation and further the objectives on geographical indications protection. The first such review was expected to take place within two years after the entry into force of the WTO Agreement, in 1996. This review has been on the agenda of the regular sessions of the Council for TRIPs ever since.

1.3 Link to the Agriculture Negotiations

The issue of the extension of the protection of geographical indications to products other than wines and spirits has also been raised by the European Communities in the context of the negotiations on agriculture.¹ According to the EC, there is an essential link between market access and the issue of food quality and 'food specificity', since the object of opening up markets is to increase gains from trade through product differentiation and enhanced consumer choice. Food specificity is considered a factor of importance in consumer choice concerning agricultural products, the EC has argued, and added that there is demand for products incorporating specific and identifiable characteristics, including traditional know-how and geographical origin. Such demand is said to offer expanded opportunities for agricultural products and foodstuffs that can respond to consumer expectations. Conditions have therefore to be created under which the consumers are

¹ WTO Document G/AG/NG/W/18 dated 28 June 2000; European Communities proposal; Food Quality – Improvement of Market Access Opportunities

able to choose products on the basis of their specific characteristics, the EC has further said. Improving market access for products means improving the conditions that allow consumer recognition and responsiveness, and ensuring that usurpation of product names does not deprive the producers of the economic benefits of their investment in quality, specificity and name recognition.

In providing further justification for introducing the issue of geographical indications protection in the negotiations on agriculture, the EC pointed out that market access and fair competition opportunities for many regional and traditional products are hampered by the fact that the market is either already occupied by other products which usurp the reputation of the original products, or may subsequently be occupied, due to the absence of protection, once the original product proves to be lucrative. A product that has no guarantee as to the continued protection of its specificity from usurpation cannot be said to have fair opportunities for access, as there is no incentive for investment in quality and name recognition if no reward can be reaped in the market, the EC has noted.

The EC has said that it is not alone in expressing interest in seeing this issue dealt with in the context of agricultural negotiations, since developing countries, that possess a great richness and variety of food products based on traditional know-how, stand to benefit from increased access opportunities, especially to lucrative niche markets in developed countries. The EC expressed the desire to ensure that the more general objective of improved market access for developing country products should be made effective as regards products with specific characteristics, by focusing on the appropriate means to ensure that the economic benefits of the reputation and quality of such products are enjoyed by the country of origin, and not by usurpers.

An alternative view has however been expressed that this issue should be negotiated in the Council for TRIPs since the agriculture negotiations focus on

food products, whereas proposed negotiations on this issue under the TRIPS Agreement would cover all products including handicrafts. And it is in the Council for TRIPs that the issue has remained.

2. GEOGRAPHICAL INDICATIONS PROTECTION UNDER THE TRIPS AGREEMENT

Geographical indications are defined in the TRIPs Agreement² as 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. Thus the quality, reputation or other characteristics of a product can each be a sufficient basis for eligibility as a geographical indication, where they are essentially attributable to the geographical origin of the good. It is clear that geographical indications protection is available for *all* goods, including industrial goods. The terms used are not defined in the TRIPs Agreement, leaving Members free to give meaning to these terms in their determination of the appropriate method of implementing the provisions of the Agreement within their own legal system and practice.³

2.1 Indications

An 'indication' could be any symbol, word, phrase, or a combination of either, that suggests a link to a particular geographical area. The link can also be made by way of a flag or even a picture. So for example, the Swiss flag on chocolates or a knife may suggest a link to Switzerland.

2.2 Territory of a Member, or a region or locality in that territory

The products to which geographical indications protection is attached have to actually come from the area designated. The 'territory', 'region' or 'locality in that territory' from which products will benefit from geographical indication protection has to be delimited. The specific criteria that can be taken into consideration may include natural features including rivers, contour lines and other physical or topographical features. For agricultural products this can be done on the basis of the homogeneity of the cultivation

² Article 22.1

³ According to Article 1.1 of the TRIPs Agreement, Members shall be free to determine the appropriate method of implementing the provisions of the Agreement within their own legal system and practice.

conditions within a specific area and the distinctiveness of those conditions as measured against other areas.

The criteria can also include geographical characteristics or agronomic characteristics such as the geographical formation of the area, soil, climate, drainage, irrigation, elevation, or whether the date on which harvesting a particular variety is expected to begin in the area is the same as the date on which harvesting is expected to begin in neighbouring areas. Human features may also be taken into account, including the choice of varieties or breeds employed, the technical skill of the makers or processors, methods of production, and the preparation and processing developed by the enterprises located in the area. Historical and traditional factors may also play a role in the consideration, as well as plans for the development of the area.

Producers in the same country may even disagree over demarcation of the region to be covered by a particular geographical indication, while producers in different countries (particularly those with shared borders and therefore a shared history), which produce the same good and have traditionally used a certain geographical indication may each claim 'ownership'.

2.3 Quality

'A given quality' of the product must be essentially attributable to its geographical origin. Quality can include product strength, taste, including acidity, natural sugar content, and texture. It can include also the physical, chemical, and microbiological characteristics of the product, and does not appear to mean superior quality or quality of the highest grade. The determination of quality, and consumer expectations about it, appears best left to the market-driven behaviour of those who patronise the product.

2.4 Reputation

'Reputation' refers to the opinion that the public or at least a sizeable section of the public, holds of a product. If favourable, it would dispose potential

customers to patronise the product and, if unfavourable, it would tend to discourage them from doing so. 'Reputation' is relevant also in respect of other forms of protection such as unfair or unlawful competition.

Whereas reputation is an optional characteristic that may, among others, lead to protection, and although the three elements of 'quality', 'reputation' or 'other characteristic' would seem to carry the same weight in determining whether or not a product qualifies for geographical indication protection, 'reputation' appears to be paramount in the determination. The reputation of a given product is likely to be known even before its quality, or any other of its characteristic, is known. Many people are likely to have heard, and be aware, of a sparkling wine called 'Champagne' even before they know its quality. The extent, to which a geographical indication is eligible for protection as identifying or designating a product as having certain characteristics attributable to its geographical origin, depends largely on the extent of its reputation among the public. There must be a belief among the consumers that the distinctiveness of the product can only be obtained from that region or area due to the unique combination of environment, soil, climate, agricultural practices and the genetics of the varieties. Otherwise it may be difficult to claim geographical indication status for a term when the relevant consumer is not aware of any geographical connotation.

With the improved communication technologies comprising the media and modern advertising, goods and services are often preceded by their reputation. They are virtually pre-sold and pre-advertised in a particular country even though they may not yet be physically present in that country or market. The reputation acquired by a product is therefore not necessarily limited to the country where the product is freely available because the product, though not available in the particular country, is usually widely advertised in newspapers, periodicals, magazines and other media. The force of international advertising and transport is exposing people throughout the world to famous marks and the goods and services with which they are

favourably associated. Residents of a country who visit abroad, including people who migrate from a country in which a product enjoys GI protection, can by virtue of that fact become exposed to the GI and be aware of its trade significance. Because goods can now be transported from one country to another very rapidly and on an extensive scale, trade is generally spread all over the world, making some goods truly international in character. The reputation attaching to them cannot, in fact, help being international also, detached from national and local boundaries.

The existence and extent of reputation is essentially a question of fact. One cannot properly lay down artificial limits as to the geographical areas over which reputation can or cannot extend, nor rules as to what a trader must or must not do to prove the existence of such reputation. In view of the increasing sophistication of international communication, spill-over advertising, free movement of goods and frequency of travel in the world for purposes of business, study and pleasure, the extent to which, and the speed with which, reputations can be established is almost limitless. Members have the unrestricted right to promote the reputation of their products, particularly abroad in other Members.

2.5 Other Characteristic

'Other characteristic' would seem to refer to something else other than reputation or quality. It can include product specifications or human factors related to the production or the method of obtaining the product, such as traditional methods of production, wine-making or preparation and cultivation, unique to a given locality or region, including also the raw materials used for its production.

2.6 Essentially attributable to its geographical origin

The quality, reputation or other characteristic of the product must essentially be attributable to a particular region or area delimited with reference to geographical characteristics or political boundaries. There must be a link between the product and the geographical environment or the

geographical origin. Although the general requirement is that the product must be made in the area in question or that the producer must be located in that area, there must be a tolerance of a proportion of the production happening outside the area if at least one of the stages of production, or a particular stage, occurred in the given area. It does not appear practical to make it a requirement that all stages of production (raw material, processing and preparation) must be carried out in the designated area. While reasonable to insist that for wines or spirits, the raw material (e.g. grapes) or a decisive stage that gives the product its distinctive character, must occur in that particular area, it should be possible to have some stages of the production and preparation process carried out elsewhere where financial or other practical considerations so dictate.

The determination and evaluation of the connection between a good and its geographical origin will no doubt be one of the more difficult tasks, and is an issue for the domestic courts and/or authorities of Members in which protection for geographical indications is claimed to decide.

2.7 Additional Protection

Wines and spirits are said to have 'additional protection' since use of a geographical indication identifying wines for wines not originating in the place indicated by that geographical indication is strictly prohibited, even where it might not mislead the public, might not amount to unfair competition and even where the true origin of the product might be indicated or where the geographical indication might be accompanied by expressions such as "kind", "style", "type", "imitation" or the like.⁴ Protection must also be available against the registration of a trademark for wines, which contains a geographical indication identifying wines, if the wines do not have the origin indicated by the geographical indication.⁵ Similar protection must be given to geographical indications identifying spirits.

⁴ Article 23 of the TRIPs Agreement entitled 'Additional Protection for Geographical Indications for Wines and Spirits'

⁵ Article 23.2 of the TRIPs Agreement

The protection afforded to wines and spirits represents a departure from the general rule for all other products laid down in Article 22 of the Agreement, which is that it must be shown that such use misleads the public or constitutes an act of unfair competition before relief can be granted to the complaining party. It has been pointed out that this additional protection for wines and spirits was the result of a negotiating compromise in response to the demands of a number of wine-producing countries during the Uruguay Round, notably in the European Union, that wanted a higher level of protection for wines and spirits than the standard applied to geographical indications in general.⁶ Further, Members agree in Article 24.1 to enter into negotiations aimed at increasing the protection of individual geographical indications for wines and spirits.

In addition, the Agreement contains a specific rule concerning homonymous geographical indications for wines.⁷ 'Homonymous' geographical indications are different geographical indications of two or more countries that are spelt or sound the same. It has been noted,⁸ for example, that "Orange" is a geographical place name in five continents, a number of which have distinctive reputations for the production of wine, including in countries such as France and Australia. "Orange" is also the only available descriptive term to describe a distinctive colour, fruit, flavour and aroma, and could be used to describe the characteristics of a wine. Thousands of individuals bear the family name "Orange" and are entitled to use this word in the course of their business. Equally, "orange" is a trademark used by a number of traders in distinct markets, including in information technology, telecommunications, and sound equipment. So there could be conflicting demands for the recognition of geographical indications using the name "Orange." In such a case, the geographical indications must each be accorded protection, otherwise protection could be claimed for one against the use of the other(s)

⁶ See WTO Document IP/C/W/205 18 September 2000

⁷ Article 23.3

⁸ By Australia in its communication in WTO Document IP/C/W/211, dated 19 October 2000

with the possible result that, neither, or none of them could be used. Thus, in each of the Members in which homonymous geographical indications exist, practical conditions must be determined so as to differentiate the homonymous indications, taking into account the need to ensure equitable treatment of the relevant producers and also to ensure that consumers are not misled.⁹

The protection afforded to wines and spirits is sometimes considered as 'absolute', which is not really the case since the exceptions in the Agreement apply equally to wines and all other products.

2.8 Member States' obligation

The obligation on Members in the TRIPs Agreement is to provide the legal means for interested parties to prevent the false use, designation or presentation of a product that indicates or suggests that the product in question originates in a geographical area other than the true place of origin.¹⁰ Although the TRIPs Agreement in its Article 1.1 allows Members the freedom to determine the appropriate method of implementing its provisions within their own legal system and practice, in situations where a geographical indication does not enjoy protection in a WTO Member as required by the relevant provisions of the TRIPs Agreement, the country of origin has the right to take the matter up under the WTO Dispute Settlement Understanding.

The Agreement's enforcement provisions are contained in its Part III, in which general obligations that all intellectual property enforcement procedures must meet are laid down. Provided for are certain basic principles of due process relating to civil and administrative procedures and remedies, provisional measures, special requirements related to border measures and criminal procedures, whose basic objective is to ensure that effective means of enforcement are available to right holders and that they are applied in such a manner as to avoid the creation of barriers to legitimate trade, and to provide safeguards against their abuse. It is required that enforcement

⁹ Article 23.3

¹⁰ Articles 22.2 and 23.1

procedures must be such as to permit effective action against any act of infringement of intellectual property rights, and that the remedies available must be expeditious in order to prevent infringements, and must constitute a deterrent to further infringements.¹¹ It is understood that the provisions on enforcement do not create any obligation on Members to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general, nor does it affect the capacity of Members to enforce their law.¹² In addition, it is stated that nothing in these provisions creates any obligation with respect to the distribution of resources as between the enforcement of intellectual property rights and the enforcement of law in general.

If a WTO Member is found not to be in compliance with its obligations under the Agreement and does not remedy this by amending the existing law or practice in accordance with the findings of a Panel or Appellate Body, the Member who is a complainant in the dispute may be authorized by the WTO Dispute Settlement Body to suspend concessions granted by them to the 'guilty' Member. Such retaliatory measures could be authorized also in other areas covered by other WTO Agreements, such as, for example, the area of trade in agricultural products.

But ultimately, it is not the Agreement's language but actual national laws that provide 'protection' or the 'legal means' in relation to geographical indications protection. It is the national courts that are competent to interpret the provisions of the TRIPS Agreement as incorporated in national law. Members may therefore choose to leave it to the beneficiaries to invoke their rights before a court of law in a civil suit, or provide that infringement may lead to criminal and/or civil procedures being instituted. Criminal penalties generally consist of imprisonment and/or fines.

Remedies may be ordered as a result of administrative or judicial procedures or civil proceedings and may include orders to stop the infringement or act of

¹¹ Article 41.1

¹² Article 41.5

unfair competition or an act likely to mislead the public and orders to give adequate information to the consumer, fines, increased supervision; damages; confiscation and destruction of the goods involved; removal of facilities used during an act of unfair competition; reduction in the price, or annulment of contracts. Orders may also be made to disclose the source of goods and/or seize revenues.

Action from the public authorities may arise from the monitoring that such authorities have a mandate to undertake with regard to business practices, consumer protection, market control or food inspection. The public surveillance authorities responsible for the monitoring may also have the authority, or duty, to initiate enforcement proceedings against improper users of geographical indications. Ex officio enforcement procedures may entail active monitoring by the responsible enforcement authorities to ensure that a geographical indication is not used falsely or improperly, by for example checking at the time of renewal the information to be provided by the user against the conditions on which a required authorization of use was given.

2.9 Exceptions

Article 24 of the Agreement contains a number of public-interest exceptions regarding the protection of geographical indications, which work as balancing safeguards. These exceptions are designed to strike a balance between the interests of a range of players (including consumers, producers and other WTO Members). In this respect, the scope of exceptions has a bearing on the potential eligibility for protection in third country markets of terms claimed to be geographical indications, to the extent that a particular geographical indication may not enjoy, or may not fully enjoy, the protection provided for in the Agreement due to the different way in which they may be applied in the various countries.

But the exceptions are not to be used to diminish the protection of geographical indications that existed immediately prior to the entry into force

of the TRIPS Agreement.¹³ In addition, WTO Members shall not use the exceptions as a reason to refuse to conduct negotiations or to conclude bilateral or multilateral agreements.¹⁴ Such negotiations could for example lead to agreement effectively preventing producers in one country from using in the course of trade, a geographical indication that they may have been using even in a manner that is not misleading, or to prevent the use of a customary term.

2.9.1 Use of generic terms

Members are not obliged to apply the provisions of the TRIPs Agreement in respect of a geographical indication of another 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 the Member.¹⁵

2.9.2 Continuous use of GIs for wines and spirits

Members are not required 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 for at least ten years before April 1994, or in good faith preceding that date.¹⁶ Members are under no obligation to provide geographical indication protection 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 the Member as of the date of the entry into force of the WTO Agreement.¹⁷

This 'grand-fathering' exception allows such use even where the indication in question has not become generic. It however only applies to geographical

¹³Article 24.3.

¹⁴Article 24.1

¹⁵Article 24.6

¹⁶Article 24.4

¹⁷Article 24.6

indications identifying wines or spirits. Moreover, use of the geographical indication under the exception must be “similar” to the previous use, which means use on a similar scale and nature.

2.9.3 Prior trademark protection

This exception applies where a geographical indication may conflict with pre-existing trademark rights which have been acquired in good faith. The validity, or eligibility, of the registration of a trademark, or the right to use the trademark is not to be prejudiced on the basis that such a trademark is identical with or similar to a geographical indication, where the trademark was applied for or registered in good faith or where rights to a trademark were acquired through use in good faith before the year 2000 for developing countries and 2005 for least-developed countries, or before the geographical indication is protected in its country of origin.¹⁸

2.9.4 Use of personal name

The right of any person in the course of trade to use his name, or the name of that person’s predecessor in business is preserved, except where such name is used in such a manner as to mislead the public.¹⁹

2.9.5 No protection in country of origin

There is no obligation under the TRIPs Agreement to protect geographical indications that are not, or cease to be protected in their country of origin, or which have fallen into disuse in that country.²⁰ So before a Member could expect to obtain protection of its GIs in other Members, it must provide *domestic* protection for those GIs. It is not clear, however, what amounts to ‘protection’ in the country of origin, or in what circumstances Members would not extend protection to claimed geographical indications on the basis that they are not protected in the country of origin.

¹⁸ Article 24.5

¹⁹ Article 24.8

²⁰ Article 24.9

2.10 Other forms or protection

Since geographical indications deal with products and markets, it is not surprising that there is in existence other laws that deal with the same aspects related to geographical indications protection. A broad range of laws of this nature exist, such as trademarks and laws relating to the regulation of unfair competition, or the protection of consumers either in general terms or more specifically in regard to such matters as the labelling of products, health protection and food safety. So several systems may co-exist with different, although sometimes overlapping coverage, with tests for eligibility of differing severity, and rights of differing scope. A specific act involving the use of a geographical indication may contravene the general standards contained in trademark law or the laws relating to unfair or unlawful competition, consumer protection, trade descriptions and food standards.

2.10.1 Trademarks

Any discussion of extension of additional protection must include a discussion of the proper relationship between geographical indications and trademarks. There is great potential for overlap between the protection of geographical indications and the protection of trademarks. Indeed, countries may be faced with having to make a decision on precedence and possible conflicts regarding simultaneous applications for a trademark registration and recognition of a geographical indication, or between a prior trademark right and the application for recognition of a geographical indication. This interrelationship is recognised in Article 22.3 of the TRIPs Agreement which allows a Member to 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 the 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.

Trademarks comprise a variety of designations such as business symbols, emblems, logos and slogans used by an enterprise to convey, in the course of

industrial or commercial activities, a certain identity with respect to the enterprise and the products produced or the services rendered by that enterprise. Trademarks include also the packaging, shape, colour or other non-functional characteristic features of the product in question. But for these to qualify as trademarks, they must be sufficiently distinctive, and should not be merely descriptive. Some geographical indications would not qualify as trademarks since they are not sufficiently distinctive, describing as they do the origin, nature or quality of products, and cannot serve as individual trademarks unless they have acquired distinctive character through use, or their use is fanciful or inherently capable of distinguishing the applicant's products and does not mislead the public as to the origin of the products or services, or in the case of foreign geographical names, has been registered in the country of origin and is not deceiving as to the origin of the goods on which the trademarks are used. But a trademark can serve as a vehicle for the protection of a geographical indication where, for example, there can only be one enterprise producing the product in question in the geographical area concerned - for instance an enterprise controlling a natural source for mineral water. Indeed, a mark, which contains as one of its elements a geographical indication, may nevertheless be registerable if the use of the mark is limited to goods originating in the area designated by the geographical indication or the applicant resides in that area.

In broad terms, a registered trademark [and even a non-registered famous foreign trade mark] cannot be used without the authority of the trademark owner without giving rise to trademark infringement. If the mark used to identify a product for marketing purposes is registered, then it is an offence for anyone to use the same, or similar mark on a product without the authority of the right-holder. Except in certain limited circumstances, where a trademark, trade name or any other business identifier is registered, then any act that causes or is likely to cause confusion with respect to the source or origin will usually constitute an offence under the law on trademarks. The rights acquired

by the registration of a trade-mark are infringed, in the course of trade, by the unauthorised use by another of that mark or a confusingly similar mark in relation to the goods/services for which the mark is registered or in relation to goods or services which are similar to the goods or services for which the mark is registered, or in relation to any other goods or services, where the use complained of would be likely to take unfair advantage of, or be detrimental to, the distinctive character or reputation of the registered trade mark. So a registered trademark can be infringed even in respect of unrelated goods or services where it is well known and the use complained of is likely to cause dilution of it. In other jurisdictions, even an unregistered trade mark, which is known to be a famous foreign trade mark, can be infringed if the use of that mark in relation to the actual goods or services for which the mark is famous or in relation to similar goods or services, is likely to cause deception or confusion. Trademark protection can be extended to all products, including those that Members may wish to protect by geographical indications. Recourse in respect of trademark infringements is available – both civil and criminal, including action at the border with the assistance of the customs administration.

2.10.2 Certification marks

For consumer purposes, certification can be provided in the case of an agricultural product or foodstuff that conforms to specific characteristics or pre-defined rules with respect to its production, processing, or preparation. The use of a label can be authorized for a foodstuff or agricultural product which has a distinct set of properties and specific characteristics which result, from the specific conditions of production (e.g. the origin of raw material or the place of production), that distinguishes it from other products of the same kind on the market.

2.10.3 Unfair/unlawful competition

Many jurisdictions prohibit unlawful or unfair competition, which is the unauthorized interference by a rival with the normal operation of

complainant's legitimate business. Unfair or unlawful competition laws restrict harmful business practices and make it an offence, in connection with the sale or leasing of a product, the making of any statement, communication, description or indication which is false or misleading in material respects in respect of the origin, nature, properties, advantages or uses of such product. It is widely recognised that in the marketing of goods and products the rival who renders the best and/or the most reasonable performance must achieve the victory and the one who renders the weakest performance must suffer defeat, and that in the absence of statutory protection, copying the product of a trade rival, which is in the public domain, is not by itself unlawful. But it is also recognised that the right to indulge in free competition in trade or business is restrained by the competitors having to remain within lawful bounds. If competition involves a wrongful interference with another's rights as a trader, it will be unlawful and will constitute an injury for which an action will lie, if it directly results in loss.

It is considered intolerable that one manufacturer or trader should sponge on another by pirating what may be the product of years of invention and development without licence or recompense and reap the fruits sown by another. Morally and ethically such practices are thought to strike a discordant note, and cut across the grain of justice. Unfair or unlawful competition covers all the activities of enterprises providing any kind of products or services, in particular the buying and selling of such products or services, and would apply in the case of the misuse of a geographical indication, since in that case also the rival would be diverting to himself profit that rightfully belongs to the owner of the geographical indication, and enjoying the advantage of the fact that he is not burdened with any part of the expense of building up reputation and goodwill; the attractive force, which brings in custom.

In most jurisdictions, the common law remedy of unlawful competition is available where one trader can show that his rival's wrongful and culpable

conduct caused him financial loss. In making an assessment of an act complained of as representing unlawful or unfair competition, a judge can take into account, among other things, the scale of the complainant's initial investment, the originality and commercial success of his product, the ease with which it was copied, the technical and commercial feasibility of product differentiation and the economic sense or otherwise of requiring investment in redesigning a satisfactory product from scratch. The judge can also scrutinise the behaviour of the parties, taking into account, for example, any unfairness in the way information was obtained, impropriety of motive, and dubious marketing practices, including public deception. In most jurisdictions the judge will grant a remedy that is tailored to the facts.

But for a complainant to succeed against a rival who imitates his goods, he must show that the get-up, service mark, trade name or geographical indication, which he claims has been imitated, is known in the market and has acquired with the public a reputation associated with his product. The important consideration is whether the complainant can demonstrate that he has established a sufficient degree of goodwill with the relevant sector of the public to the extent that an act of the defendant to misappropriate some parts of this goodwill is likely to mislead members of the public as to the origin of the goods or services. Goodwill, being the benefit and advantage of the good name, and connection of a business, the attractive force, which brings in custom, comprises the totality of attributes that lure or entice clients and potential clients, and may include the location of the business premises, the personal qualities of the trader or his employees, and reputation. In fact, reputation is the only component of goodwill or a business that can be damaged by unlawful competition; misrepresentations concerning other components of goodwill are protected by other causes of action such as claims for injurious falsehoods.²¹ It is for this reason that the first requirement for

²¹ It is thus incorrect to equate goodwill with reputation, or vice versa.

a successful action under unlawful or unfair competition is proof of the relevant reputation.

So, in general terms the question to ask in an action on unfair or unlawful competition is whether the complainant has, in a practical and business sense, a sufficient reputation amongst a substantial number of persons who are either clients or potential clients of his product or business. Reputation must have been in existence when the defendant entered the market and when the misrepresentation was made. A complainant is not entitled to rely upon a reputation that overtook the business of the person complained against. It need not be shown that the person complained against deliberately imitated the get-up, mark, trade name or service-mark or intended thus to deceive the public. Of course, if defendant is actuated by such a motive, this may indicate that he considered that plaintiff had acquired such a reputation.

Two forms of unfair or unlawful competition appear common in many jurisdictions. These are Deception and Passing-off. Deception occurs where a misstatement of fact, relating to a fundamental or intrinsic quality of the wares to be sold, such as the geographical origin, provides a rival with a competitive advantage over his competitors. For it to be unlawful, such a misstatement of fact should be misleading, in the sense that it creates a false impression of one's own products or services or of one's own enterprise. In many jurisdictions, the manner in which misleading statements are made is irrelevant. All methods of communication - written, oral or even symbolic, for example gestures - may be taken into account. Communication may be in the form of trademarks, labels, brochures, radio commercials, television publicity spots, posters and so on. Such acts may also be committed by a third party who misleads in order to favour one party, for example a magazine that gives a misleading impression of a product in a way that would benefit competitors of the manufacturer of that product. Misleading acts are primarily targeted at consumers and not directly against

competitors, and may cause consumers to take decisions prejudicial to themselves when they acquire products or receive services.

Passing off, as a form of unlawful competition in the case of the marketing of goods or merchandise, consists essentially in a representation, express or implied, that such goods or merchandise are those of, or emanate from another manufacturer or dealer. It is unlawful for a trader or manufacturer, in relation to his own goods, to use a name, mark or get-up so similar to a name, a mark or get-up used by another trader to individualise and distinguish his goods from similar other goods, creating a reasonable likelihood that members of the public may be deceived into believing that the latter's product is that of the former or that they are so connected in the course of trade. So the moment a party copies, he is in danger and he escapes liability only if he makes it perfectly clear to the public that the articles which he is selling are not the other trader's but his own articles, so that there is no probability of any ordinary purchaser being deceived.

The misleading standard as it relates to the protection of geographical indications other than for wines and spirits, means that another product that is not from the particular geographical area *can* be designated or presented as if it is from that area for as long as this does not mislead the public into believing that it is indeed from that area. A proprietor can avoid misleading the public if he can show that his product is not really from the particular geographical area by using expressions such as 'it is like', or 'it is of the same kind' 'type' 'style' or is an imitation. The proprietor should leave the public in no doubt that his product is simply an imitation. But as earlier shown, it is strictly forbidden to use, designate or present a wine or spirit as originating from a geographical area from which it does not, even if this fact is made clear to the public by the use of words such as 'like' 'kind' 'type' or 'style'.

Misleading advertising may relate to quality, such as the durability of a product or its manufacturing process and way in which the product is produced, and also to the particular components used in it, including the

ingredients used in a product such as a food. For example, the manufacturer may misleadingly indicate that the product is particularly healthy in relation to a certain disease, or that it is the result of an environmentally friendly process or is recyclable for the greater benefit of the environment. Reference to the geographical origin of a product or service may include any name, designation, sign or other indication that refers to a given country or to a place located in it and conveys the impression that the product bearing the indication or the service originates in that country or place.

The law on unfair or unlawful competition appears appropriately suited and capable of protecting the interests of traders in goods and products that could otherwise be protected by geographical indications. Success in such an action depends on whether the geographical indication in question is distinctive to the extent that it has built up reputation with the public. The complainant has to prove that reputation is attached to the goods marketed under the geographical indication. The entitlement to protection of a given geographical indication must be demonstrated every time enforcement of the protection of that geographical indication is sought. In order to prevent the unauthorized use of a geographical indication on the basis of unfair or unlawful competition, a complainant must show before the courts, each time he is aware of the unauthorised use of the geographical indication, that the unauthorised use is misleading and that he has suffered or is likely to suffer damage. The determination of issues such as the area of production, standards of production and the circle of producers who are entitled to use a given geographical indication, will have to be made by the relevant courts.

An important factor is of course the extent to which the geographical term in question is known to the public as an indicator of geographical origin. If it is not so known, or if it has become a generic term, protection cannot be granted. In determining whether the use of the geographical indication is misleading as to the origin of the product, it is important to establish what impression the consumer normally gets from indications used about the origin

of the products. Unfair or unlawful competition laws generally would not discriminate between foreign and local geographical indications and would apply to foreign indications in the same way as they apply to national ones. It would also appear that under such general means of protection, the extent to which the geographical indication is protected as such in its country of origin is not a relevant factor, it being sufficient to only show that it has acquired reputation among the relevant section of the public.

Although in general, legal proceedings to enforce laws on unfair or unlawful competition will be initiated by private parties, public or administrative authorities can also initiate procedures for the enforcement of laws relating to unfair or unlawful competition, either spontaneously or on the basis of a complaint brought to their attention.

2.11 Possible conflict between the various forms of protection

As can be seen, trademark law regulates the marketing of products in most countries, alongside geographical indications and other laws and regulations designed to prevent unfair or unlawful competition. Although these laws generally complement each other, the potential for conflict is there. Laws on unfair competition are the most accommodating of the three as they can be resorted to at the same time, or in the alternative, as resort is made to remedies under geographical indications or trademark law. But countries may have to make a decision on precedence and possible conflicts regarding simultaneous applications for a trademark registration and recognition of a geographical indication, or between a prior trademark right and the application for recognition of a geographical indication.

The determination of this must depend on the practice in the different jurisdictions. The obvious solution is to use the priority dates of the applications – with the earlier application taking precedence over the later. It may be provided that any trademark application, which is submitted after the date of publication of the geographical indication to which there were no objections, shall be refused and, if the trademark was registered after that date of

publication, it will be invalidated. An application for recognition of a geographical indication which conflicts with a pre-existing trademark may be refused on that ground, or where the geographical indication for which recognition is sought is identical to an earlier trademark and is to be used with respect to identical goods.

The extent to which the trademark is well known in the country may be taken into account in assessing the scope of the conflict. This is connected to the potential of misleading the consumer; a geographical indication may not be recognized where, in the light of a trademark's reputation, renown and the length of time it has been used, registration is liable to mislead the consumer as to the true identity of the product. Recognition of a geographical indication may be refused, even with respect to dissimilar goods, where an earlier trademark has a reputation in the country and the use of the geographical indication would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trademark.

But there is nothing that prevents the co-existence of trademarks and geographical indications. A geographical indication could coexist with the continued use of a pre-existing trademark, on condition that the trademark was applied for, registered, and used in good faith prior to the recognition of the geographical indication. Procedures may be put in place to provide for opposition, whereby a party with a conflicting prior trademark can object to the proposed registration of a geographical indication, or vice-versa. This can be complemented with a cancellation procedure to allow the cancellation of a geographical indication, or a trademark, whichever is the case, after its recognition if it conflicts with the earlier mark.

2.12 Some considerations regarding the various forms of protection

The producer or proprietor of a product faced with the different forms of protection would have to make a business decision as to which kind of protection to use in relation to the marketing of his goods. All the forms of protection have their advantages and disadvantages.

2.12.1 Geographical indications

The advantage of geographical indications protection over trademark protection for example is that geographical indications are protected within countries without a fixed limitation in time and without being subject to renewal or reaffirmation. This may however still not be the case in practice, since time limitations may in effect be imposed through requirements such as the submission of inspection reports by the owner of the protected geographical indication, or of reports from the ministry of agriculture confirming the preservation of the characteristics of the product. There is nothing to stop a Member from requiring, as a condition for continued protection, that the geographical indication be indeed used, such that if it is not used for a certain time without justification, its protection can be cancelled. Protection may even be designed to lapse if a geographical indication has fallen into disuse.

There is uncertainty as regards the kind, extent and manner of protection that a registered geographical indication will get in any given jurisdiction considering that Members of the WTO are free to choose the manner of implementing and giving effect to the provisions of the TRIPs Agreement in their jurisdictions. There is therefore no uniform or guaranteed manner in which recourse to geographical indication protection can be made. In fact the argument has been that under the current EC regulations, the EC does not appear to provide protection for place names of other WTO Members except on the basis of bilateral agreements, or if the EC has determined that a country has a system for geographical indications that is equivalent to the detailed system of the EC. Depending on the country or jurisdiction concerned, the entitlement to use a geographical indication may flow automatically from a simple recognition of the producer or proprietor as the eligible/authorized user without the need for any further procedure to be met. Alternatively, an individual user may be required, to obtain specific authorization, generally from the same body that is responsible for giving

recognition to the geographical indication, or an attestation of the Ministry of Agriculture or another administrative body certifying, for example, that the application is justified or defining the geographical area to which the authorization relates. He may also be required to be a member of the corresponding commodity board, or accept periodical monitoring and inspection arrangements. Where each user is required to obtain specific authorization, associated fees are usually payable by the user for such authorization.

One of the important concepts in marketing products is licensing. In respect of geographical indications, this would mean that third parties could be authorised to use the indication upon payment of a fee. The TRIPS Agreement is silent on the subject of the licensing of geographical indications, which could mean that this practice is also allowed in respect of geographical indications. But it would appear that licensing is contrary to the 'philosophy' of the protection of geographical indications since to be able to use it, one must meet the very clear criteria set out, including that production must be situated in the particular region, origin of the geographical indication. Further limitations may arise from the fact that titles in protected geographical indications are rarely privately owned.²² Any persons meeting the origin criteria and any production/product requirements attached to the use of the geographical indication are entitled to use it. So for example, all producers of wine from a place called Champagne in France can market their sparkling wines under the geographical indication 'Champagne.' It does not matter that one producer from the region used it first. And it may be that a proliferation of geographical indications could tend to reduce their individual value.

Relevant to any determination on whether or not to seek geographical indication protection for a product in a foreign market, must be the degree of

²² It would appear though that in certain situations an "individual trademark" can also serve as a vehicle for the protection of a geographical indication such as where there can only be one enterprise producing the product in question in the geographical area concerned, for example an enterprise controlling a natural source for mineral water.

recognition of foreign geographical indications in that foreign market. Recognition of foreign geographical indications can be done by way of bilateral or multilateral agreements, or because the same procedure for recognition applies as well with respect to the recognition of domestic geographical indications. But different procedures may apply to the use of foreign geographical indications relating, for example, to the submission of a product specification or inspection arrangements, or monitoring at the border and on the domestic market.

As was earlier shown, it is a requirement that for a geographical indication to enjoy protection in a foreign jurisdiction it must be protected within its jurisdiction of origin. Many developing countries, SADC Members included, have not only not as yet put into place the necessary legislation to implement the relevant TRIPs provisions, but have no system for the registration and protection of geographical indications. This would disqualify their citizens' products from protection in other jurisdictions.

2.12.2 Trademarks

While generally for a trademark to be recognized within a given jurisdiction, an application must be filed with the trademark office, it is possible that rights to an individual trademark can be acquired through actual use, without applying for registration thereby saving on the registration costs.

The advantage of using a trademark over other forms of protection also largely depends on the way a particular jurisdiction deals with the question of conflict between trademark and other forms of protection, particularly geographical indications. For example, where the trademark and geographical indications source coincide, the trademark may be refused registration on the grounds that it constitutes a means of protecting a geographical indication, such as in the case where a trademark is applied for mineral water coming from a particular geographical source. This protection may apply both to products coming from the area designated by the geographical indication and those not so coming, or may be limited only to

products which do not come from the geographical area designated by the geographical indication. A geographical indication may in fact benefit from protection against registration as a trademark where the sign for which trademark registration is sought consists exclusively of a protected geographical indication or of an indication, which in trade may serve to designate the geographical origin of products. But notwithstanding, such registration may be effected, notably when a sign incorporating or consisting of a geographical indication has acquired, through use, the function of distinguishing the goods or services of a particular enterprise. In such circumstances, the trademark is deemed to indicate the enterprise source of the goods or services rather than their geographical origin, and will be accepted for registration. It would appear that if a trademark was registered inconsistently with the relevant requirements or has ceased to be consistent with them, its registration might be susceptible to revocation, invalidation or cancellation.

The registration of a trademark will usually be refused if it is likely to confuse, deceive or mislead the public as to the geographical origin or the identity of the goods to which it applies. As earlier shown, a sign containing or consisting of a geographical indication may fail to satisfy the criteria that a trademark must be distinctive to be registered.

2.12.3 Unfair/unlawful competition

Laws on unfair or unlawful competition have the advantage that they offer protection to all persons within a certain jurisdiction, without distinction as to whether they are locals or foreigners, or whether or not their marks are registered. All that one needs to show to succeed in an action is that the geographical indication in question is distinctive to the extent that it has built up reputation with the public. As earlier shown, reputation acquired by a product is not necessarily limited to the country where the product is freely available because the product, though not available in the particular country, is usually widely advertised in newspapers, periodicals, magazines

and other media. People are being exposed to famous marks and goods because of the increasing sophistication of international communication, spillover advertising, free movement of goods and frequency of travel in the world for purposes of business, study and pleasure.

Besides not placing a limitation on the duration of the entitlement/authorization to use the geographical indication, laws focusing on unfair competition provide redress for a wide range of misuses that include advertising, labelling, the affixation of false geographical indications or the removal of genuine ones, the manufacture, offering for sale and sale of the products. Unfair or unlawful competition laws even provide protection against the use of geographical indications on products, which while originating in the indicated area do not meet the production/product requirements on which the use of the geographical indication is conditional. Protection may also be accorded not only against unauthorized or improper use of geographical indications but also against claiming or creating the impression that a term is a protected geographical indication when it is not. Unfair or unlawful competition laws generally do not include any specific definition of subject-matter eligible to be protected as a geographical indication, or other criteria relevant to such a determination. In legal proceedings under such laws, the question at stake will normally be whether the practices proscribed by the law have occurred, not whether a particular term should be determined to have the status of a protected geographical indication.

The disadvantage of remedies under unlawful competition is that the entitlement to protection of a given geographical indication must be demonstrated every time enforcement of the protection of that geographical indication is sought, and the complainant has to prove that reputation is attached to the goods marketed under the geographical indication. In order to prevent the unauthorized use of a geographical indication a complainant must show before the courts, each time he is aware of the unauthorised use of the geographical indication, that the unauthorised

use is misleading and that he has suffered or is likely to suffer damage. Consequently, anyone whose use of the geographical indication in question is not likely to have that effect will be able to so use it. The determination of the relevant issues such as the area of production, standards of production and the circle of producers who are entitled to use a given geographical indication, is left to the relevant courts whose practices in this area are by no means uniform.

3. REVIEW OF CURRENT PROPOSALS

Discussion of the extension of additional protection to products other than wines and spirits in the WTO Council for TRIPs was initiated in 1996.²³ It became clear from the early meetings that there were some Members who supported the extension of additional protection, while there were others opposed to it. India was one of the countries that said from the beginning that they were in favour of the extension of additional protection to products other than wines and spirits, and made it clear that it would be interested in seeking such additional protection for products of interest to it, such as food products. This position received the support of Switzerland, the EC, the Czech Republic and Turkey. In agreeing with India, Switzerland said it saw scope in extending the additional protection to other sectors, and to other products such as foodstuffs, handicrafts and industrial products. The view was expressed that limiting the higher level of protection under Article 23 to only wines and spirits denied a number of products, and countries producing these products, the protection for their geographical indications needed in order to deal effectively with imitations, counterfeits and other such misuses of their geographical indications. The United States led the position against the extension of additional protection and said in any case, the review had ended since Article 24.2 clearly stated that Members were to review the application of the provisions of the Section on geographical indications by the end of 1996. The United States was supported by Chile, Canada, Argentina and Brazil. Countries like New Zealand and Australia, while not coming out clearly against the extension of additional protection, said that in their view the task before Members was the review of the application of existing provisions of the Agreement, not a negotiation. After these initial discussions in December 1996, and in charting the way forward for future work, the then Chairman of the Council for TRIPs said that since there seemed to be a variety of divergent views he would propose that the Council take note of the statements that had been made and agree to give further

²³ Minutes of that meeting are in Document IP/C/M/11, dated 16 December 1996.

consideration to how the issue of reviewing the application of the provisions of the section on geographical indications under Article 24.2 would be handled.

Proposals now tabled before the Council for TRIPs reflect and crystallise these positions defined in early discussions on this issue. The hope of countries that supported the extension of additional protection was that this issue would be resolved well before the expiration of the transitional periods allowed to Members under Article 65 of the Agreement. But it became generally accepted that the review was a continuous exercise, which could not possibly be completed by the end of 1996. Those in support of extension stressed the point that the process of review should not be impaired by any time constraints and should proceed step by step with the aim of securing absolute protection in respect of other products. The main players in the discussion have to date remained essentially the same, with additions on both sides from time to time.

3.1 Arguments in Favour of the Extension of Protection

Those countries that support the extension of additional protection to products other than wines and spirits have tabled a proposal setting out the reasons advanced by them over the years why they think extending protection would be beneficial to all Members.²⁴ Following are some of these reasons.

3.1.1 Insufficient Current Protection

It is argued that the protection currently provided by Article 22 of the TRIPS Agreement, which is the only one available for geographical indications for products other than wines and spirits, is insufficient, and that the protection provided for by Article 23 of the TRIPS Agreement for wines and spirits, if extended to other products, would solve this. The protection currently provided for geographical indications for products other than wines and spirits is said to be inadequate in that it does not prevent products whose names are ineligible for the geographical indication from free-riding on the reputation of genuine geographical indications, thereby harming legitimate producers and the

²⁴ These countries, whose views are captured in WTO Document IP/C/W/247 dated 29 March 2001 are, Switzerland, Bulgaria, Cuba, Cyprus, the Czech Republic, the European Communities and their Member States, Georgia, Hungary, Iceland, India, Kenya, Liechtenstein, Malta, Mauritius, Pakistan, Romania, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand and Turkey.

marketing of their products actually originating from the place indicated by the geographical indication.

It is further argued that there are today no economic or systemic reasons for protecting geographical indications for certain products differently from others, since the risk of confusion between products originating in a specific region and having a special quality due to that origin, on the one hand, and products using the same denomination but not having the qualities derived from that specific region, on the other hand, is important and damaging for any product, not just for wines and spirits. In particular, the condition that existing protection only applies to the extent needed to prevent "misleading the public" results in wide legal uncertainty. Judges in different countries may reach different decisions on whether the public is misled or not.

It appears that the only reason why the current protection for geographical indications, whether registered or unregistered, is considered 'insufficient' is that the public has to first be misled before relief can be granted to the complaining party. As shown earlier, almost all jurisdictions have elaborate provisions dealing with the issue of misleading the public, both under the laws providing for geographical indications protection and those dealing with unfair or unlawful competition. It has not been shown that these provisions offering protection are not working or are deficient to the extent that those who seek protection fail to get it. Without any such examples, it is difficult to accept the plain statement that the current protection is insufficient.

The fear that judges in different countries may reach different decisions on whether the public is misled or not is irrelevant. It would only be a factor worth considering if again it could be shown that judges decisions on the issue are so divergent they have the effect of denying protection in some jurisdictions while offering protection in others. Judges always come up with differing decisions, even judges in the same jurisdiction, but the overall principles are understood and applied more or less the same. Application of the 'misleading' test leads to decisions about whether use in a particular case is misleading or unfair by

applying the same standard of misleading conduct or unfair competition. It is the application of the same rules and standards at the national level in each case that provides consistency and certainty. The actual signification of a term in the mind of the public, with reference to the actual way it has been used and the context of use, determines how the term is to be protected.

3.1.2 Enhanced Market Opportunities

It is also argued that since extended geographical indications protection facilitates product identification by the consumer, consumer choice is enhanced leading to the opening-up of new market opportunities by preventing trade distortions. The benefits resulting from extension will foster development of local rural communities and encourage a quality agricultural and industrial policy, it is said and further that as is the case for products protected via trademarks, those benefiting from adequate geographical indication protection will be in a better position to benefit from an enhanced access to third country markets. As such, a geographical indication regime would bring economic benefits to producers worldwide, and not only to producers in countries where the local protection of geographical indications is already stronger than in the WTO.

While geographical indications protection indeed facilitates product identification, there is no proof whatsoever that *extended* geographical indications protection enhances that product identification. Can it really be true that 'Champagne' is by virtue of its strong protection more identifiable by consumers as opposed to Evitaz cheese or Swiss chocolates, which enjoy Article 22 protection? Enhanced protection, while maybe relevant in the pursuit of remedies since then one would not have to prove the fact of misleading the public or reputation, it appears irrelevant when it comes to product *identification*.

3.1.3 Negligible Costs

It has been pointed out that the administrative costs of extension are negligible. It is argued that governments already apply additional protection

to wines and spirits, as required by Article 23 of the TRIPS Agreement, and that extension only affects how the laws should protect geographical indications, making this essentially a norm-setting issue that does not determine the form of implementation.

This argument is indeed valid. The obligation on Members is simply to make available the means for right-holders to enforce their rights. In fact the argument has been that under the current EC regulations, the EC does not appear to provide protection for place names of other WTO Members except on the basis of bilateral agreements, or if the EC has determined that a country has a system for geographical indications that is equivalent to the detailed system of the EC. Even if the EC and Swiss systems for recognition of geographical indications provide for government recognition, oversight and enforcement of the standards, there is no obligation on other Members to adopt a similar system. Considering that Members are free to determine the form and manner of implementing their obligation in respect of the protection of geographical indications, this obligation appears to carry no more costs than does the obligation to provide the means for enforcement of all other intellectual property rights. In fact, one might argue that if the current requirements for all other products to prove reputation and that the public has been misled were done away with, then the processes of determination would be shorter thereby cutting down on costs. In addition, GI protection is an on-demand protection, with right-holders having to invoke such protection in the third country courts since the TRIPs Agreement does not automatically protect anything.

3.1.4 Not Incompatible with Future Development of Business Activities

It is further argued that the extension of additional protection is not incompatible with the smooth future development of business activities. This same level of protection has been satisfactorily addressed in the context of wines and spirits as the TRIPS Agreement already provides enough elements

of flexibility such as exceptions and transitional periods, ensuring that disruption of trade flows does not occur, it is said.

Indeed, businesses related to wines and spirits have been developing smoothly despite the application to wines and spirits of additional protection.

3.2 Arguments Against the Extension of Protection

Those countries that are opposed²⁵ to the extension of additional protection believe that the extension would not provide meaningful benefits to Members, or would at least be beneficial only to a few members. Following are some of their reasons.

3.2.1 Current Additional Protection for Wines and Spirits was Obtained at a Price

It has been argued that if the extension discussion were purely one of intellectual property policy, it would make sense to treat all products in the same manner legally. However, the WTO TRIPS Council's discussion takes place in the context of trade policy and the additional protection provided for geographical indications for wines and spirits resulted from the Uruguay Round of multilateral trade negotiations, during which concessions were provided in exchange for that additional protection. During the negotiations of this issue in the Uruguay Round, the EC wanted broad protection for all geographical indications while the United States sought limited protection. It is said that since this additional protection was then agreed to as a compromise, it was not fair for the same wine producing countries to now come back again and seek the extension of that same additional protection to all other products, thereby asking all WTO Members to assume additional obligations without receiving any counterbalancing concessions.

It remains unclear what concession the EC and the other wine-producing countries gave in return for the additional protection for wines and spirits.

²⁵ These countries, whose views are captured in Document IP/C/W/360, dated 26 July 2002 are, Australia, Canada, Guatemala, New Zealand, Paraguay, the Philippines and the United States

3.2.2 Unequal Numbers

It has been pointed out that the fact that some WTO Members have geographical indications for many products for which they seek additional protection, while other Members have only a few, if any, for which such additional protection would apply, is quite relevant to the extension discussion. One Member may have only a few geographical indications for domestic products in which it is interested, but would be obliged to provide the means to protect hundreds or thousands of geographical indications from Members with formal systems for such indications. The example has been given of the EC Member States that are said to have registered nearly 600 names for foodstuffs, beer and other beverages under the EC geographical indication regulations and could be expected to seek protection for these in any negotiation. It is argued that Members need to evaluate the true commercial opportunities they would receive as a result of extension of Article 23 compared with the protection they would have to provide.

Indeed Members need to evaluate the commercial opportunities that extended protection would afford them. But trade in the WTO has always been about unequal numbers. This fact has never really prevented the relevant rules from being applied or even improved. The example has been cited of patents and trademarks and the fact that the US has registered 2.5 million trademarks, making it the biggest beneficiary of trademarks. Yet no one has complained about unequal numbers. The argument seems to be rather that the Article 23 level of protection is unbalanced in that it operates to confer exclusive rights over a particular term to one group of producers effectively depriving others of the right to use that term, and that this imbalance should not be accentuated by the extension of its scope to all products. The feeling appears to be that the grant of exclusive rights over a particular term confers more protection than is necessary to achieve the fundamental objectives of geographical indications protection: not misleading the public and ensuring fair competition between producers in the market -place.

3.2.3 Extension of Protection has Costs

It has been argued also that while there may be enthusiasm for shouldering burdens when those burdens are academic, the real costs of implementation mean that new obligations go unmet. There seems little point in agreeing to new obligations when it is clear that existing obligations are not being met, it has been said. Thus the balance of concessions is not satisfactorily addressed, even with respect to existing obligations, and, were extension agreed to, it would create an additional dichotomy between the benefits those WTO Members with many geographical indications would receive and the costs to those Members with few geographical indications.

It is argued further that contrary to claims that extension of Article 23-level protection can be implemented merely through extending to geographical indications for all goods what is currently done with respect to geographical indications for wines and spirits, the implementation burdens are not that simple for those WTO Members that would use wines and spirits regimes as a model for extension to other goods. Implementation of an extended Article 23 could necessitate serious costs to governments, manufacturers and consumers in the form of new administrative mechanisms to implement the broadened standards, re-labelling and repackaging, including 'confusion costs' to consumers who would not be able to find the products that they are accustomed to buying. Further, it is argued, extension of protection will require more complicated implementation than is the case for Article 22 implementation; countries will have to institute a system that protects a wide variety of products and may have to change fundamental concepts in their laws. For Members that have not yet implemented Articles 22 and 23 or have "implemented" by reproducing the language of these articles verbatim in their laws, they will have to implement them substantively by creating mechanisms to define and enforce these provisions.

And further still, it is argued that for countries that have a system of protection for geographical indications based on trademarks, collective marks,

certification marks, and unfair competition law, extension of Article 23 protection would "dilute" one of the fundamental concepts of trademark systems and unfair competition law - the confusion or misleading standard - which could necessitate a substantial overhaul of the entire trademark or unfair competition regime. In Members that do not have such a system, having the government assume those responsibilities would require considerable resources to set up the system and ongoing resources to maintain.

While indeed there seems little point in agreeing to new obligations when existing obligations are not being met, no indication has been made of which 'existing obligations' are going unmet and which should be implemented first, and by whom they should be implemented. The argument that extended protection would necessitate serious costs to governments, manufacturers and consumers in the form of new administrative mechanisms to implement the broadened standards, re-labelling and repackaging, and confusion costs to consumers who cannot find the products that they are accustomed to buying does not appear grounded in reality. It seems re-labelling and repackaging would be a worry only for those currently using geographical indications that are not theirs and who would be forced to stop.

The argument that countries that extended protection would "dilute" one of the fundamental concepts of trademark systems and unfair competition law - the 'confusion' or 'misleading' standard - thereby necessitating a substantial overhaul of the entire trademark or unfair competition regime, is illogical. What extension of additional protection would do is simply not make it necessary to show that the public has been misled. That cannot possibly be 'diluting' this standard. If it is meant that dilution will occur due to non-recourse and non-invocation of the standard due to the fact that if the additional protection is extended to all other products, it will no longer be necessary to invoke this standard, then it must be remembered that this standard is an important part of unfair or unlawful competition in all relevant situations, not just in relation to geographical indications. So it will continue to be invoked and resorted to.

But extension of additional protection to other products will not necessarily result in stronger protection for those products. It is possible that many of the specific terms that Members are seeking to protect would not fall within the definition of geographical indication, or would already fall within one of the exceptions.

3.2.4 Protection by Other Members Not Guaranteed

Another argument is that WTO Members that are looking towards extension of Article 23 to provide protection for specific terms in the territory of other WTO Members might discover that those terms do not receive protection because other WTO Members conclude that the terms do not meet the definition of a "geographical indication". For example, some WTO Members might not consider the name of a country to be eligible for protection as a geographical indication. Others might not consider a fanciful term to be eligible for protection as a geographical indication. Still yet others might require that the term identify the present name of a geopolitical entity. Thus it is unlikely that extension of Article 23 to geographical indications for other goods would provide the promised protection for all terms in all WTO Members, meaning that the benefits sought will likely not be achieved.

Indeed, there is no guarantee that the promised protection for all terms will always be available in all WTO Members because of the fact that Members can invoke the applicable exceptions. But then exceptions can be invoked in respect of geographical indications generally, and not just in the case of extended protection. Since this is possible even now, it is not something that Members should be unduly concerned about in respect of the additional protection for other products.

3.2.5 All Products Currently Sufficiently Protected

It is argued that geographical indications to which exceptions do not apply are already provided sufficient protection. However, few WTO Members' nationals have made use of that protection.

In the absence of examples to prove that the current geographical indication protection for products other than wines and spirits is insufficient, it is difficult to

dismiss this argument as not true. The United States has cited as an example²⁶ that geographical indications such as 'Stilton' for cheese, 'Parma' for ham, 'Roquefort' for cheese, and 'Swiss' for chocolate already receive Article 22-level protection in the United States, and their legal system currently offers the legal means to prevent unauthorized or misleading use of those geographical indications. The Swiss have not argued, or shown, that this protection is insufficient. And indeed few producers have made use of the current protection.

²⁶ See Document IP/C/W/360, dated 26 July 2002

4. COSTS AND BENEFITS

In considering positions to take on the discussions on both the multilateral register and the possible extension of the scope of protection, it is important that developing countries consider carefully the potential costs and benefits. It has been suggested that geographical indications may be of particular interest to a number of developing countries who might have, or might be able to achieve, a comparative advantage in agricultural products and processed foods and beverages. The economic consequences for a developing country are difficult to assess. Indeed comprehensive economic impact assessments need to be undertaken before any new IP-related obligations are introduced for developing countries.

The arguments advanced both in support and against extension are hardly convincing. Most of the arguments have no grounding in reality. The sheer number of the arguments on both sides creates the impression that all parties are driven by considerations other than those they have put forward in support of their positions. Expectations as to benefits for most Members, except for those such as the EC that appear to have done their homework on this issue, remain largely conjecture. Fears about costs too remain largely conjectural.

The implications of extension for individual countries will depend on the volume and value of the products protected by GIs, or on the volume and value of certain products that extension of additional protection may prevent those currently producing them from doing so. A lot would depend on whether those products that would enjoy additional protection are produced for domestic consumption or for export, and the source and nature of products competing for a market share. Local competition is likely to be rare due to the fact that there may not be many similar geographic areas in one country, while geographical areas from other countries could be similar and produce similar products to those produced in a given country.

Based largely on arguments that have been advanced in the Council for TRIPs, the following is an attempt to analyse the possible costs and benefits.

4.1 Possible Benefits

Except for the EC and Switzerland, for most countries the sought after benefits remain largely conjectural since no comprehensive economic studies have been carried out to identify the products that could benefit from additional protection, including potential markets. Nor have studies been conducted to see whether those currently producing the products often, cited such as tea and coffee, would benefit more from additional protection than from the current methods of protection such as trademarks.

It would appear too that indeed some of the products cited in the Council for TRIPs as deserving of additional protection are currently sufficiently protected under the Article 22 standard without any risk of confusion, or would not be eligible for protection if Article 23 were expanded as they have become generic.²⁷ For example, Switzerland has cited Etivaz cheese, a geographical indication recognized by Switzerland and which is entitled to protection under Article 22 in other Members' territories. This being a well-know cheese in some parts of the world, any use of the name for a cheese not originating in Etivaz would most likely be misleading. And no evidence has been made available to show that some country or manufacturer has tried to pass off Evitaz as their cheese.

"Basmati" is another topical example. The term "basmati rice" is in some countries reserved for the long grain aromatic rice grown and produced in India or Pakistan,²⁸ although it does not refer to a geographical place name in itself. The rice is a major export crop for both countries, with annual basmati exports estimated to be worth about \$300m, representing the livelihood of thousands of farmers. However, the US deems "Basmati" a generic term. The

²⁷ Article 24.6 provides that Members can except generic terms from protection under their laws.

²⁸ In some countries the term 'basmati rice' can be applied to only the basmati rice grown in India and Pakistan. For example, the Grain and Feed Trade Association in the United Kingdom (the largest basmati rice market in Europe and one of the largest importers of basmati rice in the world) in cooperation with the UK Local Authorities Coordinating Body on Trading Standards (LACOTS) has established a Code of Practice for Rice which is used by companies which operate in that market. This code allows the term basmati rice to be applied to only the long grain aromatic rice grown in India and Pakistan. Similarly, Saudi Arabia, the world's largest importer of basmati rice, has labelling regulations that permit basmati rice from only India and Pakistan and not Thailand to be marketed as basmati rice.

problem is not limited to just the US; Australia, Egypt, Thailand and France also grow basmati type rice and may take the lead from the US and officially deem "basmati" a generic term. On the information available, it appears that basmati rice is not protected as a geographical indication in India, which means that other Members would be under no obligation to protect it in their territories.²⁹ The term 'Basmati' for rice would therefore not benefit from extension of geographical indications protection.

Bulgarian Yoghurt has also been cited as one of the products that could benefit from additional protection. But it was noted in the Council for TRIPs that the term is used as a generic term in France. So even if additional protection was extended to Bulgarian Yoghurt, France could still deny it protection in its territory. And the benefit that Bulgaria would derive from the additional protection for Bulgarian yoghurt in those countries where this term has not become generic, as is the case with many other products, remains largely academic,

The size and nature of the market remains a deciding factor regarding whether or not one will gain from the extension of additional protection. The benefits that can be enjoyed from the protection of a product by a GI depend largely on the market of that product, and on the volumes marketed. If the market is largely local, then it is doubtful that an exclusive benefit will be gained since any producer from the area where the product protected by the GI comes can also market that product using the same GI. And where one country markets a product, or even many products, whose earnings are only a few thousand dollars, then it is unlikely to gain much. The importance of one single GI like Basmati Rice that generates US\$300 million per year and makes the living of 9000 families in India is incomparable to that of other products that are trade insignificant.

It is far from clear whether SADC countries will be able to gain from the application of geographical indications or what role geographical indications

²⁹ In terms of Article 24.9, if a product does not enjoy protection in its country of origin, then other Members are under no obligation to protect it.

could play in the development of these countries. The importance of geographical indications for many developing countries, including SADC Members, remains largely in terms of potential products and potential markets, in terms of new products that may be introduced under programmes for export diversification, products marketed under country names, and products that may be eligible for protection under geographical indications that are not yet protected under domestic laws.

4.2 Possible Costs

Seeking and enforcing protection for geographical indications abroad may have economic gains. However the costs involved in such actions, especially enforcement, might be prohibitively high. In addition, prior to seeking protection abroad, it is necessary both to develop and protect the geographical indication in the country of origin. Resources may need to be deployed to ensure that the required quality, reputation or other characteristics of the product covered by the geographical indication are developed and maintained. Effort will also be needed to ensure that the geographical indication does not become an accepted generic term, freely useable by all.

One thing that is clear is that the 'burden' of the extension of additional protection will fall on those Members with domestic food industries that have for many years used, in marketing their products domestically and abroad, geographic terms that originated in countries from which the founders of those industries emigrated for economic, political, or religious reasons. Extension of the additional protection would come at a cost to those manufacturers and producers who will be prevented from manufacturing or producing products that they currently produce. Prevention of such use would appear to be the paramount goal of the EC, although the EC has argued in the Committee on Agriculture and the Council for TRIPs that the extension of protection is not meant to create trade barriers, and that to the

contrary, this is meant to open markets by proposing to address a major obstacle to the further development of trade opportunities.

Improved market access for EC agricultural and food products could see decreased markets for those producers in countries such as Canada, Australia and the United States, the so-called new world,³⁰ whose producers are likely to be prevented from continued production of products that the EC considers belongs to it. Certain producer groups will undoubtedly claim that they have the exclusive rights to particular terms. Any grant of exclusive rights to one group of producers necessarily involves depriving others of the right to use those terms. The costs to producers could include dealing with claims that a term that they use should be exclusively reserved for producers from another country or region, which may involve defending court actions. Costs may also be connected with re-labelling and repackaging for those producers who will have been prevented from using certain geographical indications, assuming there are able to still produce those products. Companies may be forced to change current packaging for all markets or use different packaging for different markets, which may prove expensive and confusing to their current customers, perhaps negatively affecting their market share. The example has been given of Feta cheese,³¹ which is produced in a range of countries, including Greece, Denmark, Bulgaria, Australia, Canada, New Zealand and the United States. In terms of the protection currently afforded to all other products other than wines and spirits, it is legitimate for each of these countries to produce and export feta products, using such terms as "Danish Feta" or "Bulgarian Feta", which ensure that consumers will not be deceived or misled as to the origin of the cheese. They could also show that the competition is not unfair. Extension of additional protection to Feta cheese may jeopardize these Members' rights to continue to produce and export it.

³⁰ Immigrant people from Europe introduced certain European names in the new territories or "new world" they settled, such as the Americas and Australia and to a certain extent South Africa.

³¹ See WTO Document IP/C/W/211, dated 19 October 2000

The argument of the countries of the so-called new world is that some indications of geographic origin began to be used in these countries, not because the indications were well known worldwide and the users sought to free ride, but because their citizens emigrated from Europe and used the same terms for their products that they had used in their home countries. Much of that emigration, which took place because of political, economic and other conditions from the 17th to the mid-20th centuries, happened in many cases before geographical indication protection had even been established in the territories of those Members that now claim those terms.

The EC has often stressed the importance of obtaining effective protection against what it considers usurpation of names in the food and beverages sector, and making market access effective, by ensuring that products which have the right to use a certain denomination are not prevented from using such a name on the market. The EC believes such unauthorised use amounts to a barrier to trade, and deprives such products of access, as their denomination is the basis of consumer recognition and therefore carries economic value.³²

As has been shown, for a product to enjoy geographical indication protection, it must have a reputation with the public. Development of reputations for new products may be a costly venture, particularly if it relates to rural or poor communities that produce the product. Small and medium scale enterprises will no doubt need assistance in developing reputations for their new products by the promotion of the special qualities or other characteristics of those products. It seems unavoidable that if a product is to be marketed globally, then a global reputation must be built, or at least a reputation in the relevant market. Building global reputation is bound to be costly and perhaps beyond the resources of many Members to achieve, especially the developing country Members.

³² See WTO Document G/AG/NG/W/18 dated 28 June 2000; European Communities proposal; Food Quality – Improvement of Market Access Opportunities

Geographical indication protection has to be enforced in the relevant jurisdiction. Although generally, actions initiated ex officio or brought before an administrative body do not incur costs for private parties, fees will have to be paid in all civil procedures. The normal court costs for civil procedures will apply in the case of proceedings to enforce protection in accordance to the value of the case in dispute, the duration of the dispute, in particular the number and duration of the court hearings or in accordance with the complexity of the litigation. The level of the fees may also depend on the level of superiority of the court and the type of action brought. It must be borne in mind that costs may include costs for experts and fees paid to witnesses, and that the losing party may have to bear the costs of the winning party, which could include lawyer's fees.

There is absolutely no guarantee that in respect of products protected by geographical indications, whether extended or otherwise, some Members will not insist on the product meeting the SPS and TBT requirements relating to product quality controls and analysis, including testing, labelling, and packaging. In this regard, they may carry out on-the-spot inspections of the product and production conditions. So eligible products may still face entry bans in developed Members on the basis of health and technical standards. Producers and proprietors exporting goods may have to do a country-by-country analysis of every export market in order to determine if they are allowed to use the terms on their current packaging, which could prove a burdensome and expensive process.

5. RECOMMENDATIONS

It is interesting to note that no African country, and indeed no SADC Member, has spoken against the extension of additional protection. This in itself is beneficial to the proponents of the extension of additional protection as Members with nothing to gain on an issue may still take positions designed to make life difficult for those with real interest, so as to increase their bargaining power in other areas of interest to them.

Although SADC countries appear to have very little to gain from extension, they appear to have nothing to lose either. Except for one or two products such as tea and coffee, it appears these countries have no products that could command a share of world trade if marketed using GIs. The reputation of their tea and coffee is uncertain. They would probably gain more from continuing to market tea and coffee by way of trademarks or as bulk. The big advantage of SADC countries is that unlike countries in the so-called new world, they do not produce or market products from other continents that they would be forced to stop producing if the additional protection was extended to products other than wines and spirits.

But having nothing to gain or lose from the extension of additional protection does not mean that SADC countries should continue to say nothing on the issue in the Council for TRIPs, even bearing in mind that the resolution of this issue depends largely on how far the opposed developed countries are prepared to stand by their positions. In fact, SADC countries are in a unique position and could use this issue to push their interests in other areas of negotiation by asking for something in return from the proponents. Considering the politics of negotiation in the WTO, including the bilateral, economic and political pressures that can be brought to bear on developing countries by developed countries to support certain positions, SADC countries may sooner rather than later find themselves drawn into the discussion. For example, the EC has already said in the Committee on Agriculture that it is not alone in expressing interest in seeing this issue dealt with in the context of agricultural negotiations, since developing

countries, that possess a great richness and variety of food products based on traditional know-how, stand to benefit from increased access opportunities, especially to lucrative niche markets in developed countries. Although the EC did not name or say how many such developing countries there were, this may signal that they may be trying to persuade many developing countries into supporting them on this issue, using their political and economic muscle. So, rather than have to react, too late probably, when the pressure is brought to bear, SADC countries could start now by identifying issues that they would want to see taken care of to their satisfaction in the debate.

5.1 Address Market Access Concerns

Market access concerns should not be dismissed. Recent experience has shown how the EC has concluded arrangements with several Members in Africa, Latin America and Asia, that have had the result of prohibiting these other Members from producing certain products, with implications for their domestic industries in the wine and spirit sector. While the European Union might be within its rights under the TRIPs Agreement, the market access implications of such arrangements for developing Members need to be fully addressed in the negotiations.

Since it is clear that the whole issue is a market access issue, the objective of SADC countries should be to see increased market access to the benefit of all WTO Members, considering that the beneficial effect will only materialise insofar as market access opportunities for such products are ensured. The protection of geographical indications in developed Members should be made subject to, or at least qualified by, market access considerations for products of developing Members. There must be some measure of guarantee that developing country products marketed under GIs would not be subjected to too stringent checks and inspections in the enforcement by developed countries of their TBT and SPS requirements. The determination of elements such as product quality should be left to the consumer and consumer expectations about it, and the market-driven behaviour of those who patronise the product. On such a basis, products

of existing export interest to developing Members should not be subject to rights conferred upon developed-Member producers and other interested parties. Existing export interest should not be frozen at any particular point in time, but operate as a dynamic consideration that all Members and the TRIPs Council should always take into account.

It must be borne in mind that extension of additional protection to all products would not be the panacea that many Members envision. The benefits of such extension would accrue to those WTO Members with many or trade significant geographical indications. The burdens will fall on those Members with domestic food industries that have for many years used, in marketing their products domestically and abroad, geographic terms that originated in countries from which the founders of those industries emigrated for economic, political, or religious reasons. For the latter Members, the benefits would indeed be few.

5.2 Improvements to Existing Rules

SADC countries could make any support for the extension of additional protection conditional upon the improvement of the current rules, in case they at some point identify products that can benefit from geographical indication protection. An ideal approach would be to seek to accommodate the range of interests in relation to geographical indications protection, which entails limiting the monopoly costs of the protection afforded, while optimising the dynamic welfare gains thereby ensuring a net economic benefit to society. The monopoly costs of geographical indications protection can be limited by ensuring that the intellectual property system only provides exclusive protection to material that is genuinely distinctive and to which others do not have legitimate claims, with reference to the actual context and purpose of use, so that exclusive rights only cover what the public, or other traders, are not using or able legitimately to use before the intellectual property right is granted. Such a balance would serve the objectives in Article 7 of the TRIPS Agreement, which requires that protection of intellectual property rights should be conducive to social and economic welfare, and to a balance of rights and obligations.

Concerns about the current rules on geographical indication protection relate to the need to further clarify terms and add new ones. The current definition of geographical indications in Article 22 of the TRIPs Agreement is insufficient in that it does not make it clear whether Members are entitled to use their country names as geographical indications. The names of many African countries are also the names of the local areas, sometimes rendered in the corrupt versions attributable to colonial legacies.

It could be suggested that the criteria for what constitutes a geographical indication, should be streamlined restrictively. For example, a geographical indication should not be any product. Protection should be restricted to agricultural products and handiworks, and not extended to non-agricultural products, on the basis that mechanical processes can be replicated, while reputations and other characteristics attached to geographical regions may not. Geography in this sense should refer to all other conditions that result in characteristics that are peculiar to that location or region, except essentially mechanical skills and operations. So the following would be understood to constitute a geographical area; continent; countries or country, including political boundaries/administrative territories; state; region or sub-region; district; commune; city; village; local administrative area or part thereof; locality, or group of such localities; area; place; linear feature or zone.

The exceptions to geographical indications protection, although providing a good starting point, have been compromised in Article 24.1 of the TRIPs Agreement by the requirement that these exceptions not be used by a Member to refuse to conduct negotiations or to conclude bilateral or multilateral agreements. Bilateral negotiations may undermine or even abrogate these exceptions, given the reality of the power-based nature of bilateral negotiations between developing and developed Members. Paragraph 1 of Article 24 should be deleted. If this is not done, at least the references to bilateral negotiations should be omitted as the barest minimum.

Although it may appear logical that for a product to enjoy global GI protection it must have a global reputation, domestic or regional reputation should be sufficient for a product to qualify for GI protection. It must be clarified that 'protection' for GIs does not mean only formal registration but can include also protection offered through certification marks and unfair or unlawful competition rules.

5.3 Get Something else in Return

SADC countries should identify what it is the proponents of the extension of additional protection such as the EC can give them in return for their support. Since the EC has raised this issue in the context of the agriculture negotiations also, SADC Members could demand that their concerns in agriculture be adequately addressed.

There must be guarantees of technical and financial assistance to SADC countries to enable them to meaningfully benefit from the provisions on protection of geographical indications, including any extension of the strong protection to other products. The pre-condition for domestic protection, in the country of production, means that Members that do not yet protect their geographical indications cannot exercise their rights against other Members. This will continue to be the case for SADC Members except a few. In this regard, they will need technical and financial assistance for considering, drafting, and adopting relevant domestic laws. Assistance will also be needed to build the necessary reputations.

5.4 Further Research

- It is imperative that in the meantime SADC Members undertake inventories of products and services that they could protect under geographical indications, in the context of well-researched projections of benefits and costs to result from the extension of protection to other products. Commodities likely to be of particular importance to these

countries are cotton, sugar, rice, bananas, coffee, tea, fish, beef and veal.³³

- A review of SADC countries' domestic legislation and institutions in relation to the protection of geographical indications.
- Identification of the products currently enjoying geographical indications protection, and those that could possibly be protected, including any real or potential markets.
- A practical assessment of the costs and benefits of the extension of additional protection to these products.

³³ These commodities were cited by ACP States as being of particular interest to them in the ACP Declaration on the Fifth Ministerial Conference of the WTO, Brussels, 1 August 2003. Many SADC countries happen to be members of the ACP Group.

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