

# Geographical Indications in the United States The New Lisbon Agreement and Beyond

Prof. Daniel Gervais



**VANDERBILT**  
LAW SCHOOL

## World Intellectual Property Organization, Geneva, May 11-21, 2015



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### Negotiators Adopt Geneva Act of Lisbon Agreement at Diplomatic Conference

Geneva, May 20, 2015  
PR/2015/779

Negotiators approved a revision of an international registration system providing protection for names that identify the geographic origin of products such as coffee, tea, fruits, wine, pottery, glass and cloth.

A Diplomatic Conference was held in Geneva from May 11 to 21, 2015 and adopted the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications.

The Geneva Act allows the international registration of geographical indications (GIs), in addition to appellations of origin, and permits the accession to the Lisbon Agreement by certain intergovernmental organizations.

## Outline

- ⌘ Appellations of Origin
- ⌘ Lisbon Agreement 1958
  - ⌘ World Intellectual Property Organization (WIPO)
- ⌘ Geographical Indications
- ⌘ Agreement on Trade-Related Aspects of Intellectual Property (TRIPS Agreement)
  - ⌘ World Trade Organization (WTO)
- ⌘ The US System

## How are AOs protected

## Lisbon (1958)

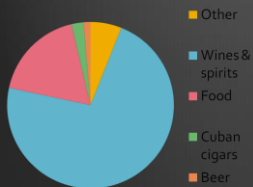
- ⌘ Major IP conference on various aspects of industrial property
  - ⌘ Includes Lisbon Agreement on Appellations of Origins (AOs)
- ⌘ Lisbon Members:
  - ⌘ (a) Ensure protection against any **usurpation** or imitation, *even if the true origin of the product is indicated* or if the appellation is used in translated form or accompanied by terms such as 'kind,' 'type,' 'make,' 'imitation,' or the like
  - ⌘ (b) Established multilateral register

## The Lisbon Register

- ⌘ 28 member States
- ⌘ Reasonably free to determine what constitutes "usurpation and imitation"
  - ⌘ EU law uses "evocation"
- ⌘ But confusion not required
  - ⌘ Lisbon level resembles US dilution standard
- ⌘ Members also fairly free to decide legal mechanism to define and protect AOs
  - ⌘ Court decision, decree, law, registration process like TMs, etc.
- ⌘ Members must establish "national authority" to apply
- ⌘ Other Members have 12 months to reject new AOs

## The Lisbon Register: The Numbers (end 2009)

By Product Type



By Country



## The “Other View”

- ⊗ GIs are NOT trademarks
- ⊗ They have higher legal status than trademarks, except for famous/well-known marks
- ⊗ They have a separate system of protection
- ⊗ Often government or other system to control production methods
  - ⊗ Like USDA or private industry standard (UL)

## World Trade Organization

- ⊗ Adopts Intellectual Property agreement in 1994, known as “TRIPS”
- ⊗ Now applies to 160 countries
- ⊗ US and “other view” on GIs had to be reconciled

## TRIPS

- ⊗ Instead of using old notion of “appellation of origin,” uses neutral term: “geographical indications”
- ⊗ Protects GIs at TM standard (requires confusion or deception)
- ⊗ **Except for GIs on wines and spirits**
  - ⊗ **Protected at Lisbon level (dilution)**
- ⊗ Mandates *negotiations* for establishment of GI register for wine only

## How Does that Fit the US System?

### The U.S. System Part 1: Trademarks

- ⊗ Normal trademarks: Use in commerce
  - ⊗ "First in Time, First in Right"
- ⊗ Certification marks
  - ⊗ A word, name, symbol, device, or any combination, used, or intended to be used, in commerce with the owner's permission by someone other than its owner, to certify regional or other geographic origin, material, mode of manufacture, quality, accuracy, or other characteristics of someone's goods or services, or that the work or labor on the goods or services was performed by members of a union or other organization.
- ⊗ Collective marks
  - ⊗ A collective mark is a trademark or service mark used, or intended to be used, in commerce, by the members of a cooperative, an association, or other collective group or organization, including a mark which indicates membership in a union, an association, or other organization.
- ⊗ No USPTO oversight of applicable standard (if any)

### The US System Part 2: BATF/TTB

- ⊗ 27CFR §§4.24 and 12.31
  - ⊗ Control of alcohol labels
  - ⊗ Was ATF, now Alcohol and Tobacco Tax and Trade Bureau (TTB)
  - ⊗ Gvt determines generic and semi-generic character
  - ⊗ No conflict rules

### The 2006 US-EU Wine Pact

- ⊗ Main provisions:
  - ⊗ Recognition of "semi-generics"
  - ⊗ Recognition that many names of wines already protected under BATF regulations
  - ⊗ Reciprocal undertaking to protect a long list of additional names
  - ⊗ Covers almost all Lisbon AOs and hundreds more
  - ⊗ Allows each side to continue using wine-making techniques
    - ⊗ E.g. "superoaking"

## Semi-generics in U.S.

- ⊗ Burgundy, Chablis, Champagne, Chianti, Claret, Haut Sauterne, Hock, Madeira, Malaga, Marsala, Moselle, Port, Retsina, Rhine, Sauterne, Sherry and Tokay
- ⊗ U.S. limits use to wines originating in the EC for the U.S. market, *except* for wines not originating in the EC using these names before December 13, 2005
  - ⊗ Effected by §422 of the *Tax Relief and Health Care Act of 2006*
- ⊗ Label must identify the wine produced in the United States

## As a result of Wine Pact

- ⊗ Us was able to protect wines and spirits at a level higher than trademarks and comply with TRIPS
- ⊗ No such system for other agricultural products

## In the meantime,

US Consumer Preferences are shifting: Product info, local food, farm-to-table  
More educated consumer; will pay more for “right” product

Whole Foods uses GIs (perception of higher quality) to increase prices

Linked to “know your food” zeitgeist

### AN ITALIAN MASTERPIECE

Parmigiano Reggiano has been made for centuries in one area of Northern Italy, the rolling hills and green pastures comprising Reggio Emilia, Parma, Modena and portions of Bologna and Mantua. Only there are the conditions ideal—a combination of rich countryside and cool climate—to produce the only cheese in the world that can be called Parmigiano Reggiano. Typical of this region steeped in food culture and tradition, the cheese is made in small batches using artisan methods, often passed down through families from generation to generation.

For true cheese lovers, there are few experiences that match the pleasure of savoring a perfectly aged, fresh-cut sliver of Parmigiano Reggiano. One of the three or four incomparable cheeses of the world, this is the pride of an Italian food tradition dating back almost 800 years. Crafted by artisans, carefully aged and cared for, each wheel is not only an expression of the cheese maker's dedication but of the culinary history of the region itself.

### OUR PASSION FOR PARMIGIANO REGGIANO

With all the Parmigiano Reggiano found in the market, you might wonder what makes ours at Whole Foods Market different. Honestly, we have a true passion for Parmigiano Reggiano! Each year we visit the region and select wheels based on the flavor profile we believe is best, buying from just a handful of producers that we know personally.

First we choose cheese made with the season's best milk—fall and spring when grass is most flavorful. Then our chosen wheels are carefully aged and hand tended for a full two years to bring out the desirable “pleasant fireworks” on the tongue. In a world of mass-produced food products, we are proud to offer a true hand-crafted work of art.

THE STORY OF PARMIGIANO REGGIANO



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THE STORY OF PARMIGIANO REGGIANO

## A few words on the economics of GIs

## Recognition of value of GIs in US

- ⊗ Price= cost + goodwill
  - ⊗ Cost= production cost + producer advertising
  - ⊗ Think generic cola v Coca-Cola
- ⊗ Price with GI= Price + goodwill + GI factor
  - ⊗ But cost= Production cost + producer advertising + GI compliance and defense

## Example

- ⊗ Cheese
  - ⊗ Assume production cost/distribution is \$1/pound
  - ⊗ Consumer knows producer TM and attributes value/trust to TM ("credence attribute")
  - ⊗ Product sells for \$1+ goodwill, say \$8/pound
  - ⊗ Advertising costs vary
  - ⊗ Lets chain split \$7/pound (including profit)
- ⊗ If GI is added (say Parmigiano Reggiano), may add \$10/pound
- ⊗ GI and TM can be added
  - ⊗ Wine: region + producer goodwill (Napa/Beringer)

## Another example

- ⊗ Bubbly wine:
  - ⊗ Production \$1/bottle
  - ⊗ Producer well-respected, sell price if \$12, leaving \$11 for distribution chain
- ⊗ Champagne (the “real thing”)
  - ⊗ Production: \$2.00 (compliance cost, including minimum aging)
  - ⊗ Producer respected, but GI adds huge value, sell price \$35-\$50, leaving \$33-48 for chain (factor of 3 or 4)

## US Examples



## How to Shape US and International Law to Respond

### Conflicts Between Trademarks and GIs

- ⊗ International law is flexible
- ⊗ Prior trademarks **may** be given priority over GIs
- ⊗ **Coexistence** of a GI and trademark possible
- ⊗ Up to each WTO member to **determine genericness**
  - ⊗ *“identical with the term customary in common language as the common name for such goods or services in the territory of that Member.”*

## Is the Updated (2015) Lisbon Agreement the right answer?

## Genericide

- ⊗ Genericide: Death by genericness
- ⊗ Seems under control for most wines under Wine Pact
- ⊗ But still clashes with US practice in Lisbon Agreement
  - ⊗ **Courts** may find name generic and refuse protection
  - ⊗ Most problems likely with **legacy appellations** not future ones, however
  - ⊗ My suggestion: focus on **remedy, not right**

## Reconciling U.S. Practice and Lisbon: GIs as Trademarks?

- ⊗ Not fundamentally objectionable to allow capture of geographic "trademark" vs. ordinary trademark
  - ⊗ Higher value often due more to perception not "objective" factors
- ⊗ Is there a clash because GIs are owned collectively?
  - ⊗ Not unlike UL and industry-led standards identified by certification mark
  - ⊗ No mandatory government role in Lisbon other than facilitating international applications

## Four things had to be fixed for Lisbon to be attractive to US

1. Terminology
2. Scope of protection: Alignment with TRIPS
  1. Dual level
  2. What the heck is usurpation anyway?
3. Genericide
4. Fees



## A word of the (flawed) negotiation process

- ⊗ Only the 28 current Lisbon members were allowed to vote
  - ⊗ Many European countries, a few African countries, A few Central American countries, Peru, Iran and Israel
- ⊗ Other countries, including the US, were “observers”

## The Outcome

1. Probably fixed terminology by using both notions
    - Still poses implementation issues
  2. Scope
    - TRIPS Plus
    - Requires dilution-type protection for all GIs
    - In US: Dilution requires nationwide fame
  3. Genericide: no change
  4. Fees: country fees allowed but not renewal/maintenance
- ⊗ Otherwise: Much improved rules on registration process

## US reaction

- ⊗ Ambassador attended closing session
- ⊗ “Cannot see how” this outcome can be reconciled with common law
- ⊗ Very disappointed in process and outcome
- ⊗ Joined by Australia, Japan, Korea, Panama, Uruguay and many others
- ⊗ Lwd to fight over budget for Lisbon system

## Now what?

- ⊗ Major battles over Lisbon budget as separate system for GIs
- ⊗ Unlikely that Lisbon will be huge anytime soon
- ⊗ Focus on other trade deals (TPP, TTIP)
- ⊗ US producers should push certification marks now:
  - ⊗ Educate producers
  - ⊗ Create value and make it known
  - ⊗ Can be protected internationally

Thank you



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