

**Acquiring a European Taste for Geographical Indications**

**Submitted by Justin M. Waggoner**

## Acquiring a European Taste for Geographical Indications

### I. INTRODUCTION

In the Italian province of Parma, Parmigiano-Reggiano undergoes several labor-intensive processes that culminate in the creation of a large wheel of cheese that must be aged for approximately two years.<sup>1</sup> The final product has a distinctive flavor that is “full and fruity with a salty tang.”<sup>2</sup> Although the technology has changed, the method of producing Parmigiano-Reggiano has remained consistent for more than 800 years.<sup>3</sup>

Kraft Foods began producing Parmesan Cheese, its own version of Parmigiano-Reggiano, in the United States (U.S.) in 1945.<sup>4</sup> Kraft’s product has many of the same ingredients and uses as Parmigiano-Reggiano, but there are also several notable differences. Unlike Parmigiano-Reggiano, Parmesan Cheese is mass-produced in large factories<sup>5</sup> and is only aged for between six to ten months.<sup>6</sup> On the one hand, Parmigiano-Reggiano cheese is sold in fresh wedges. On the other hand, Kraft’s Parmesan Cheese is already grated into a dry, powder-like substance and packaged in plastic or cardboard cylindrical tubes.<sup>7</sup>

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<sup>1</sup> For a more detailed of how Parmigiano-Reggiano is produced, *see* <http://www.parmigiano-reggiano.it/index.html?l=2> (last visited October 5, 2007) [hereinafter Parmigiano-Reggiano Website].

<sup>2</sup> JUDY RIDGWAY, *THE CHEESE COMPANION: THE CONNOISSEUR'S GUIDE* 174 (Rosie Hankin ed., 1999).

<sup>3</sup> Parmigiano-Reggiano Website, *supra* note 1.

<sup>4</sup> <http://www.kraftfoods.com/kraftparm> (follow the “Kraft Parmesan History” hyperlink) (last visited October 5, 2007) [hereinafter Kraft Foods].

<sup>5</sup> JULIET HARBUTT, *CHEESE: A COMPLETE GUIDE TO OVER 300 CHEESES OF DISTINCTION* 110 (1999).

<sup>6</sup> Libby Quaid, *Kraft Wants to Speed the Making of Parmesan, But Purists Cry Foul*, *HOUSTON CHRONICLE*, February 9, 2006, at 3.

<sup>7</sup> RIDGWAY, *supra* note 2, at 176. Kraft’s Grate-It-Fresh, which began in 2006, is an exception. *See* Kraft Foods, *supra* note 4.

Parmigiano-Reggiano producers<sup>8</sup> are dismayed by Kraft's product name of Parmesan Cheese ("Parmesan" is French for "Parmigiano" because both mean "of Parma."<sup>9</sup>). These producers declare that Parmigiano-Reggiano (or parmesan cheese) can only be produced in Parma and other nearby provinces because the cheese's quality, distinctive flavor and methods of production are linked with the land and cannot be replicated in other parts of the world.<sup>10</sup> They argue that foreign producers of parmesan cheese are free riding on Parmigiano-Reggiano's traditional product name.<sup>11</sup>

More specifically, the Parmigiano-Reggiano producers believe that Kraft is infringing upon their product's geographical indication (GI). GIs, a form of intellectual property (IP), are "indications which identify a good as originating in the territory of a [World Trade Organization] (WTO) 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 geographic origin."<sup>12</sup>

The European Union (EU) favors strong GI protection. In fact, if the EU had its way, Kraft would be prevented from labeling its product as "Parmesan Cheese."<sup>13</sup> However, the U.S., typically an advocate for the strong enforcement of international IP rights, claims the EU is asking too much in its demands for GI protection.

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<sup>8</sup> There are approximately 450 dairy farms that produce the milk that is essential for Parmigiano-Reggiano. These dairies are located not only in the province of Parma, but also in the nearby provinces of Modena, Reggio Emilia, and parts of Bologna and Mantua. Parmigiano-Reggiano Website, *supra* note 1, (follow the "Dairies" hyperlink).

<sup>9</sup> Bob Davis, *Italian Town Says British Butchers Just Can't Cut It—In Parma Ham Spat, Tradition Collides With Commerce*, WALL ST. J., June 4, 2002, at A1.

<sup>10</sup> See Quaid, *supra* note 6.

<sup>11</sup> See *Id.*

<sup>12</sup> Agreement on Trade Related Aspects of International Property Rights, art 22(1), Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1125, 1197 [hereinafter TRIPs].

<sup>13</sup> It is worth noting that Kraft has been forced to rename its European product (now "Parmasello Cheese") in order to comply with the EU's internal GI requirements.

The purpose of this paper is to demonstrate why the U.S. should acquire a European outlook on GIs and enhance GI protection under the Agreement on Trade Related Aspects of International Property Rights (TRIPs).<sup>14</sup> Part II of the paper discusses the history and scope of pre-TRIPs multilateral agreements on GIs. A detailed account of TRIPs provisions governing GI protection is included in Part III. Part IV describes internal GI protection in the U.S and the EU. In Part V, I explain what the U.S. could gain by adopting a European approach to the protection of GIs. Part VI illustrates how a comprehensive and multilateral form of GI protection could be provided. Finally, Part VII offers concluding observations.

## II. DEVELOPMENT OF GI PROTECTION

International commerce has long placed significant importance upon geographical names. For many centuries, tradable commodities and manufactured goods have been brought to market under the name of a particular place where they are produced.<sup>15</sup> Accordingly, products such as Bordeaux wine, Darjeeling tea, and Parmigiano-Reggiano cheese have traditionally been in high demand, commanding premium prices.<sup>16</sup> Due to existing consumer preferences, these GIs are market assets.<sup>17</sup> As international commerce continued to expand after the Industrial Revolution, businesses and developed countries' governments grew concerned with protecting the use of GIs in international markets.<sup>18</sup>

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<sup>14</sup> The dispute over GIs is much more complex than the 1-on-1 game I feature. I have focused on the U.S. and the EU because they are the world's two largest financial actors and lead opposing sides of the dispute. Also, the scope of this paper does not cover GI protection and enforcement in developing and less developed countries.

<sup>15</sup> J. AUDIER, TRIPs AGREEMENT: GEOGRAPHICAL INDICATIONS 10 (2000).

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

A. *Paris Convention for the Protection of Industrial Property (1883)*

The Paris Convention<sup>19</sup>, established in 1883, was the first multilateral agreement to cover GIs.<sup>20</sup> Although the Paris Convention now has 171 contracting parties<sup>21</sup>, its protection of GIs is limited.<sup>22</sup> The Paris Convention protects indications of source and appellations of origin.<sup>23</sup> In modern terminology, a GI encompasses both of these terms.<sup>24</sup> Additionally, the Paris Convention provides nationals of member countries with national treatment.<sup>25</sup> However, a major deficiency of the Paris Convention is its failure to define indications of source and appellations of origin.<sup>26</sup> Furthermore, the Paris Convention does not state when a representation of origin is false.<sup>27</sup>

Article 10 of the Paris Convention allows for the seizure of imported goods “in cases of direct or indirect use of a false indication of the source of the goods.”<sup>28</sup> However, Article 10 does not provide protection for misleading indications, which, while not necessarily false, may

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<sup>19</sup> In this paper “Paris Convention” refers to the Paris Convention for the Protection of Industrial Property.

<sup>20</sup> AUDIER, *supra* note 15, at 11.

<sup>21</sup> [http://www.wipo.int/treaties/en/ShowResults.jsp?country\\_id=ALL&start\\_year=1884&end\\_year=2007&search\\_what=C&treaty\\_id=2](http://www.wipo.int/treaties/en/ShowResults.jsp?country_id=ALL&start_year=1884&end_year=2007&search_what=C&treaty_id=2) (last visited October 5, 2007).

<sup>22</sup> Justin Hughes, *Champagne, Feta, and Bourbon: The Spirited Debate About Geographical Indications*, 58 HASTINGS L.J. 299, 311 (2006).

<sup>23</sup> Paris Convention for the Protection of Industrial Property art. 1, March 20, 1883, *available at* [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html) (last visited October 5, 2007) [hereinafter Paris Convention].

<sup>24</sup> AUDIER, *supra* note 15, at 12. An indication of source is merely intended to tell you where a product comes from. However, an appellation of origin is more specific since the product qualifying for the appellation, because of where it comes from, is of a certain quality and possesses certain characteristics.

<sup>25</sup> GRAEME B. DINWOODIE ET AL., INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY 317 (2001).

<sup>26</sup> AUDIER, *supra* note 15, at 11.

<sup>27</sup> *See* Paris Convention, *supra* note 23, at art. 10.

<sup>28</sup> *Id.*

deceive consumers.<sup>29</sup> In an effort to correct this shortcoming, Article 10*bis* was added to prohibit acts of unfair competition that cause confusion or mislead the public about the characteristics of the goods.<sup>30</sup> Nevertheless, U.S. opposition prevented the addition of the word “origin.”<sup>31</sup> Consequently, despite the inclusion of Article 10*bis*, the Paris Convention prevents only the importation of goods containing false GIs, but it does not apply to indications that are merely misleading.<sup>32</sup>

B. *Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (1891)*

Just eight years after the Paris Convention, the Madrid Agreement<sup>33</sup> provided expanded protection by prohibiting products with false *and* deceptive indications of origin.<sup>34</sup> However, the Madrid Agreement does not protect generic terms and allows national courts to determine which indications of origin are generic.<sup>35</sup> As a result, national courts have utilized different approaches to the Madrid Agreement and often have provided limited protection for foreign GIs.<sup>36</sup> Article 4

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<sup>29</sup> JAYASHREE WATAL, *INTELLECTUAL PROPERTY IN THE WTO AND DEVELOPING COUNTRIES* 264 (2001).

<sup>30</sup> This occurred during the 1958 Lisbon Revision Conference. *Id.*

<sup>31</sup> As originally proposed, Article 10*bis*(3) would have stated: “Indications or allegations, the use of which in the course of trade is liable to mislead the public as to the nature, the origin, the manufacturing process, the characteristics, the suitability for their purpose or the quantity of the goods.” The U.S. opposed this wording because it would have caused too many problems in U.S. law. DINWOODIE ET AL., *supra* note 25, at 318.

<sup>32</sup> *Id.* at 317.

<sup>33</sup> In this paper, “Madrid Agreement” refers to the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods.

<sup>34</sup> Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods art. 1, April 14, 1891, located at [http://www.wipo.int/treaties/en/ip/madrid/trtdocs\\_wo032.html](http://www.wipo.int/treaties/en/ip/madrid/trtdocs_wo032.html) (last visited October 5, 2007) [hereinafter Madrid Agreement].

<sup>35</sup> AUDIER, *supra* note 15, at 11.

<sup>36</sup> *Id.*

prevents the treatment of GIs of wines as generic terms.<sup>37</sup> Another shortcoming of the Madrid Agreement is its failure to protect against false GIs in translated form and indications coupled with approximation terms such as “kind” or “type” or “style.”<sup>38</sup> Moreover, the small number of signatories (35) has limited its scope for international GI protection.<sup>39</sup>

C. *Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration (1958)*

Europe has consistently been the driving force behind international GI protection. Thus, there was little progress on the matter as the continent endured two World Wars, an economic depression, and protectionist trade policies. However, once Europe had recovered from World War II, GI protection again became relevant.

The Lisbon Agreement<sup>40</sup>, which entered into force in 1958, represented a significant step forward in GI protection.<sup>41</sup> Seventy-five years after the Paris Convention, the Lisbon Agreement finally defined an appellation of origin as “the geographical name of a country, region or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.”<sup>42</sup> A key provision within Article 6 states that a protected GI of one country can

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<sup>37</sup> This is an early indication of the heightened GI protection that wines and spirits currently enjoy within TRIPs. DINWOODIE ET AL., *supra* note 25, at 318.

<sup>38</sup> An example of this would be American wine labeled as “Champagne-style wine.” *Id.*

<sup>39</sup> [http://www.wipo.int/treaties/en/ShowResults.jsp?country\\_id=ALL&start\\_year=1884&end\\_year=2007&search\\_what=C&treaty\\_id=3](http://www.wipo.int/treaties/en/ShowResults.jsp?country_id=ALL&start_year=1884&end_year=2007&search_what=C&treaty_id=3) (last visited October 5, 2007).

<sup>40</sup> In this paper, “Lisbon Agreement” refers to the Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration.

<sup>41</sup> AUDIER, *supra* note 15, at 11.

<sup>42</sup> Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration art. 2(1), October 31, 1958, located at [http://www.wipo.int/lisbon/en/legal\\_texts/lisbon\\_agreement.htm](http://www.wipo.int/lisbon/en/legal_texts/lisbon_agreement.htm) (last visited October 5, 2007) [hereinafter Lisbon Agreement].

never be generic in another country.<sup>43</sup> The Lisbon Agreement also extends protection to false GIs in translated form and prohibits the use of indications paired with approximation terms.<sup>44</sup>

The Lisbon Agreement only protects GIs to the extent they are protected in the country of origin.<sup>45</sup> As a result, the impact of the Lisbon Agreement's GI protection is limited because many national legislatures have been unwilling to enact legislation enforcing added GI protection.<sup>46</sup> Article 6's restriction on the classification of GI-protected products as generic terms has also caused countries to be wary of joining the Lisbon Agreement.<sup>47</sup> Consequently, despite having been open to worldwide membership, there are only 26 contracting parties to the Lisbon Agreement.<sup>48</sup>

### III. TRIPS PROVISIONS ON GIs

#### A. *The Foundation of TRIPs and the Establishment of Its GI Provisions*

In the decades following the Lisbon Agreement, counterfeiting, imitation and false indications of origin proliferated.<sup>49</sup> This behavior took a severe toll on international trade because IP right holders were losing significant profit.<sup>50</sup> As a result, a key goal of the Uruguay Round's focus on IP was the establishment of GI protection.<sup>51</sup> Unlike other IP topics negotiated during the Uruguay Round, the battle over GIs was not a match between developed countries on

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<sup>43</sup> *Id.* at art. 6.

<sup>44</sup> AUDIER, *supra* note 15, at 11.

<sup>45</sup> WATAL, *supra* note 29, at 265.

<sup>46</sup> DINWOODIE ET AL., *supra* note 25, at 319.

<sup>47</sup> *Id.*

<sup>48</sup> [http://www.wipo.int/treaties/en/ShowResults.jsp?country\\_id=ALL&start\\_year=1884&end\\_year=2007&search\\_what=C&treaty\\_id=10](http://www.wipo.int/treaties/en/ShowResults.jsp?country_id=ALL&start_year=1884&end_year=2007&search_what=C&treaty_id=10) (last visited October 5, 2007); AUDIER, *supra* note 15, at 11-12.

<sup>49</sup> AUDIER, *supra* note 15, at 12.

<sup>50</sup> *Id.*

<sup>51</sup> *See* DINWOODIE ET AL., *supra* note 25, at 321.



one side, and developing and less developed countries on the other.<sup>52</sup> Instead, it was a battle primarily fought between the “New World” countries such as the U.S., Argentina, Australia, Brazil, and Canada, and the “Old World” European countries.<sup>53</sup>

In obvious self-interest, the EU sought to expand protection for GIs.<sup>54</sup> However, the “New World” countries, which also happen to be some of the world’s leading agricultural exporters, also acted in self-interest by opposing the expansion of GI protection.<sup>55</sup> They asserted the terms that had been carried by immigrants from Europe had become generic and should not be protected since the terms were no longer associated with the regions in which they had originated.<sup>56</sup> Moreover, the “New World” countries alleged that the EU’s efforts were motivated by protectionism. The battle over GIs proved to be one of the principal obstacles to the conclusion of TRIPs.<sup>57</sup> Ultimately, a compromise was reached and TRIPs entered into force on January 1, 1995, as a part of the World Trade Organization (WTO) Agreement. In stark contrast to the Lisbon Agreement, the vast majority of the world’s countries have agreed to TRIPs.<sup>58</sup>

TRIPs was drafted to promote the creation of harmonization in the IP realm, which would “[reduce] the disparities between national laws [and] reduce the cost, time and uncertainty involved in determining and/or acquiring rights, thus reducing barriers to innovation and to

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<sup>52</sup> *Id.* at 321-22.

<sup>53</sup> *Id.*

<sup>54</sup> *Id.* at 321.

<sup>55</sup> THOMAS COTTIER, TRADE AND INTELLECTUAL PROPERTY PROTECTION IN WTO LAW 482 (2005).

<sup>56</sup> See DINWOODIE ET AL., *supra* note 25, at 316.

<sup>57</sup> *Id.* at 322.

<sup>58</sup> TRIPs is a part of the single undertaking that all countries agree to in joining the WTO. As a result, there was significant pressure for members to join TRIPs. There are now 151 members in the WTO.

global trade.”<sup>59</sup> Furthermore, TRIPs was designed to protect GIs from three abuses: (1) the use of false or misleading GIs; (2) the registration of GIs as trademarks; and (3) the degeneration of GIs into generic terms.<sup>60</sup> TRIPs has ambitious goals on GI protection, but it only provides minimum enforceable standards without “dictating the system that WTO Members must implement to protect GIs.”<sup>61</sup>

GI protection under TRIPs can be broken down into three generally stated topics. First, TRIPs requires WTO members to provide certain minimum protections for all GIs. Second, an elevated level of protection is afforded to wines and spirits. Third, there are several circumstances where TRIPs does not require any protection.

#### B. *Article 22: General Protection*

Article 22 provides “floor” protection for all GIs.<sup>62</sup> TRIPs defines GIs 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 geographic origin.”<sup>63</sup> TRIPs does not define the term “good.”<sup>64</sup> However, as early as the Paris Convention, it was clear that IP can apply to all kinds of products.<sup>65</sup> Thus, for

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<sup>59</sup> Graeme B. Dinwoodie, *The Integration of International and Domestic Intellectual Property Lawmaking*, 23 COLUM.-VLA J.L. & ARTS 307, 208 (2000).

<sup>60</sup> DINWOODIE ET AL., *supra* note 25, at 329-330.

<sup>61</sup> Jon W. Dudas, Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office, Statement Before the Committee on Agriculture, U.S. House of Representatives (July 22, 2003), located at [www.ogc.doc.gov/ogc/legreg/testimon/108f/dudas0722.htm](http://www.ogc.doc.gov/ogc/legreg/testimon/108f/dudas0722.htm) (last visited October 5, 2007).

<sup>62</sup> Hughes, *supra* note 22, at 314.

<sup>63</sup> TRIPs, *supra* note 12, at art. 22(1).

<sup>64</sup> AUDIER, *supra* note 15, at 16.

<sup>65</sup> *Id.*

the purposes of TRIPs, GIs apply to any goods, whether they are natural, agricultural, agri-industrial or manufactured.<sup>66</sup>

In order to establish a GI under TRIPs, “a given quality, reputation, or characteristic”<sup>67</sup> must link the goods to their place of origin.<sup>68</sup> These three determinants can apply together or individually to establish a GI’s origin.<sup>69</sup> Thus, even when no other characteristic of the good is essentially attributable to its geographic origin, protection applies to GIs that are identified with an area by reputation.<sup>70</sup> GIs are not limited to words, therefore images and packaging could be classified as GIs.<sup>71</sup> However, it must be noted that GIs do not apply to services.<sup>72</sup>

A complainant must satisfy three elements in order to establish the violation of a GI under Article 22(2)(a), provided the good is not a wine or spirit.<sup>73</sup> First, the representation of the good must suggest its origin by being geographically descriptive.<sup>74</sup> Second, the good must not come from the region designated by the indication of origin.<sup>75</sup> Finally, the representation of origin must be false or misleading.<sup>76</sup> However, as I describe below, there are situations where exceptions remove GI protection even if the three-part test is satisfied.

An additional safeguard is included in Article 22(4) to prevent a true statement which is nevertheless misleading as to the origin of the goods from undermining the effectiveness of

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<sup>66</sup> *Id.*

<sup>67</sup> TRIPs, *supra* note 12, at art. 22(1).

<sup>68</sup> AUDIER, *supra* note 15, at 17.

<sup>69</sup> *Id.*

<sup>70</sup> WATAL, *supra* note 29, at 267.

<sup>71</sup> Hughes, *supra* note 22, at 314.

<sup>72</sup> GIs for services could be found in the field of tourism. DINWOODIE ET AL., *supra* note 25, at 323.

<sup>73</sup> Hughes, *supra* note 22, at 316.

<sup>74</sup> TRIPs, *supra* note 12, at art. 22(2)(a).

<sup>75</sup> *Id.*

<sup>76</sup> *Id.*

TRIPs' GI protection.<sup>77</sup> For example, renaming the Napa Valley region "Burgundy" would not be permissible under Article 22(4).<sup>78</sup> Article 22(4) also applies to geographical homonyms, which are particularly common in countries where immigrants have named new regions after those from their homeland.<sup>79</sup>

C. *Article 23: Extra Protection for Wines and Spirits*

Article 23 provides an additional layer of protection for wines and spirits. Regardless of consumer confusion, an inaccurate indication of origin amounts to a *per se* violation of GI protection for wines and spirits.<sup>80</sup> Thus, a complainant only needs to satisfy two components under Article 23: (1) the representation must suggest the good's origin by being geographically descriptive; and (2) the good must not come from the named region. Article 23 also provides wines and spirits with GI protection against GIs in translated form and indications of origin paired with approximation terms.<sup>81</sup>

D. *Article 24: Exceptions*

The scope of GI protection provided in Articles 22 and 23 is curtailed by exceptions within Article 24. The first two exceptions are grandfather clauses. First, Article 24(4) presents an exception to the protection of GIs for wines and spirits if the GI had been "used...in a continuous manner" either (1) for at least ten years before the date TRIPs was agreed to (April 15, 1994), or (2) in good faith prior to the same date.<sup>82</sup> Second, Article 24(5) allows a country to avoid invalidating any trademark containing a GI if rights in that trademark developed prior to

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<sup>77</sup> DINWOODIE ET AL., *supra* note 25, at 324.

<sup>78</sup> *Id.*

<sup>79</sup> AUDIER, *supra* note 15, at 22.

<sup>80</sup> TRIPs, *supra* note 12, at art. 23.

<sup>81</sup> *Id.*

<sup>82</sup> TRIPs, *supra* note 12, at art. 24(4).

(1) the date of TRIPs coming into force in that country, or (2) the protection of the GI in its country of origin, whichever comes later.<sup>83</sup>

Article 24(6) removes the obligations of Articles 22 and 23 for terms that are generic.<sup>84</sup> A term is generic if “the relevant indication is identical with the term customary in common language as the common name for such goods or services in the territory of that Member.”<sup>85</sup> This exception exists when a geographic designation is identified with a type of product rather than with a geographical area because it no longer suggests that the product originated in the particular region.<sup>86</sup> Each member country determines whether a term is generic (for its internal protection of GIs) based upon the term’s customary usage within that country.<sup>87</sup> This practice allows for considerable deterioration of GI protection.<sup>88</sup> To be sure, the U.S. has made extensive use of the open-ended exception under Article 24(6) in its denial of GI protection.<sup>89</sup>

Article 24(9) states that members are not obligated to protect GIs that are not protected in their country of origin.<sup>90</sup> Thus, if a GI is not protected in its home country, the GI’s protection under TRIPs is optional.<sup>91</sup> Conversely, the existence of GI protection at home does not automatically create a right to protection by other countries.<sup>92</sup>

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<sup>83</sup> DINWOODIE ET AL., *supra* note 25, at 327.

<sup>84</sup> TRIPs, *supra* note 12, at art. 24(3).

<sup>85</sup> *Id.*

<sup>86</sup> DINWOODIE ET AL., *supra* note 25, at 324.

<sup>87</sup> TRIPs, *supra* note 12, at art. 24(6).

<sup>88</sup> WATAL, *supra* note 29, at 270.

<sup>89</sup> *Id.*

<sup>90</sup> TRIPs, *supra* note 12, at art. 24(9).

<sup>91</sup> This is a major shortcoming of TRIPs because many less developed countries do not have the capacity to protect their GIs and will fail to gain protection as a result of this provision. AUDIER, *supra* note 15, at 19.

<sup>92</sup> *Id.* at 20.

E. *Debate Over Future Negotiations*

The TRIPs provisions for GIs represent a hard-fought compromise with many issues that remain unresolved.<sup>93</sup> Both the U.S. and the EU were unwilling to budge in the GI debate.<sup>94</sup> In order to power through disagreements and enact TRIPs, the GI provisions contain several statements for the members to negotiate these matters in the future. This was an acceptable compromise under which the U.S. did not have to give too much ground to the EU, and the EU had assurance of built-in negotiations during which it could work towards expanding GI protection.

Three provisions of TRIPs require future negotiations on GIs. First, Article 23(4) requires member states to negotiate “the establishment of a multilateral system of notification and registration of geographical indications for wines.”<sup>95</sup> Second, Article 24(1) expressly commits countries to “enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23.”<sup>96</sup> In practice, Article 24(1) prevents members from refusing to conduct negotiations due to the exceptions under Article 24(4)-(8).<sup>97</sup> Third, Article 24(2) calls for a continual review of the implementation of a multilateral registration system for wines under Article 23(4).<sup>98</sup>

Currently, there are two primary points of contention regarding GIs: (1) creating a multilateral register for wines<sup>99</sup>, and (2) extending Article 23’s higher level of protection beyond

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<sup>93</sup> Irene Calboli, *The First Ten Years of the TRIPs Agreement: Expanding the Protection of Geographical Indications of Origin Under TRIPs*, 10 MARQ. INTELL. PROP. L. REV. 181, 189-190 (2006).

<sup>94</sup> *Id.* at 190.

<sup>95</sup> TRIPs, *supra* note 12, at art. 23(4).

<sup>96</sup> *Id.* at art. 24(1).

<sup>97</sup> *Id.*

<sup>98</sup> *Id.* at article 24(2); WATAL, *supra* note 29, at 266.

<sup>99</sup> WTO Website on GIs, [http://www.wto.org/english/tratop\\_e/TRIPs\\_e/gi\\_background\\_e.htm](http://www.wto.org/english/tratop_e/TRIPs_e/gi_background_e.htm).

wines and spirits.<sup>100</sup> The EU is in support of extensive GI protection through a wine registry and would like to extend Article 23's protection beyond wines and spirits. The U.S. is not on board with either of these positions.

1. *Creating a Multilateral Register for Wines*

Concerning the establishment of a multilateral register for wines, the EU submitted a detailed proposal (EU Proposal) in June 2005 that calls for TRIPs to be amended by means of an annex to Article 23(4).<sup>101</sup> The EU Proposal suggests that when a GI is registered, it would create a "rebuttable presumption" for the GI's protection in other WTO members.<sup>102</sup> However, this presumption would not exist in countries that had lodged a reservation, based on permitted grounds<sup>103</sup>, within a specified period.<sup>104</sup>

In response to the EU Proposal, the U.S. and 13 other countries<sup>105</sup> submitted a "Joint Proposal" document. These countries do not want to amend TRIPs.<sup>106</sup> Instead, they propose enacting a system where notified GIs would be registered in a database and countries would have the option of whether to participate in the system.<sup>107</sup> Participating members would have to consult the database in their protection of GIs.<sup>108</sup> Non-participating members would be

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<sup>100</sup> *Id.*

<sup>101</sup> *Id.*

<sup>102</sup> *Id.*

<sup>103</sup> Permitted grounds would include when a term has become generic or does not fit the definition of a GI. *Id.*

<sup>104</sup> Failure to make a reservation within this timeframe would act as a statute of limitations, preventing a country from refusing protection after the term had been registered. *Id.*

<sup>105</sup> The other countries were Argentina, Australia, Canada, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Honduras, Japan, Mexico, New Zealand, and Chinese Taipei. *Id.*

<sup>106</sup> *Id.*

<sup>107</sup> *Id.*

<sup>108</sup> *Id.*

“encouraged” but “not obliged” to consult the database.<sup>109</sup> Presumably, several countries would elect not to participate.

Hong Kong entered a “Compromise Proposal” under which a registered term would have a more limited “presumption” than under the EU Proposal, and only in those countries choosing to participate in the system.<sup>110</sup> However, the Compromise Proposal suffers from the same opt out limitation as the Joint Proposal. Consequently, the EU does not consider its register plan to be satisfactory and no agreement has been reached.

I believe the EU Proposal is the best option. As mentioned above, Article 23(4) calls for negotiating “the establishment of a multilateral system of notification and registration of geographical indications for wines.”<sup>111</sup> It would be against the spirit of TRIPs to only carry out its mandate halfway and settle for the creation a register that would be opted out of by several of the largest economies. Instead, Article 23(4) should be interpreted to encourage its members to create a binding registration system that affords full protection for the GIs of wines.

## 2. *Extending the Higher Level of Protection Beyond Wines*

While Article 23(4) contains a built-in agenda, it does not call for negotiations on the expansion of protection outside of wines and spirits.<sup>112</sup> The EU claims that TRIPs requires negotiations for a multilateral register for high-quality products.<sup>113</sup> Moreover, the EU argues that the Doha Declaration provides a mandate for such negotiations.<sup>114</sup> Although I strongly believe

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<sup>109</sup> *Id.*

<sup>110</sup> *Id.*

<sup>111</sup> TRIPs, *supra* note 12, at art. 23(4).

<sup>112</sup> COTTIER, *supra* note 55, at 481.

<sup>113</sup> *Id.* at 482.

<sup>114</sup> WTO Website on GIs, *supra* note 99.



that Article 23's protections should be extended beyond wines and spirits, I do not think there is sufficient support for the EU's position.<sup>115</sup>

Prior to the 2003 Cancun Ministerial Conference, the EU presented a list of 41 GIs that it wanted all WTO members to accept as non-generic, protected terms.<sup>116</sup> The list's presentation—which contains many famous names of cheeses and wines, such as Gorgonzola, Mozzarella, Bordeaux, and Champagne—was characterized by the EU as a “recuperation” of the names.<sup>117</sup> However, its colloquial name is the “claw back” list.<sup>118</sup> Ultimately, the Cancun Ministerial Conference collapsed under unrelated matters. Alas, there was no progress made on GIs. Regardless, it is safe to say that the U.S. would not have agreed to the claw back list.<sup>119</sup>

#### IV. U.S. AND EU PROTECTION OF GIs

Exacerbating the GI debate are the vastly different ways in which the U.S. and the EU approach IP rights. The U.S. IP system is primarily driven by an economic philosophy that gives inventors an incentive to create by allowing them to gain financial rewards by protecting their works.<sup>120</sup> Meanwhile, in relation to the U.S., EU IP law emphasizes natural rights and the “importance of reputation and noneconomic aspects of intellectual property.”<sup>121</sup>

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<sup>115</sup> In fact, Article 24(1) explicitly refers to GIs “under Article 23.”

<sup>116</sup> Hughes, *supra* note 22, at 323.

<sup>117</sup> *Id.*

<sup>118</sup> *Id.*

<sup>119</sup> See Molly Torsen, *Apples and Oranges (and Wine): Why the International Conversation Regarding Geographical Indications is at a Standstill*, 87 J. PAT. & TRADEMARK OFF. SOC'Y 31, 51 (2005).

<sup>120</sup> See ROBERT P. MERGES, *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 11 (3d ed. 2003).

<sup>121</sup> *Id.* at 5.

A. *U.S. Protection of GIs*

1. *U.S. Protection of Foodstuffs*

Within the U.S., trademarks are the predominant means of protecting GIs.<sup>122</sup> Thus, the Lanham Act is the primary statute governing GI protection of foodstuffs.<sup>123</sup> It defines a trademark as “any word, name, symbol, or device or any combination thereof...used by a person...to identify and distinguish his or her goods...from those manufactured or sold by others and to indicate the source of the goods.”<sup>124</sup> In order to receive protection, the party must register the trademark.<sup>125</sup>

There are two key objectives of the U.S. trademark system: the protection of merchants and manufacturers, and the protection of consumers.<sup>126</sup> The latter is the primary objective.<sup>127</sup> Merchants and manufacturers need protection against misappropriation, which occurs when other parties attempt to sell their products as those rightfully belonging to the trademark holder.<sup>128</sup> Consumers must be protected from confusion in the marketplace.<sup>129</sup> Trademark law is designed so that consumers are not inappropriately made to believe that unrelated products actually come from the same undertaking.<sup>130</sup>

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<sup>122</sup> DINWOODIE ET AL., *supra* note 25, at 321. Trademarks are part of the U.S.’s unfair competition law.

<sup>123</sup> 27 C.F.R. 4.24 (2004).

<sup>124</sup> 15 U.S.C. 1127 (2006).

<sup>125</sup> See The Commission on Trademarks and Unfair Competition, *21<sup>st</sup> Century Trademark Basics*, 55 THE RECORD 662, 670 (2000).

<sup>126</sup> Ivy Doster, *A Cheese by Any Other Name: A Palatable Compromise to the Conflict over Geographical Indications*, 59 VAND. L. REV. 873, 888 (2006).

<sup>127</sup> Lee Bendekgey & Caroline H. Mead, *International Protection of Appellations of Origin and Other Geographic Indications*, 82 TRADEMARK REP. 765, 768 (1992).

<sup>128</sup> Doster, *supra* note 126.

<sup>129</sup> *Id.*

<sup>130</sup> *Id.*

Although the U.S. trademark system can provide GIs with protection, this protection will be lost if the trademark becomes generic.<sup>131</sup> A trademark is generic when it “ceases to serve its function of identifying the source (and quality) of the product or service.”<sup>132</sup> Once a trademark has been considered generic, it can be used by anyone to describe a good with similar qualities or characteristics.<sup>133</sup>

## 2. *U.S. Protection of Wines and Spirits*

The U.S. affords higher protection for wines and spirits under the system of “certificates of label approval” governed by the Bureau of Alcohol Tobacco and Firearms (BATF).<sup>134</sup> The BATF provisions “prevent deception of the consumer, ... provide the consumer with adequate information as to the identity and quality of the product, and ... prohibit false or misleading statements.”<sup>135</sup> The BATF allows producers to use generic terms absolutely, and “semi-generic” terms as long as the label also indicates the true appellation of origin.<sup>136</sup> The allowance for semi-generic terms, which include Champagne, Port, and Chablis, is particularly maddening for EU wine producers.<sup>137</sup>

Both the Lanham Act and the BATF provisions have significant loopholes that the U.S. utilizes to avoid strong enforcement of GI protection.<sup>138</sup> The EU wants the U.S. to abolish these

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<sup>131</sup> Also, if a term is already generic, it cannot be registered as a trademark.<sup>131</sup> The Commission on Trademarks and Unfair Competition, *supra* note 125, at 676.

<sup>132</sup> *Id.*

<sup>133</sup> *Id.*

<sup>134</sup> WATAL, *supra* note 29, at 271.

<sup>135</sup> Labeling and Advertising Regulations Under the Federal Alcohol Administration Act, 49 Fed. Reg. 31,667, 31,668 (Aug. 8, 1984) (codified at 27 C.F.R. pts. 4, 5, 7).

<sup>136</sup> 27 C.F.R. 4.24(a)(1)-(b)(1).

<sup>137</sup> Frances G. Zacher, *Pass the Parmesan: Geographical Indications in the United States and the European Union—Can There Be Compromise?*, 19 EMORY INT’L L. REV. 427, 441 (2005).

<sup>138</sup> *Id.* at 440.

loopholes by changing its law to prohibit inaccurate uses of all geographic names with historic ties to production.<sup>139</sup>

### B. *EU Protection of GIs*

Rather than using trademarks to cover GI protection, the EU provides protection specifically geared for GIs. Trademarks and GIs often overlap and perform the same functions.<sup>140</sup> However, a registered trademark does not always perform the same functions nor provide an equal scope of protection as a registered GI. Trademarks grant monopolistic IP rights to a single owner.<sup>141</sup> Conversely, GIs grant collective and exclusive protection of a product name to all of the undertakings located within a specific geographical region.<sup>142</sup> For example, rather than being owned by a single entity as would be the case with a trademark, the GI of Parmigiano-Reggiano is controlled by a few hundred producers of the cheese located within a specific region of Italy.<sup>143</sup> Furthermore, the primary objective of GI measures in the EU is to assist the producer through protection of the economic value inherent in GIs.<sup>144</sup>

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<sup>139</sup> *Id.*

<sup>140</sup> For instance, just as a trademark communicates to consumers the source and quality of goods bearing the trademark, a GI provides consumers with assurances that the goods were produced, processed, or prepared in a certain place and thus have certain characteristics. LASSE A. SØNDERGAARD CHRISTENSEN & JANNE BRITT HANSEN, *A Contrast With Trade Mark Law: The Permitted Use of Geographical Indications*, in TRADE MARKS AT THE LIMIT 34 (Jeremy Phillips ed., 2006).

<sup>141</sup> See WATAL, *supra* note 29, at 263.

<sup>142</sup> *Id.*

<sup>143</sup> Sheila Keating, *Parmigiano-reggiano*, THE TIMES (London), October 8, 2005, at 75.

<sup>144</sup> Why Do Geographical Indications Matter to Us?, Council of Eur. Doc. MEMO/03/160 1, 2-3 (July 30, 2003).

1. *EU Protection of Foodstuffs*

The EU established a register for GI protection of agricultural products and foodstuffs on July 14, 1992, by Council Regulation 2081/92. Regulation 2081/92 extends to foodstuffs that are produced, processed, and prepared in a given geographical area.<sup>145</sup>

Registration of a GI in the EU requires national recognition of the GI and subsequent verification by the European Commission.<sup>146</sup> Generic terms may not be registered in the EU.<sup>147</sup> The entire EU decides on whether a candidate GI is generic.<sup>148</sup> Registration provides all qualifying producers within the defined region with the exclusive right to use the registered name for their products.<sup>149</sup> The EU does not have a grandfather clause in favor of trademarks like Article 24(5) of TRIPs.<sup>150</sup> Instead, the EU allows for the co-existence of a trademark and a GI.<sup>151</sup>

Regulation 2081/92 provides extensive powers to holders of the right which prohibit all practices that take unjustified advantage of a GI's reputation.<sup>152</sup> Consequently, the EU's GI protection is stronger and more specifically tied to geographical terms than U.S. trademark law. This stronger protection is a reflection of European cultural values since its citizens have

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<sup>145</sup> CHRISTENSEN, *supra* note 140, at 35.

<sup>146</sup> *Id.* at 35-36.

<sup>147</sup> Council Regulation 2081/92, 1992 O.J. (L 208) 4.

<sup>148</sup> CHRISTENSEN, *supra* note 140, at 40.

<sup>149</sup> *Id.* at 36.

<sup>150</sup> Lina Monten, *Geographical Indications of Origin: Should They Be Protected and Why?—An Analysis of the Issue From the U.S. and EU Perspectives*, 22 SANTA CLARA COMPUTER & HIGH TECH. L.J. 315, 324 (2006).

<sup>151</sup> *Id.*

<sup>152</sup> Council Regulation 2081/92, *supra* note 147, at art. 12.

considerable pride and tradition tied to GIs, especially in the face of potential lost identity under the increased harmonization of the EU.<sup>153</sup>

## 2. *EU Protection of Wines and Spirits*

Council Regulation 2392/89 protects the use of GIs for wines and spirits.<sup>154</sup> It prohibits the use of labeling that is “incorrect or likely to cause confusion” about origin.<sup>155</sup> Regulation 2392/89 also prevents the unauthorized use of GIs, and places GI protection above regular trademark protection.<sup>156</sup> It has not been the subject of much controversy.<sup>157</sup>

## C. *The Budweiser Case*

The Budweiser Case, the leading WTO case on GIs, involved a Czech brewer, Budejovicky Budvar, who fought against Anheuser-Busch’s use of the trademark “Budweiser” within the EU.<sup>158</sup> The Czech brewer produced a beer with an EU-registered GI called “Budejovicky,” the town where the brewery is located, which is German for “Budweiser.” Since translations of GIs are protected under Council Regulation 2081/92<sup>159</sup>, the EU argued that Anheuser-Busch could no longer use the name “Budweiser” within the EU.<sup>160</sup> The U.S. countered by arguing that its trademark had been in existence prior to the registration of the

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<sup>153</sup> In contrast, American consumers do not attach GIs with the same strength in evidencing a specific characteristic of the product as their European counterparts do. *Why Do Geographical Indications Matter to Us?*, *supra* note 144, at 3.

<sup>154</sup> See Council Regulation 2392/89, 1989 O.J. (L 232) 13.

<sup>155</sup> *Id.*

<sup>156</sup> *Id.*

<sup>157</sup> See Zacher, *supra* note 137, at 442.

<sup>158</sup> Panel Report, *European Communities—Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*, WT/DS174/R (Mar. 15, 2005) [hereinafter *Budweiser Case*].

<sup>159</sup> Council Regulation 2081/92, *supra* note 147, at art. 13(1)(b).

<sup>160</sup> *Budweiser Case*, *supra* note 158, at 9.

“Budejovicky” GI, and that its existing trademark rights within the EU should not be undermined by a subsequent GI.<sup>161</sup>

Interestingly, when the WTO rendered its decision on March 15, 2005, both the EU and the U.S. claimed victory.<sup>162</sup> The WTO held that Anheuser-Busch could continue to use its “Budweiser” trademark in the EU.<sup>163</sup> Furthermore, the WTO suggested that the EU amend Regulation 2081/92 so that it would fall into compliance with TRIPs by allowing equal registration access for foreign GIs.<sup>164</sup> Despite these adverse case-specific holdings, it appears the EU gained the more favorable holding on GI policy.<sup>165</sup> This is because the WTO ruling vindicated the EU’s position that heightened GI protection for agricultural products is justifiable on an international level.<sup>166</sup> Furthermore, the WTO Panel stated that Article 24(5) allows for the coexistence of trademarks and acts as the “boundary” between trademarks and GIs.<sup>167</sup> Neither side has appealed the decision.

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<sup>161</sup> *Id.*

<sup>162</sup> The United States Trade Representative said this ruling supported the American position that GIs should not undermine trademark rights. Across the Atlantic Ocean, the EU claimed that the “WTO decision upheld the EU system of granting increased GI protection to agricultural products, and recognized that GI protection can coexist with trademark protection, as two separate forms of IP.” Eva Gutierrez, *Geographical Indicators: A Unique European Perspective on Intellectual Property*, 29 HASTINGS INT’L & COMP. L. REV. 29, 48 (2005).

<sup>163</sup> Budweiser Case, *supra* note 158, at 165.

<sup>164</sup> In order to be registered within the EU, a GI had to be protected by a GI system in its home country. Therefore, Council Regulation 2081/92 violated national treatment requirements because, in practice, a GI could only be protected if its home country had a GI system comparable with the EU’s. *See id.* at 168.

<sup>165</sup> *Id.* at 163.

<sup>166</sup> Gutierrez, *supra* note 162, at 49.

<sup>167</sup> Budweiser Case, *supra* note 158, at 130.

## V. WHAT THE U.S. STANDS TO GAIN

The U.S. has not been receptive to any further concessions to the EU on GIs.<sup>168</sup> I believe this is an unwise strategy for the U.S. to follow. The U.S. should view the issue in a modern and benefit-oriented approach, as opposed to utilizing the worn-out and defensive approach that is increasingly losing global support. I believe there are several ways in which the U.S. would benefit from enhanced GI protection.

### A. *Potential Losses Are Exaggerated*

Like any good change-resistant argument, the U.S. has provided a “parade of horrors” to describe the effects of strong GI protection. It is important to note that the U.S. does have valid concerns about the expansion of GI protection, particularly for terms already considered generic within the U.S. Concerns about consumer confusion and increased marketing and labeling costs are warranted. Likewise, U.S. producers are reasonably concerned that Europeans would be able to free ride on decades of marketing and product-name familiarity generated by American companies.<sup>169</sup> However, these concerns are often taken too far with claims that strong GI protection would result in grocery store aisles clogged with confused shoppers unable to find their renamed GI products and EU producers’ “monopolization” of GI products. Therefore, before delving into ways in which the U.S. would benefit from enhanced GI protection, I want to demonstrate how the U.S. has exaggerated the losses that would result from such protection.

#### 1. *Transition Period*

The harm for consumer confusion and lost sales would be mitigated by allowing companies sufficient time to adjust the names of their GI-infringing products. For example, the

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<sup>168</sup> Torsen, *supra* note 119.

<sup>169</sup> For example, “[p]armesan cheese is not on the tip of everyone’s tongue” solely because of anything cheese makers in Parma, Italy, ever did. Thus, the U.S. believes it would be unfair to grant these producers exclusive rights to the term. *See Zacher, supra* note 137, at 434.



EU provides for transitional periods of between five and fifteen years.<sup>170</sup> This additional time would allow companies to sell the remainder of their GI-infringing product, come up with new product names, and design new product labels. Furthermore, companies could also make use of this time by reeducating the public as to the name of their product through advertising and product labeling.<sup>171</sup> Ultimately, a transition period would act as a buffer on harmful effects of enhanced GI protection by allowing consumers and producers to adjust.

## 2. *One-Time Cost*

Another limit on the amount of harm that would result is that the re-naming of a product would only occur once.<sup>172</sup> After the market adjusted to the change in TRIPs, the costs of transition would be in the past.<sup>173</sup> Consequently, GIs could only afford the EU with short-term protectionism, at most. Although the adjustment costs could be significant, they would not necessarily correspond with a reduction in market share, which would be much more debilitating.

## 3. *Existence of Other Factors for Product Identification*

A product's name is far from the be-all, end-all for product identification. Other factors such as the product's packaging, labeling, store placement and actual appearance can be key determinants in helping a consumer find what they are looking for. For example, a consumer could still find Kraft Parmesan Cheese by looking for a green cylindrical can with a "Kraft" label

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<sup>170</sup> If the unregistered GI has been in existence for at least 25 years, it will be provided with a maximum transition period of 15 years. Council Regulation 2081/92, *supra* note 147, at art. 13(4)-(5).

<sup>171</sup> Labeling could also be transitional during this transitional period to mitigate consumer confusion. Such labels could incorporate both the GI and the new product name to educate consumers.

<sup>172</sup> Aaron C. Lang, *On the Need to Expand Article 23 of the TRIPs Agreement*, 16 DUKE J. COMP. & INT'L L. 487, 509 (2006).

<sup>173</sup> *Id.*

near the spaghetti and spaghetti sauce, regardless of whether the can actually says “Parmesan Cheese” on it. Moreover, the product composition itself would remain the same, so consumer satisfaction would not be compromised.

4. *Advantage of Low-Priced Goods Would Persist*

Even with strong GI enforcement measures, domestic companies’ mass-produced items would still enjoy economies of scale and accompanying price advantages over European GI-protected products. Thus, another limitation on the “parade of horrors” argument is that many consumers would still choose to purchase the lower-priced, non-GI protected product. Furthermore, it is not a given that GI protection amounts to increased market share. In fact, while 85 percent of French wine exports use GIs, French wines have been losing market share in North America and Britain during the past few years to wine producing countries that do not have strict GI systems.<sup>174</sup>

5. *Administrative Costs Are Exaggerated*

U.S. policymakers have also argued that the extra administrative costs for a GI system would be too high.<sup>175</sup> However, the U.S. has exaggerated the burden that such costs would impose. The administrative costs “would be negligible in comparison with the costs of implementing the obligations of the Uruguay Round.”<sup>176</sup> These additional administrative costs complained of by the U.S. are normal for any multilateralization of IP rights and are no different from what the U.S. expects many other countries to spend on IP enforcement matters.

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<sup>174</sup> Hughes, *supra* note 22, at 346.

<sup>175</sup> Montan, *supra* note 150, at 340.

<sup>176</sup> Felix Addor & Alexandra Grazioli, Geographical Indications beyond Wines and Spirits: A Roadmap for Better Protection of Geographical Indications of Origin in the WTO TRIPs Agreement, 5 J. WORLD INTELL. PROP. 865, 887 (2002), available at <http://www.ige.ch/E/jurinfo/pdf/PDF-doku3.pdf> (last visited October 5, 2007).

6. *Monopoly Concerns Are Unreasonable*

Concerns that extended GI protection would result in EU monopolization of certain items are unrealistic. Although a region's producers would gain an exclusive oligopoly over the name of a GI, non-regional producers could continue producing similar products. "Rather than leading to monopoly, consumers would be free to choose between a product from a given region with a given GI, and a similar product that does not originate from the same region."<sup>177</sup> Such a scenario would be pro-competitive and allow products to "compete on their own merits."<sup>178</sup>

B. *Creation of GI Assets*

1. *Worldwide Protection of Existing GIs*

The U.S. often focuses on the economic losses that would result from enhanced GI protection. Rarely, however, does the U.S. acknowledge the domestic benefits that would arise from enhanced GI protection. If the scope of TRIPs were broadened, existing U.S. products such as Florida oranges, Idaho potatoes, Vidalia onions, and Washington State apples would gain international protection. This would certainly be preferable to the existing international protection of U.S. GIs. TRIPs often provides limited protection or no protection at all. Bilateral agreements contribute confusion and amount to a very inefficient means of protecting GIs.

2. *Creation of New GIs*

In addition to protecting existing GIs, many regions within the U.S. could establish and then register their own GIs. An enhanced GI protection system in which countries would have to invest in building the reputation of their own GIs could represent a new opportunity, rather than an obstacle for competition in the marketplace.<sup>179</sup> GIs would be particularly useful for U.S. food

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<sup>177</sup> *Id.* at 896.

<sup>178</sup> Monten, *supra* note 150, at 345.

<sup>179</sup> Calboli, *supra* note 93, at 201.

producers due to their creation of a sense of place.<sup>180</sup> Since GIs are “place names”, which simultaneously stand for the quality and the locality of a product within a region, they are distinguishable from anonymous, global, mass production.<sup>181</sup> Thus, GIs have the power to encapsulate quality, reputation, and geography within a single term. Moreover, GIs reflect the current trend away from high volume commonplace foods generated by large multinational corporations towards lower volume niche or specialty products.<sup>182</sup>

The Australian wine industry exemplifies the benefits of creating new GIs. Australia signed a bilateral agreement with the EU in 1994 and agreed to stop using European regional names to describe wines.<sup>183</sup> Rather than decreasing the production of Australian wine, as was feared by opponents of stronger GI protection, this actually represented “the making of the Australian wine industry.”<sup>184</sup> Australia relied on its own regional names and product quality to become “the world’s most dynamic wine industry.”<sup>185</sup> In the 1990s, Australia’s wine exports boomed, growing 100-fold over the course of the decade.<sup>186</sup>

### C. *GI Protection as a Bargaining Chip*

It may be unrealistic to expect the U.S. to agree with the EU’s position on GIs without the U.S. receiving some sort of immediate benefit. It appears a monetary contribution to the U.S. and other similarly situated countries would be cost prohibitive.<sup>187</sup> Rather than pressing for a

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<sup>180</sup> See Torsen, *supra* note 120, at 31.

<sup>181</sup> COTTIER, at 480.

<sup>182</sup> *Id.*.

<sup>183</sup> See Calboli, *supra* note 93, at 201.

<sup>184</sup> Europe's Trademarks: Protecting Names, *ECONOMIST*, Aug. 2, 2003, at 49.

<sup>185</sup> *Id.*

<sup>186</sup> <http://www.wineaustralia.com/Australia/Default.aspx?tabid=262> (under the “About Australian Wine” pull-down menu, select the “Wine Exports” hyperlink) (last visited October 5, 2007).

<sup>187</sup> In addition, it would be difficult to calculate what a reasonable payoff would be. Zacher, *supra* note 137, at 462.

payment scheme, I think the U.S. should consider fully adopting the EU's position on GI matters in exchange for significant reductions of the EU's agricultural subsidies and tariff rates. In short, I think the EU, if it is truly serious about GI protection, might agree with the Portman Proposal submitted by the U.S. on agricultural tariff cuts and reductions in agricultural subsidies. The EU has received harsh criticism on these matters and maintains an increasingly untenable position.<sup>188</sup> Likewise, the U.S. is much maligned for its opposition to GI expansion, and the criticism is growing among developing and less developed countries.<sup>189</sup> Consequently, both sides should be willing to negotiate toward an agreement (this will be termed as the "U.S.-EU agreement").

Much like the Uruguay Round's Grand Bargain, a U.S.-EU agreement would involve an IP-for-agriculture swap. Moreover, I believe such an agreement would be a more natural fit than the Grand Bargain. Although GIs fall within IP, they could easily be categorized under agriculture since the majority of GIs involve the IP protection of agricultural products. Consequently, a U.S.-EU agreement could actually be characterized as an agriculture-for-agriculture trade. Such an agreement might be more palatable to national legislatures since many of the same interests would be involved on both sides of the transaction. The EU has already expressed interest in a GI protection-for-agricultural liberalization exchange.<sup>190</sup> As a result, there is some evidence to hope that such an exchange could take place.

#### D. *One Less Dispute in the Doha Round*

The dispute over GIs is not the cause of the Doha Round's stalled-out status. However, if an agreement could be reached over GIs, there would be one less dispute in the Doha Round. Even if the EU did not make concessions to the U.S., an agreement on the expansion of GIs

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<sup>188</sup> The pressure to lower subsidies in the EU is not only international, but is also strongly applied by constituencies within the EU. Hughes, *supra* note 22, at 344.

<sup>189</sup> COTTIER, *supra* note 55, at 485.

<sup>190</sup> *Id.*, at 487.

could generate much-needed goodwill within the Doha Round and contribute to the momentum that is necessary for the completion of trade round negotiations. As the country with the world's largest trading volume, the advancement of the Doha Round is vital for the U.S.'s economic health.

The U.S. should attempt to reach an agreement with the EU sooner rather than later because other countries are increasingly siding with the EU.<sup>191</sup> By reaching an agreement over GIs, the U.S. could avoid the costs associated with a protracted battle over the issue. Furthermore, a multilateral GI framework would provide much-needed consistency and direction on GI matters.

E. *U.S. Could Gain Credibility in the IP Realm*

The U.S. is one of the strongest proponents for the development and enforcement of international IP rights protection. Meanwhile, the U.S. opposes the expansion of GI protection. Persistent resistance by the U.S. could send the wrong message to the rest of the world about the real motivation behind international IP rights.<sup>192</sup> Developing and less developed countries may begin to believe that the U.S. only seeks to multilateralize and enforce IP rights that protect its own economic interests.<sup>193</sup> However, if the U.S. were to agree to an IP measure viewed as contrary to its interests, the U.S. could gain some credibility in its push for IP protection.

F. *Improved Consumer Choice*

Enhanced GI protection would allow U.S. consumers to make fully-informed decisions about the products they purchase.<sup>194</sup> Additionally, accurate labels guaranteeing the product's

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<sup>191</sup> COTTIER, *supra* note 55, at 484-485.

<sup>192</sup> *Id.* at 485.

<sup>193</sup> Under a retaliatory "tit-for-tat" approach, other countries might decide to act like the U.S. by picking and choosing among which IP measures to follow.

<sup>194</sup> DOSTER, *supra* note 126, at 897.

origin would protect consumers. Thus, a consumer purchasing Feta Cheese could be completely confident that they had bought the authentic Greek cheese made from sheep's milk, as opposed to an American cheese actually deriving from cow's milk. Furthermore, as WTO Director-General (the then-European Trade Commissioner) Pascal Lamy noted, GIs "stimulate quality and consequently strengthen competitiveness."<sup>195</sup>

## VI. ESTABLISHING A COMPREHENSIVE GI FRAMEWORK

To be sure, the extension of GI protection under TRIPs would be a very complex process.<sup>196</sup> Conceptually, I believe the process can more easily be viewed as continual negotiation efforts leading to a three-step method of GI expansion under TRIPs. Although I list these three steps in the ideal chronological order, all the steps could be completed within the Doha Round, provided that it does not collapse.<sup>197</sup>

### A. *Negotiation*

In order to obtain successfully expanded protection for GIs, the U.S. would need to completely overhaul its negotiating strategy. Instead of dodging the issue or downplaying the importance of GI protection, the U.S. would need to portray GIs as a viable form of IP that must be protected. In doing so, the U.S. should attempt to get other countries, especially current GI expansion opponents Argentina, Australia, Brazil, and Canada, to join in the shift to the pro-GI expansion group. The U.S. should also provide a reasonable and accurate summary of losses that would be likely to arise from expanded GI protection, rather than the exaggerated claims which

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<sup>195</sup> EU/WTO: *Lamy Defends Geographical Indications for Local Food Products*, Eur. Rep., June 14, 2003.

<sup>196</sup> In fact, getting all of the WTO countries to comply with and enforce existing TRIPs provisions would prove to be quite a challenging task.

<sup>197</sup> Admittedly, this is an ambitious, although not unreasonable, proposal for GI expansion.

have typically been utilized.<sup>198</sup> U.S. representatives would have to remain consistent on these negotiation efforts throughout the three-step process described below.

B. *Establishing a Multilateral Register for Wines and Paring Down the Exceptions of Article 24*

The first step would be the creation of a multilateral register for wines. This is the most reasonable point to launch the expansion of GI protection since proposals have already been submitted on the topic. Furthermore, the creation of a multilateral register for wines is expressly provided for under TRIPs and would not require an amendment. The register could be generally tailored after the proposal that the EU submitted in 2005.

In order to establish strong GI protection, Article 24's exceptions and limitations would have to be pared down. It would be ideal to complete this during the first step of negotiations in order to provide substance to the wine register and the subsequent enhancements of GI protection. The provisions within Article 24(4)-(6) exclude several products with significant commercial value from GI protection. Consequently, this would be the most controversial sub-issue in GI negotiations.

The grandfather clauses of Article 24(4)-(5) would need to be eliminated. Otherwise, TRIPs would be authorizing a form of IP adverse possession<sup>199</sup> in which some of the most

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<sup>198</sup> See *infra* Section 5(a), at page 22.

<sup>199</sup> The adverse possession analogy is not entirely accurate. Rather, the encroachment upon GIs is much more combative. While adverse possession of real property involves A taking over B's property when B has not demonstrated a proprietary interest and A has for a specified amount of time and without objection from A; GIs are differentiated because they involve property rights that the original owner has continued to exercise. Furthermore, many of the GI owners have vocalized their concerns for several decades, thus demonstrating a proprietary interest.



exploited GIs would not be covered.<sup>200</sup> In regard to generic GIs, I believe that TRIPs should be altered to adopt the Lisbon Agreement's limitation<sup>201</sup> under which a GI protected within any WTO member could not be deemed generic in any other member country.<sup>202</sup>

C. *Extending the Protection of Article 23*

The second step would be to amend TRIPs such that the extra protection provided to wines and spirits would also be provided for all other GIs. In 2004, 37 countries signed an agreement aimed at expanding the extra protection of Article 23 to all GIs.<sup>203</sup> Thus, there is existing support for such an expansion. Furthermore, this would be an appropriate second step because its provisions would not require any complicated amendments. In short, the terminology of Article 23 could apply to all GIs, rather than just wines and spirits.

D. *Extending the Multilateral Register to All GIs*

Logically, the next step would be to expand the register beyond wines. This expansion would be facilitated by the existing wine register because the newly registered GIs could just be incorporated into it. Consequently, the many issues involving registration would not have to be rehashed. Moreover, if Article 23's GI protection were expanded to all GIs, an all-inclusive registration system would be optimal.<sup>204</sup>

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<sup>200</sup> Just because Kraft originally adopted Parmigiano-Reggiano's indication of origin more than 60 years ago, that does not make it any less of an IP right appropriation than the illegal pirating of DVDs that occurs in 2007.

<sup>201</sup> Lisbon Agreement, *supra* note 42, at art. 6.

<sup>202</sup> A worrisome shortcoming of such a provision, as with TRIPs Article 24(9), is that poor countries' failures to protect their own GIs would simultaneously prohibit the multilateral protection of these GIs.

<sup>203</sup> COTTIER, *supra* note 55, at 484-85.

<sup>204</sup> As an aside, I do not think that wines and spirits should receive any different level of protection or separate registration under TRIPs.

E. *Miscellaneous Considerations*

Much like the existing GI system within the EU, expanded GI protection for TRIPs would need to be accompanied by a transition period that would enable producers infringing upon GI rights to alter their products' names. For developed countries, I think that a five or ten year adjustment period would be appropriate. However, developing and less developed countries should be provided with relatively longer transition periods.

Another consideration is where to draw the line for GI protection. For example, would restaurant menus be barred from describing a dish as "Prosciutto di Parma" if the ham was actually from Canada? I think GI protection should include restaurant menu items and any other similar situations because the exact same concerns regarding IP right infringement exist in a restaurant, analogous to a grocery store. However, I believe that restaurant names, such as Olive Garden Italian Restaurant or Carlos O'Kelly's Mexican Café, should generally be excluded from GI protection because descriptive terms encompassing broad culinary traditions do not amount to IP rights deserving of protection.

## VII. CONCLUSION

The foregoing examination of the GI stalemate between the U.S. and the EU prompts two main conclusions. First, the current position of the U.S. is unsustainable. The world is increasingly recognizing the significant IP rights contained within GIs. Accordingly, there is mounting pressure on the U.S. to agree to an expansion of GI protection. Second, the U.S. could actually benefit from stronger GI protection. Rather than focusing on the long-term benefits that GI protection could afford, U.S. negotiating efforts have been shortsighted and focused almost exclusively on the economic losses that would result.

Based upon the two conclusions mentioned above, it would be in the best interests of the U.S. to adopt a European approach to GIs. “[T]o characterize the U.S.-EU trade relationship as anything less than the most important bilateral alliance in international trade would be a gross understatement.<sup>205</sup> Thus, the U.S.-EU Agreement I have hypothesized would be a step in the right direction. With some luck, it could just be the missing ingredient in the incomplete recipe that is the Doha Round.

Tell me what you eat and I will tell you what you are.

-Anthelme Brillat-Savarin<sup>206</sup>

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<sup>205</sup> Charles W. Smitherman III, *The New Transatlantic Marketplace: A Contemporary Analysis of United States-European Union Trade Regulations and Possibilities for the Future*, 12 Minn. J. Global Trade 251, 255 (2003).

<sup>206</sup> The Anchor Book of French Quotations 242 (Norbert Guterman ed., 1963) (quoting Jean Anthelme Brillat-Savarin, *Physilogie du gout*, at IV (1825) (“Dis-moi ce que tu manges, je te dirai ce que tu es.”)).