

# The Comparative Advantages of Geographical Indications and Community Trademarks for the Marketing of Agricultural Products in the European Union

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## Introduction

The first European framework for the registration of geographical indications and designations of origin was created in 1992.<sup>1</sup> A feature of Community policy on agriculture and product quality,<sup>2</sup> Regulation 2081/92 was enacted with the twofold objective of increasing the quality of products and promoting the diversification of production, so as to better balance supply and demand, improve the incomes of farmers and benefit rural areas.<sup>3</sup> While recent empirical studies suggest that the protection of geographical indications (GIs) for specialty agricultural products can potentially benefit the rural economy,<sup>4</sup> the system

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<sup>1</sup> Council Regulation (EEC) No 2081/92 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs: OJL 208, 24.7.1992, entered into force on 25 July 1993; its fifth recital states: 'the labelling of agricultural products and foodstuffs is subject to the general rules laid down in Council Directive 79/112 of 18 December 1978 ... in view of their specific nature, additional special provisions should be adopted for agricultural products and foodstuffs from a specified geographical area.' There are also a series of regulations dealing with designations for wines and spirits (e.g. 1493/1999 of 17 May 1999 on the common organization of the market in wine, OJL 179, 14 July 1999, p 16; 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks, OJL 275, 25 April 1989, p 1. OJL 208, 24 July 1992, p 1, as amended by 535/97 of 17 March 1997, OJL 83, 25 March 1997, p 3) and Council Regulation (EEC) No 2082/92 of 14 July 1992 on Certificates of Specific Character (TSG) for Agricultural Products and Foodstuffs (OJL 208, 24/07/1992, p 0009–0014). However this article is limited to discussing Reg. 510/2006, formerly Reg. 2081/92.

<sup>2</sup> 'Because of stagnating demand and the need to bring surpluses under control the future of rural production can no longer be seen in quantitative terms... The determination to protect agricultural and food products of identifiable geographical origin, their mode of production and their special qualities has led to the appearance of controlled origin designations or labels in the Member States... Commission intends to promote a Community policy on product quality': The future of rural areas' Commission Communication transmitted to the Council and the European Parliament on 28 July 1988 (COM (88) 501 final), Bulletin of the European Communities Supplement 4/88, page 45.

<sup>3</sup> Recital 2, Regulation 2081/92 of 14 July 1992 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs, recognizes that the promotion of high quality foods can be of considerable benefit to the rural economy by improving the incomes of farmers and by retaining the rural population in more remote areas.

<sup>4</sup> See e.g. Roland Herrmann and Ramona Teuber, 'Geographically Differentiated Products', Institute of Agricultural Policy and Market Research, Chapter 36, pp. 35-35: manuscript on file with first author; Dwijen Rangnekar, 'The socio economics of geographical indications', UNCTAD/ICTSD capacity building projects on Intellectual Property Rights, Innovation and Sustainable development, 2003 at 34-35, <http://ictsd.org/i/publications/12218/>; Vincent Réquillart, 'On the Economics of Geographical Indications in the EU', Toulouse School of Economics (GREMAQ-INRA & IDEI) at 17-18, [idei.fr/doc/conf/inra/papers\\_2007/requillart.pdf](http://idei.fr/doc/conf/inra/papers_2007/requillart.pdf) and; Carina Folkesson, 'Geographical Indications and Rural Development in the EU', 2005 at p. 87, [biblioteket.ehl.lu.se/olle/papers/0000429.pdf](http://biblioteket.ehl.lu.se/olle/papers/0000429.pdf).

remains relatively under-utilized by the majority of countries.<sup>5</sup> In 2006, against a background of growing global competition for agricultural commodities and value-added products, the European Commission announced a policy review of the Community system for the protection of GIs.<sup>6</sup> One of the chief topics identified for review was the use of the trade mark system as an alternative instrument for the protection of GIs<sup>7</sup>. Subsequently, in the ‘Green Paper on Agricultural Product Quality’ of 2008 and the ‘Impact Assessment Report on Agricultural Product Quality Policy’ of 2009, the Commission affirmed the value of identifying the complementarities between the trade mark and GI systems.<sup>8</sup>

Just as well-known geographical indications, such as *Parmigiano Reggiano* or *Café de Colombia* are registered under both the GI and Community Trade Mark (CTM) systems,<sup>9</sup> an appreciation of the mutually supporting roles of both forms of intellectual property, can assist agricultural enterprise to achieve the consumer recognition necessary to the creation of reputation based on geographical origin. Nevertheless, dual protection is a strategy that is by no means widely adopted by producer groups. In fact, filing statistics for the GI system reveal a pronounced discrepancy in the number of registrations filed by country of origin. The breakdown reveals that seventy percent of geographical names for agricultural products and foods are registered to just four states, Italy, France, Spain and Portugal.<sup>10</sup> Likewise, the relatively small number of registrations from producers in third countries reflects a similar pattern, in as much as applications tend to come from China, India, Thailand and Colombia.<sup>11</sup>

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<sup>5</sup> See: DG Agriculture, ‘Background Paper to the Green Paper on Agricultural Product Quality’, 2008, p.8, Table 1, showing: PDO/PGI for agricultural products and foodstuffs per country; and p. 18, Table 5: PDO/PGI applications for registration (new names only) by country (31.08.2008): showing that Italy, France, Spain and Portugal dominated with an overwhelming majority of registrations and applications.

<sup>6</sup> Declaration of the Commission issued 20.3.2006 in the context of the adoption of the Council Regulation (EC) n° 510/2006. See also ‘Opinion of the European Economic and Social Committee on Geographical indications and Designations’, Official Journal of the European Union, 2008, C 204/57 at para. 1.2.2.

<sup>7</sup> Review of Regulation (EC) no 510/2006 cited in DG Agriculture, ‘Background Paper to the Green Paper on Agricultural Product Quality’, 2008, p.12.

<sup>8</sup> European Commission, Green Paper on Agricultural Product Quality: Product Standards, Farming Requirements and Quality Schemes, Brussels, 2008, p. 13; European Commission of Agricultural Product Quality Policy: Impact Assessment Agricultural Product Quality Policy: Impact Assessment, Part B, Geographical Indications pp. 4-5.

<sup>9</sup> ‘Parmigiano Reggiano’ registered as a PDO, Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. See Commission Regulation (EC) No 1050/2007 of 12 September 2007 registering certain names in the Register of protected designations of origin and protected geographical indications, including *Café de Colombia* (PGI): *Official Journal L 240*, 13/09/2007 P. 0007 – 0008 20070912 Commission Regulation (EC) No 1050/2007 of 12 September 2007. Both names are also registered as figurative marks pursuant to Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community Trade Mark (codified version): <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2009:078:SOM:EN:HTML>.

<sup>10</sup> DG Agriculture and Rural Development, Background Paper to the Green Paper on Agricultural Product Quality, 2008, p.7; in contrast, Hungary, Slovenia and Cyprus each have one registered GI, p.8. See also Frank Fay, ‘EU System For Geographical Indications For Agricultural Products And Foodstuffs’, Worldwide Symposium On Geographical Indications, World Intellectual Property Organization (WIPO), Sofia, June 2009, p. 13, pointing out that of the total of 837 registered names, four Member States have no registrations.

<sup>11</sup> China, Longjing Cha (tea) PDO龙井茶, applied 16/07/2007; India, Darjeeling (tea) PGI 12.11.2007; and Kangra Tea applied 25.01.2008; Thailand, Thung Kula Rong-Hai Thai Hom Mali Rice, PGI, applied 20/11/2008: <http://ec.europa.eu/agriculture/quality/door/list.html>. As the number of GIs registered in their home

Country specializations in agricultural products and foods, exemplified by France possessing twenty-seven percent of registered names for cheese,<sup>12</sup> are not sufficient to account for such a marked discrepancy. It is far more likely that a matrix of factors – from the cost of administering inspections and controls; a lack of infrastructure for transportation; and differences in the methods of agricultural production; to the inability of producers to mobilize as a group – is contributing to the discrepancy in the registration of geographical names per country.<sup>13</sup>

Are there grounds for claiming that a more active promotion of the Community trade mark as an alternative instrument for the protection of GIs might ultimately serve to increase the number of registrations? One of the problems producers face in testing the merit of this hypothesis is that relatively little is known of the comparative advantages of the two systems for the marketing of agricultural products. Therefore, the aim of this article is to compare the registrability of geographical names under the GI and CTM Regulations, in light of their respective capacities to accommodate the landholdings, yields and marketing plans of diverse agricultural undertakings. In realising this aim, the authors adopts a strategic view of registration, one that considers not only the legal requirements for obtaining a valid GI or CTM, but also the degree to which their commercialization may facilitate the marketing of agricultural products under differing conditions of production and levels of economic development.

Accordingly, Part I examines the conditions for registration for each of the GI and CTM Regulations, taking account of the problems producers may encounter in correlating the legal requirements with the nature of agricultural production. Part II addresses the difficulties of attempting to register a geographical name that has become either descriptive or generic for the type of product. It compares the relative merits of the GI and CTM protection in achieving consumer recognition for specialty agricultural products. Turning to the future commercialization of the product, Part III examines the potential of GIs<sup>14</sup> and CTMs, as vehicles for the marketing of agricultural products, and the extent to which each may allow producers to exercise control over supply, distribution and price. Part IV explains how applicants may benefit from the communicative power of the CTM, while compensating for limitations in the scope of trade mark protection by also applying for registration under the GI regime. In conclusion, it is submitted that whereas the CTM offers producer groups the flexibility necessary to achieve the consumer recognition necessary to the creation of product reputation based on geographical origin, subsequently, the greater breadth of protection offered by the GI system, will better maintain price premium.

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countries increases, so will the demand for registration is likely to increase even further. E.g. Swiss-Kenyan Project on Geographical Indications: <https://www.ige.ch/en/institute/institute.html>. Colombia, see Note 9.

<sup>12</sup> DG Agriculture and Rural Development, 'Background Paper to the Green Paper on Agricultural Product Quality', 2008, p.7.

<sup>13</sup> European Commission of Agricultural Product Quality Policy: Impact Assessment Agricultural Product Quality Policy: Impact Assessment, Part B, Geographical Indications pp. 17, 21, 51-2 and 121-122.

<sup>14</sup> For economy the acronym GIs will be used to refer collectively to the both forms of geographical indication provided in European Regulation 510/2006, the PDO and the PGI.

## I. Contrasting Characteristics of Geographical Indications and Community Trade Marks

European law provides two means of protecting geographical names for agricultural products and foodstuffs, the Community Regulation on the Protection of Geographical Indications and Designations of Origin (GI Regulation),<sup>15</sup> in addition to the Community Trade Mark Regulation (CTM).<sup>16</sup> Although the GI Regulation was enacted with the express aim of promoting small agricultural enterprise,<sup>17</sup> both Regulations nevertheless share a common goal in so far as they were intended to create the legal conditions which would enable commerce to adapt its activities to the scale of the Community.<sup>18</sup> The CTM is a unitary right providing registered trade mark protection throughout the European Union,<sup>19</sup> renewable at ten year intervals, indefinitely, whilst ever the mark continues in use. Similarly, the Community-wide rights accorded protected geographical indications (PGIs) and protected designations of origin (PDOs) are of indefinite duration, so long as the conditions of the product specification continue to be met.<sup>20</sup>

To all appearances the functions of protected geographical indications (PGIs), protected designations of origin (PDOs) and CTMs are similar. Consider the designation, *Café de Colombia*. As either PGI or CTM, the name is capable of indicating in short form valuable information about the origin of the product. Whereas a GI describes an agricultural product that originates in a specific place from which its reputation is derived,<sup>21</sup> a CTM identifies the source of the product as originating from a particular undertaking. Both the GI and the CTM

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<sup>15</sup> Council Regulation (EEC) 510/2006 (adopted on 20 March) on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs (Replacing former Council Regulation (EEC) No 2081/92: OJL 208, 24.7.1992), <http://europa.eu/bulletin/en/200603/p117004.htm>.

<sup>16</sup> Registered pursuant to Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community Trade Mark (codified version) [henceforth CMTR]: <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2009:078:SOM:EN:HTML>.

<sup>17</sup> Recital 2, Regulation 2081/92 of 14 July 1992 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs.

<sup>18</sup> The notion was mooted during the early consideration of a policy on agricultural product quality, that the system for the registration of GIs should also take account of Community policy on industrial property in the field of trade mark law: see 'The future of rural areas' Commission Communication transmitted to the Council and the European Parliament on 28 July 1988 (COM (88) 501 final), Bulletin of the European Communities Supplement 4/88, page 45.

<sup>19</sup> Concerning the unitary character of the Community trade mark, see Recital 2, Community Trademark Regulation (40/94/EC).

<sup>20</sup> To be eligible for a protected designation of origin (PDO) or a protected geographical indication (PGI), applicants must complete a product specification which contains standards and conditions for quality control and inspection: see Art. 4, GI Regulation 510/2006. See also Art. 12 regarding cancellation of registered names in the event the conditions of the specification are no longer ensured.

<sup>21</sup> Art. 22 TRIPs Agreement defines the GI as identifying a good as originating in the territory of a Member...where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

enable consumers to predict the quality of the products they purchase, thereby saving search costs.<sup>22</sup>

Procedurally, the CTM system has an undoubted advantage, given the relative convenience and cost effectiveness of registration. Any natural or legal person can apply for a CTM registration. In the first place, applications can be filed either through the Trade Mark Registry of an EU member state or directly at the Office for Harmonization in the Internal Market (OHIM).<sup>23</sup> Secondly, since the European Union's accession to the Madrid Protocol for the International Registration of Marks, based on a valid home registration, applicants can simply designate the CTM system when applying for an international registration.<sup>24</sup>

In contrast, as the EU system for the registration of GIs is a *sui generis* regime,<sup>25</sup> there is an independent filing procedure.<sup>26</sup> Groups of producers from Member States apply directly to their national authorities who subsequently forward applications to the European Commission for further scrutiny.<sup>27</sup> Following the amendment of the GI Regulation in 2006,<sup>28</sup> the procedure for third country applicants has been simplified so that they also benefit from a one-step process, either filing applications online or sending them to the Commission via their national authorities.<sup>29</sup>

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<sup>22</sup> See Recital 4, Reg. 510/2006; Recital 8, CTM Regulation. See also William M. Landes & Richard A. Posner, *The Economic Structure of Intellectual Property Law*, 166-168 (2003); and William Cornish & David Llewelyn, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* (6th ed., Sweet & Maxwell, 2007) 620-623.

<sup>23</sup> CTM Reg. Art. 5: 'Any natural or legal person, including authorities established under public law, may be the proprietor of a Community trade mark. Applicants who are not EU residents must be represented professionally by either a European trade mark attorney, or by a legal practitioner qualified and working in one of the Member States.'

<sup>24</sup> The European Community became party to the Madrid Protocol on October 1, 2004, linking this international system with the Community trade mark <http://www.wipo.int/madrid/en/members>. Note that undertakings established within the EU may submit an application for a CTM online: <http://oami.europa.eu/ows/rw/pages/QPLUS/forms/electronic/fileApplicationCTM.en.do>. Further on the 'Madrid system' administered by the International Bureau of WIPO, and comprising the Madrid Agreement Concerning the International Registration of Marks, 1891, and the Protocol Relating to the Madrid Agreement, 1989, see: <http://www.wipo.int/madrid/en>.

<sup>25</sup> *Sui generis*, a Latin expression meaning 'of its own kind', is a term used to identify a legal classification that exists independently because of the specific creation of an entitlement or obligation.

<sup>26</sup> The procedure for filing an application for a PGI or a PDO with the European Commission is set out in Articles 5, 6, 7, 12 and 15 of Regulation 510/2006. Note that the European Community is not a Contracting Party to the Lisbon Agreement, a system which enables the international protection for appellations of origin in those countries that are parties to the Agreement: <http://www.wipo.int/lisbon/en/members/>.

<sup>27</sup> In the United Kingdom applications are administered by the Department for Environment, Food and Rural Affairs (DEFRA), <http://www.defra.gov.uk/foodfarm/food/industry/regional/foodname/apply.htm>. Third country producers or those outside the EU can complete an application online using the database DOOR or send it directly to the European Commission via their national authority. See GI Regulation, Recital 11 and Arts. 5 and 6.

<sup>28</sup> Council Regulation (EC) 510/2006 (adopted on 20 March), see Note 1.

<sup>29</sup> In *EC – Geographical Indications* the United States (DS174) and Australia (DS290) successfully challenged the former Regulation (EEC) No 2081/92 on the protection of geographical indications for agricultural products as discriminatory of foreign rightholders. In the result, the amended EC Regulation 510/2006 has facilitated the process for the registration of GIs from third countries.

Under the Community GI system, applicants established inside and outside the EU can both file for registration with their national authorities. In the case of third country applicants, the GI must be protected in its country of origin.<sup>30</sup> The application is sent to the Commission directly or via the national authorities.<sup>31</sup> In either case, CTM or GI, the chief advantage of the Community registration systems is that protection is obtained throughout the twenty-seven Member States of the European Union with the relative ease and economy of a single application.

Nevertheless, the ease of the application process is simply one important factor in any filing strategy. Nor does the functional similarity of the GI and CTM mean that the two forms of protection are identical or result in identical outcomes. Beyond the similarity of their general contours, there are substantive differences that impact upon their respective registrability and scope of protection. When considering a filing strategy, such differences should be considered, as they may have not only legal but also financial consequences. For example, applicants for CTMs consisting of geographical indications are likely to spend proportionately more on prosecuting or defending opposition actions, due to trade mark law's presumption that geographical names are *prima facie* descriptive, and therefore available for the use of other traders throughout the European market.<sup>32</sup> Part I therefore begins by identifying the types of geographical indication available, their respective conditions for registration as well as the problems some agricultural undertakings may experience in fulfilling those conditions. Thereafter, it considers the extent to which applying for a CTM may provide a possible alternative.

#### **A. The Community Regulation on the Protection of Geographical Indications**

Community Regulation 510/2006<sup>33</sup> on the Protection of Geographical Indications provides two different types of geographical indication. Groups of producers are entitled to apply for registration of either a PDO or a PGI.<sup>34</sup> The first question therefore as to the choice of instrument, requires knowledge of the distinguishing features of the PDO and PGI.

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<sup>30</sup> See Recital 13, Regulation 510/2006, which states that protection should be open to geographical indications of third countries that are protected in their country of origin. In *EC – Geographical Indications* (DS174) the Panel concluded that former Regulation 2081/92 was in breach of national treatment under Article 3.1 of the TRIPS Agreement, in so far as GIs located in the territory of a WTO Member outside the EU could only be registered under the Regulation if that Member satisfied the conditions in Article 12(1), which required it to adopt a system for GI protection that was equivalent to that in the European Communities and provide reciprocal protection to products from the European Communities: paras. 8.1, 7.140 and 7.204.

<sup>31</sup> For further information concerning the filing of applications online using DOOR or via the relevant national authorities see, [http://ec.europa.eu/agriculture/quality/schemes/index\\_en.htm](http://ec.europa.eu/agriculture/quality/schemes/index_en.htm).

<sup>32</sup> Art. 7 provides that 'any Member State or third country may object to the registration proposed, by lodging a duly substantiated statement with the Commission.'

<sup>33</sup> Council Regulation (EC) No 510/2006 on the Protection Of Geographical Indications And Designations Of Origin For Agricultural Products And Foodstuffs of 20 March 2006, came into force on 31 March 2006.

<sup>34</sup> Only a group of producers is entitled to apply for registration of a PGI or PDO under the GI Regulation. For the purposes of the Regulation, 'group' means any association, irrespective of its legal form or composition, of producers or processors working with the same agricultural product or foodstuff: Art. 5(1) GI Regulation. A natural or legal person may be treated as a group in accordance with the rules referred to in Art. 16(c). In the

## 1. The differences between the PDO and the PGI

While the PDO and the PGI each bear a distinctive relationship to the place of production, each differs in the character of that relationship. The requirements for a protected designation of origin (PDO) are more stringent in so far as the product must not only originate in the place but its quality must be exclusively due to a particular geographical environment with its inherent natural and human factors. To qualify for a PDO, the product must be produced within the specified geographical area, and the product's quality or characteristics must be 'essentially due to that area'.<sup>35</sup> For example, the reputation of 'feta'<sup>36</sup> as a PDO is held to be 'essentially due' to a particular geographical environment, in so far as the specification narrates that there are natural and human factors which give this cheese its particular characteristics, including the amount of sunshine, temperature changes, the practice of transhumance, extensive grazing and vegetation.<sup>37</sup> In addition, the production, processing and preparation of the product must take place within the defined geographical area.

By comparison, the protected geographical indication (PGI)<sup>38</sup> is broadly enough defined for most locally-based products to take advantage of its protection. The PGI requires the product to be produced, processed, or prepared in the geographical area, and the quality, reputation, or other characteristics to be generally 'attributable' rather than 'essentially due' to that area. At its most attenuated point the definition of a PGI simply requires a link between the product and the reputation of the place.<sup>39</sup> The product need not originate entirely from the defined

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case of a name designating a trans-border geographical area or a traditional name connected to a trans-border geographical area, several groups may lodge a joint application.

<sup>35</sup> Protected designation of origin is defined as 'the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff: originating in that region, specific place or country, and the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and the production, processing and preparation of which take place in the defined geographical area': Article 2(1)(a) of the GI Regulation. Note also that Art. 2(2) of the GI Regulation states that traditional non-geographical names designating an agricultural product or a foodstuff which fulfil the conditions referred to in paragraph 1 shall also be considered as designations of origin or geographical indications. E.g. the name 'Feta' (for a soft white cheese) is a traditional non-geographical name within the meaning of Article 2(2).

<sup>36</sup> Note that traditional non-geographical names designating an agricultural product or a foodstuff which fulfil the definitional requirements for a PDO or PGI may also be registered: GI Regulation 510/2006, Article 2(2).

<sup>37</sup> Commission Regulation (EC) No 1829/2002 of 14 October 2002 amending the Annex to Regulation (EC) No 1107/96 with regard to the name 'Feta', Recitals 35 and 36. Further, documentary evidence submitted by the Greek government refers to 'the development of small native breeds of sheep and goats ... fitted for survival in an environment that ... in terms of quality, is endowed with an extremely diversified flora, thus giving the finished product its own specific aroma and flavour.' Joined Cases C-465/02 and C-466/02 *Germany and Denmark v Commission* [2005] ECR I-9115 [henceforth 'Feta'], para. 51ff.

<sup>38</sup> Protected geographical indication is defined as 'the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff: originating in that region, specific place or country, and which possesses a specific quality, reputation or other characteristics attributable to that geographical origin and the production and/or processing and/or preparation of which take place in the defined geographical area: Article 2(1)(b) of the Regulation.

<sup>39</sup> The Green Paper and the Impact Assessment question whether such scope risks driving down the intensity of the link between product and place. Specifically, it inquires whether the criteria for PGIs as distinct from PDOs should be made stricter to strengthen the link between the product and the geographical area: see European Commission, Green Paper on agricultural product quality: product standards, farming requirements and quality

area and need only have one particular quality, rather than the majority of the food's characteristics, that is attributable to the geographical area.

#### **a. Proximity of Linkage between Product and Place**

Therefore, the choice between PDO and PGI will turn on the proximity of the product with the place of production. This means taking account of the character of the place of origin, including the landholding, climate, the number of producers, the method of production and the size of the area of production. For example in the case of *Prosciutto di Parma* (Parma Ham) the entire production can take place within the defined area of Parma. In such cases, provided a direct link between the place and the product can be demonstrated, the PDO will be the better choice.

Finally, in as much as the definitions of PDO and PGI are based upon the linkage of product with place, applicants should be aware of their affect on the nature of ownership. As both the PGI and PDO are primarily related to the place where the goods are produced, they are addressed to a group of producers in the abstract. This means that producers who were not part of the original application, or members of a producer association, but have subsequently purchased a landholding in the defined geographic area, are entitled to use the protected name, provided that their products conform to the registered specification.<sup>40</sup>

## **2. Sourcing Raw Materials**

When considering the scope of protection, the PDO is capable of providing the stronger rights as it normally includes all elements of production and processing in the specification.<sup>41</sup> However, if production necessitates the sourcing of raw materials from outside the defined geographical area, then the PGI is the better choice. In the case of the PGI *Spreewälder Gurken*<sup>42</sup> the ECJ ruled that a foodstuff may be treated as originating from the geographical area concerned if it is processed or produced in that area, even if the raw materials are sourced from outside the defined area.<sup>43</sup> Thus the PGI application for *Cornish Pasty*, a vegetable and meat filled pocket of pastry, concedes '[a]lthough there is no requirement for

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schemes, Brussels, 2008, pp. 13-4; and European Commission of Agricultural Product Quality Policy: Impact Assessment Agricultural Product Quality Policy: Impact Assessment, Part B, Geographical Indications p. 122.

<sup>40</sup> See Note 20 above.

<sup>41</sup> A limited exception remains in the amended Regulation of 2006 for the sourcing of materials from outside the defined area. Article 2(3) states: 'Notwithstanding paragraph 1(a), certain geographical designations shall be treated as designations of origin where the raw materials for the products concerned come from a geographical area larger than, or different from, the processing area, provided that: (a) the production area of the raw materials is defined; (b) special conditions for the production of the raw materials exist; and (c) there are inspection arrangements to ensure that the conditions referred to in point are adhered to. The designations in question must have been recognized as designations of origin in the country of origin before 1 May 2004.'

<sup>42</sup> Case C-269/99 *Carl Kühne GmbH & Co. KG and Others v Jütro Konservenfabrik GmbH & Co. KG*, Judgment of the Court (2001) on a reference for a preliminary ruling from the Landgericht Hamburg.

<sup>43</sup> *Carl Kühne*, Note 41, para. 61.



the raw ingredients to be sourced from within Cornwall in practice much of it continues to be supplied by local farmers.<sup>44</sup>

On the one hand, the possibility of sourcing all raw materials from outside the defined geographical area makes the PGI a very flexible form of protection. There would be few producers groups, having the capacity to collectively mobilize production that would not be able to take advantage of the marketing exclusivity offered by the GI system. On the other hand, in view of the fact that all raw materials may come from outside the area, the absence of control over the ingredients of processed foods risks a lowering of standards and does little to build consumer trust in the PGI as a sign that the product has been certified to comply with verifiable standards of food safety.<sup>45</sup>

### **3. Defining the Geographical Area of Production**

Significantly, no specific criteria exist for delimiting the geographic area. Factors extraneous to the linkage of quality production with the land, notably political or linguistic boundaries are not considered relevant, in so far as the natural and human factors inherent in a given product are likely to transcend administrative borders. In *Feta*, the Grand Chamber of the ECJ stressed that the terms ‘region’ and ‘place’ found in Article 2 of the GI Regulation may be interpreted only from a geomorphological and non-administrative viewpoint.<sup>46</sup> The court has consistently stated that ‘an area of origin which is defined on the basis either of the extent of national territory or a linguistic criterion cannot constitute a geographical area capable of justifying an indication of origin’, particularly when the products in question could be produced from raw materials of indeterminate origin.<sup>47</sup> Notwithstanding, where political and administrative borders are consistent with the linkage of the product with the place of origin they may provide a convenient and permissible means of demarcation.<sup>48</sup>

When filing for a PDO or PGI, difficulties are more likely to arise over the exclusion of producers from the defined geographical area. Under the Regulation, only those producers who are established in the defined geographical area are collectively entitled to exercise the rights attached to the PDO or PGI. The definition of geographical area has the potential to upset established market shares and can readily give rise to objections by competitors who

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<sup>44</sup> Application for PGI for ‘Cornish Pasty’ in Class 2.4, by the the Cornish Pasty Association, summary setting out the main elements of the product specification provided by Department for the Environment, Food and Rural Affairs (DEFRA), filed 11.11.2008, p. 4:  
<http://www.defra.gov.uk/foodfarm/food/industry/regional/foodname/products>.

<sup>45</sup> See European Commission, Green Paper on agricultural product quality: product standards, farming requirements and quality schemes, Brussels, 2008, p. 13, discussing the criteria for registration of geographical indications.

<sup>46</sup> *Feta*, para. 35.

<sup>47</sup> See Case 12-74, Commission of the European Communities v the Federal Republic of Germany, ECJ 1975, para. 8.

<sup>48</sup> In *Feta*, the court declined to address the question as to whether the geographic area inherent in a designation may cover an entire country. Instead, the court relied on Greek Ministerial Order 313025 of January 11 1994 recognizing the PDO ‘feta’ and defining the operative area as mainland Greece and the department of Lesbos; all other islands and archipelagos are excluded because the necessary natural and/or human factors do not apply there: paras. 35 and 53; see also Commission Regulation (EC) No 1829/2002 of 14 October 2002 amending the Annex to Regulation (EC) No 1107/96 with regard to the name ‘Feta’: Recital 35.

are excluded from the defined area and at worse, to litigation.<sup>49</sup> Any conflict over the definition of the geographical area needs to be resolved expeditiously. Otherwise it can lead to the loss of trade mark rights, as a successful GI application means that producers outside the defined area will be given five years to phase out their use of the geographical name in relation to production. Those producers outside the defined area, who are unable to use the GI label, must either re-brand their product, or move their production within the protected territory.

In order to guard against claims that the area in question has been determined in an artificial manner,<sup>50</sup> it is therefore advisable to consider the location of producers: whether it is confined or scattered over the larger area of the state or region; and whether competitors who are excluded from the designated area will be likely to object? For example, when the initial specification for the PGI ‘Melton Mowbray’ excluded Northern Foods Plc, a large producer, from the defined geographic area, the company sought to oppose the application. While the proposed area encompassed a large 1,800 square mile region of the English East Midlands, including Leicestershire, where the market leader, Samworth Brothers, produced 62 percent of the product, it excluded those towns in Shropshire and Wiltshire, where Northern Foods held 28 percent of the market. In *Northern Foods Plc v The Department for Environment, Food and Rural Affairs*, the opponent unsuccessfully challenged the decision of the Department of the Environment, Food and Rural Affairs (DEFRA) to forward to the European Commission the application by the Melton Mowbray Pork Pie Association.<sup>51</sup>

The issue of whether the definition of the geographical area satisfies the required elements of Article 2 of the GI Regulation should be referred to the various criteria linking the product with a specific place. The question is whether the geographical area as defined, constitutes an environment which possesses the specific natural and human factors capable of giving the product its particular characteristics.<sup>52</sup> For example, in the case of *Feta*, the geographical area is defined by reference to the mountainous nature of the terrain; the mild winters; and the typical vegetation of the Balkan mountain range. Correspondingly, the reputation of *Feta* is specified as ‘essentially due’ to the defined area of Greece, in so far as ‘the development of small native breeds of sheep and goats ... fitted for survival in an environment that ... in terms of quality, is endowed with an extremely diversified flora, thus giving the finished product its own specific aroma and flavour’<sup>53</sup> In short, the aim is to identify those

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<sup>49</sup> See *Northern Foods Plc v The Department for Environment, Food and Rural Affairs* [2005] EWHC 2971.

<sup>50</sup> E.g. in *Feta*, Germany and Denmark argued that the delimitation of the geographical area was artificial in so far as there was no correlation between the geographical area of production and the area of preparation: para. 42.

<sup>51</sup> In 2005, the High Court dismissed Northern Foods’ complaint concerning the description of the geographic area, thereby allowing the application to proceed to the Commission for further examination: *Northern Foods Plc v The Department For Environment, Food And Rural Affairs* [2005] EWHC 2971.

<sup>52</sup> Joined Cases C-465/02 and C-466/02 *The Federal Republic of Germany and the Kingdom of Denmark v Commission*, Judgment of the Court, Grand Chamber, 2005, ‘Feta’ paras. 48 – 51.

<sup>53</sup> Commission Regulation (EC) No 1829/2002 of 14 October 2002 amending the Annex to Regulation (EC) No 1107/96 with regard to the name ‘Feta’: Recital 36.

homogenous natural features that distinguish the defined geographical area from adjoining, excluded areas.<sup>54</sup>

Alternatively, if a producer group needs to move periodically to practice agriculture on new land, then the PDO or PGI is clearly not the most suitable form of protection. For example, the case of the PGI 'Newcastle Brown Ale' shows that if a particular landholding disappears for commercial or environmental reasons, then so will the form of protection. In 2004, Scottish and Newcastle Brewery closed the Tyne Brewery and moved the production of Newcastle brown ale from Newcastle to the Federation Brewery in neighbouring Gateshead. As a result, the product was no longer in compliance with the PGI specification with the result that the classic beer from the north of England was no longer entitled to protection under the GI system.<sup>55</sup> Thus, if producers need to move their agricultural practice, or if production disappears from a particular location due to increasing urbanization, then strategists would be better advised to consider the CTM system.

### **b. Creating Place-Based Reputation Utilizing the CTM Regulation**

Groups of producers, who may be lacking or unable to make the necessary linkage of the product's reputation with the place of production, might consider the CTM system. Claims made in favour of the capacity of the GI system to provide the most effective means of marketing agricultural products, often overlook the fact that reputation based on place largely follows a pre-existing link with geographical origin. In comparison with PGIs and PDOs, which rely on the past experience of consumers, the advantage of the trade mark lies in its ability to shape the perceptions of the consuming public.<sup>56</sup> Indeed, the ECJ has stressed the importance of the function of the modern mark as a means of communicating with consumers providing consumers with various kinds of information on the goods identified by them.<sup>57</sup> In order to successfully enter the EU market, producers may first need to create a distinguishing sign, together with the reputation that accompanies it. In particular, in the case of GIs from developing countries, the trade mark may be the better way for producers to launch a marketing strategy based on geographical origin. Thus, the figurative mark, 'Café de Colombia', incorporating the archetypal coffee grower Juan Valdez, provides a means of communicating the quality and tradition-based qualities of the product.

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<sup>54</sup> Joined Cases C-465/02 and C-466/02 *The Federal Republic of Germany and the Kingdom of Denmark v Commission*, Judgment of the Court, Grand Chamber, 2005, [henceforth 'Feta'] para. 58.

<sup>55</sup> Under Article 12(2) and pursuant to Article 17(2) of Regulation (EC) No 510/2006, the application of United Kingdom to cancel the registration of the name *Newcastle Brown Ale* was approved and published in the *Official Journal of the European Union*; and the name was struck from the 'Register of protected designations of origin and protected geographical indications': Commission Regulation 952/2007 of 9 August 2007.

<sup>56</sup> The European Economic and Social Council have expressed the view that greater support should be given to initiatives to promote Community marks not only to provide operators with more information, but also to make GI products more recognizable to consumers, and achieve increased demand from the market: Opinion of the European Economic and Social Committee on Geographical indications and Designations, *Official Journal of the European Union*, 2008, C 204/57 at para. 1.1.6.

<sup>57</sup> Case C-487/07 *L'Oréal SA Lancôme parfums et beauté & Cie Laboratoire Garnier & Cie v Bellure NV Malaika Investments Ltd Starion International Ltd*, ECJ, Opinion of Advocate General Mengozzi, 2009, at para. 54: 'With regard to the trade mark's communication functions...there can be no doubt that the trade mark acts as a vehicle for providing consumers with various kinds of information on the goods identified by them.'

## 1. Difficulties in Linking Reputation and Place

Further, in cases where difficulties arise over the linkage of reputation and place, the CTM provides an alternative filing strategy. When seeking to register a PGI or PDO, the applicant needs to make a case for the linkage of the product with the place. At its broadest the PGI at least requires a description of how the quality or reputation is attributable to the defined geographical area. Thus, the application for a PGI for *Cornish Sardines* asserts that the ‘characteristics of the Cornish Sardine are linked to the geographical area on the basis of the tradition of catching and processing.’<sup>58</sup>

In contrast, in the case of the CTM, there is no need to define the linkage or the designated area. The CTM is independent of any link between the product and its geographical origin. Producers may be situated anywhere in the state or region. It is not necessary for the goods to be produced in the geographical location in order for them to be associated with it.<sup>59</sup> Consider, for example, the case of Ethiopia’s desire to protect Sidamo, as a type of Arabica coffee. In Ethiopia, Sidamo is grown by independent farmers on small plots of land spread all over the country. If the Government of Ethiopia applied to register Sidamo as a PGI it would be required to demonstrate a causal connection between the reputation of the coffee and a defined geographical area. The Government of Ethiopia therefore chose to register ‘Sidamo’ as an individual CTM. Consequently, since there is no need for ‘Sidamo’ to be grown within a defined geographical area of Southern Ethiopia, limitations on production and yield are minimized.<sup>60</sup>

## 2. Proof of Acquired Distinctiveness

The classic problem in seeking to register a geographical name as a trade mark is the law considers geographical names as *prima facie* descriptive and therefore available for the use of other traders in respect of the product concerned. To this end, CTM Regulation Article 7(1)(c) prohibits the registration of trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the geographical origin of the goods.<sup>61</sup> As interpreted by the ECJ the registration of geographical names as trade marks is prohibited not only where the names designate places which are, in the mind of the relevant class of persons, currently associated with the product in question; but also in respect of geographical names

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<sup>58</sup> The Cornish Sardine Management Association of Cornwall (a country on the south-western peninsula of Great Britain) successfully applied for PGI protection. On 30 November, 2009 it was approved for protection as a PGI: see Commission Regulation (EC) No 1182/2009 of 30 November 2009 entering a name in the register of protected designations of origin and protected geographical indications (Cornish Sardines (PGI)) <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2009:317:SOM:EN:HTML>. Full details of the specification were published in the Official Journal of the European Union of 12.5.2009. For a summary of the product specification see DEFRA, see ‘Link’ at p.4, para. 4: <http://www.defra.gov.uk/foodfarm/food/industry/regional/foodname/products/index.htm#16>.

<sup>59</sup> *Windsurfing*, para.37.

<sup>60</sup> Further on the comparative requirements of the GI and trade mark in the case of Ethiopian specialty coffees see Getachew Mengistie ‘Intellectual Property As A Tool For Development: the Ethiopian Fine Coffee Designations And Trade Marking And Licensing Experience’, *Int. T.L.R.* 2010, 16(1), 1, at pp. 8-10.

<sup>61</sup> CTM Regulation Art. 4(1)(c); see also (d) concerning trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade.

which are liable to be used in future by the undertakings concerned as an indication of the geographical origin of that category of goods.<sup>62</sup>

Nevertheless, a name that is that is primarily geographically descriptive of goods or services may be registered if it is shown to have acquired distinctiveness. Community trade mark law allows that through use in the course of trade, geographical marks may acquire the distinctiveness necessary for registration.<sup>63</sup> Individual marks that are geographically descriptive of the kind or quality of the goods or services may be registrable with proof that they have acquired distinctiveness or ‘secondary meaning’ through use such that consumers are able to identify the source of the product.<sup>64</sup> Factors relevant to the assessment of acquired distinctiveness were set out in *Windsurfing Chiemsee Produktions v. Boots*.<sup>65</sup> In that case the ECJ found that the name of the well-known Bavarian lake, ‘Chiemsee’, could be registered for sportswear, if its geographical designation had acquired distinctiveness or secondary meaning so it was no longer descriptive but identified the trade origin of the goods. The criteria identified by the court for assessing acquired distinctiveness, include:<sup>66</sup>

- The market share held by the mark;
- How intensive, geographically widespread and long-standing use of the mark has been;
- The amount invested by the undertaking in promoting the mark;
- The proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking;

If, on the basis of those factors, the competent authority finds that the relevant class of persons or at least a significant proportion thereof, identify goods as originating from a particular undertaking because of the trade mark, it must hold that the requirement concerning the acquisition of distinctiveness is satisfied.<sup>67</sup>

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<sup>62</sup> Case C-108/97, *Windsurfing Chiemsee Produktions und Vertriebs GmbH v Boots und Segelzubehor Walter Huber & Frank Attenberger* ECJ (1999) para. 37.

<sup>63</sup> CTM Regulation Article 7 states: 3. Paragraph 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.

<sup>64</sup> CTM Regulation Article 7(1)(c), trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service; see also First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, Article 3(1)(c); UK *Trade Marks Act*, s 3(1)(c)

<sup>65</sup> Case C-108/97, *Windsurfing Chiemsee Produktions und Vertriebs GmbH v Boots und Segelzubehor Walter Huber & Frank Attenberger* ECJ (1999) in relation to parallel provisions in Article 3(3) of the Trade Marks Directive and; UK *Trade Marks Act*, s 3;

<sup>66</sup> *Windsurfing*, paras 51 – 54. In determining whether a trade mark has acquired distinctive character following the use which has been made of it, the competent authority may also take account of statements from chambers of commerce and industry or other trade and professional associations.

<sup>67</sup> See Art. 3(3) of the Trade Mark Directive; and CTMR Art. 7(3).

### 3. The Community Collective Mark

As a further alternative, if geographical descriptiveness presents an obstacle, applicants may have recourse to the Community collective mark, which is subject to a statutory derogation from the prohibition on the registration of signs that serve to designate geographical origin.<sup>68</sup> Article 66 of the CTM Regulation defines a collective mark as one that is ‘capable of distinguishing the goods of the members of the association which is the proprietor of the mark from those of other undertakings.’<sup>69</sup> In addition, the Community collective mark is demarcated not by defined area of land but by membership of the association which owns the mark.<sup>70</sup> Nevertheless, if and when desired, in accordance with Article 67(2), such a link may become part of the regulations governing the use of the mark.<sup>71</sup>

### 4. Scope of Product Coverage

PDOs, PGIs and CTMs are each subject to the principle of ‘specialty’, in so far as they are protected in relation to certain kinds of products. Under the GI Regulation, coverage of agricultural products is reasonably broad, but applications in respect of foods are somewhat restricted.<sup>72</sup> Although basic foods can be registered including meat, fish and dairy products,<sup>73</sup> the range is limited. For example, as the GI Regulation does not currently include

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<sup>68</sup> CTM Regulation, Art. 7(1)(c). CTM Regulation, Art 66(2) states that ‘signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute Community collective marks.’ Note however that it is not exclusive as to use like the PGI or the PDO. Thus Art. 64(2) states: ‘A collective mark shall not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices in industrial or commercial matters; in particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.’

<sup>69</sup> CTM Reg. Article 66(1). Associations of manufacturers, producers, suppliers of services, or traders which, under the terms of the law governing them, have the capacity in their own name to have rights and obligations of all kinds, to make contracts or accomplish other legal acts and to sue and be sued, as well as legal persons governed by public law, may apply for Community collective marks.’

<sup>70</sup> E.g., a figurative mark captioned by the name ‘Darjeeling’ was filed on 10.11.2009 as a collective CTM for tea, by the Tea Board of Calcutta, India, <http://oami.europa.eu/ows/rw/pages/QPLUS/databases/searchCTM.en.do>.

<sup>71</sup> See CTM Regulation Art. 66(1); and Art. 67 concerning the regulations governing use.

<sup>72</sup> Registration may be sought for those agricultural products for human consumption referred to in: the Treaty Establishing the European Community (EC Treaty), Chapter 20 Annex I; Lisbon Treaty, Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union, Official Journal, Vol. 51, May 2008, Annex I, list referred to in Article 38 of the Treaty On The Functioning of the European Union; Regulation 510/2006, Annex I – Foodstuffs covered in Article 1, paragraph 1: Regulation (EC) n° 417/2008 [Official Journal L 125 of 9.5.2008]; Regulation (EC) n° 510/2008 [Official Journal L 149 of 7.6.2008]. Annex II – Agricultural products covered in Article 1, paragraph: Regulation (EC) n° 417/2008 [Official Journal L 125 of 9.5.2008]; Regulation (EC) n° 510/2008 [Official Journal L 149 of 7.6.2008]: [http://europa.eu/legislation\\_summaries/agriculture/food/l66044\\_en.htm](http://europa.eu/legislation_summaries/agriculture/food/l66044_en.htm)

<sup>73</sup> Most foods intended for human consumption can apply for registration, including meat, dairy and fish products, honey, fruits and vegetables, beer, beverages made from plant extracts, bread, pasta, pastries, cakes, biscuits and confectionery. Examples of other products which can also be registered include: natural gums and resins, hay, essential oils, mustard paste, cork, cochineal, flowers and ornamental plants, wool, wicker and scutched flax. Note that the lists do not include handicrafts, textiles. Precooked meals, prepared condiments and sauces; soups, ice cream, sorbet, chocolate and products containing cocoa, are not included but may qualify as TSGs. Mineral waters are no longer registrable, but names already registered will remain on the EC Register of

condiments and sauces, the famed fish sauce from *Phu Quoc*, one of few GIs registered in Vietnam, cannot be registered under the European Regulation.<sup>74</sup>

The CTM offers a viable alternative. The product classifications of the *Nice Agreement for the Purposes of the Registration of Marks* include a comprehensive range of agricultural products and foods, from commodities to condiments.<sup>75</sup> Protection is open to products of any category, that is, all agricultural products and foodstuffs. The breadth of product coverage offered by the CTM and Nice Classification system will be of particular advantage to those producers in developing countries who find that their product is not eligible for protection under the GI Regulation. Therefore, *Phu Quoc Fish Sauce* might be registered as a collective CTM since Class 30 of the Nice Agreement includes sauces and condiments.<sup>76</sup>

However, as trade mark law generally regards geographical names as *prima facie* descriptive, the name *Phu Quoc* is open to use by other traders in the product.<sup>77</sup> In recognition of the fact that agricultural enterprise from both European and third countries may be prevented from obtaining the most effective form of registration, the Green Paper on Agricultural Product Quality Policy of 2008 identified the scope of products covered by the GI Regulation, as an issue meriting comment through public consultation.<sup>78</sup> Should the EU adopt a more inclusive coverage of products under the GI Regulation, as recommended by the Economic and Social Committee,<sup>79</sup> it would extend support for GIs from developing countries such as Vietnam,

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protected names until 31 December 2013 (EC Reg.692/2003). Registration of the names of spirit drinks and wine-sector products is governed by separate Regulations.

<sup>74</sup> On the other hand, in the event a designation such as "Phu Quoc", is regarded as descriptive, it may only be used by such enterprises that, in fact, offer products from the region concerned; and for this, no registration under Regulation is required: Art. 24(6) of the TRIPS Agreement provides an exception to the obligation to protect GIs for those indications that have become 'customary name' for the goods in question in the country of protection. Further on 'Phu Quoc' fish sauce, see Dwijen Rangnekar, "The International Protection of Geographical Indications: The Asian Experience", UNCTAD/ICTSD Regional Dialogue, University of Hong Kong, PRC, 2004, pp. 19-20, [http://www.iprsonline.org/unctadictsd/dialogue/docs/Rangnekar\\_2004-11-08.pdf](http://www.iprsonline.org/unctadictsd/dialogue/docs/Rangnekar_2004-11-08.pdf).

<sup>75</sup> *Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks* has 83 Members as of October 15, 2009: <http://www.wipo.int/treaties/en/classification/nice/>

<sup>76</sup> However, the register shows that the only CTM is a device mark, which includes the name Phu Quoc, and this is registered to Viet Huong Fish sauce Company, Inc. 4623 Anza Street San Francisco: CTM-Online: <http://oami.europa.eu>.

<sup>77</sup> The CTM register shows the owner of a device mark for fish sauce bearing the name *Phu Quoc* to be a company in the United States. In Vietnam it has been estimated that 90% of the fish sauce that is labelled 'Phu Quoc' is in fact not from Phu Quoc.: <http://www.annamlaw.com/news-detail.asp?news=7>.

<sup>78</sup> Further to the 'Green Paper on Agricultural Product Quality Policy', the European Commission is consulting the public on the agricultural products and foodstuffs covered Scope of products covered by the Regulation with particular consideration to salt, mixed herbs, wicker products and condiments: [http://ec.europa.eu/agriculture/quality/policy/index\\_en.htm](http://ec.europa.eu/agriculture/quality/policy/index_en.htm). See also European Economic and Social Committee on Geographical indications and designations has launched a policy consultation process (Opinion 2008/C 204/14) at para. 1.2.3. European Commission, GREEN PAPER QN 5.

<sup>79</sup> The EESC also recommends that the product listings accompanying Regulation 510/2006 should also include non-agricultural products, (salt, mixed herbs, wicker products, condiments etc.), with a view to promoting the rural culture of an area. Further, a recent study by Insight Consulting was conducted with the aim of ascertaining the feasibility of protecting handicrafts....

creating the capacity not only to develop export markets, but also to promote the authenticity of the product's ingredients, and to reduce misleading claims as to product origin.

## II. Generic Names

Genericness is a common problem faced by applicants for the registration of geographical names. A geographical name can, over time and through use, become generic in the sense that consumers come to regard it chiefly as an indication of a certain type of product.<sup>80</sup> The GI Regulation, Article 3(1)<sup>81</sup> defines a 'name that has become generic' as:

the name of an agricultural product or a foodstuff which, although it relates to the place or the region where this product or foodstuff was originally produced or marketed, has become the common name of an agricultural product or a foodstuff.

As a general principle, under both the GI and CTM Regulations, names that have become generic may not be registered. For example, in many EU Members the designation *Feta* was considered the generic name for a type of soft, white cheese. Prior to its recent protection as a PDO, any producer in any Member State was able to use the name to refer to the soft white cheese made from the milk of sheep or goats.<sup>82</sup>

Similarly in the case of trade mark applications, a geographical name that has become generic is no longer capable of distinguishing the goods of its proprietor and therefore does not conform to the definition of a trade mark. For example, in 2005, when the government of Ethiopia applied to register 'Sidamo', by that time, the name had arguably become generic for a type of Arabica coffee. Although the CTM application proceeded without objection, this was not the case in the United States. An objection was filed by the Coffee Association of America (NCA) on the ground that 'Sidamo' was descriptive of a variety of coffee and other traders should have been entitled to use it.<sup>83</sup> The USPTO initially refused the trade mark application for 'Sidamo'. Had the application for a CTM been opposed in the EU, the result might well have been similar. Community law indicates that, in relation to the GI system, it is likely to be comparatively more difficult to register a name that has allegedly become generic as an individual trade mark. Part II will explain why this is the case by comparing the way in which the European Court of Justice approaches the assessment of generic names under the

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<sup>80</sup> Generic names are names which have undergone a process of vulgarization: Joined Cases C-465/02 and C-466/02 *Germany and Denmark v Commission* [2005] ECR I-9115, paras 75 to 100, Opinion of Advocate General Ruiz-Jarabo Colomer. The ECJ (Grand Chamber) has acknowledged that geographical designations can, over time and through use, become generic. It cited 'Camembert' and 'Brie' as examples: Case C-132/05, *Commission of the European Communities v Germany*, ECJ, 2008: para. 36.

<sup>81</sup> Likewise see Regulation 510/2006, Art. 13(1): to the effect that where a registered name contains within it the name of an agricultural product or foodstuff which is considered generic, the use of that generic name shall not be considered as an infringement.

<sup>82</sup> Note: international law contains no reciprocal obligation on members, to protect foreign GIs that are generic in their country of origin: TRIPS Article 24.6.

<sup>83</sup> The USPTO rejected the application for HARRAR in October 2005 and for SIDAMO in August 2006, on the ground that the proposed mark was merely descriptive of applicant's goods contrary to section 2(e) (1) of the Trademark (Lanham) Act.



Regulations for CTMs and GIs. While the approach of the ECJ to the registrability of generic names is of direct relevance to producers established within the EU,<sup>84</sup> given that international law contains no reciprocal obligation to protect GIs that are not protected in their country of origin, the issue also has implications for those operating in third countries.<sup>85</sup>

### **A. Genericness under the CTM Regulation**

In the first instance, trade marks which have become generic, that is marks which consist exclusively of signs or indications which have become customary in the current language, or in the established practices of the trade, will be refused registration.<sup>86</sup> Such a contingency, without the support of government or civil society organizations, will make registration of a geographical name a more difficult and therefore more expensive proposition for producers. For example, let us assume that the Government of Ethiopia has its application for ‘Sidamo’ refused on the ground that the mark lacks distinctiveness. In response, the applicant would need to provide evidence to demonstrate that the relevant consuming public, whether professionals in the coffee industry or coffee consumers, recognize that the ‘Sidamo’ mark identifies coffee from Ethiopia.

As a means of overcoming potential objections based on geographical descriptiveness, CTM applicants might consider adding a distinctive component. The most easily registrable marks are those that are inherently distinctive. Such marks consisting of fanciful words or figurative devices are suggestive in relation to the products with which the mark is used. Thus, a mark that incorporates a descriptive phrase within an originally designed logo, such as Juan Valdez and his mule, captioned with the name ‘Café de Colombia’ is more likely to be considered registrable without proof of acquired use.

### **B. Genericness under the GI Regulation**

When it comes to recovering the intellectual capital in generic geographical names, the GI system has the advantage. Producer groups established within the EU, whose application is likely to meet objection based on genericness, are likely to find fewer legal obstacles and less expense in pursuing their claim under the GI Regulation. The reasons rest in the respective policy orientation of the GI and CTM Regulations. The CTM Regulation takes the interests of competitors and consumers into account in stipulating that descriptive signs or indications relating to the categories of goods in respect of which registration is applied for, may be freely used by all, including as collective marks or as part of graphic marks. Trade mark law

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<sup>84</sup> Article 24.9 of the TRIPs Agreement provides that there is no obligation to protect geographical indications ‘which are not or cease to be protected in their country of origin, or which have fallen into disuse in that country’.

<sup>85</sup> In 2008, in negotiations for the establishment of a multilateral register of GIs the EU proposed a model whereby registering through the WTO would provide rightholders with protection against having to prove that a mark is *not* generic, to the effect that ‘domestic authorities shall consider assertions on the genericness exception laid down in TRIPS Article 24.6 only if these are substantiated: TN/C/W/52, 19 July 2008, p. 3. Further see G.E. Evans, ‘The Multilateral Register for Geographical Indications and The Doha Mandate’: *Anuario Andino De Derechos Intelectuales (Andean Yearbook of Intellectual Property Rights)* (2008) 397-419.

<sup>86</sup> CTM Regulation Art. 7 (1)(d). Examination for genericness interrelates with that of distinctiveness or descriptiveness of the name since distinctiveness must be assessed both with reference to the filing date and to the date of the decision. Further see *Manual of Trade Mark Practice*, p. 50-1, Part B, Examination: <http://oami.europa.eu/ows/rw/pages/CTM/legalReferences/guidelines/OHIMManual.en.do>.

considers it in the public interest that indications which may serve to designate the geographical origin of goods remain available, not least because they may be an indication of the quality and other characteristics of the type of product.<sup>87</sup>

## 1. Method of Assessment

In point of principle, the GI Regulation states that if the evidence indicates that the name in question has a principal significance as a generic term denoting a type of product, registration will be refused.<sup>88</sup> Notwithstanding, the ECJ has ruled that terms such as *Feta*, *Parmesan*, and *Bayerisches Bier*, long considered to have become generic, are protected under the GI Regulation.<sup>89</sup> In the case of *Feta*, despite the European Commission having granted the name PDO status in 2002, the decision was contested. Germany, Denmark, France and the UK applied for annulment of the registration of ‘feta’ as a PDO, arguing that the name had become generic. However, in 2005, the ECJ dismissed their action, finding their claim, that the name ‘feta’ was generic within the meaning of Article 3 of the GI Regulation, unfounded.<sup>90</sup>

Similarly, in the case of *Parmesan*,<sup>91</sup> Germany unsuccessfully argued that although the term ‘parmesan’ had historical roots in the region of Parma, it had become a generic name for hard cheeses of diverse origins, grated or intended to be grated, as distinct from the PDO ‘Parmigiano Reggiano’.<sup>92</sup> The Grand Chamber of the European Court of Justice took a broad view of the protection accorded such compound designations, rejecting the contention that they are infringed only when used in the exact form in which they are registered.<sup>93</sup> Again, in the case of the PGI ‘Bayerisches Bier’,<sup>94</sup> the defendant, a Dutch beer producer, failed to

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<sup>87</sup> CTM Regulation Art. 7(1)(c). On the rationales underpinning trade mark law see, William M. Landes & Richard A. Posner, *The Economic Structure of Intellectual Property Law*, (2003)172-75. On the policy orientation of the Regulation 2081/92 and 510/2006 see Further see, Dominique Barjolle and Bertil Sylvander, ‘PDO and PGI Products: Market, Supply Chains and Institutions, Protected Designations of Origin and Protected Geographical Indications in Europe: Regulation or Policy? Final Report, SRVA, Lausanne, Suisse, INRA - UREQUA, Le Mans, France, 2000, [www.origin-food.org/pdf/pdo-pgi.pdf](http://www.origin-food.org/pdf/pdo-pgi.pdf).

<sup>88</sup> GI Regulation, Art. 3(1).

<sup>89</sup> The GI Regulation allows the ECJ final decision as to whether a GI has become generic of the product among consumers in Europe. C.f. *Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods*, Apr. 14, 1891, as amended July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 389, proscribing the false or deceptive use of indicators which suggest that a good originated in the territory of a member state, and granting national courts the discretion to determine whether an indicator has degenerated into genericism, except in the case of wine, [http://www.wipo.org/Madrid Agreement.pdf](http://www.wipo.org/Madrid%20Agreement.pdf).

<sup>90</sup> *Feta*, paras. 107-110.

<sup>91</sup> Case C-132/05, *Commission of the European Communities v Germany*, ECJ, Grand Chamber, 2008 [henceforth *Parmesan*].

<sup>92</sup> Under Art. 13(1)(d) of GI Regulation 510/2006 (and former GI Regulation No 2081/92), where a registered name contains within it the name of an agricultural product or foodstuff which is considered generic, the use of that generic name on the appropriate agricultural product or foodstuff shall not be considered to be contrary to points (a) or (b) in the first subparagraph.

<sup>93</sup> *Parmesan*, para. 31.

<sup>94</sup> Case C-343/07 *Bavaria N.V. and Bavaria Italia Srl v Bayerischer Brauerbund*, ECJ, 2009.

convince the court that the term ‘Bayerisches’ or translations of it had become generic for beer produced in accordance with ‘the Bavarian method’ of production which originated during the 19th century in Bavaria, from where it spread throughout Europe.

The remainder of Part II considers the criteria adopted by the court in finding that these names retained a direct link between the reputation of the product and its geographical origin. In establishing whether or not a name has become generic, Article 3(1) of the Regulation directs the court to take account of all factors, in particular:

- (a) The existing situation in the Member States and in areas of consumption;
- (b) The relevant national or Community laws.

The ECJ has elaborated these factors at length, finding that, when determining the status of a name, it is necessary to consider the following criteria:

- Supply, that is, the places of production of the product concerned both inside and outside the Member State;
- Persistence of geographic connotation;
- Demand, that is, the consumption of that product inside and outside that Member State;
- How it is perceived by consumers inside and outside the Member State concerned;
- The existence of national legislation specifically relating to that product, and the way in which the name has been used in Community law.<sup>95</sup>

#### **a. Place of production**

Consistent with the definitional requirements for PDOs and PGIs, the first inquiry the court makes is to ascertain the degree of historic connection, if any, between a specific place and the origin of the product in question. In *Bayerische Bier* the ECJ found that the name is generic only if the direct link between the geographical origin of the product and its reputation or a specific quality of that product has disappeared, so that the name does no more than describe a style or type of product.<sup>96</sup> To this end, it is important to provide evidence that the product in question is still made using traditional methods. In *Feta* for example, Denmark claimed that even in Greece, until the late 1980s, ‘feta’ type cheese was not only produced in Greece to methods other than the traditional Greek methods, but that such cheese was also imported under the name ‘feta’.<sup>97</sup> On the other hand, product which

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<sup>95</sup> *Parmesan*, paras. 53 and 101; see also Joined Cases C-465/02 and C-466/02 *Germany and Denmark v Commission* [2005] ECR I-9115 [henceforth *Feta*], paras. 76 – 99.

<sup>96</sup> Case C-343/07, *Bavaria NV, Bavaria Italia Srl v Bayerischer Brauerbund eV*, ECJ, 2009 [henceforth *Bavaria*], para.107.

<sup>97</sup> *Feta* para. 77. The production of *Feta* commenced in 1972 in Germany, in the 1930s in France and Denmark: *Feta* para. 81.

fails to comply with the specification or with traditional methods, provided it is made exclusively for export, is not considered relevant to the determination.<sup>98</sup>

#### **b. Product status under national law**

Evidence that, prior to the application date, traditional methods were not continuously maintained or that some product was imported, will not be necessarily fatal where the national government has acted to preserve the traditional methods of production. For example, the exclusivity attaching to the name 'feta' was saved from loss by the Greek government's enactment of legislation in 1988 to protect the name and to establish a specific geographical area of production, based on locally-sourced raw materials and traditional practices.<sup>99</sup> In addition, evidence of collective marks and bilateral agreements to reserve the name in question, will be persuasive in demonstrating that the name is not generic.<sup>100</sup>

#### **c. The character of the market**

The court will consider the character of the market and market share for the product in question. In *Feta* the size of the domestic market was persuasive. The court noted that the consumption of 'feta' was concentrated in Greece, having been persuaded by the fact that more than 85% of Community consumption of 'feta', per capita, per year, took place in Greece.<sup>101</sup>

#### **d. Production and consumption**

The court will consider evidence as to the pattern and duration of production and consumption throughout the EU. The chief inquiry involves ascertaining whether the substantial proportion of production takes place within a defined area of the Member State in question. In *Feta*, it was found that while Denmark and Germany had produced substantial

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<sup>98</sup> In *Parmesan* it was not considered relevant to the determination that cheese which failed to comply with the specification for the PDO 'Parmigiano Reggiano', was produced in Italy, because the cheese in question was exclusively intended for export to countries where the term 'Parmesan' did not enjoy protection: para 38.

<sup>99</sup> Ministerial Order No 2109/88, 1988, based the definition of the geographical area of production on traditional practices; and Ministerial Order No 313025, 1994, codified the rules applicable to *Feta* cheese: see *Feta* paras 76 and 78. Similarly see Case T-291/03, *Consorzio per la Tutela del Formaggio Grana Padano v OHIM, Biraghi S.p.A.*, CFI, 2007: the term 'Grana' was held not to be generic, based on Italian legislation respecting the name 'grana padano' dating back to 1938: paras. 73-78. See also, Case C-446/07 *Grandi Salumifici Italiani SpA v Regione Emilia-Romagna*, 2009, Opinion of A-G Sharpston, concluding that there could be no finding that a name can be found to be generic while it is subject to an application for PGI or PDO registration: para. 36; followed by the ECJ, 2009, para. 49.

<sup>100</sup> In 1972, the name 'Feta' was protected by bilateral agreement between the Austria and Greece and since then the use of the name in Austria has been reserved exclusively for Greek products: *Feta* paras. 93-4. Again, between 1960 and 1970 the existence of the collective marks 'Bayrisch Bier' and 'Bayrisches Bier' as well as five different bilateral agreements relating to the protection of the name 'Bayerisches Bier' as a geographical name, was said to show that that name was not generic: *Bavaria* para. 109.

<sup>101</sup> The court noted that although other EU Members produced substantial proportion of *Feta*, the bulk of European production, at about 85%, remained in Greece: para. 85.

quantities for some considerable time, Greece still had the largest production, indicating that the production of ‘feta’ had remained concentrated in Greece.<sup>102</sup>

### e. Consumer Perception

The court noted that the majority of consumers in Greece considered that the name ‘feta’ carried a geographical and not a generic connotation. The court also considered evidence of how the name was perceived by consumers elsewhere in the EU.<sup>103</sup> Significantly, the court noted that in other Member States, ‘feta’ was commonly marketed with labels referring to Greek cultural traditions and civilization. The fact that the majority of consumers in Denmark believed that the name was generic was not considered conclusive to the final determination.

### f. Evaluation

In determining whether the name had lost its geographical connotation, the court placed particular emphasis on the character of production and marketing, to conclude that the name was not generic.<sup>104</sup> In *Feta*, the court found a persistence of geographical connotation based on the fact that, the majority of cheeses bearing the name ‘feta’ produced in Member States other than Greece, make explicit or implicit reference to Greek territory, culture or tradition. By inference therefore, the court determined that consumers in those Member States perceived ‘feta’ as a cheese associated with Greece, even if in reality it had been produced in another Member State.<sup>105</sup> Similarly, the court in *Parmesan* rationalized that were ‘Parmesan’ a neutral term without geographical connotation, there would be no plausible explanation for the persistent efforts of manufacturers elsewhere to establish through words or images a link between their products and Italy.<sup>106</sup>

## 2. Restrictive Interpretation of Genericness

The court’s restrictive interpretation of genericness means that producers established within the EU, stand a good chance of recovering exclusive rights to a name. To all intents, the law only requires an unspecified proportion of producers use the name in an evocative sense for the reputation of the product to be found still linked to a geographical place. Thus, having rejected claims that ‘feta’ is generic, the ECJ ruling gave exclusive rights in the name to

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<sup>102</sup> The Commission acknowledged that *Feta* was produced in Member States other than the Hellenic Republic, in particular, in Denmark, Germany and France: para. 87. In the years 1985 – 1998, Greece produced 115, 000 tonnes of Feta annually, whereas 27,640 tonnes were produced in Denmark; and production in France varied between 7,960 tonnes and 19,964 tonnes; and that in Germany varied between 19,757 and 39,201 tonnes: *Feta* paras. 80-83. Further, see ‘UK Dismay as Greeks Win Feta Cheese Rights’, *Financial Times*, 25 October 2005, <http://www.ft.com/cms/s/a01bdebe-4571-11da-981b-00000e2511c8.html>.

<sup>103</sup> *Feta* para. 89; see also *Parmesan* para. 54. Note that evidence as to consumer perceptions from all member states of the EU was not considered necessary: *Feta* para. 86.

<sup>104</sup> *Feta* paras. 85 and 88; and *Parmesan* para. 56.

<sup>105</sup> *Feta* para 87.

<sup>106</sup> *Parmesan* para. 37.

producers in mainland Greece and the department of Lesbos to market the product throughout the EU.<sup>107</sup>

Nevertheless, applicants with generic or semi-generic names should prepare a defensive strategy, by enlisting the support of their national governments, and by promotional campaigns that aim to influence consumer perceptions of the product as one linked to geographical place. In the case of *Feta*, Greek producers of the cheese had the long-standing support of their national government and the European Commission, in defending their application against claims made by Denmark and Germany that the name had become generic. Additionally, considering the significance of the home market to a positive evaluation of linkage between production and place, applicants should obtain statistical evidence demonstrating that the largest quantity of the product is produced in their country under the name in question. Finally, to counter claims of genericness, applicants might commission consumer surveys to provide evidence of consumer confusion.<sup>108</sup> In *Feta*, it is clear from the reasoning of the court, that even the slightest risk of consumer confusion will be considered persuasive. There, the court found that the association with the name 'feta' by producers outside Greece was sought intentionally, as part of a sales strategy to capitalize on the reputation of the original product, and this created a risk of consumer confusion.<sup>109</sup>

While both the GI and CTM Regulations prohibit the registration of geographical names that have become generic, the foregoing analysis indicates that there are fewer obstacles to recovering exclusive use of a name under the GI system. Recent case law of the ECJ in *Feta*, *Parmesan* and *Bayerisches Bier* highlight the way in which the court has succeeded in giving a restrictive interpretation to the exclusion of generic names in Article 3 of the Regulation, to the effect that, if the name retains the ability to evoke the place of production, it will likely be allowed to proceed to registration. While those producers in the defined areas benefit from the increased marketing exclusivity which results from such an attenuated connection with the place where the product was originally produced, the immediate economic impact on the interests of competitors, who must go to the expense of re-branding and re-labelling, is relatively discounted.

The restitution of the value in geographic name to the country of origin has been achieved at the cost of protracted litigation and expense for competitors. It might have been anticipated that the recent 'Green Paper on Agricultural Product Quality' would call for public consultation concerning the criteria that should be used to determine whether a name is generic.<sup>110</sup>

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<sup>107</sup> *Feta*, paras. 53, 54 and 109. Compare the finding of the German Federal Patent Court in February 2009, which overturned a decision of the German Patent and Trade Mark Office (DPMA) and decided that the Bavarian sausage speciality 'Münchener Weißwurst' did not fulfil the requirements to qualify as a Protected Geographical Indication. The Federal Patent Court left open whether the terms 'original' or 'genuine' 'Münchener Weißwurst' would qualify as Protected Geographical Indications. Further see Dev Gangjee, 'A sharper Image of Generic Use through the Lens of Feta', *European Intellectual Property Review*, 29(5) (2007) pp. 172-179.

<sup>108</sup> In Case C-478/07, *Budějovický Budvar, národní podnik v. Rudolf Ammersin GmbH*, ECJ (Grand Chamber), 2009 the court referred to the importance of commissioning consumer surveys as evidence to counter claims of genericness: para. 94.

<sup>109</sup> *Feta*, paras. 21 and 89.

<sup>110</sup> European Commission, Green Paper on Agricultural Product Quality: Product Standards, Farming Requirements and Quality Schemes, Brussels, 2008, p. 13.

### III. Commercialization: Product Specification versus Trademark Licence

The cost of securing a GI or CTM is only as good as the producers' ability to utilize the intellectual property as a vehicle for the marketing for speciality agricultural products. An assessment of the vehicle's potential for commercialization is an essential part of devising a filing strategy for the geographical name. In this section therefore we compare the different forms of commercialization that are associated with GIs and CTMs. In the case of the CTM, the licensing agreement will govern the mode of product exploitation.<sup>111</sup> In the case of the GI system, the product specification governs production standards as well as the scope of exclusivity accorded the marketing and distribution of the product. **The aim of Part IV** is to evaluate the specification and the licence, by correlating their respective legal requirements with differing conditions of agricultural production and levels of economic development. It will be shown, for example, how the formulation of a filing strategy for the registration of 'Sidamo coffee' from Ethiopia, might differ as to the choice of a CTM or GI, from that of A known designation, such as 'Prosciutto di Parma'.

#### A. The Product Specification and the Maintenance of Competitive Advantage

The GI system offers applicants for a PGI or PDO the opportunity to exercise control over marketing and distribution utilizing the product specification, which contains the standards and conditions for quality control and inspection. In accordance with the Regulation, apart from a description of the protected product, the specification should explain the nature of the link between the product and the geographical origin; the sourcing of raw materials, the traditional methods of obtaining the product; and the standards applicable to production and processing.<sup>112</sup>

As a result of the precision with which the standards of production are set out in the specification, it is possible for producers to exert a considerable degree of control over the processing and distribution of the product. The specification defines the product in respect of which producers have the exclusive right to use the PDO for those outside the designated area. At the completion of the registration process, the publication of the specification in the *Official Journal of the European Union*<sup>113</sup> serves as notice to third parties of the scope of the proprietor's exclusive rights.

##### 1. Breadth of Protection in Parma Ham v. Asda

The case of *Consorzio del Prosciutto di Parma v. Asda Stores Ltd*<sup>114</sup> illustrates the breadth with which the specification may be drawn and the way in which the standards it contains

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<sup>111</sup> A licence is a permission granted by the proprietor to use the trade mark in ways which, without such authorization, would constitute an infringement. An exclusive licence is one under which the proprietor of a trade mark grants to the licensee permission to use the mark to the exclusion of others including the proprietor: see s. 28 Trade Marks Act (England) 1994; see also *Scandecor Developments AB v. Scandecor Marketing AV* [2001] UKHL 21, paras. 14 and 15.

<sup>112</sup> See Article 4(2) of GI Regulation 510/2006 setting out the requirements of the product specification.

<sup>113</sup> GI Regulation 510/2006, Article 7(4). From 1 February 2003, the Official Journal of the European Communities changed its name to become the Official Journal of the European Union, following the entry into force of the Treaty of Nice.

<sup>114</sup> Case C-108/01 *Consorzio del Prosciutto di Parma & Salumificio S. Rita SpA v. Asda Stores Ltd & Hygrade Foods Ltd*, ECJ, 2003 [henceforth *Parma Ham v. Asda*].

may be enforced against third parties in order to maintain a premium price.<sup>115</sup> The action was brought by the *Conorzio di Parma*, the association responsible for the administration of the PDO 'Prosciutto di Parma', which is registered in respect of dry cured ham. The dispute concerned the sale of 'Prosciutto di Parma' by defendant Asda Stores Ltd, the operator of a chain of supermarkets in the United Kingdom. The product, bearing the description *Parma Ham* had been purchased pre-sliced from the second defendant Hygrade Foods Ltd, in packets that bore the words 'Genuine Italian Parma Ham'. Hygrade, purchased the ham from an Italian producer who was a member of the *Conorzio*, then undertook the packaging, labelling, and slicing for Asda supermarkets.

The activity of Hygrade and Asda was *prima facie* in violation of the product specification for 'Prosciutto di Parma', which set out the terms of slicing and packaging of the product within the region of production for ham marketed in slices.<sup>116</sup> Accordingly, the *Conorzio* brought proceedings in the United Kingdom against the defendant companies, seeking injunctions to prohibit their activity on the ground that the slicing and packaging of the ham outside the region of Parma was contrary to the specification for 'Prosciutto di Parma'. The House of Lords stayed proceedings in order to refer the question of the enforcement of the specification in the UK to the European court. On reference to the ECJ, that court affirmed that under the GI Regulation the *Conorzio* as the proprietor of the PDO, had the right to restrain the retail sale of Parma ham which had not been sliced, packaged, and labelled in the region of production, provided that it was consistent with the conditions of the specification.

But for the breadth of the specification, such an arrangement might otherwise amount to a breach of European competition law. In fact, Asda argued that the effect of the slicing, packaging and labelling provisions was to confine those activities to the Parma area and to prevent firms elsewhere, in Italy or other member states, from carrying on what should be legitimate slicing and packaging activities. This, it claimed, amounted to a quantitative restriction on exports from Italy or imports of unsliced hams into other member states within the meaning of Article 29 of the EC Treaty.<sup>117</sup> Notwithstanding, the ECJ concluded that if control of slicing and packaging is in furtherance of a legitimate Community objective, in this case, of guaranteeing the authenticity of sliced Parma ham purchased under the PDO, the measure could not be impugned as having a disproportionately adverse effect on trade between Member States.

In contrast, under trade mark law, it would not be possible for a group of producers to prevent such activities by Asda Stores. In the absence of collective power, it would be difficult for primary producers, to enforce a licence agreement containing such terms respecting local slicing and packaging, on the basis of quality control. In a trade mark licence terms of that

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<sup>115</sup> Similarly see the potential scope of protection conferred by a broadly drawn specification in Case C-469/00 *Ravil SARL v Bellon Import SARL and Biraghi SpA (Grana Padano cheese)*.

<sup>116</sup> In accordance with Article 4(e) of GI Regulation 510/2006, packaging may take place in the defined geographical area provided reasons are given for doing so that relate to the quality control of the product. E.g. in the case of Parma Ham, slicing and packaging must take place in approved 'laboratories' within the traditional area, supervised by inspectors of the Association, who keep records of hams received: *Parma Ham v Asda*, (House of Lords) para. 6.

<sup>117</sup> Articles 34 and 35 (ex 28 and 29): 'Quantitative restrictions on exports, and all measures having equivalent effect, shall be prohibited between Member States.' Article 29 does not preclude prohibitions or restrictions on exports justified *inter alia* on grounds of the protection of industrial and commercial property: Consolidated versions of the Treaty on European Union and the Treaty on the functioning of the European Union (OJ C115, 9.5.2008): <http://www.consilium.europa.eu/showPage.aspx?id=1296&lang=en>.



kind would likely be unenforceable as anticompetitive. Asda would argue that in the absence of consumer confusion there is no liability, since the distinctiveness of the mark is not damaged, and the quality of the Parma ham remains unaffected irrespective of its being sliced and packaged in the UK.

The case of *Parma Ham v Asda* illustrates how the enforcement of a GI specification, drafted with suitably broad conditions, can assist producers in maintaining a premium price, in circumstances where the dominant supermarket sector attempts to use its buying power to undercut the price producers could normally expect.<sup>118</sup> Small farmers have the support of European agricultural policy regarding GIs, which as the *Asda* decision indicates, holds that it is socially optimal to relax anticompetitive laws, to allow producers to collude, if this leads to the creation of a geographically differentiated product that may not otherwise exist.<sup>119</sup>

When drafting the product specification therefore, the case of *Parma Ham* provides applicants for a PGI or PDO with sound guidance. The aim should be to draft the specification with potential competitors in mind. Clearly, there is a direct connection between the scope of the owner's rights, as provided in Article 13 of the GI Regulation and the scope of the specification. It is therefore important for applicants to record the needs and characteristics of the whole of the production process and then to determine the breadth of the GI specification. The case indicates how a broadly drafted product specification can be of considerable advantage, providing producers with the means to exercise control over the conditions of product processing, not only locally, but also throughout the EU.<sup>120</sup>

## 2. The Need for Inspection Procedures

While the ability to determine the breadth of the product specification,<sup>121</sup> offers a significant competitive advantage, prior to opting for the GI system, there is an important proviso to consider. Producer groups, particularly those in developing countries, should carefully consider whether they have access to the infrastructure, skills and resources needed to comply with the conditions of the product specification. A PGI or PDO is only valid in so far as the

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<sup>118</sup> Highlighting the disparity between 'farm gate' and supermarket prices, Asda supermarket claimed its packaging procedures meant it could sell Parma ham 60% cheaper than its rivals: BBC News, Friday, 26 April, 2002, <http://news.bbc.co.uk/1/hi/uk/1950236.stm>.

<sup>119</sup> In view of the buying power of global supply chains, Lence et al. argue that in some cases it is socially optimal to relax anticompetitive laws, i.e. to allow producers to collude, if this leads to the creation of a geographically differentiated product that had not existed in a perfectly competitive market: Lence, S.H., S. Marette, D.J. Hayes and W. Foster, 'Collective Marketing Arrangements for Geographically Differentiated Agricultural Products: Welfare Impacts and Policy Implications', *American Journal of Agricultural Economics*, Vol. 89 (4) (2007) pp. 947-963. see also Ramona Teuber, 'Geographical Indications of Origin as a Tool of Product Differentiation – the Case of Coffee', No. 33 Institute of Agricultural Policy and Market Research, University of Giessen, Germany, 2007, pp. 18-19, <http://www.uni-giessen.de/cms/fbz/zentren/zeu/Forsch/Publi/publi2a/GeogrIndications/view>.

<sup>120</sup> On reference from the House of Lords, the ECJ ruled that GI Regulation 2081/92 read with Commission Regulation (EC) No 1107/96 and the specification for the PDO 'prosciutto di Parma' creates a valid Community right, directly enforceable in the court of a member state, to restrain the retail sale as 'Parma ham' of sliced and packaged ham: Case C-108/01 *Consorzio del Prosciutto di Parma & Salumificio S. Rita SpA v. Asda Stores Ltd & Hygrade Foods Ltd*, ECJ, 2003; *Consorzio Del Prosciutto Di Parma v. Asda Stores Limited and Others* UKHL [2001] ETMR 53.

<sup>121</sup> *Asda*, ECJ, paras. 46-47.

product is certified to be in conformity with the specification.<sup>122</sup> To this end, the GI Regulation requires the specification include details of inspection structures.<sup>123</sup> Consequently, the applicants' home state is obliged to have in place an inspection system, able to provide the monitoring and compliance structures necessary to ensure that the product conforms to the specification.<sup>124</sup> Designated inspection authorities<sup>125</sup> must offer adequate guarantees of objectivity with regard to all producers subject to their control; and have permanently at their disposal the qualified staff and resources necessary to carry out inspection of agricultural products and foodstuffs bearing a protected name.<sup>126</sup> The immediate cost of verifying compliance with the specification is borne by the producer group, who are the 'operators' subject to those controls.<sup>127</sup>

In the case of foreign applicants, third countries are not expected to have identical inspection procedures to those pertaining in the EU, but they must be able to satisfy the EC that they have equivalent structures.<sup>128</sup> For example, in accordance with the specification for 'Café de Colombia' the the National Federation of Coffee Growers of Colombia (FNC) must ensure that it is Arabica coffee grown only in the defined Coffee Growing Area of Colombia, which satisfies the export standards laid down by the FNC and which, when processed, has the following characteristics: mild, clean cup, of medium to high acidity and body and a full and pronounced aroma.<sup>129</sup> If producers fail to comply with the conditions of the specification, then the European Commission or a Member State or indeed any natural or legal person having a legitimate interest, may request cancellation of the registration.<sup>130</sup>

Producers will only be in a position to reap the benefits of GI protection provided their undertaking is able to sustain the costs of regular inspection.<sup>131</sup> Key considerations therefore

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<sup>122</sup> Article 4.1 of GI Regulation 510/2006 states unequivocally that to be eligible to use a PGI or PDO a product must comply with the specification.

<sup>123</sup> See Article 4(2)(g) and Article 5(3) and (4) concerning inspection structures.

<sup>124</sup> Article 10(1) requires Member States ensure that inspection structures are in place. To this effect see also *Parmesan*, para. 74. Note that the inspection bodies can be private bodies approved for that purpose by the Member State: *Parmesan*, para.75.

<sup>125</sup> Member States are required to send the Commission lists of approved authorities and their respective powers; these are subsequently published in the *Official Journal of the European Communities*: Article 10 Regulation 510/2006.

<sup>126</sup> See Article 11(4) and generally Article 11 concerning verification of compliance with specifications.

<sup>127</sup> Under Art. 11(1) the costs of inspection and verification of compliance with the specification 'shall be borne by the operators subject to those controls'.

<sup>128</sup> EC - Trademarks and Geographical Indications (WTO/GI Cases: WT/DS74 and WT/DS2), [http://www.wto.org/english/tratop\\_e/dispu\\_e/dispu\\_subjects\\_index\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/dispu_subjects_index_e.htm).

<sup>129</sup> The FNC certifies that consumers receive only coffee containing 100% *Café de Colombia*, irrespective of whether the beans are green or roasted.

<sup>130</sup> According to the Grand Chamber of the ECJ, the enforcement of the GIs is shared by public and private parties and authorities because the protection of consumers intended by the regulation would be compromised if the enforcement of the prohibitions laid down by the regulation were completely dependent on the taking of legal action by private economic operators: *Parmesan*, para. 60.

<sup>131</sup> Langinier and Babcock (2008) argue that certification costs are the key determinant of distributional effects and social welfare associated with GIs: Langinier, C. and B.A. Babcock, 'Agricultural Production Clubs:

in selecting a PGI or PDO, will be the existence of suitable structures; the costs involved in maintaining an inspection system; and not least, the technical skills needed to verify the required standards.<sup>132</sup> The capacity to comply with a system of product inspection is particularly significant for producers in developing countries. Without adequate support from government, producers themselves may need to invest in the technologies required to perform the necessary tests. For example, in a country the size of Ethiopia, the establishment of a certification-style system would have been too expensive and, given the nature and size of the territory under coffee cultivation, simply unworkable. Consequently, for all the competitive benefits that producer groups may derive from GI protection, there may be practical and resource-based considerations that make it a less attractive, more costly and possibly uncertain form of protection. In recognition of the obstacles the requirements of certification can pose for the very smallholders the GI system was designed to assist, the ‘Green Paper on Agricultural Product Quality’ invited public submissions on how the administrative costs and burdens associated with membership of quality certification schemes could be reduced?<sup>133</sup>

As an alternative filing strategy, producers might consider the Community collective mark. While applicants are required under CTM Regulation Article 67 to submit regulations governing its use,<sup>134</sup> the requirements are not prescriptive as to content, or inspection procedures. Apart from specifying the persons authorized to use the mark, and the terms of membership of the association, proprietors are free to choose whether or not they wish to specify conditions for the use of the mark. The producer group can similarly reserve the right to exercise actual control, either directly or through a third party agent. The Community collective mark offers a ‘flexible specification’ in the sense that the regulations governing use allow producers greater freedom to determine the conditions for production, distribution and quality control. The Community collective trade mark therefore has the advantage of allowing new agricultural undertakings the opportunity to match the conditions of production to their actual level of development and financial resources.

Alternatively, producer groups may consider an individual Community trade mark. The individual mark is free of any statutory requirement for applicants to submit regulations governing its use. The Ethiopian Intellectual Property Office (EIPO) decided that an individual trade mark strategy was the vehicle that would better accommodate the current conditions of coffee production.<sup>135</sup> In registering the names ‘Harar’, ‘Yirgacheffe’ and ‘Sidamo’ as CTMs, the EIPO conveniently avoided the difficulties associated with inspection

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Viability and Welfare Implications: *Journal of Agricultural and Food Industrial Organization*, Vol. 6 (1) (2008) pp.1-29.

<sup>132</sup> E.g., ensuring that coffee marketed as Colombian is 100 percent Colombian requires financial and technical resources. Each test has been estimated to cost US \$500 to carry out, and complementary chemical tests to analyze the composition of the coffee would be an additional cost: ‘Making the Origin Count: Two Coffees’ WIPO Magazine, September 2007, p. 5.

<sup>133</sup> European Commission, ‘Green Paper on Agricultural Product Quality: Product Standards, Farming Requirements and Quality Schemes’, Brussels, 2008, p. 21.

<sup>134</sup> Article 67 CTM Regulation provides that ‘An applicant for a Community collective mark must submit regulations governing its use within the period prescribed’.

<sup>135</sup> The project to trade mark Ethiopian speciality coffee names is administered by the Ethiopian Intellectual Property Office (EIPO) and undertaken with the assistance of international funding (e.g. UK Department for International Development).

systems. Instead, producers are able to take advantage of the comparative freedom of the licensing contract to control the distribution and marketing of Ethiopian coffee.

## **B. The Flexibility of Trademark Licensing**

The trade mark license offers producers considerably more flexibility in choosing the most appropriate means to distribute and sell their product. This freedom is particularly helpful at the start of a promotional campaign to raise consumer awareness of a specialty product. Licensing allows the proprietor the freedom to choose who is to use the trade mark, how they are to use it and whether royalties will be paid. In contrast to the GI, the CTM is especially flexible in allowing the proprietor to also select the territories where the mark will be exploited. An individual CTM may be licensed exclusively or non-exclusively for use in the whole, or one Member State, or a region of the EU.<sup>136</sup>

For example, in order to build consumer recognition of its coffees, the Ethiopian government, proprietor of CTMs for ‘Sidamo’, ‘Harrar’ and ‘Yirgacheffe’, chose to begin with a licensing strategy. Multinational corporations, such as Starbucks, that wish to market its coffees, are required to sign a non-exclusive, royalty-free licence. Because the licensor’s power to grant licences is unrestricted, non-exclusive licensing allows Ethiopia to establish partnerships with coffee importing, roasting and distributing companies, thereby serving to increase control over marketing and supply. Lacking the financial means to fund a worldwide advertising campaign, Ethiopia is able to use non-exclusive licences to effectively subcontract the task and the cost of advertising to those in the supply chain that have the motivation and means to educate consumers.<sup>137</sup>

Clearly, each producer group needs to evaluate the product specification and the trade mark license as a potential vehicle for commercialization in light of the particular needs of their undertaking. On the one hand, the case of *Parma Ham v Asda* shows how producers can employ a well drawn specification to resist wholesalers and retailers driving down prices by returning the costs of processing to the ‘farm gate’. On the other hand, Ethiopia chose trade mark licensing as the optimal means of taking control of the supply chain and relieving producers of promotional costs. The difference with a CTM is that the owner can control not only the growth of the commodity but also the next in the chain of distribution or the process line, those who add value to the product. Use of the GI comes at the cost of less flexibility for the growth of the undertaking and given that the specification must define a precise geographical area, in respect of the conditions of production. While the GI allows strict control over how the product is produced, there is no direct control over *who* can use the designation. In the case of the GI, any producer who is established in the designated area is entitled to use the GI, provided they comply with the specification. This is inherent not only in the manner of use, but it is also a result of the form of administration of most European

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<sup>136</sup> CTM Regulation Article 22(1): a Community trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Community.

<sup>137</sup> By May 2009, 96 licence agreements had been concluded with companies in North America, Europe, Japan and South Africa: Getachew Mengistie ‘Intellectual Property As A Tool For Development: the Ethiopian Fine Coffee Designations And Trade Marking And Licensing Experience’, *Int. T.L.R.* 2010, 16(1), 1, at pp. 11-12. It has been estimated that the licensing agreements allow Ethiopia to pursue a strategy of earning an additional £47 million per year for its coffee sector, generating potential benefits to subsistence coffee farmers: [www.ethioembassy.org.uk](http://www.ethioembassy.org.uk). See also Light Years IP, ‘Ethiopia: Coffee Trademarking and Licensing Project’, [www.lightyearsip.net](http://www.lightyearsip.net).

GIs, that is, a consortium of producers or producer representatives.<sup>138</sup> In this regard, the holder's duty to license all those producers in the designated area who qualify, makes the GI a form of limited compulsory licensing.

In the case of the community collective mark a comparable rule does not allow proprietors to choose who is to be allowed to engage in production using the mark. CTM Regulation Article 67(2) is designed to ensure that the collective marks cannot be used to subvert the open-standard of protection offered under the Community GI system.<sup>139</sup> Consequently, neither the GI nor the Community collective mark allows proprietors to discriminate in favour of smallholder use of the designation. They are obliged to authorize any person whose goods or services originate in the geographical area concerned to become a member of the association which is a proprietor of the mark.<sup>140</sup> Anyone who complies with a GI specification can use the GI, and anyone whose goods come from the relevant geographic area is able to use a Community collective mark containing a geographic reference.

Nevertheless, in the case of a mature enterprise, where the reputation of the product is established either by historical renown of the geographical name or by promotion, and where the conditions of production are relatively stable, the greater control over processing, supply and distribution provided by the GI offers distinct advantages. As the case of *Asda* illustrates, a specification drafted to include product packaging was instrumental in preventing Asda from buying the product in bulk, carrying out the slicing and packing of the product in the UK and undercutting the price to the producers of the consortium. Smallholders would not receive the kinds of advantages to be obtained from the breadth of protection from competition, the economies of scale and the purchasing power, as is available under the European GI system.<sup>141</sup>

#### IV. The Advantages Of Dual Protection

Our analysis has shown that for the 'start-up' enterprise, the communicative capacity and flexibility of the trade mark offers the more advantageous means of achieving product differentiation and market entry. Thus, the National Federation of Coffee Growers of Colombia (FNC)<sup>142</sup> spearheaded its European marketing strategy with a trade mark based strategy. Why did the FNC decide that it was necessary to apply for dual protection in the EU market? Part V responds to this question in two steps: first it identifies shortcomings in the scope of trade mark protection; secondly, given that the EU has dual systems for the registration of geographical names, it examines the shortcomings of CTM system respecting its interrelationship with the GI system.

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<sup>138</sup> Exceptionally, it is possible for a sole producer to obtain protection for the designation it uses as a Community GI, as with Scottish and Newcastle's registration of NEWCASTLE BROWN ALE.

<sup>139</sup> See also Article s 66(2) CTM Regulation stating that a collective may not be invoked against a third party who is entitled to use a geographical name.

<sup>140</sup> Art. 67(2) CTM Regulation.

<sup>141</sup> In this regard, Lence et al. argue that registration as a PGI or PDO may arguably be more conducive to an economic and social welfare surplus: Lence, S.H., S. Marette, D.J. Hayes and W. Foster, 'Collective Marketing Arrangements for Geographically Differentiated Agricultural Products: Welfare Impacts and Policy Implications', *American Journal of Agricultural Economics*, Vol. 89 (4) (2007) pp. 947-963.

<sup>142</sup> La Federación Nacional de Cafeteros de Colombia, <http://www.cafedecolombia.com>.

## A. Potential Shortcomings of Trade Mark Protection

The CTM Regulation provides proprietors with exclusive rights to prevent unauthorized use of an identical or similar designation, where such use would be likely to cause consumer confusion or mislead the public as to the true origin of the product. However, the exclusive rights provided the proprietor of the CTM are subject to derogations that allow third parties to use in the course of trade, indications of geographical origin, provided they do so in accordance with honest commercial practice.<sup>143</sup> For example, the FNC had experienced numerous examples of third parties using terms such as ‘Colombian blend’ or ‘Colombian type’ coffee. CTM protection will not necessarily prevent third parties using such terms, without a showing of unfair advantage and damage to reputation.<sup>144</sup> From the proprietors’ point of view the descriptive use of the mark by third parties will involve the expense of considerably more enforcement actions, whether to oppose subsequent applicants or cancel earlier registrations of the name.

In contrast, a PGI or PDO enjoys a broader description of exclusive rights. Article 13 of the GI Regulation provides that registered names shall be protected against any direct or indirect commercial use of a name registered in respect of identical or comparable products; and any evocation of the name, even if the true origin of the product is indicated, or if the protected name is translated or accompanied by expression such as ‘style’, ‘type’, ‘method’ or ‘imitation’. In this last respect, the protection goes beyond that accorded to trade marks, which is limited, except in the case of the most famous, to the goods in which the mark is registered or those sufficiently similar to cause confusion. In order to take advantage of the broader protection and greater cost effectiveness, the FNC decided to also protect the name under the GI system. When ‘Café de Colombia’ was granted the status of PGI it obtained exclusive use of the name in relation to the advertising and marketing of its coffee beans in the EU. It is now clear that references to the registered PGI that imply an association with, or are evocative of the protected designation, are prohibited.

## B. Systemic Conflict between CTMs and GIs

Normally, European trade mark law is concerned with intra-systemic conflicts, involving questions of priority between CTM and national systems, but there is also the possibility of inter-system conflict between an earlier trade mark and a later PGI or PDO. When trade marks and GIs conflict, the CTM applicant will be at a decided disadvantage. On the one hand, the CTM applicant is open to challenge from the owner of an earlier registered CTM. In cases where the applicant’s mark is identical or deceptively similar to an earlier registered mark, such that the two marks would be likely to cause consumer confusion, the applicant mark is likely to be refused registration on relative grounds.<sup>145</sup> This is in accordance with the classic rule of priority that the first in time has the better entitlement. Where the trade mark office finds that, given the similarity of the marks and the products, there is a likelihood of

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<sup>143</sup> Art. 12, CTM Regulation. E.g. see Case C-100/0, *Gerolsteiner Brunnen GmbH & Co. v Putsch GmbH* ECJ, 2004.

<sup>144</sup> Case C-487/07 *L’Oréal SA Lancôme parfums et beauté & Cie Laboratoire Garnier & Cie v Bellure NV* ECJ, 2009: Article 5(2) of First Council Directive 89/104/EEC of 1988 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor.

<sup>145</sup> CTM Regulation Article 8.

consumer confusion, the mark will be refused.<sup>146</sup> On the other hand, the CTM applicant is also open to challenge from a later registered PGI or PDO, unless the mark is so well-known that consumers would be misled by use of the name as a geographical indication.<sup>147</sup> Although systemic conflicts between trade marks and GIs are relatively uncommon, such problems are complex, persistent and not susceptible to speedy resolution. It is a problem that applicants would do well to consider before filing for a CTM. In this section therefore we will examine what happens in cases where earlier registered GIs or CTMs conflict with later applications for registration of a geographical name.

## 1. Earlier Registered GIs and the Priority Rule

In cases where an applicant attempts to register a CTM containing an earlier registered PGI or PDO, the classic rule of priority will apply to prevent registration.<sup>148</sup> Should the mark have been registered, the proprietor of the PDO or PGI will have grounds to invalidate the mark. For example, in 1996 ‘Grana Padano’ was registered as a PDO for Italian hard cheese. In 1998, Biraghi S.p.A., succeeded in registering as a CTM ‘Grana Biraghi’ for cheese.<sup>149</sup> Subsequently, the proprietor of the PDO, the *Consorzio per la Tutela del Formaggio Grana Padano*, was successful in applying for a declaration of invalidity to have the mark cancelled.<sup>150</sup> The Consorzio relied on Article 14(1) of the GI Regulation, which requires the invalidation of a trade mark, in circumstances where it would constitute an infringement of the PDO, in the following terms:<sup>151</sup>

Where a designation of origin or a geographical indication is registered under this Regulation, the application for registration of a trademark corresponding to one of the situations referred to in Article 13 and relating to the same class of product shall be refused if the application for registration of the trademark is submitted after the date of submission of the registration application to the Commission.

The Court of First Instance held that the OHIM Board of Appeal had erred in finding that the existence of the PDO ‘Grana Padano’ did not prevent registration of the mark ‘Grana Biraghi’.<sup>152</sup>

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<sup>146</sup> Similarly, the GI registration system allows interested parties to lodge an objection to the application for a PDO or PGI. It is possible to object in the case of an EU internal application at the national stage. Objections are also received in the 6 month period after publication of the PGI application: GI Regulation 510/2006, Art. 7.

<sup>147</sup> Article 3(4), Regulation 510/2006.

<sup>148</sup> Article 7(1)(k) CTM Regulation states that trade marks which contain a designation of origin or a geographical indication registered under the GI Regulation when they correspond to one of the situations covered by Article 13 of the said Regulation and regarding the same type of product, will be refused.

<sup>149</sup> Class 29, Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 1957.

<sup>150</sup> CTM Reg. Art. 55.

<sup>151</sup> Art. 13 of Regulation 510/2006 sets out that the scope of protection accorded PDOs and PGIs, and includes any direct or indirect commercial use of the registered name for comparable products and any misuse, imitation, or evocation. To the same effect see CTM Reg. Art.7(1)(k).

<sup>152</sup> Grana Case T-291/03, *Consorzio per la Tutela del Formaggio Grana Padano v OHIM, Biraghi S.p.A.*, Court of First Instance, 2007, para. 89. Regarding Biraghi’s defence that the ‘grana’ is generic, see Part II above.

## 2. Earlier Registered CTMs and the Principle of Co-existence

However, in a reversal of the priority rule, an application to register a later GI that conflicts with an earlier trade mark is allowable, provided the application has been made in accordance with honest practice.<sup>153</sup> In other words, the derogation within trade mark law in respect of geographical origin also operates inter-systemically, in the event a mark conflicts with an identical or similar geographical name for the product, even when the trade mark, as the earlier right, would normally have priority. In the case of an earlier registered trade mark, the CTM and GI Regulations mandate the co-existence of the two systems.<sup>154</sup> The term ‘co-existence’ refers to a legal regime under which a GI and a trade mark can both be used concurrently to some extent even though the use of one or both of them would otherwise infringe the rights conferred by the other. Article 14(2) of Regulation 510/2006 applies in respect of conflicts between earlier trade marks and a registered GI:<sup>155</sup>

With due regard to Community law, a trade mark the use of which corresponds to one of the situations referred to in Article 13 which has been applied for, registered, or established by use, in good faith within the territory of the Community, before either the date of protection of the designation of origin or geographical indication in the country of origin or before 1 January 1996, may continue to be used notwithstanding the registration of a designation of origin or geographical indication.<sup>156</sup>

The reference in Article 14(2) to ‘Community law’ alludes to certain exceptions to the rights of the trade mark owner. Specifically, the CTM Regulation provides an exception where an unauthorized third party is using the name in question to indicate the kind, quality, geographic origin, or other characteristics of the goods or service.<sup>157</sup> Thus, in accordance with Article 14, the use of an identical and later registered GI will be allowed as an exception to the trade mark owner’s rights, provided the use of the GI is in accordance with honest commercial practice.<sup>158</sup>

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<sup>153</sup> Some likelihood of confusion between the trade mark and the later GI may even will be tolerated: see Case C-100/02 *Gerolsteiner Brunnen*, ECJ, 2004, para. 24.

<sup>154</sup> Article 164, CTM Regulation states that the Trade Mark Regulation ‘shall not affect Council Regulation (EC) No 510/2006, and in particular Article 14 thereof.’

<sup>155</sup> The scope of Article 14(2) is confined in time to those trade marks applied for, registered or established by use either before the GI is protected in its country of origin or before the date of submission to the Commission of an application for GI registration. Further see Gail E. Evans, ‘The Protection of Geographical Indications after Doha: Quo Vadis?’ *Journal of International Economic Law*, Volume 9, Number 3, pp 575 - 614 (2006) (with Michael Blakeney).

<sup>156</sup> That is provided that no grounds for its invalidity or revocation exist as specified under the Trade Mark Directive 89/104/EEC of 21 December 1988; or the CTM Regulation No 40/94 of 20 December 1993 on the Community trade mark (as codified in Regulation No 207/2009 of 26 February 2009.)

<sup>157</sup> Art. 12(b).

<sup>158</sup> The EC successfully argued before the WTO that GIs and trade marks constitute independent but equal forms of intellectual property in accordance with the structure of the TRIPS Agreement and in particular Art. 24.5 of that Agreement concerning their interrelationship. Their co-existence turns on the general exception as to trade mark rights in TRIPS Article 17, as constituting a valid defence against the exclusive rights of trade mark holders: See WTO, EC– Protection Of Trademarks And Geographical Indications For Agricultural Products And Foodstuffs, Report of the Panel, 2005, WT/DS174/R, paras. 7.512-531.



### a. Co-existence in *Bavaria Holland v. Bayerisches Bier*

The recent case of *Bavaria N.V. and Bavaria Italia Srl v Bayerischer Brauerbund*<sup>159</sup> illustrates the principle of co-existence. The geographical name at issue was *Bavaria* for beer. The parties concerned in the dispute were the earlier trade mark owner, the Dutch company Bavaria NV, and Bayerischer Brauerbund, a long-standing association of Bavarian brewers, holders of a PGI for Bavarian beer.<sup>160</sup> Brauerei Bavaria NV, one of the Netherlands biggest producers of beer, began to use the designation 'Bavaria' in 1925, and it became part of its company name in 1930. Bavaria NV was the proprietor and the user of several international trade marks, in force in Italy and elsewhere, which contained, together with other expressions or figurative elements, the name 'Bavaria', with registration dates as early as 1947.<sup>161</sup> Nevertheless, in 2001, the PGI 'Bayerisches Bier' was registered to the Bayerische Brauerbund e.V. (the Bavarian Brewers Association) of Munich.<sup>162</sup>

Subsequently, the Bavarian Brewers' Association began proceedings against Bavaria NV in Italy, seeking to prevent the Dutch company from using the name *Bavaria* in Italy and to have the company's trade mark rights to the name cancelled. When the matter came before the Turin Court of Appeal, it referred to the ECJ the question as to whether the fact that the PGI had been granted protection after the registration of the trade marks, meant that the Dutch company might nevertheless continue using the marks.<sup>163</sup> In July 2009, the European Court of Justice affirmed the principle of co-existence, holding that trade marks of third parties, registered prior to the date on which the application for registration of the PGI 'Bayerisches Bier' was filed, in which the word 'Bavaria' appears could continue to exist.<sup>164</sup> Consequently owners of trade marks that consist of a later registered PDO or PGI run the risk of having their rights to priority and exclusivity eroded.<sup>165</sup>

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<sup>159</sup> Case C-343/07 *Bavaria N.V. and Bavaria Italia Srl v Bayerischer Brauerbund*, Court of Justice of the European Communities, 2 July 2009.

<sup>160</sup> The statutes of the Bavarian brewers association (Bayerischer Brauerbund) dated back to 1917; and it had been the proprietor of the registered collective trade marks 'Bayrisch Bier' and 'Bayerisches Bier' since 1968.

<sup>161</sup> The registration dates, the court noted, included 1947, 1971, 1982, 1991, 1992 and 1995: *Bavaria*, para. 17.

<sup>162</sup> Article 1 of Regulation No 1347/2001 registered the name 'Bayerisches Bier' as a PGI and recital 3 in the preamble to that regulation stated that that PGI and the trade mark 'Bavaria' would not mislead the public as to the identity of the product, which is the standard embodied in Article 14(3) of the original Regulation No 2081/92.

<sup>163</sup> The Bavarian Brewers' Association also brought suit in Germany. A second question was referred to the ECJ, and considered concurrently, in Case C-120/08 *Bavaria NV v Bayerischer Brauerbund eV*: the referring court asked whether Article 14(1) of Regulation No 510/2006 applies in the case where the protected indication has been validly registered in accordance with the simplified procedure under Article 17 of Regulation No 2081/92 of 14 July 1992.

<sup>164</sup> As the registration of the PGI was interpreted as having no adverse impact upon the validity of the 'Bavaria' trade marks, co-existence as provided for in Article 14(2) of former Regulation No 2081/92 of 14 July 1992, could continue: *Bavaria*, para. 125. Similarly, see the Opinion of AG Mazek at para. 161.

<sup>165</sup> Article 14(2) of GI Regulation 510/2006 privileges a later GI applicant, with the exception of marks that are held to be well-known. The classic priority rule applies in respect of a later application for GI registration provided the mark is considered sufficiently well-known in the relevant market sector of at least one Member State.

As further evidence of the potential threat posed by the GI to the trade mark holder by the co-existence of the two systems, consider again the registrability of generic names. In the case of *Bavaria*, the ECJ emphasized the co-existence of the GI and CTM systems, finding that the mere existence of marks in the market which incorporate the name is not an indicator that the geographical name is unregistrable under the GI Regulation.<sup>166</sup> The PGI ‘Bayerisches Bier’ was considered not to have become generic even when the European market for beer contained trade marks that included the word ‘Bayerisches’ or translations as synonyms for the Bavarian bottom-fermentation brewing method.<sup>167</sup> The court concluded that registration of the PGI was justified by the need to prevent the disappearance of reputation as a result of ‘popularisation through general use outside its geographical origin.’<sup>168</sup>

Thus, in the case of conflicts between GIs and earlier trade marks the rules do not strictly follow the principle of priority. A later applicant may successfully register a GI, and the trade mark owner will have to accept their co-existence. Therefore, in the case of conflicts between a CTM and later registered GI, the latter enjoys a privileged position in relation to the CTM, in so far as the principle of priority is qualified by that of the co-existence of GIs and CTMs. The breadth of rights accorded the GI combined with its characterization as an exception to trade mark rights, give the GI a decided advantage in the event that the registration of geographical name is disputed. In summary, if owners of CTMs containing geographical names are not to be disadvantaged by the descriptive use of the name, or by the later registration of a GI, they would be well advised to apply for registration under the GI system. By applying for dual protection of the name, it is possible to compensate for the narrower scope of CTM rights and the disadvantage associated with the interrelationship of the CTM and GI systems.

### **Conclusion: Alternative Filing Strategies**

This analysis rests on the premise that a more active promotion of trademark protection as an alternative instrument for the protection of GNs might ultimately serve to increase the number of registrations under the European GI system. It was tested by comparing the registrability of PDOs, PGIs and CTMs, against their respective capacity to accommodate the landholdings, yields and marketing plans of diverse agricultural undertakings.

In terms of comparative advantage, this analysis reveals the GI system as offering the broader protection against direct competition, going so far as to prohibit unauthorized references to registered PGIs or PDOs, such as ‘Feta-style’ or ‘Colombian blend’, that are evocative of the protected designation. In contrast, while the CTM system cannot offer geographical names the same breadth of protection, its chief advantage lies in its flexibility as an instrument capable of accommodating variations in land use, climate, crop yields, the sourcing of raw materials and production outputs.

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<sup>166</sup> *Bavaria*, paras. 123-125.

<sup>167</sup> *Bavaria* para. 105.

<sup>168</sup> *Bavaria* para.106. Also note that the geographical name that is the subject of an application for registration as a PGI or PDO cannot be regarded as generic pending the possible forwarding of the application for registration to the Commission of the European Communities by the national authorities: *Grandi Salumifici*, ECJ, 2009.

While producer groups should take a case-by-case approach to the choice of the CTM or GI, this analysis has identified several basic guidelines that may be applied in devising a filing strategy based on the alternative use of the CTM and GI systems. At the start of a European marketing campaign, assuming that the link between the product and the place is relatively unknown to consumers, a trade mark-based strategy offers significant advantages in promoting awareness of the linkage among relevant consumers. On the other hand, where the link between the geographical name and the product relies on consumers' existing knowledge of agricultural or culinary traditions, then the GI system offers producer groups decided advantages, notably in the breadth of protection; and associated cost efficiencies in enforcing the intellectual property. Moreover, where the linkage with the place has become so tenuous that the geographical name is subject to claims that it is generic for the product, the preceding analysis reveals the comparative advantage of the GI system, in reclaiming the reputation associated with the product for the use of local producers.

Nevertheless, in order to enjoy the advantages the GI system offers, the actual conditions of production must be congruent with the definitional requirements of the PDO or PGI. The more territorially extensive, the less structured an agricultural enterprise, the more likely the CTM will be the more appropriate form of protection. Equally, the advantages of GI system are contingent upon producers being able to sustain the costs of a product inspection or certification system. In short, the foregoing analysis indicates that some common problems faced by applicants for a PDO or PGI, including the need to establish a link between product reputation and place of production, changes in methods or volumes of production, and difficulties establishing inspection structures, can be avoided by utilizing the greater flexibility of the CTM system. Once the link between the reputation of the product and the place is established and the conditions of production stabilize, the agricultural undertaking is well placed to offset the reduced flexibility of the GI system against the breadth of protection it provides. It is then opportune to consider dual registration under CTM and GI systems.