

**Questions to be Addressed in Response to the Survey
on the Lisbon System**

Replies by Hungary

The Basis for Protection in the Country of Origin

Some have interpreted the phrase “recognized and protected as such” in Article 1(2) of the Lisbon Agreement as restricting eligibility for registration and protection under the Agreement to appellations of origin recognized and protected under *sui generis* legislation in the country of origin. Others take the view that this phrase does not impose a means by which an appellation of origin should be protected in the country of origin, nor the specific legal form of protection, as long as the geographical denomination in question meets the definition provisions of Article 2 of the Agreement. Rule 5(2)(a)(vi) of the Regulations under the Lisbon Agreement broadly refers to protection in the country of origin by virtue of legislative provisions, administrative provisions, judicial decisions or registration.

Question 1: Should the basis for protection in the country of origin in Article 1(2) of the Agreement and Rule 5(2)(a)(vi) of the Regulations be revised, in view of the different means of protection existing around the world for geographical indications?

Answer 1: The Lisbon system is neutral to the way its member countries provide protection for appellations of origin. This is evidenced by one of the provisions defining the mandatory contents of the international applications. Rule 5(2)(a)(vi) of the Lisbon Regulations contains a wide range of variations on how protection in the country of origin can be established and, for the purposes of international registration, be proven. Therefore, Article 1(2) of the Lisbon Agreement should not be given an overly restrictive interpretation in this regard. It only requires that, in order for an appellation of origin to qualify for protection under the Agreement, it has to be recognized and protected as such in the country of origin, but it does not specify the type of protection the country of origin should provide for. It does not necessarily have to be based on a Lisbon-like domestic registration system. It can take any other possible form provided that it can meet the substantive requirements of the Agreement (such as the one contained in Article 3 concerning the content of protection). However, clarifying that various legal means can be used in the country of origin in order to provide for national protection which may serve as an appropriate basis for international protection would make the Lisbon system more attractive for prospective new members not having a Lisbon-like *sui generis* national system.

Terminology and Definitions

A number of domestic laws exist under which protection is available for appellations of origin on the basis of a definition that corresponds to the definition provisions of Article 2 of the Lisbon Agreement. Other domestic laws provide protection for geographical indications on the basis of the definition provisions of Article 22.1 of the TRIPS Agreement. Domestic legislation also exists with both a definition for appellations of origin and a definition for geographical indications or variations of those terms. Moreover, there are also domestic laws dealing with the same subject matter without defining the term “appellation of origin” or the term “geographical indication”.

Question 2: Should the definition provisions of Article 2 of the Lisbon Agreement be amended?

Answer 2: There seems to be no obstacle to rendering a wider, more flexible interpretation to the notion “geographical name” as defined in Article 2(1) of the Lisbon Agreement to the effect that it should mean all sorts of signs that could serve to designate a product as originating in a certain geographical territory and that are actually used for that purpose. This interpretation would not conflict with the ordinary meaning of the term “name”, would take due account of the context in which it is used in the Lisbon Agreement as well as the purpose of the Agreement. [It is also to be noted that the French text, which is the only authentic text of the Agreement, does not speak of “*nom*” (name) but of “*denomination*” (denomination), which seems to be broader.] In addition, this would also reflect the subsequent practice in the application of the Agreement as it appears that there are already some appellations of origin protected under the Lisbon Agreement that might not be qualified as a “geographical name” in the strictest sense of this term but could be regarded as such under a more flexible, functional interpretation. Last but not least, the proposed interpretation of the notion “geographical name” as defined in Article 2(1) of the Lisbon Agreement would also take account of the conclusion of the TRIPS Agreement as a subsequent international instrument establishing “relevant rules of international law applicable in the relations between the parties” to the Lisbon Agreement¹.

Article 2(1) of the Lisbon Agreement, at least in its English version, requires that the quality and the characteristics of the product in question be due exclusively, or essentially, to the geographical environment, including natural and human factors. The definition of geographical indications contained in Article 22.1 of the TRIPS Agreement covers goods which have a given quality, reputation or other characteristic that is essentially attributable to their geographical origin. From the comparison of the two definitions some draw the conclusion that goods that have “merely” a certain reputation, but not a specific quality being due to their place of origin, are not covered by the definition of appellation of origin as provided for in the Lisbon Agreement. However, if one looks at the French text of the Agreement, in which it was signed², one will find that it refers to the quality or the characteristics (*la qualité ou les caractères*) of the product in question³. So these seem to be alternative and not cumulative elements of the definition and, thus, follow the same logic as that of Article 22.1 of the TRIPS Agreement. Then it becomes only a matter of interpretation whether reputation can be regarded as one of the characteristics a product (good) may have due to its geographical origin. It appears to be the case as the text of Article 22.1 of the TRIPS Agreement uses the term “characteristic” as the most general one encompassing “quality” and “reputation”, too. In other words, under that provision “quality” and “reputation” are also “characteristics”, and they are just singled out as the most characteristic ones that can be due to the geographical origin of the good in question. Furthermore, it can also be of some relevance that the Lisbon Agreement itself refers to the reputation the appellation of origin has given to the product [see the definition of the “country of origin” in Article 2(2)].

Therefore, the definition provisions should not necessarily be amended.

¹ *cf.* Articles 31 and 32 of the Vienna Convention (1969) on the Law of Treaties.

² *cf.* Article 33 of the Vienna Convention (1969) on the Law of Treaties.

³ “(1) On entend par appellation d'origine, au sens du présent Arrangement, la dénomination géographique d'un pays, d'une région ou d'une localité servant à désigner un produit qui en est originaire et dont la qualité ou les caractères sont dus exclusivement ou essentiellement au milieu géographique, comprenant les facteurs naturels et les facteurs humains.”

However, in the long run, a convergence, or even unification, of the definitions used in the relevant international instruments would certainly be desirable and beneficial to the global protection of GIs. The issue whether the scope of the definition (and thus that of the Agreement itself) should be widened to also encompass the somewhat more flexible approach reflected in the definition of “protected geographical indication“ in the European Union’s legislation [see e.g. Article 2(1)b) of Council Regulation (EC) No 510/2006] might also be worth exploring.

Scope of Protection

The Lisbon Agreement does not define the terms “usurpation” and “imitation”, as contained in its Article 3, but the negotiating history would appear to indicate that these terms are aimed to prevent use of an internationally registered appellation of origin on a product of the same kind not originating from the area to which the appellation of origin refers or a product of the same kind that, while originating in that area, does not meet the quality or characteristics on which protection for the appellation of origin is based.

Question 3: Should Article 3 of the Lisbon Agreement be amended so as to address the protection of appellations of origin against use on products that are not of the same kind and, if so, on the basis of what criteria?

Answer 3: An extension of the scope of protection would be welcome to prevent use of the appellation of origin in respect of products other than the goods of the same kind provided that this use with respect to dissimilar goods would take unfair advantage of, or be detrimental to, the repute of the earlier appellation of origin. Whether this extension should only cover “comparable” products is another issue to explore, though such a restriction would not seem *prima facie* justified.

Question 4: What amendments would be necessary to Article 3 in connection with the answer to questions 1 and 2 above?

Answer 4: See answer 3.

Effects of Registration

The negotiating history of the Lisbon Agreement shows that the Lisbon system is meant to: (a) require a country of origin to provide information in international applications allowing the other member countries proper examination as to whether they can protect the internationally registered appellations of origin concerned; (b) require these other countries to take position within a period of one year from receipt of the notification of an international registration and, in case they submit a declaration of refusal, to specify the grounds for such refusal; and (c) shield such an appellation of origin against becoming a generic denomination.

Question 5: As regards point (a) above, are there elements in the application and registration procedures requiring improvement and, if so, which are these elements?

Answer 5: The objectives of point (a) can be fulfilled without amendments, provided that the International Bureau processes international applications in such a way as to enable other countries and interested parties to consult the information contained therein.

Question 6: As regards point (b) above, are there elements in the procedures for the notification of refusals, withdrawals of refusals and statements of grant of protection requiring improvement and, if so, which are these elements?

Answer 6: Expanding the use of electronic communications, for which the legal framework has been created by the latest amendments to the Regulations, may contribute to the establishment of a more reliable system for notifying new international registrations to the competent authorities of contracting countries, and may, eventually, lead to the unification of the date of notification for all contracting countries.

Question 7: As regards point (c) above, would there be a need to amend Article 6 of the Lisbon Agreement, in order to allow for certain exceptions, or does the phrase “cannot, in that country, be *deemed* to have become generic” provide sufficient leeway in that respect?

Answer 7: The wording of point (c) seems appropriate and flexible enough.

Question 8: Are there elements in the procedures of Rule 16 of the Regulations under the Lisbon Agreement concerning the notification by a member country of an invalidation of the effects of an international registration and its recording in the International Register requiring amendment and, if so, which are these elements?

Answer 8: No amendment is needed.

Prior Users

Question 9: Would there be a need to amend Article 5(6) of the Lisbon Agreement, or does the fact that Article 5(6) of the Lisbon Agreement and Rule 12 of the Regulations under the Agreement only apply in case a member country does not notify a declaration of refusal provide sufficient leeway in this respect?

Answer 9: Article 5(3) and Rule 9(2)(ii) require an indication of the grounds for a declaration of refusal if the competent authority of the contracting country declares that it cannot ensure the protection of an appellation of origin whose international registration has been notified to it, but neither the Agreement, nor the Regulations specify the grounds on which a declaration of refusal can be based. It happens in practice, and thus it seems broadly accepted, that an internationally registered appellation of origin is, and can be, denied protection in a contracting country to the Lisbon Agreement because existing prior rights would conflict with that appellation. This seems to be the only way⁴ contracting countries to the Lisbon Agreement can apply the mandatory exceptions provided for in Articles 24.5 and 24.8 of the TRIPS Agreement concerning prior good faith trademark rights, and the right to use, in the course of trade and without misleading the public, a person’s name. They cannot, for that purpose, invoke Article 5(6) of the Lisbon Agreement as it would only provide for a phasing-out period of two years, at most, for interested parties to terminate the use of prior trademarks and/or names conflicting with a protected appellation.

⁴ But *cf.* Article 4 of the Lisbon Agreement. See also answer 10, paragraph a).

Furthermore, the latest amendments to the Regulations have introduced new procedural flexibilities that provide for not only total but also partial (optional) statements of grant of protection [see Rule 11bis(2)(a) in conjunction with Rule 11(1)], which could cater for some sort of coexistence between protected appellations of origin and some earlier rights (and thus for the continued use of certain trademarks or persons' names), in accordance with the legislation applicable in the country concerned [as an example for such a piece of legislation see Articles 13(4) and 14(2) of Council Regulation (EC) No 510/2006].

Last but not least, it is also to be recalled that, as the Secretariat has confirmed it (see paragraph 162 of LI/WG/DEV/1/4 Prov.), in the case of a withdrawal of a refusal, a contracting country can grant a longer transitional period to prior users than the one provided for in Article 5(6) of the Agreement, i.e. a period that is longer than two years from the date of withdrawal.

Nevertheless, a revision of Article 5(6) would certainly increase the attractiveness of the Lisbon system.

Other Issues

Question 10: What other issues concerning law or practice directly or indirectly related to the functioning of the Lisbon system do you consider require amendment or modification of the existing Lisbon Agreement and would you like to bring to the attention of the Working Group on the Development of the Lisbon System?

Answer 10: a) The full potential of Article 4 of the Lisbon Agreement would be worth further exploring. It is to be noted that the text of that Article, contrary to the language in Article 1(2), does not refer to the protection of appellations "as such", which might mean that other forms of protection are also covered by this safeguard clause (which might, in turn, have interesting implications for the way the exceptions under Article 24 of the TRIPS Agreement can be applied within the Lisbon system). In addition, that Article of the Lisbon Agreement seem to provide for the possibility of coexisting appellations of origin and the parallel protection thereof in a given contracting country.

b) Article 5(5) of the Lisbon Agreement provides for the following "dispute settlement mechanism" in the event of a declaration of refusal:

"The interested party, when informed by his national Office of the declaration made by another country, may resort, in that other country, to all judicial and administrative remedies open to nationals of that country."

What that Article provides for is a "normal" remedy for private applicants/right holders similar to those that are available when a patent or trademark application is refused by an IP office⁵. However, in the Lisbon system, the ground on which the refusal is based can directly be a piece of legislation or an administrative decree of normative character⁶. The same is true for the protection in the country of origin: it can also be based on legislative or administrative provisions⁷. Therefore, a country making a declaration of refusal can easily

⁵ *c.f. e.g.* Article 5(3) of the Madrid Agreement Concerning the International Registration of Marks

⁶ See Rule 9(2)(iii) of the Lisbon Regulations

⁷ See Rule 5(2)(vi) of the Lisbon Regulations

find itself in an inter-state conflict with the country of origin over the protection of the appellation in question. Hence, there may be a need for efficiently settling disputes between contracting countries of the Lisbon system. These may remain informal or might as well develop into formalized procedures.

In this context, another challenge is posed by the limited territorial effect of refusals. If a contracting country finds that an international registration that is notified to it conflicts with an appellation of origin of that country, it can only make a declaration of refusal with respect to its own territory, and that declaration will not have any effect in the other contracting countries. The only option that remains open is invalidation of the effects of the international registration in each contracting country concerned⁸. However, that option is almost exclusively governed by the national law of the contracting country concerned, and the availability of that remedy very much depends on the type of protection provided for appellations in that country.

It is worth noting that the draft multilateral treaty for the protection of appellations of origin and indications of source, prepared by the International Bureau of WIPO in 1974-75, contained a chapter on the settlement of disputes through diplomatic channels⁹.

c) In the European Union, the Commission Regulation implementing the Foodstuffs Regulation provides for the possibility of trans-border applications that can be lodged jointly by several groups from a trans-border geographical area¹⁰. It might be worth considering whether the Lisbon Regulations could also expressly provide for a similar possibility. Currently, Rule 5(1) of the Lisbon Regulations refers to the competent authority (which has to present the international application to the International Bureau) in the singular but, perhaps, this does not necessarily have to be interpreted as to exclude international applications jointly presented by competent authorities of two or more countries of origin. Admittedly, explicit and more detailed provisions on this would prove certainly helpful. Neither that broad interpretation of Rule 5(1), nor a corresponding amendment to the Regulations seems to be excluded by the Lisbon Agreement itself. There is nothing in the Agreement that could justify the assumption that there can only be a single country of origin. In fact, Article 5(1) of the Lisbon Agreement uses the plural in this context:

“The registration of appellations of origin shall be effected at the International Bureau, at the request of the Offices of the countries of the Special Union [...]”

[End of document]

⁸ Rule 16 of the Lisbon Regulations

⁹ SCT/8/4, paragraph 70

¹⁰ Article 12 of Commission Regulation (EC) No 1898/2006