

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

*Comments Prepared by the
Geographical Indications Subcommittee
of the
International Trademark Association*

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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?

Comment: It would be desirable to specify with clearly defined rules the precise meaning of the terms "recognized and protected as such" in Article 1 (2) of the Agreement, bearing in mind the fundamental significance of this concept under the Lisbon System (including in the light of Article 6). In this context, it could be clarified whether and under which circumstances collective and certification mark systems can qualify as a form of protection under this provision.

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?

Comment: The definition of Article 2 is well established and has clear features. As it stands now, the Lisbon Agreement establishes broad protection for product designations consisting in geographical names where there is a strict link between the geographical environment and the quality and characteristics of the product. Unless the overall structure of the Agreement is changed, this strict quality link should not be diluted by broader definitions as the current Lisbon System with its broad protection has been developed precisely for these types of designations based on the understanding that they deserve a special type of protection.

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?

Comment: A clearer definition of the scope of protection and the meaning of “usurpation or imitation” would be desirable. Moreover, these concepts should be brought in line with the standards of likelihood of confusion or dilution of/free-riding on the reputation under trademark law. Trademark law has developed in this respect differentiated standards that ensure consumer protection, fair competition and the protection of goodwill, which courts and trademark authorities are well accustomed to apply. Bringing the scope of protection under Article 3 in line with these standards would make it much easier to apply, increase predictability and legal certainty, and would also appropriately reflect the fact that appellations of origin and trademarks are intellectual property rights on an equal footing.

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

Comment: While the subcommittee’s answers to questions 1 and 2 do not give rise to a need for amendments to Article 3 in addition to our comments on question 3, an explicit recognition of collective/certification trademarks would suggest even more strongly that the scope of protection for trademarks and appellations of origin should be brought in line with each other. The protection under the Lisbon Agreement should not be construed more broadly than the protection available under the national protection system.

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?

Comment: At present, no real information/documentation appears to be provided that would help the other member countries to conduct their independent analysis on whether the protection requirements are fulfilled and whether protection can be granted, let alone is such information/documentation available to the public and possibly affected traders, in particular, trademark owners. No procedural mechanisms are established in the Agreement to facilitate an appropriate examination and ensure that appropriate review and objection mechanisms are provided at the national level. In practice, this leads to most appellations being automatically accepted without a proper examination, and trademark owners and other possibly affected traders are forced to make considerable investments to investigate the fulfilment of the protection requirements on their part and to persuade national authorities that protection must not be granted in the cases where the term does not qualify for protection in the country at issue, and compliance issues with the respective member country's obligations under the TRIPS Agreement may arise. Trademark owners are currently forced to make significant efforts to ensure that their rights are duly respected and find themselves without any procedural guarantees in the Lisbon Agreement proper, which is an unsatisfactory situation.

The following measures should be adopted in order to address these problems:

a) The application for registration of the AO should include detailed information and documentation explaining on which basis the country of origin considers that the term qualifies for protection under the Lisbon Agreement.

b) The information and documentation mentioned under a) should be published on WIPO's website at the latest following the entry of the appellation of origin in the International Register.

c) The Agreement should ensure that contracting States must establish appropriate procedures at domestic level to enable third parties and trademark owners to raise objections/file oppositions in respect of the fulfilment of the protection requirements and based on prior trademark rights, that such procedures be available sufficiently in advance of the end of the one-year refusal period, and that protection must be refused on a provisional basis if such procedures have been initiated, without prejudice to the fact that if it is later established by a final and binding decision that protection for the term at issue must be given, the refusal may be withdrawn.

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?

Comment: There have been refusal notices stating that the refusal decision can be challenged by the titulars of the AO within a certain time period from the moment when it has been notified thereof by the authorities of the country of origin, but the information on whether this has taken place is not publicly available. A possible solution could be to establish that the refusal notices will in any case be deemed to have been notified to all affected parties at the latest as from their publication in *Les Appellations d'Origine*.

In order to facilitate the notification to the titulars, it should be clarified by way of an explicit requirement in the Rules that the specific legal or natural persons must be identified in the international application. Furthermore, the indication of an address for notification purposes should become a mandatory rather than an optional element of the international application. Rule 5 should be modified accordingly.

Where the refusal notice was based on a domestic objection/opposition procedure, it should be clarified that member countries should establish appropriate domestic procedures to ensure that third parties who participated in the domestic objection/opposition procedure are given advance notice of the intention to withdraw the refusal and that the withdrawal may only be effected if it has been established through a final and binding decision that the protection is to be granted.

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?

Comment: The subcommittee notes that it is controversial whether Article 6 is to be interpreted strictly (in the sense that it prevents the term in question from becoming generic) or as a rebuttable presumption. Restricting the availability of a term in circumstances where it is perceived as generic by the public in the country of protection raises concerns from the perspective of fundamental rights, in particular, free speech. Perpetuating protection despite a change in consumer perception in the absence of action of the holders of the appellation of origin would also run counter to the general principle that the defence and enforcement of intellectual property rights is the responsibility of the right holders.

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?

Comment: The Agreement should be amended so as to require member countries to establish appropriate rules and procedures in their domestic law allowing for the invalidation of the effects of an international registration in their territory, in particular, for the cases that such effects would conflict with prior rights or that the protection requirements are not

fulfilled. The subcommittee recalls that the Agreement establishes protection for the terms complying with the definition of the appellation of origin in Article 2, and protection must not be maintained for terms for which this is not the case.

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?

***Comment:** Any interpretation of Article 5(6) of the Lisbon Agreement suggesting that it establishes a phase-out for prior trademark holders would inevitably be incompatible with the TRIPS Agreement and the fundamental property right character of trademarks (see judgment of the European Court of Human Rights (Grand Chamber) of 11 January 2007, Anheuser-Busch Inc. v. Portugal, Application No. 73049/01). As is reflected in the WTO Panel reports in the cases “European Communities — Protection of trademarks and geographical indications for agricultural products and foodstuffs” (WT/DS174 and WT/DS290, respectively) of 15 March 2005, geographical indications and trademarks are intellectual property rights on an equal footing the general relationship of which is governed by the general principles of priority, exclusivity and territoriality. It should be clarified that neither Article 5(6) nor Article 3 must affect the rights of holders of prior and valid trademarks, without prejudice to the fact that trademarks that were registered in breach of a prohibition to register geographically descriptive signs as trademarks may be invalidated.*

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?

***Comment:** In general, the Agreement is essentially silent on trademark rights. As stated in the reply to the previous questions, in accordance with the TRIPS Agreement and the fundamental rights character of trademark ownership, it should be made clear that the relationship between trademarks and appellations of origin is governed by the principles of priority, exclusivity and territoriality, based on which the protection for an appellation of origin must be refused or cancelled where it conflicts with prior trademark rights, with priority being determined from the perspective of the country in which protection is sought. Under no circumstances may the protection of an appellation of origin be used as a basis for a claim to enjoin the use of a trademark with an earlier priority than the appellation of origin.*

As stated in the subcommittee’s reply to question 5, appropriate procedural guarantees should be introduced to ensure that a proper examination in the country of protection may take place, that potentially affected third parties, in particular, trademark holders, will have

mechanisms available to raise objections/file oppositions, and that refusal notices are timely notified to WIPO. The subcommittee would like to note that INTA has presented a detailed proposal with suggestions on the features of an international registration system, namely, in the context of the plans to establish a multilateral register for wines and spirits under Article 23 (4) of the TRIPS Agreement.

Under no circumstances should the one-year refusal period be shortened as in practice, it turns out to be a rather short period of time. In particular, the timing has proven to be tight in the case of accession of new member countries to the Lisbon Agreement where a huge number of AOs has to be examined and the new member country in question still has to get used to the system. Many refusal notices in recent times appear indeed to have been notified only shortly before the end of the one-year period.

The titulars hold an important position in the Lisbon System. Yet, in practice, they are not always identified but occasionally merely referenced with general language without any concrete content such as "the organizations that produce, in this region, the said products." Article 5(1) of the Lisbon Agreement states that the registration shall be effected "in the name of any natural persons or legal entities, public or private, having, according to their national legislation, a right to use such appellations." Any "right" presupposes a right holder. Generic references to "the producers" are devoid of content and should be rejected (see on proposed changes in this respect also the subcommittee's reply to question 6). Appellations registered without specifying the titulars should be refused protection or invalidated.

Finally, the subcommittee observes and appreciates that WIPO has made huge progress in making information about the Lisbon System and its application available on its website. This path should be followed and further efforts should be taken to make the functioning of the System as transparent as possible.