



# **CEIPI Answer to the Survey of the WIPO on the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration**

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# CEIPI Answer to the Survey of the WIPO on the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration

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*The international protection of geographical indications is a sensitive and controversial issue, and legal methods used to protect geographical denominations in connection with certain goods diverge considerably in different parts of the world. However, the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration leaves its member states considerable flexibility, which should allow an internationalization of the international system of protection for geographical denominations while respecting national legal and cultural traditions. Nevertheless, the system implemented by the Lisbon Agreement has not yet had great success. For this reason, the World Intellectual Property Organization (WIPO) recently launched a survey in order to increase the Agreement's attractiveness, specifically for potential new members. The Centre for Intellectual Property Studies (CEIPI), a university institute dedicated to teaching and research in the field of intellectual property, is very interested in the questions raised by the survey and consequently the Centre has submitted comments and recommendations included in the following statement. The following is a presentation of the CEIPI statement in response to the survey.*

## **Introduction**

The Working Group on the Development of the Lisbon System, at its first session held from 17 to 20 March 2009, agreed in particular that the International Bureau of the World Intellectual Property Organization (WIPO) should carry out a survey to determine means of improving the Lisbon system in order to make it more attractive for users and potential new members of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (hereinafter referred to as the Lisbon Agreement), while at the same time maintaining the principles and the objectives of the Agreement. The WIPO International Bureau then submitted a questionnaire to the signatory states of the Lisbon Agreement, to the non-member states of the Lisbon system, to the intergovernmental and non-governmental organizations and to interested circles, inviting them to submit any suggestions that might contribute to these improvements.

This statement is not intended to be a comment on all the questions raised by the questionnaire but instead wishes to propose comments and recommendations on certain elements in the discussion.

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## Context

The TRIPS Agreement, Annex 1C to the Agreement Establishing the World Trade Organization (WTO), lays down minimum rules for the protection of geographical indications. Article 23.4 even lays down an obligation to negotiate in the field of the international protection of geographical indications, in particular with a view to establishing a multilateral register for wines:

*“4. In order to facilitate the protection of geographical indications for wines, negotiations shall be undertaken in the Council for Trade Related Aspects of Intellectual Property Rights concerning the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those Members participating in the system.”*

The 2001 Doha Declaration<sup>1</sup> lays down, in Paragraph 18, the objective of the proposed negotiations:

*“With a view to completing the work started in the Council for Trade-Related Aspects of Intellectual Property Rights (Council for TRIPS) on the implementation of Article 23.4, we agree to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits by the Fifth Session of the Ministerial Conference. We note that issues related to the extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits will be addressed in the Council for TRIPS pursuant to paragraph 12 of this declaration.”*

The establishment of a multilateral register for the registration of geographical indications, at least for wines and spirits, is considered as a *sine qua non* for the conclusion of the Doha Round agreements. Indeed, the 2005 Hong Kong declaration, Paragraph 29, insists on the importance of the negotiations on this issue for the success of the Doha Round.

*“We take note of the report of the Chairman of the Special Session of the Council for TRIPS setting out the progress in the negotiations on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits, as mandated in Article 23.4 of the TRIPS Agreement and paragraph 18 of the Doha Ministerial Declaration, contained in document TN/IP/14, and agree to intensify these negotiations in order to complete them within the overall time-frame for the conclusion of the negotiations that were foreseen in the Doha Ministerial Declaration.”<sup>2</sup>*

A number of WTO members and groups of members have submitted proposals concerning the multinational register.<sup>3</sup> On the occasion of the “mini-ministerial” conference held in Geneva from 21 to 29 July 2008, the European Community together with Switzerland, Turkey and certain developing countries such as Brazil, China, India, the African, Caribbean and Pacific countries and the African Group proposed the following approach to the negotiations:

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<sup>1</sup> Doha Ministerial Declaration dated 14 November 2001, to be found at the WTO site, doc. WT/MIN(01)/DEC/1

<sup>2</sup> Hong Kong Ministerial Declaration dated 18 December 2005, doc. WT/MIN(05)/DEC

<sup>3</sup> For a comment on these proposals, see P. Arhel, “Registre multilatéral des indications géographiques – Travaux récents de l’OMC”, *Propriété industrielle* February 2009, No. 2, Study 3.

*“Members agreed to establish a register open to geographical indications for wines and spirits protected by any of the WTO Members as per TRIPS. Following receipt of the notification of the geographical indication, the WTO Secretariat shall register the notified geographical indication on the register. The elements of the notification will be agreed. Each WTO Member shall provide that domestic authorities will consult the Register and take its information into account when making decisions regarding registration and protection of trademarks and geographical indications in accordance with its domestic procedures. In the framework of these procedures, and in the absence of proof to the contrary in the course of these, the Register shall be considered as a prima facie evidence that, in that Member, the registered geographical indication meets the definition of “geographical indication” laid down in TRIPS, Article 22.1. In the framework of these procedures, domestic authorities shall consider assertions on the genericness exception laid down in TRIPS Article 24.6 only if these are substantiated.”<sup>4</sup>*

Nevertheless, there are still numerous points of disagreement on the matter - notably on participation in the registration system and the latter's legal effects - and the ministerial conference failed to achieve a consensus on the question.

In the face of the substantial difficulties encountered during the negotiations conducted under the auspices of the WTO with a view to establishing a multilateral register for geographical indications, it is appropriate to examine whether other approaches are conceivable, specifically that of a revitalization of the Lisbon Agreement.

During his speech on the occasion of the 50<sup>th</sup> anniversary of the Lisbon Agreement in August 2008, Mr. Francis Gurry, Director General of the WIPO, observed an increase in interest in the Lisbon system and emphasized the flexibility offered by the system.<sup>5</sup> Indeed, the Lisbon Agreement, by leaving considerable flexibility to its member states, could allow WTO Members to internationalize the international system for the protection of geographical indications while respecting differences among national legal and cultural traditions. Put differently, the Lisbon system thus constitutes a canvas for the development of the international intellectual property system. In addition, the Agreement has significant potential for developing countries, in particular within the framework of the work on the protection of traditional knowledge.<sup>6</sup> The Lisbon Agreement could form the basis for a balanced legal framework that takes account of very diverse interests.<sup>7</sup>

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<sup>4</sup> Doc. OMC ; TN/C/W/52 of 19 July 2008.

<sup>5</sup> Speech given at Lisbon on 24 August 2008, accessible on the WIPO site: [http://www.wipo.int/about-wipo/en/dgo/speeches/gurry\\_lisbon\\_08.html](http://www.wipo.int/about-wipo/en/dgo/speeches/gurry_lisbon_08.html)

<sup>6</sup> See on this question R.M. Hilty, “Rationales for the Legal Protection of Intangible Goods and Cultural Heritage”, IIC 2009/8, pp. 883-911, specifically p. 906; M. Blakeney, “Protection of Traditional Knowledge by Geographical Indications”, in: Ch. Antons (ed.), “Traditional Knowledge, Traditional Cultural Expressions and Intellectual Property Law in the Asia Pacific Region”, The Netherlands, Kluwer law International, 2009, p. 98 *seq* ; D. Rangnekar, “Indications of geographical origin in Asia: legal and policy issues to resolve”, in: R. Meléndez-Ortiz and P. Roffe (eds.), “Intellectual Property and Sustainable Development”, Cheltenham, UK/Northampton, MA, Edward Elgar, 2009, p. 273-299, p. 273: “Geographical indications (Gis) are increasingly being seen as a useful intellectual property right for developing countries. This is because of their potential to localize economic control, promote rural socio-economic development and enable economic returns to holders of traditional knowledge.”

<sup>7</sup> On the question of maintaining flexibility within the international legal framework for intellectual property in order to permit account to be taken of all the interests involved, specifically those of developing countries, see Ch. Geiger, “Exploring the Flexibilities of the TRIPS Agreement Provisions on Limitations and Exceptions” in:

The increase in interest noted by the Director General of WIPO is reflected in the fact that eight new member states have joined the Lisbon Agreement, bringing the number of signatories to 26.<sup>8</sup>

However, it seems that the Lisbon system *in its current state* is unable to bring together a sufficient number of signatory states to be able to claim the right to prevail as a unifying instrument for the registration of geographical indications.

If the Lisbon system wants to offer an effective alternative to the establishment of a multilateral register for geographical indications under the auspices of the WTO, it is necessary to examine the reasons for its relative lack of success up to the present and the means of rendering the system more attractive to new members.

With this in mind, using the questionnaire presented by WIPO, we have identified a number of points on which amendments to the Agreement could prove advantageous.

From this point of view, we suggest that a protocol to the Lisbon Agreement, taking as model what was done, with undeniable success, for the Madrid system on the international registration of trademarks, is the best way forward.<sup>9</sup>

Said protocol would aim to take up the fundamental aspects of the Lisbon system while applying modifications to the following aspects: the basis of protection (1), the object of protection (2), modes of accession to the Agreement (3), conditions for refusal and invalidation (4).

## **1 -- Basis of protection in the country of origin**

Article 1.2 of the Lisbon Agreement requires that the countries to which the Agreement applies:

*“undertake to protect on their territories, in accordance with the terms of this Agreement, the appellations of origin of products of the other countries of the Special Union, recognized and protected as such in the country of origin and registered at the International Bureau of Intellectual Property [...]”*<sup>10</sup>

Rule No. 5 of the Implementation Rules relative to the Requirements concerning the International Application, lays down in Section 2:

*“[Mandatory Contents of the International Applications] a) The international application shall indicate: [...] (vi) the title and date of the legislative or administrative provisions, the judicial decisions or the date and number of the registration by virtue of which the appellation of origin is protected in the country of origin.”*

The conditions laid down by these two provisions for an application for international registration are the subject matter of controversies in the literature.

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A. Kur (ed.), “Can One size fit all?, Atrip Conference Papers 2008”, Cheltenham, UK/ Northampton, MA, Edward Elgar, 2010 (forthcoming).

<sup>8</sup> Namely Georgia, The Islamic Republic of Iran, Montenegro, Nicaraguan, Peru, The Republic of Moldova, The Democratic People's Republic of Korea and Serbia.

<sup>9</sup> Protocol relating to the Madrid Agreement Concerning the International Registration of Marks, adopted at Madrid on 27 June 1989, amended on 3 October 2006 and 12 November 2007.

<sup>10</sup> Emphasis added by the authors

One view argues that the provision of Article 1.2 of the Lisbon Agreement lays down as a requirement for international registration under the Agreement that the name has previously been established *as an appellation of origin* in the applicant's country.<sup>11</sup> From this point of view, the existence of *sui generis* national provisions on the protection of appellations of origin would be an essential precondition for an application for international registration.

For the other point of view, on the other hand, the apparent rigor of Article 1.2 of the Agreement - protection *as such* - is to be qualified in the light of said Rule 5.2, which is more liberal on the nature of the protection required in the country of origin for an application for international registration.<sup>12</sup> Thus, according to this interpretation, the absence of a *sui generis* protection system in the country of origin is not an obstacle to the admissibility of an application for international registration.

It is perhaps regrettable that such a crucial question is not determined beyond doubt by the text of the Lisbon Agreement. In fact, the reply to be given to this question may determine the interest of the Lisbon system for countries without *sui generis* protection systems, as is the case in several New World countries, which prefer to leave it to the private actors to protect geographical indications by means of collective and certification marks.

For those countries, membership in the Lisbon system as currently conceived would mean that they would undertake to protect third countries' appellations of origin registered under the Agreement, without in return being certain of benefiting from the registration of their own geographical indications protected by collective trademarks or certification marks.

This configuration was without doubt voluntary within the Lisbon Agreement, the aim being to encourage countries from around the world to set up *sui generis* protection systems for the protection of geographical indications. However, this strategy does not

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<sup>11</sup> See in particular D. Rochard, "La protection internationale des indications géographiques", Publications de la faculté de droit de sciences politiques de Poitiers, 2002, p. 318; R. Harlé, "La protection des indications géographiques, son évolution et le rôle de l'AIPPI dans celle-ci", in: Mélanges dédiés à Paul Mathély, Paris, Litec, 1990, pp. 183-196, in particular p. 188.

<sup>12</sup> See M. Ficsor, "Perspectives for geographical indications", Worldwide Symposium on Geographical Indications, organised jointly by the WIPO and the Bulgarian Patent Office from 10 to 12 June 2009 in Sofia, accessible on the WIPO site: doc. WIPO/GEO/SOF/09/1: "It is also important to point out that the Lisbon system is neutral to the way its member countries provide protection for designations of origin. This is evidenced by one of the provisions defining the mandatory contents of the international applications. Rule 5(2)(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. It can be "the title and the date of the legislative or administrative provisions, the judicial decisions or the date and number of the registration by virtue of which the designation of origin is protected in the country of origin". 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 a designation 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)"; D. Gervais, "The Lisbon Agreement's Misunderstood Potential", WIPO Journal 2009, No. 1, pp. 87-102, in particular p. 99, according to whom the system of protection can be "a national law or regulation, a court decision, a decision by a specialized agency or board, a trademark-like (application/publication/opposition/registration) system or indeed a *sui generis* system, as in many European countries".

seem to have had the expected success as yet,<sup>13</sup> and consequently it might be appropriate to reconsider the issue.

In the light of the diversity of the national systems in terms of protection of geographical indications across the world, it might appear desirable, with a view to increasing the attractiveness of the Lisbon system, to abandon the requirement of protection of the appellation of origin “*as such*” in the country of origin in order to overcome the doubt concerning the possibility of registering a name protected in the country of origin as a collective trademark or a certification mark, provided of course that the name in question satisfies the definition of the object of protection as laid down in the Agreement.

## **2 -- Definition of the object of protection**

Another reason that is frequently raised to explain the small number of members of the Lisbon system concerns the subject matter of protection, which is based on appellations of origin, a concept regarded by certain countries as being too complex and elitist.<sup>14</sup>

Indeed, the concept of the appellation of origin filters geographical indications by requiring a very clear qualitative connection between the product and the territory of its production, that is, the quality or the characteristics of the product must be “*essentially or exclusively*” attributable to the geographic environment.<sup>15</sup>

It is, moreover, because of this excessively rigorous nature of the concept of appellation of origin that the TRIPS Agreement, annexed to the WTO Agreements, preferred to abandon it in favor of the more open and consensual notion of geographical indication.

Thus Article 2 of the Lisbon Agreement defines the object of protection (appellation of origin) as follows:

*“1) In this Agreement, “appellation of origin” means the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.*

*2) The country of origin is the country whose name, or the country in which is situated the region or locality whose name, constitutes the appellation of origin which has given the product its reputation.”*

Article 22 of the TRIPS Agreement, for its part, opts for the following definition of the geographical indication:

*“Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in*

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<sup>13</sup> V. D. Rochard, “La protection internationale des indications géographiques”, *supra*, p. 318 : “Except for the countries which already had, in their legal systems, provisions (legislative, regulatory or judicial provisions since the text offers the choice) protecting appellations of origin as such, although certain of these countries would have had to make adjustments, the obstacle proved insuperable, and the seductive effect intended of a text that proposes effective international protection did not lead to the national legislative activity hoped for” [...] “The requirement of national protection as such of the appellation of origin acted as a brake on membership for many countries that might have been interested.” (freely translated by the authors)

<sup>14</sup> *Ibid.*, p. 318.

<sup>15</sup> *Ibid.*, p. 318 and 319.

*that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.”*

Although the two texts refer to similar concepts, it would seem that in conceptual terms the provision of the Lisbon Agreement is more demanding than that of the TRIPS Agreement.

For instance, while the Lisbon Agreement seems to require that the denomination in question must be “*the geographical name of a country, region or locality*”, the TRIPS Agreement speaks more broadly of “*indications which identify a good or locality in that territory*”. In other words, the Lisbon Agreement, in contrast to the TRIPS Agreement, seems to exclude from its scope of protection traditional names equivalent to a geographical name.<sup>16</sup>

Another difference is that the Lisbon Agreement talks of characteristics “*due exclusively or essentially to the geographical environment, including natural and human factors*” (emphasis added) and seems to impose an additional requirement of notoriety in paragraph 2, while the TRIPS Agreement, more liberal in terms of the notion of a geographical indication, is restricted to listing the cases “*where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin*” (emphasis added).

However, the practical consequences of these differences between the TRIPS Agreement and the Lisbon Agreement in the definition of the object of protection may not be substantial. Clearly, the two definitions are not antagonistic, and the practical importance of the differences is often overestimated.<sup>17</sup> Moreover, the distinction made in the Community (EU) protection regulations for agricultural products and wines between protected geographical indications (PGI) and protected designations of origin (PDO) is frequently called into question because of its lack of clarity and the subjective nature of its application in practice.<sup>18</sup>

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<sup>16</sup> This is not simply a theoretical hypothesis: the appellation “Bud” for beer was for example refused in a number of member states of the Lisbon Agreement on the grounds that it was not strictly related to the name of the locality of the origin of the designation, the town of Ceske Budejovice (*Budweis* in German).

<sup>17</sup> On the question of limited practical effect of these differences, see D. Gervais, *supra*, and in particular pp. 88-94 and p. 100: “The definitional gaps, if any, between TRIPS and Lisbon are such that most if not all of those differences can be considered functionally irrelevant”

<sup>18</sup> See A. Profeta, R. Balling, W. Schoene, A. Wirsig, “The Protection of Origins for Agricultural Products in Europe: Status Quo, Problems and Policy Recommendations for the Green Book”, *Journal of World Intellectual Property*, 2009, Vol. 12, no. 6, pp. 622-648, in particular p. 632-633, “We also raise the question of whether it makes sense at all to differentiate between PDO and PGI. Each protected product is to be seen as an original with its own history, composition and specific quality. Experience has shown that a differentiation will always be controversial, even after clarification (vulnerability of classification). A recent study by Knopferl (2008) analysing all available specifications of PDO, comes to the conclusion that there are practically no differences between PDO and PGI specifications concerning their specificity and quality. In addition, there are cases where profiles of quality and specificity were higher for a PGI than for a similar PDO. Also, unequal treatment of applications by different national examination authorities can be observed. Similar products with comparable specificity (e.g. asparagus, lamb) are approved as PDO in one member state and as PGI in another (Knopferl, 2008). We believe that this lack of consistency in the differentiation, on the one hand, and the similarity of the two protection categories in requirements and the scope of their protection, on the other, is inefficient and should be aborted. The information on the characteristics of a product cannot be conveyed by such a categorization, but should be contained in a public register which makes available the specifications for all protected designations”. See also, with a touch of irony, D. Gervais, *supra*, p. 93: “One could argue that this European regulation does not amount to an excessively generous effort to clarify or simplify the debate”.



Nevertheless, it remains the case that the difference in the definition of the object of protection could fuel the argument that certain names, although capable of protection under Article 22 of the TRIPS Agreement, would not be capable of registration under the Lisbon Agreement for failing to satisfy the conditions, seemingly more rigorous, imposed by Article 2 of the latter. Such uncertainty should be abandoned if the Lisbon System is used as a true multilateral register of geographical indications.

That said, it is important to note that many countries remain strongly attached to the notion of appellation of origin, which they view as a stricter concept than that of the geographical indication. For those countries, it is precisely this rigor that justifies the exceptional scope of the protection that is conferred within the framework of the Lisbon Agreement. The concept of appellation of origin also appears in the legislation of a number of developing countries that have opted for *sui generis* protection systems, owing notably to the efforts of the WIPO in this direction. With this in mind, it might be regrettable to abandon entirely the notion of appellation of origin within the framework of the Lisbon Agreement in favor of the notion of the geographical indication.

A Protocol to the Lisbon Agreement would constitute a pragmatic solution to overcome, to a large extent, this apparent antagonism.

On the one hand, the Lisbon Agreement would retain the notion of appellation of origin as defined in Article 2. On the other hand, the Protocol, with the aim of creating obvious synergies between the multilateral commercial system and the Lisbon system, would adopt the more consensual and flexible notion of geographical indication contained in the TRIPS Agreement.

The relationships between the Lisbon Agreement and the Protocol could be organized *mutatis mutandis* using the model of the Madrid Agreement and Protocol thereto concerning the international registration of marks.

For example, if a name were registered both as an appellation of origin under the Lisbon Agreement and as a geographical indication under the Protocol:

- The Agreement would continue to apply between the member states of the Agreement or of both the Agreement and the Protocol.
- The Protocol would apply in situations in which one of the parties was a signatory of the Protocol without having acceded to the Agreement.

This balanced solution would safeguard the interests of countries that wish to pursue their international cooperation in the field of Appellations of origin by means of the Lisbon Agreement, while establishing, in a pragmatic perspective, an improved international protection of geographical indications across the world by offering, by means of the Protocol, a legal framework adapted to the needs of the largest number of WTO Members.<sup>19</sup> The Lisbon system would thus retain its characteristic flexibility that establishes its position as a model for the balanced development of intellectual property at international level.

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<sup>19</sup> The objection of complexity that might be directed against such a structure should not in our opinion be overestimated. Firstly, as has already been said, this is a solution that has been tested within the framework of the Madrid system concerning the international registration of marks, with undeniable practical success. Secondly, this complexity would not be any less if a multilateral register of geographical indications was set up under the auspices of the WTO -- as was provided for in the TRIPS Agreement -- since in any event the Lisbon Agreement would continue to exist alongside such a register.

### 3 -- Opening of the Lisbon Agreement to regional registration systems

Membership of the Lisbon agreement is at present, pursuant to Article 14, only open to sovereign states. Thus intergovernmental organizations cannot accede to the Agreement.

This exclusion, which is easy to understand in the light of the date of the Lisbon Agreement (1958), seems outdated nowadays given the development of the global situation.

Indeed, certain regions of the world have opted for regional protection and registration systems. This is the case in particular for the European Union, where the Court of Justice has also held that Community legislation in this matter is exhaustive and that consequently the Member States no longer have the competence to recognize geographical indications.<sup>20</sup>

This situation proves unfortunate in a number of respects.

First of all, on the political level, it is regrettable that the Lisbon system cannot count on the active support of the European Union, even though the latter has made the reinforcement of the international protection of geographical indications one of its preferred topics at the WTO, of which it is a member. It is equally regrettable, conversely, that the European Union, one of the principal protagonists of the reinforcement of the international protection of geographical indications has absolutely no power within the framework of the Lisbon system.<sup>21</sup>

On the legal level, this situation may give rise to a number of complex and difficult situations. For instance, what is the fate of appellations of origin registered under the Lisbon Agreement by Member States of the European Union but that are not recognized as a PDO or PGI under Community regulations? The answer to this question is worrying: in the absence of protection in the country of origin - which no longer has the competence to recognize this protection outside the Community framework - such appellations are quite simply exposed to invalidation by virtue of Article 1.2 of the Lisbon Agreement.<sup>22</sup>

In order to mitigate these political and legal difficulties, one possibility would be to modify Article 14 of the Lisbon Agreement, such that intergovernmental organizations with regional protection systems could accede to the Agreement.

From this perspective, the Review Committee could take its inspiration from recent similar amendments in other specific unions of the WIPO which have opened up membership to intergovernmental organizations, specifically the Protocol relating to the Madrid Agreement concerning the International Registration of Marks,<sup>23</sup> and the Geneva Act of

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<sup>20</sup> See decision of the ECJ dated 8 September 2009, *Budějovický Budvar, národní podnik v. Rudolf Ammersin GmbH*, Case No. C-478/07.

<sup>21</sup> It should however be noted that the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications has accepted a special rule of procedure consenting to the extension of membership without voting rights to the European Community within the framework of its activities. See document SCT/1/6 Sec. 16.

<sup>22</sup> See V. Ruzek, Comment of the decision of the European Court of First Instance 16.12.2008, *Budějovický Budvar, národní podnik c. OHMI*, aff. jtes T-224/06, T-255/06, T-357/06 et T-309/06, "Chronique de jurisprudence communautaire agricole", *Revue de droit rural*, No. 376, October 2009, pp. 15-16.

<sup>23</sup> Protocol Relating to the Madrid Agreement concerning the International Registration of Marks, adopted at Madrid on 27 June 1989 and amended on 3 October 2006 and 12 November 2007, Article 14.

The Hague Agreement concerning the International Registration of Industrial Designs.<sup>24</sup> These amendments gave the European Community - by now the European Union - the opportunity to join the two systems.<sup>25</sup>

#### **4 -- Clarification of the modalities for refusal of protection and invalidation**

Paragraphs 3 to 5 of Article 5 of the Lisbon Agreement [International Registration; Refusal and Opposition to Refusal; Notifications; Use Tolerated for a Fixed Period] are somewhat succinct on the conditions for refusal of registration:

*“3) The Office of any country may declare that it cannot ensure the protection of an appellation of origin whose registration has been notified to it, but only in so far as its declaration is notified to the International Bureau, together with an indication of the grounds therefore, within a period of one year from the receipt of the notification of registration, and provided that such declaration is not detrimental, in the country concerned, to the other forms of protection of the appellation which the owner thereof may be entitled to claim under Article 4, above.*

*4) Such declaration may not be opposed by the Offices of the countries of the Union after the expiration of the period of one year provided for in the foregoing paragraph.*

*5) The International Bureau shall, as soon as possible, notify the Office of the country of origin of any declaration made under the terms of paragraph (3) by the Office of another country. The interested party, when informed by his national Office of the declaration made by another country, may resort, in that other country, to all the judicial and administrative remedies open to the nationals of that country.”*

This article is not very precise on the substantive conditions that can justify a refusal of protection in the member states of the agreement. In effect, the text only lays down the modalities for the refusal of protection: period of one year, obligation to provide grounds, administrative or judicial possibility of appeal.

Chapter 4 of the Implementation regulation provides formal details concerning the requirements of a declaration of refusal, but does not contain any additional elements on the substantive conditions that can justify a refusal of protection.

Thus the structure of the Lisbon Agreement leaves considerable latitude to the contracting states in the implementation of the grounds for refusing protection. Depending on their legal system, the contracting states are essentially free to lay down applicable substantive conditions.

Nor is the situation any more precise in the field of the conditions for the cancellation of an appellation of origin in a contracting state. Moreover, this issue is not even raised in the text of the Agreement itself. Only Rule 16 of the Implementing Regulations lays down

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<sup>24</sup> Geneva Act of the Hague agreement concerning the international registration of industrial designs, adopted in Geneva on 2 July 1999, Article 27.

<sup>25</sup> Council Decision 2003/79 3/CE dated 27 October 2003 approving the accession of the European Community to the Protocol relating to the Madrid Agreement concerning the international registration of marks, adopted at Madrid on 27 June 1989; Council Decision of 18 December 2006 approving the accession of the European Community to the Geneva Act of The Hague Agreement concerning the international registration of industrial designs, adopted in Geneva on 2 July 1999.

general conditions as far as concerns the handling of the modalities for the refusal of registration:

*“1) [Notification of Invalidation to the International Bureau] Where the effects of an international registration are invalidated in a contracting country and the invalidation is no longer subject to appeal, the invalidation shall be notified to the International Bureau by the competent authority of that contracting country. The notification shall indicate or contain:*

*i) the number of the international registration concerned, preferably accompanied by other information enabling the identity of the international registration to be confirmed, such as the name of the appellation of origin;*

*ii) the authority that pronounced the invalidation;*

*iii) the date on which the invalidation was pronounced;*

*iv) where the invalidation concerns certain elements only of the appellation of origin, the elements concerned;*

*v) a copy of the decision that invalidated the effects of the international registration.*

*2) [Entry in the International Register and Notification to the Competent Authority of the Country of Origin] The International Bureau shall enter the invalidation in the International Register together with the particulars, referred to in items (i) to (iv) of paragraph (1), which are given in the notification of invalidation, and shall notify a copy of the notification to the competent authority of the country of origin.”*

However, the practice of the Lisbon Agreement shows that the grounds for the refusal may be classified in three categories:

- “Absolute” grounds: a name that does not conform to the definition of the appellation of origin laid down by the Agreement, generic nature of the name.
- “Relative” grounds: conflict with prior rights, generally trademarks.
- Other grounds: deceptive character, breach of public order,<sup>26</sup> etc.

The question that arises is whether it would be appropriate to introduce within the Agreement or within the negotiation of a Protocol precise substantive rules as to the conditions under which appellations of origin registered under the Agreement can be refused or invalidated.

This requires a nuanced response. Although it might be useful to list such grounds, it is equally important to ensure flexibility in their implementation so as to allow the different national legal systems and practices and cultures to find their place within the Lisbon system.

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<sup>26</sup> See on this point D. Gervais, “The Lisbon Agreement’s Misunderstood Potential”, *supra*, p. 96 : “There are no limits on the grounds that may be invoked in support of a declaration under art. 5(3)”.

It is well-known that the problem of the grounds for the refusal of protection and invalidation are the subject of huge differences on the global scene. As such, a consensus on the matter may appear illusory, specifically on the question of the definition of the generic character of an appellation and perhaps even more on that of the relationship between indications and prior rights.

On the latter issue, certain national systems, principally in the New World, place unwavering faith in the first-in-time, first-in-right principle. Following this approach, the protection of a name must be denied if it interferes with third parties' prior<sup>27</sup> trademark rights. Other systems, in contrast, principally on the European Continent, have adopted a more differentiated approach which tends to recognize the superiority of geographical indications over trademarks. Thus, within the European Union, the registration of a geographical indication is not refused except if it infringes prior rights to a famous trademark. In the case of a prior trademark that does not have a particular reputation a conditional coexistence mechanism has been created. It should be noted that this system of coexistence has been held to be compatible with the multilateral commercial disciplines by a panel of the WTO,<sup>28</sup> which demonstrates the flexibility provided by the TRIPS Agreement on this matter.

Within this framework, a balanced approach could consist of laying down a general exhaustive list of the criteria on which invalidation or the refusal of protection could be based, and to encourage the member states to implement administrative and judicial procedures capable of guaranteeing that account is taken of the different interests at stake (notably the legitimate interests of the holders of prior rights), while still leaving the member states a certain flexibility in the implementation of the criteria in question, within the spirit of the relevant provisions of the TRIPS Agreement.

Following this logic, it might be appropriate to amend Article 5.6 of the Lisbon Agreement:

*“If an appellation which has been granted protection in a given country pursuant to notification of its international registration has already been used by third parties in that country from a date prior to such notification, the competent Office of the said country shall have the right to grant to such third parties a period not exceeding two years to terminate such use, on condition that it advise the International Bureau accordingly during the three months following the expiration of the period of one year provided for in paragraph (3), above.”*

The spirit of this provision is not free of problems, whether politically or legally.

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<sup>27</sup> The term “prior” must be understood here on the basis of the territoriality principle and related to the time when the application for the international registration is filed, and not on the basis of recognition of the appellation in question in the country of origin.

<sup>28</sup> Report of the Special Group of 15 March 2005, “EC -- Protection of trademarks and geographical indications for agricultural products and foodstuffs”, WT/DS290/R., paras. 7.662 to 7.686, pp. 164-167. Although contrary to Article 16.1 of TRIPS, this mechanism was validated by the Special Group on the basis of Article 17 of TRIPS, which allows countries the possibility of establishing limited exceptions to the right of the owners of prior trademarks, taking into account the latter's legitimate interests. The Special Group held that other provisions of the rules were capable of guaranteeing respect of the said legitimate interests of the trademark owners. On this question, see Ch. Charlier, “La protection européenne des indications géographiques face au principe du traitement national de l’OMC”, *Économie rurale*, No. 299, May-June 2007, pp. 70- 83 ; V. Ruzek, “La stratégie communautaire de protection des indications géographiques en question”, *Revue droit rural*, No. 373, May 2009, pp. 6-14.

Politically, it seems to establish a primacy of appellations of origin over prior rights of trademark holders. Indeed, it lays down that when protection is granted to a geographical indication in a given territory despite the existence of prior rights, the latter must quite simply cease to exist within a period of two years (phasing out). This approach is in direct contradiction to the approach of a number of New World countries that are faithful to the first-in-time principle.

Legally, the compatibility of such a provision with the rules of the TRIPS Agreement is at least subject to caution in that it seems to go beyond the scope of limited exceptions that take account of the legitimate interests of the trademark holders as authorized by Article 17 of the TRIPS Agreement.<sup>29</sup>

Therefore, Article 5.6 of the Lisbon Agreement, with its tendency to deny the possibility of the coexistence of prior trademarks and a appellation of origin protected under the Agreement, should be amended in order not to unduly reduce the flexibility provided by the TRIPS Agreement on the question of the relationship between the protection of geographical indications and that of prior trademarks.

From this perspective, although it might appear appropriate - in terms of legal certainty - to list the grounds on the basis of which a refusal of protection or invalidation can be pronounced, it is equally desirable to preserve significant headroom for member states in the implementation of such grounds, in compliance with the conditions imposed by the TRIPS Agreement, to make the Lisbon system attractive both to the adherents of the first-in-time approach and to the adherents of the theory of the relative primacy of the geographical indication.

## Summary

Taking account of the above discussion, the preparation of a Protocol to the Lisbon Agreement would constitute an optimal solution.<sup>30</sup> Alternatively, it would be possible to consider the implementation of a “soft law” instrument in the form of a common declaration or a guide on use, which may be less difficult to negotiate and would offer guidance on the interpretation to be given to certain concepts.<sup>31</sup>

Taking as its model the Protocol to the Madrid Agreement, the objective of the Lisbon Protocol would be to preserve the overall structure of the Lisbon Agreement, while introducing amendments on problematic issues that may restrict the attractiveness of the Lisbon system to new members.

The guiding idea is to reinforce the coherence of the international system for the protection of geographical indications and to create a synergy between the multilateral

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<sup>29</sup> See INTA, brief issue, “Lisbon Agreement for the Protection of Appellations of Origin, Violation of the TRIPS Agreement”, June 2000, accessible on the INTA Internet site: [www.inta.com](http://www.inta.com). Although the argumentation raised of the unlawfulness of a system of coexistence of prior trademarks and geographical indications was swept aside by the WTO Special Group (see *supra*), the objection raised of the unlawfulness of the phasing out of prior trademarks as implied by Article 5.6 of the Lisbon Agreement appears to be justified in certain respects.

<sup>30</sup> See D. Gervais, “The Lisbon Agreement’s Misunderstood Potential”, *supra*.

<sup>31</sup> Such an instrument was recently proposed to complete the international agreements in the field of copyright (see Ch. Geiger, “Implementing an International Instrument for Interpreting Copyright Limitations and Exceptions”, IIC 2009, p. 627).

trading system and the Lisbon system, while maintaining the necessary flexibility to preserve the national legal and cultural traditions.<sup>32</sup>

From this point of view, we recommend, within the framework of the negotiation of the said Protocol:

1. The abandonment of the requirement of the protection of the appellation of origin “*as such*” in the country of application.
2. An alignment of the definition of the subject matter of protection with the definition of the geographical indication as contained in the TRIPS Agreement.
3. An opening of the Lisbon system to regional systems for the protection of geographical indications by means of a clause permitting the accession of intergovernmental organizations.
4. A clarification of the conditions for the refusal of registration and for invalidation by the national administrative and judicial authorities, while leaving considerable flexibility to national legislators and administrative agencies in the implementation of such conditions, in the spirit of the relevant provisions of the TRIPS Agreement.

Following this approach, the Protocol should abandon the solution laid down in Article 5.6 of the Lisbon Agreement, which tends to unduly restrict the ability of the member states to organize the relationships between geographical indications and prior trademarks.

5. In order to increase the attractiveness of the Lisbon system for developing countries and to propose a legal framework that takes full account of the interests of these countries, there should be a reflection on increasing the value of traditional knowledge within the framework of the Lisbon system.

Our proposal reflects a desire to create a balanced and attractive international legal framework adapted to the needs of (a) Europe, long aware of the importance of the protection of geographical indications in terms of spatial planning and rural development; (b) the industrialized New World, sensitive to the increasing enthusiasm of consumers for local products; and (c) the developing world, increasingly interested by the potential of geographical indications to increase the value of agricultural products and to promote traditional knowledge.

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<sup>32</sup> See also D. Gervais, “The New World and the Lisbon Agreement concerning the Protection of Appellations of Origin, ‘Terroir’ at the World Trade Organization”, Conference within the framework of the CEIPI series of lectures on fundamental questions of intellectual property, Strasbourg, 17 Nov. 2009.