

## PROTECTION OF GEOGRAPHICAL INDICATIONS

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### Abstract

The article deals with the protection of geographical indications in the international level, thus examining the main international legal instruments regulating those issues. It also provides comments on the Lithuanian legislation concerning protection of geographical indications and its application in practice.

### 1. General and Terminology

„Champagne“, „Cognac“, „Roqueort“, „Chianti“, „Pilsen“, „Porto“, „Tequila“ – are some well-known examples for names which are associated throughout the world with products of a certain nature and quality. One common feature of all those names is their geographical connotation, i.e. their function of designating existing places, towns, regions or countries. However, when someone hears these names he thinks of products rather than the places they designate [9, p. 119].

Those examples show that geographical indications can acquire a high reputation and thus may be valuable commercial assets. For this very reason, they are often exposed to misappropriation, counterfeiting or forgery, and their protection – national as well as international is highly desirable [9, p. 119].

The main function of geographical indications is to distinguish goods originating from a certain source. But different from trademarks, geographical indications distinguish the goods for which they are used through a reference to the place where they were made, and not through a reference to their manufacturing source. Unlike patents or trademarks, geographical indications can be protected on the national and regional level under a wide range of different principles, such as protected appellations of origin, registered geographical indications, protection under trademark law, and unfair competition. This variety of concepts is reflected in the applicable terminology [6].

The term „indication of source“ is used in Articles 1(2) and 10 of the Paris Convention [1]. It is also used in the Madrid Agreement for the Repression of False or Deceptive

Indications of Source on Goods of 1891 [2]. There is no definition of „indication of source“ in those two treaties, but we can derive the meaning from other articles: an indication of source can be defined as an indication referring to a country or to a place situated therein as being the country or place of origin of a product. This definition does not require that the product in question have a certain quality or characteristics, which are derived from its geographical origin. Example for such indications of source is sign on the product - „made in Germany“.

The term „appellation of origin“ is defined in the *Lisbon Agreement for the Protection of Appellations of Origin and their International Registration*, of 1958 [3]. Under definition in Article 2, an appellation of origin can be regarded as a special kind of indication of source, because the product for which an appellation of origin is used must have a quality and characteristics which are due exclusively or essentially to its geographical environment. Examples for protected appellations of origin are „Bordeaux“ for wine, „Noix de Grenoble“ for nuts, „Tequila“ for spirit drinks, or „Jaffa“ for oranges. In the *Council Regulation (EEC) No. 2081/92 on the Protection of Geographical Indications and Designations of Origin for Agriculture Products and Foodstuffs* [4] the term „designation of origin“ is used, but the meaning is very close to appellations of origin.

The *Agreement on Trade Related Aspects of Intellectual Property Rights* [5] defines the expression „geographical indication.“ Article 22.1 of the *TRIPS Agreement* states: „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 that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.“ Although this definition is based on the definition of appellation of origin in Article 2 of the *Lisbon Agreement*, it deviates from Article 2 of the *Lisbon Agreement* in some respect. Article 2 of the *Lisbon Agreement* does not cover appellations of origin which are constituted by a sign other than a geographical name, for example, a figurative element, although such signs would fall under the definition of geographical indications in Article 22.1 of the *TRIPS Agreement*. Furthermore, the *Lisbon Agreement* 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.

The same term „geographical indication“ is used in *Foodstuffs Regulation*, but it does not cover any appropriate sign (except „traditional names“ mentioned in Article 2(3)) as in the *TRIPS Agreement*, but only the name of region, specific place or country (which is more close to *Lisbon Agreement* approach). It is interesting that even specialists point out that borders between terms „geographical indication“ and „designation of origin“ in the *Foodstuff Regulation* are very vague, and it is difficult to see real ground for differentiation.

Indication of source is the broadest term. Indications of source only require that the product on which the indication of source is used originate in a certain geographical area, but does not require a particular quality reputation or characteristic of products. This term comprises geographical indication and appellation of origin. Appellation of origin (designations of origin) is a special kind of geographical indications.

In general, an existence of geographical indication is recognized in the country in which the area to which the geographical indication refers is located. This country is commonly referred to as „the country of origin.“ Article 2(2) of the *Lisbon Agreement* contains a definition of the term „country of origin,“ namely, „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.“

The use of a given geographical indication is in principle permitted for every manufacturer, to the extent that goods bearing the geographical indications originate in the place indicated and, as the case may be, comply with applicable standards of production, if

any. The rightful users of geographical indications are entitled to prevent anybody from using that geographical indication if the goods on which the geographical indication is used do not have the indicated geographical origin. Like trademarks, geographical indications are subject to the principles of „specialty,“ i.e., they are only protected for the kind of products on which they are actually used, and „territoriality,“ i.e., they are protected for a given territory only and are subject to the laws and regulations applicable in that territory [5]. An exception to the principle of specialty exists for geographical indications having a reputation (see, for example, Article 13 (1) (a) in the *Foodstuff Regulation*).

## 2. Protection of Geographical Indications on International Level

According to the principle of territoriality, a particular geographical indication may be protected in one country, whereas in another country the same geographical indication may be considered as a generic term for the same kind of products. In order to extend a territorial scope of protection of geographical indications, international agreements are concluded between states.

The World Intellectual Property Organisation administers a number of treaties for the protection of geographical indications, such as the *1883 Paris Convention for the Protection of Industrial Property*, and the *Lisbon Agreement for the Protection of Appellations of Origin and their International Registration*. The *1891 Madrid Agreement on the Repression of False or Deceptive Indications of Source on Goods* deals essentially with the importation and seizure of goods bearing a false or deceptive indication of source. Within the framework of the World Trade Organisation the *Agreement on Trade Related Aspects of Intellectual Property Rights* deals with international protection of geographical indications.

### 2.1. The Paris Convention

The *Paris Convention* mentions two kinds of geographical indications – indications of source and appellations of origin.

The provisions of the *Paris Convention* concern the use of false indications of source. However, there are cases when the use of an indication of source, which is literally true, may still be misleading or deceptive. This may be the case when a given geographical name exists in two different countries, but was used as an indication of source only for products originating from that place in one country. Use of that indication of source by producers from other country cannot be regarded as a use of a „false“ geographical indication, although consumers may be deceived by such use [6].

Several countries in the beginning of 20<sup>th</sup> century established national systems for appellations of origin. Between the initiators were Southern states France, Portugal, Italy etc whose wines have been copied because of their good reputation. According to the established traditions unions of manufacturers and even the state monitors the quality of the products and whether production rules are observed. This approach is based on the close connection of the quality of the product with the specific conditions of climate, soil and other factors of a particular region. This may be called a French system. States supporting this view have agreed on cooperation with international registration of appellations of origin under *Lisbon Agreement*. According to the Intellectual Property Code, in France a geographical name may be protected as an appellation of origin (Article L.721-1). The definition of this right is embodied in the Consumer Code (Article L.115-1): „An appellation of origin consists of the name of the country, a region or a town, used to identify a products originating there from, and the quality and characters of which are related to the geographical environment, including natural and human factors.“ Appellations of origin are owned by all producers of the given geographical area. Moreover, the geographical name

protected as appellation of origin may not be registered as a trademark either by a producer entitled to the appellation of origin, or by a third person – such mark is deceptive. However, a producer entitled to use the appellation of origin may include it in a complex trademark including additional distinctive signs [7].

## 2.2. The Lisbon Agreement

The Agreement recognizes as protectable only goods whose quality and characteristics are directly dependant upon the geographical environment of their place of origin, including natural and human factors. Definition contained in the Article 2(1) requires that appellation of origin encompasses particular elements:

- appellation must be geographical name of a country, region or locality;
- appellation of origin must serve to designate a product originating in the country, region or locality;
- there must be a qualitative link between the product and the geographical area - the quality and characteristics must be due exclusively or essentially to the geographical environment, including natural and human factors.

From this follows that an appellation of origin is a special kind of geographical indication, so the concept of geographical indication encompasses appellation of origin. The definition of appellation of origin in Article 2(1) may have a serious drawback for countries whose denominations typically do not apply to agricultural products or products of handicraft but to products of industry. The difficulty is caused by the fact that a definition requires the existence of a qualitative link between the geographical environment and the product, even though the presence of purely human factors would be considered sufficient. This link may exist in the beginning of manufacture of industrial product, but may subsequently be stretched to the point that its existence is difficult to prove. Moreover, traditions in manufacture and staff may be shifted from one geographical area to another during the process of increasing mobility of human resources all over the world [8].

In order to acquire international protection, the appellation of origin must be registered by the International Bureau of WIPO. The scope of protection is broader than in the *Paris Convention* and the *Madrid Agreement*, because not only misleading use of a protected appellation of origin is prohibited, but also any usurpation or imitation, even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as „kind“, „type“, „make“, „imitation“ or the like (Article 3).

Until now the Agreement has only 20 member states [3] and in international register there are included only some hundreds of appellations of origin. Latvia has not adhered to this Agreement. Probably because of the limited success of the Lisbon Agreement (only 20 member states), bilateral agreements have also played an important role in the protection of indications of origin [10, p. 35].

Other states have developed an approach, according to which direct as well as indirect indications of geographical origin are protected according to the same principles that are mentioned in civil law – principle of good faith, prohibition of misleading, obligation to recover damages. Also principles that are mentioned in acts regarding unfair competition are applied. This theory is called a German theory and the main principle under it is that the quality of the product goes hand in hand with the producer's good reputation that may not be used by others. Protection is given to all indications of origin, but if the particular goods have special quality or characteristics or the indication of origin has a high reputation, the use of it is regulated more strictly (Section 127(2) and (3) of the German Law on the Protection of Trademarks and Other Signs) [11]. According to the German Law, indications of geographical origin shall be names of places, areas, regions or countries as well as other indications or signs used in the course of trade to identify the geographical origin of goods or services (Section 126(1)).

### 2.3. The Madrid Agreement

The *Madrid Agreement* is a special agreement within the framework of the Paris Union. It provides for seizure of products bearing a false or deceptive indication (Article 1). The same is also provided by the Article 9 of the Paris Convention. The Agreement also prohibits the use of indications that may mislead the public as to the source of goods (Article 3bis). This agreement provides remedy also in such situations when an indication of source is literally true, but nevertheless misleading – deceptive geographical indications are prohibited.

### 2.4. The TRIPs Agreement

The *TRIPs Agreement* has considerably concretised and raised minimum standards in the field of intellectual property protection. It is an agreement which must be adopted by the countries when joining the World Trade Organization, therefore all members of WTO (on May 31, 2001 there are 141 member countries [18]) are also members of the TRIPs. *TRIPs Agreement* contains a special chapter devoted to geographical indications – Section 3. Geographical indications for the purposes of this Agreement are indications which identify a good as originating in the territory of a member state, or a region or locality in that territory, where given quality, reputation or other characteristics of the good is essentially attributable to its geographical origin (Article 22(1) of the *TRIPs Agreement*). This approach, established by the TRIPs, is wider, because besides the protection of appellations of origin it allows also protection of such goods that have a reputation derived from their origin, without the requirement at the same time to possess characteristics that directly depend on the origin. Looking from this point of view it is like a compromise between the two systems – German and French. Despite the quite restrictive scope of application, the protection described in Article 22(2) basically does not go beyond the situation existing in most countries at present and, in particular, does not provide for any exclusive right for the owner of such geographical indication [10, p. 36].

Member states must provide interested persons with legal means to prevent (Article 22(2)):

- 1) the use of any means in the designation or presentation of goods that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good;
- 2) any use which constitutes an act of unfair competition within the meaning of the Article 10-bis of the Paris Convention.

This Article probably is subject to broad interpretation, since it speaks about „any use of any means“. Thus it encompasses not only direct indications to geographical areas, but also indirect ones.

*TRIPs Agreement* contains also provisions on prevention of misleading geographical indications in trademarks (Article 22(3)). Such trademarks can be invalidated or refused to register.

Article 23 establishes additional protection requirements for wines and spirits. Legal means must be provided to prevent use of a geographical indication identifying wines and spirits for the products not originating in the place indicated by the geographical indication, even where the true origin of the goods is indicated or geographical indication is used in translation. A registration of a trademark for wines or spirits which consists of geographical indication shall be refused or invalidated.

Nevertheless, the Agreement provides also for considerable exceptions (Article 24). For instance, states have no duty to protect such indications which have become common names for such goods in that country. The prohibition to use particular geographical

indication may not be applied to persons who have used this indication on goods before April 15 of 1994 continuously (at least ten years before the date of the Ministerial Meeting concluding the Uruguay Round of Multilateral Trade Negotiations) or in good faith. Thus, the farther reaching protection afforded under the *Lisbon Agreement*, the *Foodstuff Regulation* as well as under many bilateral agreements is safeguarded [10, p. 37]. Also trademarks registered in good faith and used before the date of application of these provisions or before the geographical indication is protected in its country of origin, the measures provided does not prejudice eligibility for or validity of the registration of trademark or the right to use a trademark, on the basis that such a trademark is identical or similar to a geographical indication.

States are not obliged to protect geographical indications which are not or cease to be protected in their country of origin (Article 24(9)).

However, the TRIPs Agreement does not establish procedure, how the geographical indications should be protected in each and every member state, it does not require to establish registration system. Article 23(4) calls for the debate only on establishment of international registry of wines and spirits, but the question regarding its legal importance is still left open.

## 2.5 The Lithuanian legal system

The 10 October 2000 Law of the Republic of Lithuania „On Trade Marks“ defines **geographical indication as** a place name or other word or sign which directly or indirectly identifies a good as originating in a certain territory, region or locality, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin [13]. Geographical origin means a country, territory, region or locality according to which the true place of origin of a good or service may be identified [13]. Conflict with a geographical indication is one the absolute grounds for refusing registration of a trade mark. Thus, a sign shall not be recognized as a trade mark and shall be refused registration or the registration of a registered trade mark shall be declared invalid if it contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trade mark for such goods in the Republic of Lithuania is of such a nature as to mislead the public as to the true place of origin of the goods. The above provision shall also be applicable against a geographical indication which, although literally true as to the place of origin of the goods, falsely represent to the public that the goods originate in another territory [13]. A special provision is contained for protection of geographical indications related to wines and spirits. Thus, a sign shall not be recognized as a trade mark and shall be refused registration or the registration of a registered trade mark shall be declared invalid if it contains or consists of a geographical indication identifying wines for wines or spirits for spirits not originating in the place indicated by the geographical indication in question, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation" or the like [13]. It is the opinion of the author that the Law has a few legal gaps concerning geographical indications:

- the Law provides provisions for refusing registration of a trade mark when it is in infringement of geographical indication, however, does not regulate the issues when a registered trade mark including a geographical indication is being assigned or licensed to another entity which does not have any connection with the geographical indication;
- the Law does not provide regulations how the disputes should be solved between generic names and geographical indications (for example, in some countries the word „Pilsner“ is recognized as a geographical indication, in other it is even a

registered trade mark and some countries this word is recognized as being a generic name for indication of type of beer.

The Lithuanian legal system provides and some other measures for protection against misleading use of geographical indications. The provisions on unfair competition could be a useful measure as they provide that undertakings shall be prohibited from performing any acts contrary to honest business practices if such acts may be detrimental to competition interests of another undertaking, including misleading of undertakings by providing them with incorrect or unjustified information about quantity, quality, components, properties of usage, place and means of manufacturing, price of its goods or goods of another undertaking, or concealing risks associated with the consumption, processing or other possible usage of those goods [14]. If an entity uses a geographical indication to the goods produced in some other area, - the provisions regarding misleading advertising and protection of consumers rights may be also applied.

It is the opinion of the author that the Republic of Lithuania should establish the registry of local geographical indications. This would essentially ease proving of the status of geographical indications in conflict cases. As a negative aspect for establishing of the said registry is that very few signs in Lithuania could satisfy the requirements of geographical indications.

## Conclusion

Geographical indications are protected in every country according to its national laws and thus it may happen that a particular geographical indication may be protected in one country, but considered as a generic term in another. To eliminate such situations, states conclude bilateral and international agreements for the protection of geographical indications.

The main advantage of the protection afforded by the *Paris Convention* to indications of source is in the extent of the territorial area covered by the Paris Union countries. However, the *Paris convention* does not address the issue of indications which, in countries other than the country of origin, have become generic names of a product, so the member states can be free in this respect. Finally, sanctions are not in all cases mandatory and apply only to false but not to misleading indications of source.

The minimum standard provided by TRIPs is less far reaching than that provided by the *Lisbon Agreement* and existing bilateral agreements and by *Foodstuffs Regulation*. However, member states are allowed to provide better protection, if it is considered necessary. Only the provisions concerning additional protection for wines and spirits give absolute protection against the use for identical goods of identifications identifying wines and spirits not originating in the place claimed by the geographical indication. This is an improvement of the present protection accorded to wines and spirits by countries which are not members of the *Lisbon Agreement* or of the EU and not bound by bilateral treaties.

The Lithuanian legal system protects geographical indications by the provisions on trade mark, competition, advertising, consumer protection laws. However, the laws do not establish register of local geographical indications what makes a burden of proof for interested persons in case of infringement of geographical indications. There is also a legal gap in Lithuanian legislation concerning criteria for solution of disputes between geographical indications and generic names.



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### *Geografinių nuorodų apsauga*

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### **SANTRAUKA**

*2000 m. spalio 10 d. Lietuvos Respublikos prekių ženklų įstatymas Nr. IX-1150 apibrėžia geografinę nuorodą kaip vietovardį ar kitą žodį arba žymenį, pagal kurį galima tiesiogiai arba netiesiogiai nustatyti, kad prekė yra kilusi iš tam tikros teritorijos, regiono ar vietovės, ir kuris sieja tos prekės kokybę, reputaciją ar kitas esmines savybes su jos geografine kilme. Geografinė kilmė – šalis, teritorija, regionas ar vietovė, pagal kurią galima nustatyti prekės arba paslaugos tikrąją kilmės vietą.*

*Geografinė nuoroda yra neatsiejama nuo prekių ženklų apsaugos. Pagrindinės tarptautinės konvencijos, skirtos pramoninės nuosavybės apsaugai, tokios kaip Paryžiaus sutartis dėl pramoninės nuosavybės apsaugos, TRIPS sutartis, numato geografinių nuorodų apsaugos normas. 1891 m. Mad-*



rido sutartis dėl geografinės kilmės ir 1958 m. Lisabonos sutartis dėl geografinių nuorodų apsaugos ir jų tarptautinės registracijos yra specialūs tarptautinės teisės aktai, skirti šių objektų apsaugai.

Lietuvos Respublikoje nėra atskiro teisės akto, skirto vien tik geografinių nuorodų apsaugai, kaip, pavyzdžiui, Latvijos Respublikoje, tačiau įstatymai ir kiti teisės aktai, skirti reglamentuoti prekių ženklų apsaugą, konkurenciją, reklamą, vartotojų teises, turi nuostatų, skirtų geografinių nuorodų apsaugai. Minėtos nuostatos yra suderintos su TRIPS sutarties reikalavimais. Iš esmės apsauga yra skirta išvengti vartotojų klaidinimo dėl neteisingos prekių kilmės vietos nurodymo, nesąžiningos konkurencijos, siekiant, kad konkurentai nenaudotų klaidinančių nesąžiningų nuorodų, bei siekiant išvengti prekių ženklų su geografinėmis nuorodomis registracijų. Lietuvos Respublikos prekių ženklų įstatyme egzistuoja speciali nuostata dėl geografinės nuorodos, skirtos vynams arba stipriems alkoholiniams gėrimams žymėti, apsaugos. Kaip nacionalinio reglamentavimo trūkumą galima nurodyti tai, kad nėra geografinių nuorodų registro. Toks registras palengvintų suinteresuotiems asmenims įrodinėjimą, kad tam tikras vietovardis yra geografinė nuoroda. Taip pat atkreiptinas dėmesys, kad Lietuvos Respublikos prekių ženklų įstatymas nereglamentuoja klausimų, susijusių su prekių ženklų, turinčių geografinių nuorodų, perleidimą ar licencijų suteikimą kitiems asmenims bei konfliktų tarp geografinių nuorodų ir bendrinių žymenų.

