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Theory and Practice

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27. Case C-388/95 *Kingdom of Belgium v Kingdom of Spain* [2000] ECR I-03123 – Rioja II.
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31. Case C-289/91 *Klaus Kuhn v Landwirtschaftskammer Rheinland-Pfalz* [1993] ECR I-04439.
32. Case C-3/91 *Exportur SA v LOR SA and Confiserie du Tech SA* [1992] ECR I-05529 – Exportur.
33. Case C-47/90 *Établissements Delhaize frères et Compagnie Le Lion SA v Promalvin SA and AGE Bodegas Unidas SA* [1992] ECR I-*03669* – Rioja I.
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[2001] 2 FC 536

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2. In Re Spirits International N.V., 563 F.3d 1347 (Fed. Cir. 2009).
3. *Institut National Des Appellations v. Brown-Forman Corp.,* 47 USPQ2d 1875, (TTAB 1998).
4. *American Waltham Watch Co. v. United States Watch Co. Supreme Judicial Court of Massachusetts*, 1899. 173 Mass. 85, 53 N.E. 141.

List of Abbreviations

Applicable Regulations	Aromatised Wines Regulation, Foodstuffs Regulation, Spirits Regulation, Single CMO Regulation
Aromatised Wines Regulation	Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails
BGH	Bundesgerichtshof (German Federal Supreme Court)
BPatG	Bundespatentgericht (German Federal Patent Court)
CAP	Common agricultural policy
CJEU	Court of Justice of the European Union
Codifying Community Trade Mark Directive	Directive 2008/95/EC of the European Parliament and of the Council to approximate the laws of the Member States relating to trade marks (Codified version)
Codifying Community Trade Mark Regulation	Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version)
EC	European Community
ECR	European Court Reports
EIPR	*European Intellectual Property Review*
EU	European Union
fig.	Figurative
Foodstuffs Regulation	Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.
GI	Geographical indication

IGO	Indication of geographical origin
IIC	*International Review of Intellectual Property and Competition Law*
IP	Intellectual property
Lisbon Agreement	Lisbon Agreement for the Protection of Appellations of Origin and their International Protection
Madrid Agreement	Madrid Agreement for the Repression of Untrue and Misleading indications of origin.
Nice Classification	The International Classification as established by Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks
OHIM	Office for Harmonization in the Internal Market (Trade Marks and Designs)
OJ	Official Journal
Paris Convention	Paris Convention for the Protection of Industrial Property of 20 March 1883
PDO	Protected designation of origin
PGI	Protected geographical indication
Quality Schemes Regulation	Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs
Registered IGOs	IGOs either registered or protected on the basis of the applicable Regulations.
Single CMO Regulation	Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation)
Spirits Regulation	Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89
TEC	The Treaty Establishing the European Community
TFEU	The Treaty on the Functioning of the European Union (consolidated version)
TMR	*The Trademark Reporter*
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
TTAB	United States of America Trademark and Patent Office Trademark Trial and Appeal Board

UK	United Kingdom
USA	United States of America
WIPO	World Intellectual Property Organization

Contents

Part I
Introduction

Chapter 1
Overview

1.1 Outline of This book

Why This Monograph (Book)? Several books (monographs) dedicated to the law of indications of geographical origin (hereinafter IGOs) (or geographical indications as this term is more commonly used in the legal literature[1]) have already been written including books published in recent years. So, there are books published in English, namely more than three decades ago published book edited by *Cohen H. Jehoram*,[2] a book by *Bernard O'Connor*[3] published in 2004 by Cameron May, a book by *Marsha A. Echols*,[4] and a book by *Dev Gangjee*[5] published recently in 2012 by the Cambridge University Press. There are also books published in German such as the authoritative book by *Prof. Winfried Tilmann*,[6] a book by *Alfred Jung*,[7] and a recent book by *Stefan Jonas Schröter*[8] published in 2011. In addition, there is a vast range of books on intellectual property (hereinafter IP) law where a separate chapter or even several chapters are dedicated to the theme of IGOs including separate books on distinctive signs such as the recently published authoritative book by *Prof. Paul Lange*.[9]

[1] For the terminology in the law of IGOs, substantiation of the use of the term 'an indication of geographical origin' used in this book, and unresolved terminology issues, *see* Sect. 1.3 below.

[2] Jehoram (1980).

[3] O'Connor (2004); also another his book was published 1 year earlier (O'Connor 2003).

[4] Echols (2008).

[5] Gangjee (2012).

[6] Tilmann (1976).

[7] Jung (1988).

[8] Schröter (2011). For its review, *see* Backhaus (2011) [Book review].

[9] Lange (2012). There is also another book on distinctive signs in German from the international perspective edited by prof. Lange (2009).

V. Mantrov, *EU Law on Indications of Geographical Origin*,
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The logical and natural question, therefore, could be why having those earlier fine books, especially, those published recently in years 2011–2012, there is a necessity to write and publish another book on the theme of IGOs which seems, as described brie y above, to have been studied before by different authors in different time periods.

In fact, the answer to this obvious question is that on the surface—there is still a gap both in the theory and practice of the law of IGOs within the effective European Union (hereinafter the EU). The reason for the existence of such a gap lies in the fact that the theme of IGOs for long years could be characterised as the 'unattended garden' in the field of IP law.

From the theoretical point of view, there exists only fragmentary coverage of the early history of the law of IGOs and its development till modern times. So far, several academic commentators have mentioned several unrelated dates in the context of the historical development of the law of IGOs. Yet comprehensive coverage of the historical foundations of the law on IGOs has been neither studied nor published so far.

Moreover, it would be imprudent to believe that this issue is purely theoretical because it has a topical practical meaning. As can be seen from the overview of historical foundations of the law of IGOs, it serves a twofold meaning. Firstly, it reveals the paths which led to the current state of the law thus helping to understand the effective international law and national law in the field IGOs. Secondly, it brilliantly shows, as it will be discussed within this book, that imitations of existing IGOs which we face nowadays merely repeat previous efforts (or are their modifications) of previous generations of imitators existing during previous centuries. In addition, other theoretical questions of the law of IGOs are still unrevealed and unstudied including their place in the IP system or legal subjectivity issue having both theoretical and practical meanings. The latter conclusion especially relates to the issue of legal subjectivity arising in situations when state or municipal institutions apply for registration of particular IGOs in such a way as to monopolise the use of those IGOs.[10]

Furthermore, it must be admitted that none of previous books comprehensively covers the effective EU law in conjuncture with recent judgments of the Court of Justice of the European Union (hereinafter the CJEU). This consideration has nothing to do with the fine quality of previous books but it is related to the dynamic development of EU law concerning IGOs. Since dramatic changes to EU law on IGOs occurred between 2006 and 2009 and with the continuing development of that law by further initiatives of EU legislators and through interpretation given by the CJEU, there is a lack of studies on the current state of EU law on IGOs and its in-depth analysis. Comprehensive coverage means not only to study the law from the point of view of different legislative pieces, but to study the EU law on IGOs as a system established as a result of these recent reforms indicated above. The commentary approach exploited in this book for study of the system of regulation

[10] For details and discussion of the legal subjectivity issue, *see* Sect. 3.2 below.

of IGOs in EU law therefore could be of interest to those interested in studying and practising not only within the field of the law of IGOs but also in the broad field of the entire law on IP and its related legal disciplines. In addition, such commentary approach for reviewing respective EU regulations has not been carried out so far though such approach is used in respect of other IP objects such as copyright and related rights.[11]

Moreover, so far studies on the EU law on IGOs have been focused on the review of that law without its critical discussion from the systematic and conceptual point of view. This book is intended to cover that gap by discussing the relevant EU law and court practice not only comprehensively but also by reviewing it critically both from a theoretical and a practical point of view.

Furthermore, from the point of view of the current development of the law, interrelation between international law, EU law, and the national laws of EU Member States is based on completely different approaches from that which applied 10 and more years ago. Now it covers not only protection, liability, and other aspects concerning infringements of IGOs but also competence aspects of relevant state and other institutions in this field as required by the effective EU law.

All above aspects even if taken separately emphasise the need for study of the IGOs in the effective EU law using the approaches described above. Therefore, despite the previous books described above, the present book has its own significance and motivation.

The Scope of This Book The coverage of the present book is related to the theoretical and practical aspects of the law of IGOs focusing on the EU law and its interrelation with the national law of EU Member States. This book has four distinct yet mutually related aims. First, it is to discuss theoretical issues of the law of IGOs including historical foundations of that law, terminology, protection models, legal subjectivity, and related aspects. Second, it is to cover the EU law on IGOs from the systematic point of view based on the commentary approach. Third, it is to reveal the interrelation of the EU law, from one side, and the national laws of EU Member States, from the other side, focusing on harmonised and non-harmonised areas of law. Fourth, it is to discuss current legislative initiatives and further development possibilities for the EU law on IGOs.

The Structure of This Book This book is divided into three parts: Part I, Part II, and Part III. The first part covers theoretical issues of the law on IGOs common to all jurisdictions, while the latter two parts cover its practical issues by focusing on EU law in conjuncture with the national laws of EU Member States.

Part I starts with the introductory first chapter which deals with three issues. First, it provides the necessity for the present book by characterising its objectives from the point of view of competing books (see above). Further, it deals with the necessity for the regulation of IGOs by posing a question as to why it is necessary to

[11] Walter and von Lewinski (2010).

protect IGOs. The introductory chapter finishes with terminology issues in the law on IGOs from the point of view of international treaties, national law, and legal literature.

After the introductory chapter, Part I reviews the theoretical foundations of the law of IGOs over the next three chapters.

Chapter 2 covers the historical foundations of the law of IGOs starting with ancient times up to modern times. It provides substantiation of the understanding of IGOs already existing in ancient times and their protection which existed in the rudimentary form in Ancient Rome, by referring to and discussing relevant Roman laws. Further it reveals the development of the law on IGOs through the Middle Ages up to nowadays, testifying that imitations of the present forms of IGOs have always existed and are not only creatures of modern times.

Chapter 3 is devoted to the place of IGOs in the IP system covering its concept, function, interrelation with other IP objects with particular attention being paid to the similarities and differences between IGOs and trade marks, legal subjectivity issues, and existing protection models.

Chapter 4 deals with the decline and fall of IGOs—losing the protection of geographical designations as IGOs transform either in generic designations or trade marks. By analysing both types of transformation of IGOs, different examples are provided from different jurisdictions in order to show the complex nature of the transformation and its evaluation.

Further, Part II turns to practical issues of the law on IGOs and discusses an effective EU system for the regulation of IGOs. Chapter 5 provides a general overview of the EU system by analysing the regulation of IGOs both through primary law and secondary law. In the beginning, the regulation of IGOs in the primary law is reviewed in conjunction with jurisprudence of the Court of Justice of the European Union (hereinafter the CJEU) already since the early ages of the functioning of the EU and its subsequent development till modern times. Furthermore, a review of secondary law is provided by distinguishing between direct and indirect protection of IGOs within EU law with substantiation of this division, revealing principles for the regulation of IGOs through both such protection systems.

As the direct protection of IGOs is regulated by four directly applicable Regulations, each Regulation is reviewed separately in each of subsequent Chaps. 6–9 utilising a commentary approach. Though these four Regulations contain similar provisions (yet with certain differences), it is still appropriate to examine these regulations separately as it allows a comprehensive review to be provided of the specific elements of each of the applicable regulations and highlight respective differences. In such a way, each of these chapters contains an excerpt from the particular regulation together with a commentary on the provisions from the excerpt.

Afterwards, Chap. 10 examines the protection of IGOs within trade mark law at the EU level through the registration of IGOs as Community collective marks. This chapter examines the nature of a Community collective mark protection system for the protection of IGOs, it provides commentary of the respective provisions of the

Codifying Community Trade Mark Regulation[12] and, finally, provides analysis of the difference between the Community collective mark protection system and the direct protection system discussed in the previous chapters by showing the advantages and disadvantages of both of these protection systems.

The EU indirect protection system and its essential elements are discussed further in Chap. 11—the last chapter in Part II. As the indirect protection system of IGOs in EU law is ensured mainly through three directives, they are reviewed separately with a review of other directives provided at the end of this chapter.

The present book finishes with Part III, dedicated to the interrelation of EU law and the national laws of EU Member States.

Chapter 13 examines the exclusive nature of the direct protection system and the non-exclusive nature of the indirect protection of IGOs in EU law, through analysing their impact on the national laws of EU Member States.

Chapter 14 deals with liability issues for infringements of IGOs by distinguishing civil, administrative, and criminal liability. By analysing these three liability models, an overview of the national laws of selected EU Member States is provided by revealing differences that exist among EU Member States, not only from the point of view of regulatory approaches, but also from the pre-conditions of liability under these three liability models.

The last Chap. 15 deals with competence issues of EU Member States as provided for by the applicable regulations. It is related to the responsibility of EU Member States to ensure the protection of IGOs registered within the direct protection system and to combat infringements of such IGOs within their jurisdictions.

Sources Different types of sources have been used in the preparation of this book.

First, there are legal texts comprising international treaties, EU legal acts, and national laws of both EU Member States and non-EU Member States. **Second**, the case law of the CJEU including Advocates-General Opinions, case law of EU Member States and non-EU Member States as well as decisions of specialised industrial property institutions, i.e. OHIM and national patent offices. **Third**, legal literature concerning the law of IGOs and related problem questions including references to previous studies of these issues written by the author of these lines.

Abbreviations Abbreviations for concepts have been used for the sake of better understanding and easier reading. Examples include an IGO for an indication of geographical origin or IGOs for indications of geographical origin; IP for intellectual property; and others mentioned in the list of abbreviations. In addition, other commonly used abbreviations for such matters as different international treaties, for instance, TRIPS being official abbreviation[13] and international organisations such

[12] Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version) [Codifying Community Trade Mark Regulation]. OJ, L 78, 24.03.2009, pp. 1–42.

[13] Katzenberger and Kur (1996), p. 2.

as WIPO or WTO. As regards EU law, the titles of the four main regulations discussed within this book have been abbreviated which is not unusual as abbreviations of separate effective or already repealed regulations were used previously in the legal literature,[14] namely, the Foodstuffs Regulation[15] (now repealed by adopting the Quality Schemes Regulation[16] in 2012), the Aromatised Wines Regulation[17] and the Spirits Regulation[18]; the abbreviation of the fourth regulation is included in the title of a regulation itself, i.e. the Single CMO Regulation.[19]

Similarly, the present book uses generally accepted abbreviations of journals' titles, for instance, the title of the journal *International Review of Intellectual Property and Competition law* is abbreviated as IIC. The citation form of journal articles, books, and other studies upon which this book was written have been used in a consistent manner throughout the present book.

The full list of abbreviations including those discussed within this section may be found in the beginning of this book.

Specific Remarks Concerning Court Abbreviations In addition, it should be mentioned that the abbreviation for the Court of Justice of the European Union, i.e. CJEU, will be used also in the case of judgments adopted earlier when the title of this court was different, i.e. the European Court of Justice (ECJ); similarly with the Court of First Instance has been abbreviated as CFI and used also in respect of earlier judgments when it was known as the General Court. Other abbreviations will also be used and these relate to the EU founding agreements such as the TFEU and the TEU in relation of provisions to those treaties amended after the entry into force of the Treaty of Lisbon.[20]

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[14] Knaak (1996), pp. 125 and 132; Gevers (1999), p. 153; Mantrov (2012), pp. 174–202.

[15] Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 93, 31.03.2006, pp. 12–25 [Foodstuffs Regulation].

[16] Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29 [Quality Schemes Regulation].

[17] Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. OJ, L 149, 14.06.1991, pp. 1–9 [Aromatised Wines Regulation].

[18] Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54 [Spirits Regulation].

[19] Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 299, 16.11.2007, pp. 1–149 [Single CMO Regulation].

[20] Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007. OJ, C 306, 17.12.2007, pp. 1–271.

1.2 Necessity for the Protection of Indications of Geographical Origin

Goods and services offered in the market for consumers are denoted by designations of different kind and character. These designations may be differentiated not only from the point of view of their applicable legal regime and scope of protection but also from their conceptual and functional meaning. Among these designations, there are those which refer to a particular geographical place by establishing a link between such geographical place and the particular goods (and services) which originated there. The designations which indicate the geographical origin of goods to consumers are covered by the concept of IGOs.

The theme of IGOs is not such an issue which came into our lives only in modern times. For centuries, producers of different goods developed different designations whose characteristics were acquired due to their origin in a particular geographical place. By acquiring recognition not only in a place where goods were produced but also far outside that place, certain IGOs became more and more known and distinguishable among consumers not only in that particular geographical location but far beyond its borders. As it is justly indicated in this regard, '[o]ver time, trade de-localized consumption and, in the process, established reputations for goods produced in distant places'.[21] This was due to investments being made into the development and promotion of goods bearing IGOs. Therefore, as justly concluded by Prof. Reto Hilty, 'the value of such designations [meaning EU protected qualified IGOs – author's remark] or a specific character arises only if there have been sufficient investments with regard to the products involved (respectively, this depends on investments on an on-going basis), in the sense that a special appreciation develops and continues to exist on the part of customers which is associated with the specific designation in question'.[22]

As a result, goods denoted by these IGOs attracted more and more consumers' attention only because of their geographical origin. Nowadays, there are plenty of such well-known and even famous IGOs concerning different type of goods without whom we cannot imagine our lives—like *Cognac* or *Armagnac* in respect of brandy produced in two of France's regions; *Champagne, Cava*, or *Asti*—sparkling wine originating respectively in France, Spain, or Italy; *Rioja*—wine from Spain; *Parmigiano Reggiano*—in respect of cheese from Italy; *Feta*—cheese from Greece; *Budweiser*—famous beer from Czech Republic; *Bohemian glass*—products made of glass from the Czech Republic; or the *Swiss Army knife* (unique for its quality and multi-functionality)—from Switzerland.

The interrelation between those and many other IGOs and consumers' perception of the impact on their purchase habits is revealed by different consumer surveys. Consumer surveys testify that consumers pay attention to the geographical

[21] Hughes (2006), p. 300.

[22] Hilty (2007), p. 31.

place (a country, a region, or a location) from which particular goods originate and by doing so they pay attention to IGOs which are exploited to reveal the geographical origin of goods or services. In accordance with the EU consumer survey performed in 1999 referred to by the European Commission, 40 % of consumers are ready to pay a 10 % premium for origin-guaranteed products.[23] Such consumers' attitude towards goods denoted by IGOs is testified by consumer surveys in EU Member States. Consumer survey carried out in Belgium, France, Germany, Italy, Netherlands, Portugal, Spain, Switzerland and the UK showed that consumers are demanding higher quality products.[24] A similar survey carried out in separate EU Member State, namely, Latvia, showed that the country of origin of the goods is important to 61 % of consumers,[25] i.e. two thirds of Latvian consumers pay attention to the origin of the goods they buy.

On other hand, the faith of those and other well-known and famous IGOs was similar to other famous distinctive signs, for instance, famous trade marks,—as the more they gained recognition, as the more were there efforts to imitate them. This situation shows a paradox in the development of IGOs: more and more development of IGOs is followed by more and more imitations becoming more and more sophisticated and which are hardly able to be identified. As it will be revealed in the next chapter concerning historical foundations of the law on IGOs, the first imitators of well-known and famous IGOs undoubtedly existed for centuries before and appeared not later than in ancient times. This situation explains why the EU law on IGOs switched its protection approach in last 20 years from just simple protection against misleading uses of IGOs, i.e. relative protection, to protection even without any misleading consequences just by the very fact of imitation, i.e. absolute protection.

The necessity for preventing erosion and causing detriment to IGOs, especially those which have become well-known and famous, is the core of the law of IGOs both at the international level including European Union (EU) law and at the national level of separate countries around the world. The law on IGOs effective in the EU will be the focus of this book and will be examined further from different theoretical and practical aspects.

Yet the necessity for IGOs naturally arises from the very fact that they attract consumers' attention and therefore become valuable assets as brie y characterised above and discussed in depth in Chap. 3 concerning the concept and role of an IGO.

From this point of view, IGOs are one of the important types of designations of goods and services which show consumers the geographical origin of goods and services.

[23] European Commission (2003).

[24] O'Connor (2005), p. 253.

[25] Survey of Latvian consumers (2006). Available at http://www.tns.lv/newsletters/2006/11/?category=tns11&id=MR_izvelies_Latvijas_preci.

Therefore, necessity for protection of IGOs is grounded on safeguarding interests of both producers and consumers. Such dual protection necessity was discovered already in the early years of the EU when the CJEU held that IGOs

> always describe at the least a product coming from a specific geographical area.[..] they must satisfy the objectives of such protection, in particular the need to ensure not only that the interests of the producers concerned are safeguarded against unfair competition, but also that consumers are protected against information which may mislead them.[26]

At the same time, particular IGOs may not only refer to the geographical origin of goods and services but also designate goods and services whose characteristics include quality and/or reputation and which emanate from the geographical place referred to in a particular IGO. Origination of those characteristics of goods (hereinafter attributing the discussion also to services) is inseparably connected to two factors. First, it is described as the **human factor** based on identification and development of characteristics essentially attributable to a particular geographic place which come out as innovative solutions. Second, it is described as the **natural resources' factor** specific to a particular geographical place. This second factor is described by using the concept *terroir* which came from French and means 'soil'.[27] That concept is used by describing the origination of characteristics of the goods within a specific territory—'a particular land is a key input for a particular product'.[28] This term specifically underlines the idea behind IGOs: 'the local producers are entitled to exclusive use of a product name because no one outside the locale can truly make the same product'.[29] That link between the geographical place and a good originating there is re ected in specifics of location, climate, soil, and similar conditions due to a particular geographic place.

Due to those reasons, IGOs became one of the recognised traditional knowledge protection tools[30] and each IGO as innovative solution being an **unique combination** of human and natural resources of a particular geographic place. Therefore, IGOs which designate goods with such characteristics simultaneously designate goods with **high added value**. This high added value is not only testified by the above mentioned fact that consumers are willing pay 10 % more for goods denoted by IGOs when compared with those not labelled by IGOs, but by the striking difference in price between goods having particular characteristics due to the geographical origin when compared with those lacking such characteristics. For instance, it is possible to compare the price of brandy without having characteristics due to geographical origin with brandy which does have such characteristics, namely denoted either by the IGOs *Cognac* or *Armagnac*.

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[26] Case 12–74 Commission of the European Communities v the Federal Republic of Germany [1975] ECR 00181 – Sekt, para. 7.

[27] For details *see* Echols (2008), pp. 14–15. Therefore, it is erroneous to indicate that there does not exist exact translation of the word 'terroir' (*see* Hughes 2006, p. 301).

[28] Hughes (2006), p. 301.

[29] Hughes (2006), p. 301.

[30] de Almeida (2005), p. 152; Gibson (2004), pp. 282–283.

By acquiring specific characteristics including quality and reputation due to origin in a particular geographic place, particular goods acquire their individual character which allows them to be distinguished unmistakeably from other goods. On many occasions, a designation referring to a particular geographic place may be associated with a particular type of goods far beyond the borders of that geographic location, with a product known for having highly desirable and seemingly unique characteristics.[31]

For those reasons, IGOs, especially those which designate characteristics of goods originated due to their geographical origin, stand out against a background of other goods and consequently attract consumers' attention both in a geographical place which is referred to in a particular IGO and outside that geographical place. That feature of IGOs makes IGOs one of the elements which create originality for particular goods instead of merely being a type of standardised goods.

By characteristics of goods originating due to a particular geographical place and mirroring the unique character of that geographical place, IGOs fall within the cultural heritage of a particular geographical place. Therefore the versatility of IGOs emphasise the outstanding meaning of them covering not only legal and cultural but also social, historical, economical, and political aspects, including employment, consumer law, economy, culture, history and similarly important aspects.[32] As a result, IGOs have an unquestionable meaning in the development of a particular state's culture, education, and economy.[33]

Another aspect relating to the importance of IGOs lies in the economic component for their existence. Similarly, as concerning IP in general,[34] in the case of IGOs there exists an indissoluble link between legal and economic component within context of protection of IGOs. The existence of such dual character of protection was increasingly understood only in recent years which promoted the development of IGOs not only by economic means but also by expanding their scope of protection by legal means.[35]

This is the reason why there is already admitted market power of IGOs[36] and studies show the in uence of IGOs on economies, especially those of EU Member States. According to the last studies, 30 % of all world trade is in a niche made up of goods with IGOs due to their high quality.[37] Therefore, by referencing to the expression of Seneca, the famous Greek philosopher, that '[i]t is the quality than the quantity that matters', *Bernard O'Connor* justly observed that consumers more than 2,000 years 'are agreeing with Seneca'.[38]

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[31] Hughes (2006), p. 300.

[32] Mantrovs (2006), p. 179; European Commission (2003).

[33] Tatarska (2006), p. 135.

[34] Ābeltiņa (2006), p. 156.

[35] For the EU, see Chaps. 6–9 below.

[36] Peukert (2011), p. 217.

[37] Norrsjö (2004), p. 12.

[38] O'Connor (2005), p. 253.

In addition, a recent study performed at the request of the European Commission shows that the worldwide sales value of products denoted by IGOs registered in the EU was estimated at EUR 54.3 billion in 2010 and this sales value increased by 12 % between 2005 and 2010.[39]

Therefore, the capability of IGOs to distinguish the geographical origin of goods and services in question and to be an innovative tool with high added value with market power emphasise their importance both for economies of different countries and different consumers in these countries.

Naturally, not only consumers as discussed above but also **entrepreneurs started becoming interested** in their competitors' goods which both originated in the usual place for commercial activities of those entrepreneurs and elsewhere. As a result of such interest in competitors' goods, the undesirable situation where designations including IGOs used in designation of goods began to be imitated more and more and in such a way that imitators were able to profit from designations developed by others. Therefore, it is justly concluded, that the increase in world trade was followed by an increase in unfair competition and accompanying evils[40] by increasing the need for protection of such designations, specifically, IGOs. Consequently, by becoming recognized as both valuable innovative solutions and means for designation of goods and services IGOs became valuable commercial assets as neatly characterised by WIPO experts,[41] and at the same time rapid development of IGOs created a need to develop a protection framework for combatting the use of false or misleading IGOs.

Since the beginning of the formation of modern understanding of IGOs and their international protection which commenced in the eighteenth century, the topicality of IGOs has increased significantly under the impact of the appreciation of IGOs as valuable assets, increasing need for the protection of designations denoting goods with special characteristics in the context of international competition, as well as the dynamics of development of IP as observed by academic commentators.[42]

The topicality of IGOs in recent decades has been and still is the basis for disputes in bilateral relations of individual countries, among individual countries and international organisations and within international organizations as, for instance, between the USA and Australia, from one side, and the EU, from other side, within the WTO.[43]

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[39] AND International (2012), p. 4. This study is interesting especially due to the fact that it shows the impact of IGOs separately for each EU Member State.

[40] Hopkins (1900) (reprinted in 1997), p. 1.

[41] WIPO (2004), p. 120.

[42] Rozenfelds (2008), p. 15.

[43] Report of the Panel, European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs – Complaint by the United States, WT/DS174/R, 15 March 2005; Report of the Panel, European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs – Complaint by Australia, WT/DS290/R, 15 March 2005.

In modern times, disputes involving different geographical designations arise frequently and relate to a broad range of issues, including even disputes over particular names of countries, for instance, Greece objects to the name 'Macedonia', the name of its neighbour state, offering instead to use the name 'Northern Macedonia'[44] which however is objected to by Bulgaria,[45] or by Macedonia offering to supplement its name with an additional word, namely 'Vardar'.[46]

The especial topicality acquired by IGOs in the last three decades was in uenced by a number of factors including the Uruguay Negotiation Round in 1986–1994 and the World Trade Organisation (WTO) established within the Uruguay Negotiation Round[47] which brought the IP into the central place of international economic relations[48]; the strengthening of the EU from the point of view of political, economic, and institutional aspects which explains why in the last decades the EU was the main actor for the development of law on IGOs both by concluding bilateral agreements with third states and by adopting new legal acts for regulation of IGOs.

In this regard, it would be relevant to reiterate that by defining that 'Europe has indisputably moved into the Knowledge Age, with all that this will imply for cultural, economic and social life'[49] and by putting forward an aim for the EU to become most competitive and dynamic on knowledge based society in the world,[50] IGOs as one of the innovative solutions and one of the indications of origin in respect of goods and services become a significant object of regulation within *acquis communautaire*.

All those reasons testify the topicality of IGOs in our modern life and consequently—the need for their protection.

1.3 Terminology: Unresolved Problems and Solutions

Before switching to a review of the EU law on IGOs starting with its theoretical aspects in Part I, it would be appropriate first to discuss the issue of the lack of clarity in terminology concerning IGOs.

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[44] 'Athens offers Skopje a name tweak' (2010).

[45] Marusic (2012).

[46] Papapostolou (2010).

[47] Baeumer (1999), p. 9.

[48] Geuze (1999), p. 39.

[49] A Memorandum on Lifelong Learning. European Commission Staff Working Paper, Brussels, 30.10.2000, SEC (2000) 1832, 3. Available at http://www.bologna-berlin2003.de/pdf/MemorandumEng.pdf.

[50] Lisbon European Council 23 and 24 March 2000. Presidency Conclusions. Available at http://www.europarl.europa.eu/summits/lis1_en.htm.

Though the international protection of IGOs commenced in the eighteenth century,[51] so far no generally accepted uniform terminology concerning IGOs in difference from other IP objects[52] (except designs where is also terminological diversity[53]) has been adopted. Yet, terminology issues exist not only in case of separate IP objects as IGOs and designs, but also for the concept 'IP' itself which could be understood to have a double meaning: it can be understood in its historical—narrower—meaning covering copyright and related rights only or in its modern—broader—meaning covering copyright and related rights, industrial property, and different specific objects such as traditional knowledge.[54]

The terminological diversity (or mess as it was characterised by Dev Gangjee[55]) in the law of IGOs creates problems not only for protection of IGOs at international level[56] but also within the application of the national laws of EU Member States. Terminology issues concerning IGOs regularly are discussed in meetings devoted to the theme of IGOs[57] and it has become natural to make reservations in respect of terminology issues in different studies related to the theme of IGOs.[58]

Though the terminology issue has been addressed by academic commentators, the terminology diversity problem has not been overcome so far. Two unresolved problems may be highlighted and their solutions provided in this regard. First, it is to identify a common concept for all designations referring to the geographical origin of goods and services. Second, it is the terminology problem of international treaties concluded so far in respect of IGOs. Within this section, only so-called global international treaties[59] will be discussed under the concept of international treaties.

Problem of the Common Term So far, no consensus has been reached to establish a common term which would cover all those designations which refer to the origin of goods and services, in other words—'umbrella term' as characterised such term in the academic literature.[60] Academic commentators have to date used different terms as such umbrella term.

[51] For historical foundations of the law on IGOs, *see* the next chapter.

[52] Norrsjö (2004), p. 4.

[53] WIPO (2004), p. 120.

[54] Cornish (1999), p. 3; Poļakovs (1999b), pp. 12–13.

[55] Gangjee (2012), pp. 2 et seq.

[56] Baeumer (1999), p. 10; Knaak (1997), p. 21.

[57] Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, Eighth Session, Document No SCT/8/5 (2002), p. 2.

[58] Correa (2007), p. 211.

[59] For the term 'global international treaties', *see* Chap. 3 below.

[60] Gangjee (2012), p. 4.

So, the concept 'an indication of geographical origin' is used by different commentators.[61] That term is used as an umbrella term also by WIPO experts[62] but there is a lack of consistency by WIPO experts in the use of this term as an umbrella term considering that on other occasions WIPO experts recognise the term 'a geographical indication' as the umbrella term.[63] In contrast, other concepts are used by different legal commentators to indicate the umbrella term in respect of geographical designations, namely:

- geographical indications[64] (the most commonly used umbrella term);
- geographical identifiers[65];
- indications and designations of goods origin[66];
- geographical names[67];
- indications of origin[68];
- geographical denominations.[69]

A similar diversity may be noticed from both the point of view of EU law and the CJEU and Advocates-General. For instance, Regulation 50/70/EEC which is still effective uses the expression 'names which are not indicative of origin'[70] As regards the CJEU, it uses different terms such as indications of origin[71]; whereas in the famous *Warsteiner* case, Advocate-General Jacobs used the term 'geographical indication of source'[72] as an umbrella term. Yet, the CJEU has used different

[61] *See*, for instance, Mostert (1997), p. 102; Correa (2007), pp. 211–212; Gangjee (2012), p. 4; Mantrov (2012), pp. 174–202.

[62] Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, Eighth Session, Document No SCT/8/5 (2002), pp. 2–3.

[63] WIPO (2004), p. 121.

[64] Evans (2013), p. 177; Munzinger (2012), p. 285; WIPO (2004), p. 121; Lakert (2000); Судариков (2008), p. 253.

[65] World Intellectual Property Organization (2001), pp. 93–94; UNCTAD-ICTSD (2005), p. 270.

[66] *See* Poļakovs (1999a), pp. 199–200.

[67] Yong-d'Herve (1997), p. 71.

[68] *See* Poļakovs (1999a), p. 190.

[69] McCarthy et al. (2004), p. 265.

[70] Art. 2 (3) (s) of Regulation 50/70/EEC [Commission Directive 70/50/EEC of 22 December 1969 based on the provisions of Article 33 (7), on the abolition of measures which have an effect equivalent to quantitative restrictions on imports and are not covered by other provisions adopted in pursuance of the EEC Treaty. English special edition: Series I, Vol. 1970 (I), pp. 17–19]. *See* also Case 12–74 *Commission of the European Communities v the Federal Republic of Germany* [1975] ECR 00181 – Sekt, para. 6.

[71] Case 12-74 *Commission of the European Communities v the Federal Republic of Germany* [1975] ECR 00181 – Sekt, para. 7.

[72] Advocate-General Jacobs Opinion in Case C-312/98 Schutzverband gegen Unwesen in der Wirtschaft eV v Warsteiner Brauerei Haus Cramer GmbH & Co. KG [ECR] 2000 I-09187 – Warsteiner, para. 2. Interestingly, that by referring to the analogue terms in French and German, Advocate-General Jacobs mentioned the terms 'indication de provenance géographique' and 'geographische Herkunftsangabe' (see footnote 2 of his Opinion). As an IGO in English covers

terms in their jurisprudence starting with the French based term 'indication of provenance' and finishing with the term 'IGO'.

Therefore, in order to overcome this terminological diversity and disorder, the concept 'an indication of geographical origin' (*die geographische Herkunftsangabe* in German; *indication de provenance* in French; *указание географического происхождения* in Russian) shall be recognised as appropriate umbrella term for all those designations directly or indirectly referring to geographical origin of goods and services irrespective of whether the qualities of such goods or services are related to that geographical origin. The advantage of this term lies not only in the fact that it is unequivocal and legally exact but especially in the fact that it is not regulated by any international treaty as it may be seen from the further discussion in this section concerning global international treaties. Those advantages are an obvious explanation as to why the term 'an IGO' is used as the umbrella term in recent studies published in 2012 and referred to above.

The term 'an IGO' also corresponds to the terminology of particular states which provide regulation for IGOs in general such as Switzerland (Arts. 47–51 of the Swiss Trade Mark Law[73]), Latvia [Art. 1 (1) and Chapter IX of the Latvian Law on Trade Marks and Indications of Geographical Origin[74]] and, in slightly different terminology,—in Germany by referring to the term 'an indication of origin' (Arts. 1 and 2 as well as Chapter VI of the German Trade Mark Law[75]). It should be noted here that Latvia just continues the approach of Swiss and German laws given that the respective Latvian norms were borrowed from the Swiss and German trade mark laws.[76]

Therefore, there is solid ground for the concept 'an IGO' as the umbrella term. Yet, despite this term and the continuing terminological diversity, different academic commentators use the term 'a geographical indication' as the umbrella term despite its specific meaning in global international treaties, e.g. the TRIPS, as discussed in further detail in this section.

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both these terms, one may arrive at conclusion that obviously Advocate-General meant the same term as used in this book, i.e. an IGO, yet its synonym was used, i.e. the word 'source' instead of the word 'origin', which may cause misunderstandings from the terminology point of view (see further discussion within this section).

[73] Bundesgesetz über den Schutz von Marken und Herkunftsangaben vom 28. August 1992; BBl 1992 V 891 [Swiss Trade Mark Law]. Available at http://www.admin.ch/ch/d/sr/232_11/index.html#id-1.

[74] Par preču zīmēm un ģeogrāfiskās izcelsmes norādēm [Latvian Trade Mark Law], available in English at http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/Trademarks.doc.

[75] Gesetz über den Schutz von Marken und sonstigen Kennzeichen vom 25. Oktober 1994 (BGBl. I S. 3082; 1995 I S. 156; 1996 I S. 682) [German Trade Mark Law]. Available at http://bundesrecht.juris.de/markeng.

[76] *Cf.* respective provisions of the Latvian Trade Mark Law and the Swiss Trade Mark Law: Art. 1 (10) of the Latvian Trade Mark Law with Art. 47 (1) of the Swiss Trade Mark Law; Art. 40 (3) (first sentence) with Art. 47 (2); Art. 42 with Arts. 48 and 49. Also, *cf.* respective provisions of the Latvian Trade Mark Law and the German Trade Mark Law: Art. 40 (3) (second sentence) with Art. 126 (2) (second sentence) of the German Trade Mark Law; Art. 43 (1) with Art. 128 (1).

Problems of Global International Treaties There are four global international treaties which provide regulation of IGOs, namely, the Paris Convention, the Madrid Agreement, the Lisbon Agreement and the TRIPS, but none of these treaties may be considered as a treaty providing for uniform protection of IGOs. For these reasons, it is clear why the approach chosen by different commentators to analyse those international treaties cannot be accepted.[77]

An especially difficult terminology question arises from the fact that those countries which have not acceded to all of the above four global international treaties are majority countries in the world. In the case of the EU, such situation relates to the majority of EU Member States because only a small number of them has acceded to all four of these global international treaties. For these reasons, the correct understanding of concepts concerning IGOs becomes topical not only from the theoretical but also from the practical point of view considering that it is necessary for EU Member States to ensure a protection level of IGOs which is compatible with the obligations undertaken under those international treaties. It should be added, that the EU itself is a member of such global international treaties discussed in detail in Chap. 3.

So, in accordance with Art. 1 (2) of the Paris Convention which entered into force on 7 July 1884,[78] the industrial property objects are, inter alia, *indications of source* and *appellation of origin*. Both these concepts are traditionally distinguished in international treaties on protection of IGOs administered by the WIPO,[79] i.e. in the Paris Convention, the Madrid Agreement, and the Lisbon Agreement[80] including regulations adopted within the Lisbon Agreement.

Though the initial text of the Paris Convention listed separate IP[81] objects, yet the definition of industrial property was provided by later amendments to the Paris Convention adopted at the international conference in The Hague in 1925.[82] Still, both types of IGOs recognised under the Paris Convention, namely, indications of source and appellation of origin, were included in the initial text of the Paris Convention and later amendments of the Paris Convention touched them insignificantly.[83] As regards IGOs, it is important to stress that the concept of industrial

[77] *See*, for instance, O'Connor (2004), pp. 28–63; or Gangjee (2012), pp. 21 et seq.

[78] Bodenhausen (1968), p. 9.

[79] Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, Eighth Session, Document No SCT/8/4 (2002), p. 2. *See* also: Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, Fifth Session, Document No SCT/5/3 (2000), p. 5; WIPO (2004), p. 120.

[80] Lisbon Agreement for the Protection of Appellations of Origin and their International Registration. Available at: http://www.wipo.int/lisbon/en/legal_texts/lisbon_agreement.html.

[81] In this regard it shall be made a reservation that the Paris Convention regulates the protection of objects of industrial property. Yet, considering that the concept 'intellectual property' is more appropriate from the point of view of the modern development of IP law and the fact the it includes also industrial property, in this situation the concept 'IP' was used in relation to the protection provided by the Paris Convention.

[82] Bodenhausen (1968), p. 21.

[83] Bodenhausen (1968), pp. 21, 138–139.

property as provided for by the Paris Convention covers also rights against *the repression of unfair competition* as a separate IP object because, as justly pointed out by Prof. *Georg Hendrik Christiaan Bodenhausen*, many IP infringement cases, including those related to indications of source and appellations of origin as provided by the Paris Convention, must simultaneously be considered as an act of unfair competition.[84]

The Paris Convention does not contain definitions of the concepts 'indications of source' and 'appellation of origin'.[85] Yet it is accepted that indications of source covers all those designations which denote that the origin of particular goods takes place in that country, group of countries, region or location which is referred to in that designation.[86] Another deficiency in the term 'indication of source' as provided by the Paris Convention is that this international treaty may not be unambiguously understood since indications of source may simultaneously cover IGOs and trade marks as both those objects fulfil the function of designation of origin.[87] As a result, the term 'indication of source' as defined in the Paris Convention is legally imprecise and misleading. If this term is compared with the above-mentioned term 'an IGO', then the latter would have an obvious advantage also from this aspect. The latter term may be understood as referring to geographical origin of particular goods (or services if such would be a case) and at the same time standing apart from designations which fulfil the function of a trade mark.

Furthermore, another term provided but also undefined by the Paris Convention is the term 'appellation of origin' which, it is accepted, should be understood as the name of a country, region or location and which denotes that goods produced in that place have quality or characteristics exclusively due or essentially attributable to the geographical environment including nature and human factors.[88] Thus, each appellation of origin simultaneously is an indication of source but not necessarily vice versa.[89]

Significant differences exist between both concepts regulated under the Paris Convention, namely, indications of source and appellations of origin. First, appellations of origin, as clearly seen from this concept itself, covers only geographical names consisting of words, i.e. direct IGOs, but indications of source covers not only words but also paintings, photographs, national emblems, ags, and other figurative symbols,[90] i.e. cover both direct and indirect IGOs.[91] Second, indications

[84] Bodenhausen (1968), p. 23. For the sake of truth, it should be noted that *Prof. Georg Hendrik Christiaan Bodenhausen* pointed out to infringement cases of industrial property rights in the cited opinion but this opinion is extended to IP infringement cases by the author of these lines.

[85] Correa (2007), p. 214; Posa (2004), p. 6; Norrsjö (2004), p. 55; Heath (2005), p. 97.

[86] Correa (2007), p. 214; Bodenhausen (1968), p. 23.

[87] Designations of origin and distinctive signs will be discussed further in Chap. 3 below.

[88] Correa (2007), p. 214; Bodenhausen (1968), p. 23.

[89] Correa (2007), p. 214.

[90] Kamperman Sanders (2005), p. 134.

[91] For discussion of both links, *see* the next chapter.

of source include a broader list of characteristics and as a result cover also characteristics which do not apply for appellations of origin, such as reputation attributable to the geographical origin of goods or services in question. Third, in the case of indications of source it is sufficient to designate the geographical link only (simple IGOs), while in the case of appellations of origin it is necessary to establish both the geographical link and the qualitative link (qualified IGOs).[92]

Both the above terms regulated by the Paris Convention, i.e. indications of source and appellations of origin, are included also in two international treaties concluded subsequently, namely, the Madrid Agreement and the Lisbon Agreement as correctly pointed out by academic commentators.[93] Yet it should be critically evaluated opinion that both these terms are further defined in the Madrid Agreement and the Lisbon Agreement[94] as both these international treaties have their own legal regime which is different from the scope of the Paris Convention to be discussed below.

Moreover, it is usually undermined and ignored even by academic commentators that the essential feature of the Paris Convention lies in the fact that the binding text of the Paris Convention depends on a particular Member State. This fact alone challenges the usual opinion that the Paris Convention created the universal system for the protection of industrial property, including IGOs. So, the Paris Convention has been amended several times since its adoption during the Paris international conference in 1883. Yet, different countries acceded to the Paris Convention at different times when different texts of the Paris Convention were in force. For instance, subsequent amendments to the Paris Convention are not binding on 15 of its Members; the Dominican Republic acceded to the Paris Convention in the form applicable after The Hague Convention of 1925; 6 Members—to the edition after the London Convention of 1934; 8 Members—to the edition of the Lisbon Agreement of 1958.[95] Therefore, it would be wrong to assume that the Paris Convention established an international minimum standard or that it may be treated as the universal international treaty. It explains why Art. 22 (2) TRIPS, discussed brie y later within this section, again re-establishes protection provided for IGOs under the Paris Convention as there is no one binding text of the Paris Convention which applies to all its Members.

Though ***the Madrid Agreement*** does not contain the legal definition of the term 'an indication of source' as imprecisely stated by several authors,[96] it provides an explanation of that term.[97] So, Art. 1 (1) of the Madrid Agreement provides that '[a] ll goods bearing a false or deceptive indication by which one of the countries to which this Agreement applies, or a place situated therein, is directly or indirectly

[92] For simple and qualified IGOs, *see* the next chapter.

[93] Baeumer (1999), p. 11.

[94] Kamperman Sanders (2005), pp. 133–134.

[95] Katzenberger and Kur (1996), pp. 10–11.

[96] Katzenberger and Kur (1996), pp. 10–11.

[97] Baeumer (1999), p. 11.

indicated as being the country or place of origin shall be seized on importation into any of the said countries'. Therefore, the scope of protection for indications of source was extended by the Madrid Agreement not only to false designations as already provided by the Paris Convention but also to deceptive ones.

From the perspective of modern times the meaning of the Madrid Agreement is insignificant due to its limited number of Members[98] and subsequent supplement of the Paris Convention with Art. 10bis which extended initial protection provided by the Paris Convention also to misleading uses of indications of source (IGOs in the terminology of this book).

At the same time, the Lisbon Agreement protects appellations of origin and provides the legal definition of this term which, as it is indicated in legal literature, may be perceived as the sub-type of the term 'indication of source'.[99] The appellation of origin means 'the geographical denomination of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors'.[100] As it is already indicated above and may be seen from this legal definition, the appellation of origin may not be either a symbol[101] or any other figurative element but only a name,[102] i.e. a direct IGO.

The fact that the Madrid and Lisbon Agreements provide additional protection to the concepts regulated by the previously adopted Paris Convention, does not mean that both of the mentioned international treaties 'further define' those concepts due to the following reasons.

Arts. 18 (1) and (2) of the Paris Convention provide that '[t]his Convention shall be submitted to revision with a view to the introduction of amendments designed to improve the system of the Union', and '[f]or that purpose, conferences shall be held successively in one of the countries of the Union among the delegates of the said countries'. Therefore, in order to define 'further' indications of sources and appellations of origin as regulated by the Paris Convention, delegates of the Paris Union Members should introduce amendments to the text of the Paris Convention. Amendments were introduced to the Paris Convention for several times at different international conferences.[103] Considering that the most Paris Convention Members have not acceded to either the Madrid or Lisbon Agreements, it would be difficult to allege that those two international treaties "define further" the terms protected by

[98] At this moment, the total number of contracting states of the Madrid Agreement reaches 35, the latest adhered contracting states were Iran (in force since 18 June 2004) and Montenegro (in force since 3 June 2006) (*see* WIPO web-page on the Madrid Agreement, available at http://www.wipo.int/treaties/en/ip/madrid/).

[99] Baeumer (1999), pp. 11–12.

[100] Art. 2 (1) of the Lisbon Agreement.

[101] Echols (2008), p. 38.

[102] Echols (2008), p. 38.

[103] *See generally* Bodenhausen (1968), p. 9.

the Paris Convention. At the same time, it should be noted that it can be hardly upheld that Art. 18 (1) of the Paris Convention was the basis for concluding both these international treaties even in respect of those Members which acceded the Paris Convention[104] as this provision relates to introducing amendments to the text of the Paris Convention and as those international treaties do not introduce any such amendments, their basis cannot be associated with the above provision. This conclusion also may not be in uenced by the fact that both these international treaties contain references to the Paris Convention as those references are binding only on those countries which acceded to both those international treaties in addition to the obligations undertaken under the Paris Convention.

Rather the legal basis for extension of protection envisaged by the Paris Convention by concluding the Madrid Agreement and later also the Lisbon Agreement was Art. 19 of the Paris Convention which provides that 'the countries of the Union reserve the right to make separately between themselves special agreements for the protection of industrial property, in so far as these agreements do not contravene the provisions of this Convention'.

Hence, as justly stated by Prof. Carlos Correa, the Madrid Agreement is a special treaty concluded within the Paris Convention[105] which can also be true in case of the Lisbon Agreement. In addition, countries which acceded to the Madrid Agreement form the biggest special union within the Paris Convention.[106] A similar conclusion may also be drawn in respect of the Lisbon Agreement which itself provides that '[t]he countries to which this Agreement applies constitute a Special Union within the framework of the Union for the Protection of Industrial Property'[107] as established by the Paris Convention. Therefore, the Lisbon Agreement is *expressis verbis* grounded on the regulation included in Art. 19 of the Paris Convention for creation of such 'Special Union'.

The TRIPS is the fourth global international treaty for protection of IGOs providing minimum international standards for IP protection as admitted by the TRIPS itself[108] and justly indicated by academic commentators.[109] Part II of the TRIPS whose title is 'Standards Concerning the Availability, Scope and Use of Intellectual Property Rights' contain those minimum standards in respect of different IP objects, including qualified IGOs in Section III of that Part. The TRIPS does not regulate terms provided by the Paris Convention, the Madrid Agreement, or the Lisbon Agreement, i.e. neither indications of source nor appellations origin, instead

[104] O'Connor (2003), p. 24.

[105] Correa (2007), 215.

[106] Devitt and McCarthy (1979), p. 206.

[107] Art. 1 (1) of the Lisbon Convention.

[108] As it is provided by the preamble of the TRIPS, WTO Member States recognizing, to this end, the need for new rules and disciplines concerning, inter alia, the provision of adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights. As further provided by the TRIPS, 'Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement' [Art. 1 (1) of the TRIPS].

[109] Vital (2000), p. 55; O'Connor (2004), p. 92; Goldstein (2001), p. 95.

regulating the term 'a geographical indication' (hereinafter GI). Here, it should be noted that the term 'an appellation of origin' regulated by the Lisbon Agreement should be considered as the predecessor of the term 'a GI' regulated by the TRIPS.[110]

In this regard, it could be considered that the term 'a geographical indication' is a compromise between the terms 'an indication of source' and 'an appellation of origin', that is to say the middle position in the evolution process of IGOs.[111] IGOs contain more specific characteristics than indications of source, but at the same time they are not of the limited scope of appellations of origin. For instance, if a particular good originated in a particular place which is referred to in the designation in question and whose characteristics are not exclusively due to its origin, such designation may be perceived as a geographical designation but not as an appellation of origin.[112] Simultaneously, the TRIPS continues IGOs' protection principles established by the Paris Convention as Art. 22 (2) TRIPS contains reference to the Paris Convention protection approach. Accordingly, it is justly indicated that Art. 22 TRIPS is based on the Paris Convention by providing broad definition of geographical indications and establishing a new legal structure.[113] For these reasons, it is not surprising that it is indicated by academic commentators that at least as it concerns IGOs, WTO member States are bound both by the TRIPS and the Paris Convention.[114]

Terminology Problems Concerning the Term 'a GI' The term 'a GI' is a relatively new concept as it was introduced in the middle of 70s of the last century,[115] inter alia, included in the draft Treaty on geographical indications published by WIPO in 1975.[116] However this term still involves terminological difficulties, which relate to the issue that there is no generally accepted definition of geographical designations, i.e. what exactly constitutes the definition of geographical indications.[117] This issue is related to the fact that the term 'a geographical indication' is used in two meanings—narrower and broader meaning depending on circumstances[118]—which relate to each particular use of that term and not necessarily with international legal practice.[119] In the narrower meaning, GIs are understood as defined by Art. 22 (1) TRIPS cited above; but in the broader meaning—as

[110] Echols (2008), p. 39; Baeumer (1999), p. 12.

[111] Norrsjö (2004), p. 10.

[112] Baeumer (1999), pp. 12 and 23.

[113] Echols (2008), p. 4.

[114] Correa (2007), p. 214.

[115] Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, Ninth Session, Document No SCT/9/4 (2002), p. 2. *Cf.* Rangnekar (2003), p. 6.

[116] Baeumer (1990), p. 19.

[117] Kamperman Sanders (2005), p. 133.

[118] O'Connor (2004), p. 23; Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, Fifth Session, Document No SCT/5/3 (2000), p. 5; WIPO (2004), pp. 120–121; Knaak (1997), pp. 21–22.

[119] *See* Poļakovs (1999a), pp. 187–188.

the common term for all geographical designations distinguishing the geographical origin. Therefore, in such narrower meaning it is used as the synonym for the term "an IGO" in the meaning of this book. Due to the double meaning of the term 'a geographical indication', it would be arbitrary to notice that since the TRIPS entered into force, it has became usual practice to use that term within the meaning of Art. 22 (1) TRIPS[120] because practice shows a completely different tendency—the term 'a GI' is used by different legal commentators as the umbrella term without the specific meaning attributed to that term by the TRIPS.

Undoubtedly, it is justly indicated in legal literature that after the TRIPS entered into force, the term 'a geographical indication' shall be understood as defined by the TRIPS.[121] Accordingly, no other use of that term which differs from that used in the TRIPS may be accepted. Also, for these reasons, it would be arbitrary to cover indications of source and appellations of origin by the term 'a GI'[122] by using it without any relation to the TRIPS. In this regard, it could be fully supported opinion that since the TRIPS entered into force, the term 'a GI' shall not be perceived as the umbrella (general) term and shall be used in the strict legal meaning of the TRIPS instead.[123]

However, the usage of geographical indications in the broader meaning than given by the TRIPS is not only wide-spread in legal literature as it is indicated above but also in legal acts. It is, for example, defined in the EU Regulations in a slightly different way than by the TRIPS as it is discussed in Chaps. 6–9 below raising further terminological complications in the law of IGOs. In addition, despite the legal definition of the TRIPS, this term is defined in NAFTA which is characterised as differing from the legal definition provided by the TRIPS[124] which nonetheless seems arbitrary.[125]

As observed by Prof. Janis Rozenfelds, as far as the TRIPS, the Lisbon Agreement, and the Foodstuffs Regulation are concerned,[126] which contains the same concepts ('a geographical indication', 'a designation of origin'), the terminology character problems do not exist.[127] Yet these three legal acts are only part of the international and regional law which regulates IGOs and there are different terms used in the whole regulation of IGOs at the international and regional levels including the EU law. Moreover, there exist differences even between definitions

[120] Baeumer (1999), p. 10.

[121] Höpperger (2000), p. 13.

[122] Baeumer (1999), p. 13.

[123] Höpperger (2000), p. 13.

[124] Correa (2007), p. 213.

[125] Although Gis are regulated in Art. 1712 of the NAFTA, their legal definition is provided in Art. 1721 of the NAFTA which corresponds to the legal definition of GIs provided by Art. 22 (1) of the TRIPS. Therefore, understanding of GIs in both the NAFTA and the TRIPS is identical.

[126] The Foodstuffs Regulation is recently repealed by the Quality Schemes Regulation (discussed in details in Chap. 6 below).

[127] Rozenfelds (2008), p. 228.

of both those terms among applicable regulations.[128] In addition, there are differences also at the national level as different countries regulate different terms for describing one and the same legal phenomena—IGOs. For instance, in the case of Germany and Latvia—indications of source are regulated at the Paris Convention and CJEU's case law but 'an indication of geographical origin'—in the national laws of those states; similarly with Switzerland where the term 'an indication of source' is used in the national law repeating the same term as governed by the Paris Convention. Such a situation where different similar terms used to govern one and the same legal phenomena could hardly be accepted as appropriate from the legal terminology point of view.

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[128] They are further discussed in Chap. 5 below.

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Chapter 2
The Historical Foundations of the Regulation of Indications of Geographical Origin

Understanding of indications of geographical origin (IGOs) and the necessity for their protection emerged from two opposite though mutually related powers. From one side, it emerged from efforts of interested persons, mainly producers of goods bearing IGOs, to develop recognition of designations (usually names) capable to designate their geographical origin. From another side, it arose as a response to practices of such persons who exploited the commercial success of those names not being in any way associated with the geographical places referred to in those names at all (nowadays these persons are called imitators). The history of IGOs, therefore, reveals a broad list of examples of when IGOs were illegally exploited by persons who were not entitled to use these names, i.e. imitators, and the efforts of interested persons to stop such illegal exploitation, i.e. to stop imitations of IGOs. As a result, the history of the development of the law on IGOs is simultaneously the history of the unlawful use (imitations) of IGOs and of the efforts to develop regulation for combating such unlawful use.

For the above reasons, the historical foundations of IGOs are not only of theoretical but also of highly practical meaning as they help to understand whether infringements of IGOs taking place nowadays are just repetition of infringements which have already taken place or are modifications of infringements which existed previously. For these reasons, the historical foundations of the regulation for IGOs and its development reveals not only substantiation for the existing regulation for IGOs as envisaged by international treaties and national laws in the modern times but also convincingly illustrates that unfair use of IGOs is not only a problem which arose nowadays but an evil which obviously arose together with the creation of the trade relations which existed in the early ages of the first societies and which, over the centuries, acquired an increasing topicality and importance. As is stated concerning historical studies on trade marks and which may equally be attributed to similar studies on IGOs, '[i]n order to see into the future it is useful to dig into the past and as a background for future development studies like this are of great

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value'.[1] Therefore, without reviewing and revealing the historical roots of law on IGOs and its subsequent development it is not possible to understand the importance which nowadays is attributed to IGOs.

Despite the importance of the historical foundations of IGOs but at the same time disregarding discussion of this topic, legal literature contains very limited discussion of the historical foundations of IGOs unlike, for instance, trade marks.[2] Another problem is that facts mentioned in legal literature concerning the historical foundations of the law on IGOs must often be evaluated critically as they lack reference to any source. Consequently, the study undertaken in this chapter searches for milestones of the creation and development of IGOs based on historical testimonies and those fragmentary facts mentioned by legal scholars in legal literature.

Historical foundations for the legal regulation of IGOs date back to ancient times developing in subsequent centuries until today. Notwithstanding the long term for development of their regulation, only few historical testimonies and brief and fragmentary facts have been saved for our times. This is the obvious explanation of why legal literature is limited with only fragmentary facts about the existence of regulation of IGOs in separate jurisdictions in separate time periods. In this regard, the neat opinion expressed in legal literature in respect of trade mark law but which is also true in respect of IGOs, '[t]he history of the early use of trademarks has never been written, and most of its evidences have crumbled into dust'.[3]

Since **ancient times** attention was paid not only to signs used in the trade[4] but also to the relationship between the characteristics (including quality) of goods and their place of production ('the geographical origin'). So, producers of bricks in Ancient Egypt used geographical designations to show the durability of bricks and stones used in the building of the pyramids[5] but the price of wine produced in *Thasos*, Greece Island, was higher than other wines.[6] Furthermore, in the Middle Ages, consumers were willing to pay a higher price for goods which originated in special geographical places due to their reputation than for goods which were not produced in such places. For instance, the price for linen manufactured and designed under the mark of the *Westphalia* town of *Osnabruck* was 20 % higher than linen manufactured in other towns of *Westphalia*.[7] Such a tendency has been retained until nowadays and as described above in the introductory chapter, for

[1] Rogers (1925–1926), p. 103.

[2] In difference from IGOs, historical foundations of the law on trade marks have been subject to academic studies. *See* Schechter (1925) (for this book review, see the previous footnote at 97–103); Kohler (1884).

[3] Hopkins (1917), p. 2.

[4] *See generally* Robertson (1869), pp. 414–417 (and discussion of the paper by the cited author in the subsequent pages of the cited edition of that journal).

[5] European Commission (2003).

[6] European Commission (2003).

[7] Schechter (1925), pp. 78–79.

example, the price for brandy produced in a specific region of France and appropriately marked with the IGOs *Cognac* or *Armagnac* is several times higher than brandy without any specific characteristics due to is geographical origin; or the price of cheese marked with an IGO *Parmigiano Reggiano* is a number of times higher than the price of other cheeses and so on.

In such a way, IGOs, by denoting a geographical origin of goods in question, soon became distinguished and valuable instruments for sale of goods attracting the attention not only of consumers but also competitors. Competitors soon discovered that they could benefit from the quality and known character of those IGOs, at the same time without being in any way related to those true producers who developed the qualities and characteristics, including reputation of those goods in relation to their geographical origin. Hence, as is properly described in legal literature, '[f]rom the early days of commerce, probably from its beginning, the keen rivalry of competing merchants has led to the use of unfair and dishonest methods of diverting custom'.[8]

As a result, the unfair use of IGOs by those who were not linked to their development triggered the necessity for their protection against unfair (illegal) use because, as '[t]he "first" imitators of names were doubtlessly those who found it more convenient to use the reputation of others than to build up a reputation by their own efforts'.[9]

The idea for the protection of IGOs began in Europe but nowadays their protection is provided by almost all countries around the world,[10] by commencing that protection with protection against misleading use of IGOs.[11]

In ancient times there was already an **understanding**, though superficial due to state and society's development in that time, about IGOs, their importance and protection. Though there are no facts known to us about protection of IGOs in **Ancient Greece**[12] but at the same time the literature relating to the export of the famous wine from the Greek island *Thasos* contains a description not only of the fact, previously mentioned, that this wine was bottled in amphora but also that it contained the word designation *Thasos* with a producer's designation and an official's designation indicating in an obvious manner that he was in charge of ensuring that wine complied with existing standards.[13]

Furthermore, there are grounds to consider that protection of IGOs, though superficial and incomplete, was established in **Ancient Rome**.[14] *Lex Cornelia de Falsis* (*Lex Cornelia Testamentaria*) which was adopted during the reign of

[8] Hopkins (1917), p. 1.
[9] Girardeau (2000), p. 72.
[10] Blakeney (1996), p. 18.
[11] Heath (2005), p. 97.
[12] Kohler (1884), p. 39.
[13] Ruston (1955), p. 132.
[14] Ruston (1955), p. 134; Kohler (1884), p. 39.

Emperor Sulla and initially attributed to combating forgery of wills[15] provided for broad coverage of forgery, inter alia, for combating use of false trade names[16] specifically providing:

> [q]ui sibi falsum nomen imposuerit, genus parentesve finxerit, quo quid alienum interciperet caperet possideret, poena legis corneliae de falsis coercetur.[17]

Beyond any doubt, the Romans were familiar with the use of designations on goods for describing particular origin from a particular producer. It may be noted from not only by vivid poetry of Juvenal, one of the most famous Roman poets, about the use of wine bottles to market winemakers and wineries[18] but also by other known examples. So, there are examples for similar use in respect of other goods, for instance:

in respect of vases:
Catim (*Cati mano*—Latin)—from *Cato* hand, *Ofalbin* (*officiana Albini*—Latin)—*Albinus* workshop, *Collofec* (*Collo fecit*—Latin)—*Collo* made it[19];
in respect of lamps: a name of a slave, a maker, was displayed on a lamp: for instance, *Diogenes fecit*[20] and similar names.[21]

The necessity of protection in Ancient Rome was emphasised by the fact that the first imitations of geographical names had appeared there with imitations of words used by Roman masters.[22]

Though there is expressed opinion that it is unknown how comprehensive a list of forgeries was covered by the initial text of *Lex Cornelia de Falsis* and how broadly it was developed in subsequent jurisprudence,[23] it is clear that the initial aim of *Lex Cornelia de Falsis* covered repression of forgery of wills but in later times the application sphere of this law was extended.[24] As a result, this law applied for forgery of wills and other legal documents.[25]

At the same time, it should be critically evaluated opinions that Roman law allowed a claim[26] as *actio injuriarium* or *actio doli* for the false use of designations

[15] D. 48, 10. The following source was used for translation of *Digesta*: *The Civil Law. Including The Twelve Tables, The Institutes of Gaius, The Rules of Ulpian, The Opinions of Paulus, The Enactments of Justinian, and The Constitutions of Leo*, translated by Scott from the original Latin, edited, and compared with all accessible systems of jurisprudence ancient and modern, in seventeen volumes (The Central Trust Company, Cincinnati 1932).

[16] *See* the discussion below.

[17] Paulo Iulio, § 11.

[18] Ruston (1955), p. 132.

[19] Ruston (1955), p. 133.

[20] Paster (1969), p. 554.

[21] For details, *see* Ruston (1955), pp. 132–134; Paster (1969), pp. 553–555; Diamond (1983), pp. 224–229.

[22] Ruston (1955), p. 133.

[23] Kohler (1884), p. 39.

[24] Falsum, in Smith (1870), p. 517.

[25] Testamentum, in Smith (1870), p. 1117.

[26] Paster (1969), p. 554.

in respect of goods.[27] As it has been correctly pointed out by the authors of those opinions themselves and also by other authors,[28] no one piece of information came to us to testify the availability of such claims in respect to the use of false designations.[29] Therefore, the mere fact of the existence of *Lex Cornelia de Falsis* points to the situation that in Ancient Rome it was necessary to combat false trade names though there is no clear and undisputed evidence that protection of IGOs was possible through raising a claim.

Based on the above research, it would be wrong to assume that protection of IGOs commenced in Europe only since thirteenth century, which is the earliest time mentioned in legal literature[30] without considering the protection germ of IGOs which existed in the ancient world, more specifically—in Ancient Rome. Or to consider that IGOs 'have appeared quite recently in the landscape of intellectual property rights (IPRs) in comparison with more classical concepts such as trademarks, patents and copyright'.[31]

One of the first European countries in the Middle Ages which provided (at least in the some extent) protection of IGOs was Yugoslavia in which a charter was adopted in 1222 which regulated, inter alia, trade in wine[32] "permitting only products emanating from the region to carry the geographic indication".[33] Furthermore, well-known European IGOs as *Parmiggiano* and *Comté* are also dated from thirteenth century[34] and the product linked regulation concerning IGOs in France dated with fourteenth century and covered IGO *Roquefort*.[35] The concept of signs in relation to trade was known even to the Vikings in the Middle Ages,[36] but it is doubtful whether any of those signs referred to any geographical origins of the goods in question.

In addition, guild signs which were exploited in the Middle Ages, also pointed out the geographical origin of goods.[37] Guild signs pointed out the geographical origin of goods in such a way that they connected a particular producer from a particular geographical place with a particular association of producers, i.e. a guild, which operated in that place and controlled the quality of goods designed by a guild sign for which it was responsible. In such a way, contrary to the role which is played by IGOs in the modern times, guild signs were purely regulatory marks but not

[27] Ruston (1955), p. 134.
[28] Kohler (1884), pp. 38–41.
[29] Kohler (1884), pp. 38–41; Paster (1969), p. 554.
[30] O'Connor (2004), p. 21.
[31] Deppeler et al. (2011), p. 1.
[32] O'Connor (2004), p. 21; Lakert (2000).
[33] Evans and Blakeney (2007), p. 363.
[34] O'Connor (2004), p. 21.
[35] O'Connor (2004), p. 21; Norrsjö (2004), p. 22.
[36] Wallberg (2010), pp. 663–667.
[37] O'Connor (2004), p. 21.

assets as they were brilliantly characterised by Frenk I. Schechter in his famous work on historical foundations of the law on trade marks:

> [t]he profuse legislation of the gilds concerning marks was designed solely to maintain standards of workmanship for the protection of the collective good-will of the gild and to permit tracing of the sale of "foreign goods" for the enforcement of the gild monopoly. The marks used by the medieval gildsman, *quâ* gildsman, were in their origin purely regulatory or police marks, and, as such, liabilities, not assets.[38]

Notwithstanding this character of guild signs, there is an arbitrary opinion that guild signs were typical means of pointing to a geographical place of products[39] because the function of guild signs was to distinguish the goods of members of a particular guild but not their geographical origin. At the same time, this opinion is partially true as the guild signs covered a particular geographical place in which members of a particular guild carried out their activities. Therefore, although the function of the guild signs was to carry out standards set out by a particular guild, i.e. an association of producers of respective goods, guild signs distinguished the activity of guild members in a specific geographical place.

Before the industrial revolution took place, there was no decisive question about the character of particular signs used in the trade, including guild signs. Consequently, it is has been correctly noted that guild signs which denoted goods and their packaging were both **proto**-IGOs and earlier types of trade marks which later developed and became a part of national protection systems.[40] From this point of view, one may dispute the opinion that IGOs in the period of use of guild signs were the prevailing designations for goods.[41] At the same time, rules which provided strict liability for the false use of designations as it is described in legal literature[42] show that necessity of such protection could be related not only to efforts to ensure the true use of such designations but also with infringements established at that time.[43]

For these reasons, one may partially uphold the opinion that guild and craft monopolies in certain territories promoted development of IGOs as a separate IP object.[44] Though the purpose of guild signs was not, as it is described above, related to the development of IGOs, nonetheless, this opinion could be true as far as it is possible to admit the attribution of guild signs used by guild members to a particular geographical territory.

From the modern law of IGOs, the issue of guild signs is closely related to another issue **discussed** in legal literature concerning IGOs as **the earliest type of trade marks**. As initially the characteristics of goods including their qualities and

[38] Schechter (1925), pp. 62–63.

[39] Lakert (2000).

[40] Norrsjö (2004), p. 5.

[41] Grigoriev (1990), p. 39.

[42] Ruston (1955), pp. 136–144; Paster (1969), pp. 555–561.

[43] Ruston (1955), pp. 136–144; Paster (1969), pp. 555–561.

[44] Norrsjö (2004), p. 5.

reputation could be related to both a particular producer itself or a geographical place where this producer was located, legal literature describes the issue of whether IGOs are a variety of trade marks. So, the opinion is expressed in legal literature that '[m]arks indicating the geographical origin of goods were the earliest type of trademark'[45] which is based on the thesis that first came "geographical signs" and only later trade marks[46] came into existence. In this regard, other authors are more cautious by pointing to opinions of other authors but abstaining from expressing their own attitudes concerning this issue.[47]

The creation and development of certain characteristics and qualities of goods due to a particular geographical place cannot happen right away but it is the result of skills developed during a long period. For instance, the origin of such designation as *Damascus steel* obviously happened in a particular geographical place—Damascus—as a result of lastingly developed skills for processing steel. Consequently steel production in that place gradually acquired an unique reputation among other similar steel articles. The opinion that IGOs were the earliest type of trade marks lacks also certain and convincing evidence considering that authors expressing such opinion do not fully substantiate it by pointing to relevant evidence. So, for substantiation of such opinion, *Bernard O'Connor* points to three previous studies by different authors[48] without indicating particular pages of such studies.[49]

In this regard, one must take into account that *Frenk I. Schechter*, one of authors cited by *Bernard O'Connor*, do not only testify the correctness of such opinion[50] but also even explicitly refutes it by pointing out that the first signs used by traders were trade signs and production signs whose understanding and use was different from modern trade mark law.[51] In addition, *Sidney A. Diamond*, another cited author, pointed out several varieties of signs used in the Middle Ages, inter alia, appellations of origin which denoted the place of origin and which were used in respect of textiles and clothes without indicating which of the signs described by him existed 'earlier'.[52] On the other hand, until the seventeenth century there is no convincing piece of evidence for recognising property rights in trade marks which could be purchased, sold or assigned in respect of clothes[53] though in respect of the knives' industry, such trade marks had already started being developed by fifteenth century.[54]

[45] O'Connor (2004), p. 21. *Cf*. Rangnekar (2003), p. 6.
[46] O'Connor (2004), p. 21.
[47] Hughes (2006), p. 300.
[48] O'Connor (2004), p. 21.
[49] O'Connor (2004), p. 21.
[50] Schechter (1925).
[51] Schechter (1925), p. 79.
[52] Diamond (1983), pp. 229–231.
[53] Schechter (1925), pp. 95–96, 101.
[54] Schechter (1925), p. 121.

Consequently, one may look critically at the opinion that IGOs may be considered as the earliest type of trade marks. Rather, it happened in the opposite way: initially IGOs originated by developing characteristics of goods due to their geographical origin referred to in that IGO in such a way representing collective efforts and only then individual signs of producers appeared. This is the historical explanation for the priority of IGOs over trade marks and respective conflict resolution rules between both those IP objects as it is explicitly recognised under EU law. At the same time, such conclusion substantiates the correlation between both those IP objects as types of distinctive signs which will be reviewed in the next chapter.

From the modern meaning, the law of IGOs first developed in separate countries—the United Kingdom; the USA where according to Prof. *William W. Fisher III* it was not possible even initially to register geographical terms as trade marks at all but this become possible in later years by acquiring a secondary meaning.[55] The same situation applied in France[56] where such law has existed since eighteenth century.[57] So, starting with eighteenth century, one of the first American IGOs *Washington potatoes*[58] appeared which testified that IGOs are not just a creature of Europeans. Furthermore, not only words or graphic designations may be considered as IGOs but also shapes of bottles which will be dealt in detail further in the next chapter. The *Bocksbeutel bottle* should be considered the leading example for this situation. In this regard, the CJEU stated:

> Bocksbeutel bottle has a characteristic bulbous shape and quality wine psr produced in Franconia, Baden-Franconia and four municipalities located in central Baden is marketed in Bocksbeutel bottles. In Franconia Bocksbeutel bottles have been used for several centuries.[59]

Another interesting yet extreme example comes from Switzerland where the regulation of the year 1718 in Bern limited the consumption of wine to wine which originated in places near Bern such as *Neuchâtel* and *Neuenstadt* so that no one could be confused by the name of a foreign wine.[60] The law on IGOs in Germany may moreover be dated within the last 30 years of nineteenth century[61] when laws

[55] Fischer III (1999).

[56] It shall be noted that there was expressed opinion during one of WIPO conferences on protection of GIs (in the meaning of IGOs) that '[a]part from a few ancient texts, the protection of geographical names began in France at the beginning of this [20th century – author's remark] century with the promulgation of the Law of August 5, 1905 and the decrees [..]' (Bienayme 1994, p. 129). Though the aim of this book is not to provide in-depth review of regulation of IGOs in France, still it should be noted that this opinion on protection of IGOs in France since 1905 only should be evaluated critically considering that protection of IGOs was developed by French courts through unfair competition rules based on the 1804 Civil Code of France (*see* Chap. 12 below).

[57] Beier (1996), p. I/A/1.

[58] European Commission (2003).

[59] Case C-16/83 *Criminal proceedings against Karl Prantl* [1984] ECR I-01299 – Karl Prantl, para. 3.

[60] Reichardt (1990), p. 101.

[61] Reichardt (1990), p. 101.

were adopted in relation to trade marks, patents, designs, designer's rights, and rights against unfair competition.[62]

The creation of legislation regarding IGOs in eighteenth and nineteenth centuries (when the first multilateral international treaties on the protection of IGOs were adopted) should be considered as a consequence of the industrial revolution.[63] In order to promote industry's development which was then possible on a much broader scale than before, many countries considered it necessary at that time to ensure the protection of the trade names of their entrepreneurs.[64] However, initially it was the national law on IGOs only which was limited to the territory of a particular country. As a result, such purely national protection was insufficient as trade names were imitated outside their country of origin. This necessitated international cooperation for protection of those names.[65]

Similarly as in case of trade marks, it may be also possible to draw the conclusion in respect of development of IGOs that they 'did not develop as valuable symbols of good-will so long as producer and consumer were in close contact'.[66] Only the development of international trade may serve as the reason why consumers in other countries were able to find out about goods denoted with IGOs produced in foreign countries, and consequently those indications acquired their value outside of the geographical place referred to in a particular IGO.

Therefore, it is not coincidence that the nineteenth mid-century was a time when the first bilateral international treaties were concluded which though were directly related to protection of trade marks[67] but indirectly envisaged protection of IGOs so highlighting the necessity for protection against the use of untrue and misleading IGOs.

International protection of IGOs by the conclusion of multilateral international treaties began at the end of the nineteenth century[68] with the Paris Convention for Protection of Industrial Property[69] (the Paris Convention) being concluded[70] during

[62] Patent – und Musterrecht (1990), p. 10.

[63] Beier (1996), p. I/A/1.

[64] Beier (1996), p. I/A/1.

[65] O'Connor (2003), p. 21.

[66] Schechter (1925), p. 129.

[67] For influence of separate bilateral international treaties on development of national law, for instance, USA, in the nineteenth century, *see* Schechter (1925), pp. 140–141.

[68] O'Connor (2004), p. 27.

[69] Paris Convention for the Protection of Industrial Property of 20 March 1883 [Paris Convention]. Available at http://www.wipo.int/treaties/en/text.jsp?file_id=288514#P71_4054.

[70] The Paris Convention was initially signed by 11 countries on 20 March 1883 during the Paris conference. However, the Paris Convention entered into force on 07 July 1884 only. The Paris Convention was later amended by subsequent international conferences with the aim to improve the Paris Union for the protection of industrial property established by the Paris Convention (for details, *see* Bodenhausen 1968, pp. 9–10). Currently, 171 countries acceded to the Paris Convention (WIPO web-page. Available at www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=2).

the Paris conference on 20 March 1883 and the Madrid Agreement for the Repression of Untrue and Misleading indications of origin (the Madrid Agreement)[71] being concluded in 1891. The total number of the current members of the Madrid Agreement is 36[72] which excludes the majority of world countries but includes almost half of the EU Member States, i.e. 13 out of the 28 EU Member States are bound by the Madrid Agreement. With regard to the latter international treaty it must be noted that it can be distinguished from another Madrid Agreement, namely the Madrid Agreement Concerning the International Registration of Marks,[73] which was also concluded on 14 April 1891, but which relates to international registration of trade marks.[74]

Therefore, it is not coincidence that protection of IGOs as the overall protection of industrial property began at first at the national level by granting protection based on the principle of territoriality[75]—this principle is further discussed in the next chapter. It is also consequently clear why the Paris Convention was based on national regime and certain minimum standards.[76] The influence of the legal national approaches of certain countries may however be identified in these first international multilateral treaties, for instance, the influence of France could be seen in the first steps of introducing system for international protection.[77] The common example of the French influence in the field of international protection of IGOs would be the terms themselves exploited in the Paris Convention which were of French origin, i.e. indications of source and appellations of origin.[78]

Despite the importance of the above-mentioned first multilateral international treaties on international recognition and protection of IGOs, they served as the basis for problems of international protection of IGOs which have not been overcome even in modern times. The first problem relates to terminology issues in the law of IGOs discussed in Sect. 1.3 above and which have not yet been resolved. However, as discussed in this section, ever growing usage of a concept 'an IGO' as a common term covering all geographical designations may provide the solution for terminology issues. The second problem relates to differences of approach for the protection of IGOs in different jurisdictions because no consensus on a general protection model for IGOs has been reached at the international level. Different approaches for

[71] Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods [Madrid Agreement]. Available at http://www.wipo.int/treaties/en/ip/madrid/trtdocs_wo032.html.

[72] WIPO web page. Available at www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=3. Bosnia and Herzegovina was the last 36th acceded country to the Madrid Agreement on 22 June 2013.

[73] Madrid Agreement Concerning the International Registration of Marks. Available at http://www.wipo.int/treaties/en/registration/madrid/.

[74] Due to the subject-matter of this book, the latter international treaty is outside of the scope of the present study.

[75] Beier (1996), p. I/A/1.

[76] Beier (1996), p. I/A/1.

[77] Beier (1996), p. I/A/1.

[78] For their discussion, *see* Sect. 1.3 above.

the regulation of IGOs among countries will be discussed in detail in Sect. 3.3 below and this emanates from such lack of consensus. Finally, as it will also be discussed further in the next chapter, the discussion of protection of IGOs at the international level is somewhat artificial and impractical not only due to different terminology across world countries and lack of any general protection model in conjunction with national regulatory and protection approaches but also considering the fact that each of the multilateral international treaties providing regulation for IGOs has different member states. Even the Paris Convention may cause difficulties from the point of view of its member states because different countries acceded to the Paris Convention at different times therefore raising a question whether all member states of the Paris Convention are bound by its final text.

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Chapter 3
The Place of Indications of Geographical Origin in the Intellectual Property System

3.1 Concept and Function

As indicated in the introductory chapter of this book, different designations are used for denoting goods and services in the trade which are not congeneric from the legal point of view. Among those designations, there are also those which contain a reference to a particular geographical place, i.e. geographical designations. This situation is successfully revealed in materials of one international conference by indicating that many designations which are used in commerce may contain a geographical reference (yet their legal nature is different) by distinguishing three different groups of such designations:

- a generic name (for instance, French fries);
- a trade mark (for instance, Philadelphia cream cheese); or
- an IGO (*Napa Valley* or *Rioja* for wine).[1]

Due to the existence of different geographical designations with different legal regimes, it is necessary to distinguish such geographical designations which describe the geographical origin of goods and services, i.e. the origin of goods or services in a geographical place referred to in a particular geographical designation, from those which, although containing a geographical reference, do not convey geographical meaning of that designation for consumers. The first type of geographical designations are covered by the concept of IGOs and examined further in this chapter but the second type of designations are not covered by the concept of IGOs and are discussed in Chap. 4 below.

[1] Lakert (2000).

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IGOs as One of IP Objects It is a generally accepted view[2] that IGOs are **IP**[3] (and simultaneously industrial property[4]) **objects** falling into the legal sphere of IP rights.[5] It is also generally accepted that IGOs as IP objects belong to private rights both in legal literature[6] and in legal regulation as is set out in the preamble of the TRIPS by envisaging that WTO Member States recognise that 'intellectual property rights are private rights'.[7]

As it can be seen from this concept 'an IGO' itself and from the discussion in Chap. 1 above, this concept covers those geographical designations which distinguish goods and services originating in a geographical place referred to in the indication. In order to reveal the scope of this concept, it is appropriate to explore the concept of IGOs by distinguishing common essential elements of IGOs which are generally recognised in different jurisdictions and are behind regulations provided by multilateral international treaties.

Function Unlike trade marks whose function is to distinguish the goods or services of one undertaking from the goods or services of other undertakings,[8] the function of IGOs is to distinguish the geographical origin of goods or services,[9] i.e. to denote geographical places, towns, districts, regions, or states[10] and is not related to distinguishing any other origin, for example, the origin in a certain enterprise.[11] Consequently, in order to establish that the geographical designation in question may be considered as an IGO, it must be able to perform the function of IGOs, i.e. to distinguish the geographical origin of goods or services in question. In order to fulfil that function, it is essential that the IGO in question is perceived by consumers as referring to a particular geographical origin of goods or services,

[2] O'Connor (2004), p. 21; Cornish (1999), pp. 779–784; Beier (1990), p. 9; Baeumer (1994), p. 44; Gevers (1999), p. 147.

[3] As defined by Art. 1 (2) of the TRIPS and Art. 2 (viii) of the WIPO Agreement.

[4] As defined by Art. 1 (2) of the Paris Convention.

[5] Сергеев (2003), p. 20. For the sake of truth, it shall be noted that this cited author exploits the term 'designation of place of origin' (this is the direct translation of the corresponding Russian term; by meaning, it is analogous to the term 'appellation of origin') whose understanding according to the Russian law covers also IGOs. Therefore, such conclusion of this author expressed in relation to that Russian term could be also attributed to IGOs.

[6] Beier (1990), p. 9.

[7] Though the TRIPS is not applicable in all world countries, still this view shall be understood as generally recognised from the perspective of the modern times.

[8] *See*, for instance, Simon (2005), pp. 401–420. From the legislative point of view, such trade mark's function is enshrined in the Trade Mark Directive and Trade Mark Regulation as well as in Art. 15 (1) of the TRIPS.

[9] WIPO (2004), p. 121.

[10] WIPO (2004), p. 121.

[11] Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (2000), p. 5.

i.e. consumers must understand the geographical link conveyed by the particular IGO.

As the function of IGOs is to distinguish the origin of goods (or services if applicable), IGOs may not include designations which do not fulfil that function. Therefore, the CJEU defined the criteria for the assessment of a particular designation from the point of view of its compliance with the function of IGOs.[12] For instance, as it was concluded by the CJEU, that the designation *mountain* shall be considered for such a designation which cannot fulfil the function of an IGO.[13] At the same time, it should not be considered that all designations which, inter alia, include that designation, should be considered as non-protectable as IGOs, for instance, the Jamaican designation *Blue Mountain* in relation to coffee may be perceived as an IGO and consequently may be protected by the law on IGOs.[14] On the other hand, the Quality Schemes Regulation introduces a new designation within the quality scheme of optional quality terms in relation to the designation 'mountain'—the term 'mountain product' for goods originated in mountain areas.[15]

Similarly, the CJEU found that 'the term "crémant" refers primarily not to the origin but the method of manufacture'[16] and therefore cannot fulfil the function of an IGO.

The specific character of the function of the IGOs is to explain why there exist sui generis (special) legal acts in most jurisdictions in the world regulating the use of IGOs, scope of protection, scope of persons entitled to use particular IGOs, and specific rules for protection of consumers. The aim of those legal acts is twofold. First, they provide protection for interested persons in respect of IGOs, i.e. producers and their associations. Second, they provide protection for consumers against their being misled about the geographical origin by the use of false and misleading IGOs. Yet the scope of protection envisaged in different jurisdictions may differ considerably. This aspect is further discussed in Sect. 3.3 below.

Concept The concept of IGOs refers to all geographical designations which fulfil the function of IGOs which was discussed above. Traditionally the concept of IGOs is explained by providing two kinds of classification of IGOs: one classification depends on the way of expression of a particular IGO but another—on the fact how close is the relationship between a good (or a service) and the origin referred to in a particular IGO.

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[12] Joined cases C-108/97 and C-109/97 *Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber and Franz Attenberger* [1999] ECR I-02779 – Windsurfing Chiemsee, paras. 24–37.

[13] Joined cases C-321/94, C-322/94, C-323/94, C-324/94 *Criminal proceedings against Jacques Pistre (C-321/94), Michèle Barthes (C-322/94), Yves Milhau (C-323/94) and Didier Oberti (C-324/94)* [1997] ECR I-02343 – Pistre, paras. 36 and 53.

[14] Walker (2005); European Commission (2003).

[15] *See* Art. 31 of the Quality Schemes Regulation.

[16] Case C-309/89 Codorníu SA v Council of the European Union [1994] ECR I-01853 – crémant, para. 28.

Classification by the Way of Expression Two types of IGOs may be distinguished by the way in which they are expressed, namely **direct and indirect IGOs**.

First, IGOs may consist of **words**—geographical names such as names of states, regions, or cities which directly mention a geographical place which is also the official name of that place. Such types of IGOs are characterised as **direct IGOs**[17] because they allow consumers directly and immediately to grasp and consequently to understand the geographical reference conveyed by that name. Such names are, for instance, *French perfume* or *Irish whiskey* referring to a whole country, i.e. France and Ireland respectively; *Champagne* in respect of sparkling wine which is the name of a wine region in France or *Moselland* in respect of wine originating in a wine region bearing that name in Germany; or *Riga Black Balsam* referring to a city, i.e. Riga, the capital city of Latvia.[18] However, designations of other geographical places such as names of streets or parks should not be regarded as direct IGOs as they are not directly perceived by consumers and consequently should be considered as indirect IGOs[19] as discussed further.

Second, IGOs may consist of names which are not covered by the concept of direct IGOs or any other designations capable of referring to a geographical place where the respective goods originated (or the services were provided). As is properly explained in legal literature concerning IGOs, those which 'do not contain direct reference to exact geographical name of a good's origin but [they are] solidly associated with certain geographic place'[20]—such IGOs are covered by the term '**indirect IGOs**'.[21] It should be noted that the concept of indirect IGOs in legal literature by different authors may be understood differently. For instance, M. A. Echols pointed out that '[i]ndirect GIs are non-geographical names or symbols that indicate a geographical origin to consumers'.[22] Yet, as will be shown later, it is not appropriate to limit indirect IGOs only to graphic symbols disregarding specific word IGOs which cannot be considered as direct IGOs due to their character.

Geographical designations of different character and nature may serve as indirect IGOs. At first, names of geographical places should be distinguished as those do not fall within the coverage of direct IGOs. These include the names of streets, parks, and similar geographical objects as they cannot directly refer to origin of goods or services originating in a particular place. Usually such names designate services as *Hyde Park* in relation to accommodation services provided in London

[17] Correa (2007), p. 212; Poļakovs (1999), p. 203.

[18] It is recognised as a qualified IGO in a bilateral treaty between Mexico and Latvia (Memorandum of Understanding Between the Republic of Latvia and the United Mexican States on the protection of Geographical Indications. Available at http://www.likumi.lv/doc.php?id=220522).

[19] For the sake of truth it shall be noted that, for instance, there is dispute under the Swiss doctrine of IGOs whether names of such geographical places should be considered as direct or indirect IGOs [*see* Bundi 2008, p. 264 (at footnote 27 including the cited source there)].

[20] Poļakovs (1999), p. 197.

[21] Poļakovs (1999), p. 197; Correa (2007), p. 212.

[22] Echols (2008), p. 61.

near that famous park; street names referring to accommodation services or trade centres located at those streets or near them—such jurisprudence is particularly developed in German law commencing with the recognition of the designation *Broadway* in 1965[23] until the recent examples such as *Stubengasse München* concerning a small street in Munich, Germany.[24]

Traditional names stand apart from this description. These consist of words like *Basmati* in relation to rice[25] or *Feta* in relation to cheese and which traditionally refer to the geographical origin of those goods respectively in India and Greece.[26] As properly pointed out by Advocate-General Colomer in his Opinion in the Budweiser II case, the Foodstuffs Regulation[27] 'itself allows for the latter situation [i.e. registration of indirect IGOs – author's remark] by referring, in Article 1 (2), to "traditional names", even though they may not be place names'.[28] To this group of indirect IGOs also belongs historical names (previously used geographic names[29] consisting of words) such as *Carlsbad liqueur*.[30]

Graphic designations may also be admitted as indirect IGOs. These symbols and pictures graphically describe particular geographical places such as known streets, rivers, lakes, mountains, monuments, and buildings.[31] Examples include the Taj Mahal picture describing Indian origin goods and the Eiffel Tower describing goods from Paris or France.[32] The Swiss courts have particularly established examples of such names which also include Trafalgar, Arc de Triomphe, and Big Ben.[33] This principle may be extended to cover the origin of goods associated by famous men. For instance, Mozart Kugeln referring to Austria has been explained correctly in legal literature.[34]

As already mentioned in the previous chapter, shapes of goods may also be considered as indirect IGOs. These include shapes of bottles used in respect of wine such as the *Bocksbeutel bottle* which has a characteristic bulbous shape and is used for quality wine produced in specified regions originated in Franconia, Baden–Franconia and four municipalities located in central Baden.[35] A similarly shaped

[23] BPatGE 38,157 – Broadway.

[24] BPatG 33 W (pat) 47/09 – Stubengasse München.

[25] Correa (2007), p. 212.

[26] O'Connor (2004), p. 52.

[27] This opinion is also true in respect of the Quality Schemes Regulation, the successor of the Foodstuffs Regulation, further discussed in Part II, specifically its provisions are commented within Chap. 6 below.

[28] Advocate-General Colomer's Opinion in Case C-478/07 Budějovický Budvar, národní podnik v Rudolf Ammersin GmbH [2009] ECR I-07721 – Budweiser II, para. 68.

[29] Poļakovs (1999), p. 204.

[30] Poļakovs (1999), p. 197.

[31] Bundi (2008), p. 264.

[32] Bundi (2008), p. 264.

[33] Bundi (2008), p. 264.

[34] Echols (2008), p. 61.

[35] *See* Case C-16/83 *Criminal proceedings against Karl Prantl* [1984] ECR I-01299 – Karl Prantl, para. 3.

bottle is used also in Italy. This has a shorter neck than the Franconian Bocksbeutel bottle.[36]

The distinction between direct and indirect IGOs may not be considered as purely academic but is also recognised in court practice due to practical reasons. As Advocate-General Colomer pointed out in his Opinion in the Budweiser II case, an IGO 'is called 'direct' when it does and 'indirect' when it does not, provide the indication or designation which at least informs consumers that the foodstuff to which it relates comes from a specific place, region or country'.[37]

As regards IGOs consisting of words, these may be identified as being of two different forms of construction: either as nouns or adjectives. *Champagne* or *Cognac* are examples of the former and *Bayerisches Bier* or *Warsteiner*[38] of the latter. This last example was explicitly admitted by the German Supreme Federal Court as it 'refers to the place "Warsteiner" in the adjective form'.[39] The second possibility, i.e. use of IGOs in the form of adjective, relates to those languages which allow (and most languages do allow) use of the geographical term as an adjective. For example, in German (above mentioned examples of *Bayerisches Bier* and *Warsteiner*); *Burgunder* (from the noun '*Burgougne*' referring to the place in France); or in Latvian such as *Bavārijas alus* (translated as *Bavarian bier*); or in Russian such as Russkaya vodka translated into English as Russian vodka.

In the cases of both direct and indirect IGOs, one may validly conclude that IGOs may cover different types of geographical places—including a relatively small piece of land as a separate vineyard, wine region or even a whole state as in the case of Switzerland in relation to the direct IGO *Swiss watch*.[40]

At the same time, separate international treaties such as, the TRIPS, preclude protection of designations as IGOs which simultaneously cover territory of several states, for instance, *Caribbean* or *Rhine*[41] though such protection may be possible through other international treaties[42] or at the national level.

Although it is a pre-condition for the protection of indirect IGOs that one is able to prove that 'the origin of denoted goods in perception of consumers is associated with that geographical place which is indirectly referred to in a designation (indication) [in question]',[43] such pre-condition exists also in the case of direct IGOs because if an IGO in question is unknown for consumers of the relevant territory, it

[36] Case C-16/83 *Criminal proceedings against Karl Prantl* [1984] ECR I-01299 – Karl Prantl, at para. 4.

[37] Advocate-General Colomer's Opinion in Case C-478/07 Budějovický Budvar, národní podnik v Rudolf Ammersin GmbH [2009] ECR I-07721 – Budweiser II, para. 68.

[38] *See* Lange (2012), p. 39; the use of IGOs in the form of adjectives is admitted also by other academic commentators, for instance, by Tilmann (1976), p. 15.

[39] BGH I ZR 54/96 – Warsteiner III.

[40] Baeumer (1992), p. 25.

[41] O'Connor (2004), pp. 52–53; O'Connor (2003), p. 45.

[42] Knaak (1996), p. 121.

[43] Poļakovs (1999), p. 190.

cannot be considered as an IGO.[44] Consequently, in order to establish that a designation in question could be considered as an IGO, it must indicate to consumers the origin of the particular goods or services in a place referred to in that designation. In other words, it must establish in the minds of consumers the link between the geographical place referred to in a particular geographical designation and the goods or services denoted by such designation, i.e. **a geographical link**. In the case of direct IGOs, such link is presumed except for unknown designations but in the case of indirect IGOs it must be proved.

An exception from this rule must be mentioned. This relates to specific situations when a particular place referred to in an IGO is not covered by the territory of operation of a particular IGO. Such an example includes IGO *Stilton* which, as pointed out by Prof. William R. Cornish, 'by historical anomaly does not include the town of Stilton itself'.[45] However, such exceptions are very few and relate to specific circumstances. They do not therefore need to be considered for natural guidelines to obtaining similar exceptions from a general rule in the case of other IGOs in future but rather as 'an anomaly'. They must not be considered as 'an escape clause' in dubious future situations.

Classification by Relation to Origin: Simple and Qualified IGOs Two types of IGOs can be distinguished when considering that not only goods may originate (or services be provided) in a geographical place referred to in a particular IGO but also characteristics of those goods (or services) may be attributed to their origin in that geographical place.

The first type of IGO is a **simple, quality neutral IGO** which simply denotes the geographical origin of goods or services in question. The requirement for such IGOs is the existence of a **geographical link** between a particular geographical designation and the goods or services in question. In such a way, any geographical designation referring to geographical origin of goods or services in the geographical place referred to in that designation shall be recognised as a simple, quality-neutral IGO.

The second type of IGOs is a **qualified IGO** which covers those geographical designations which not only denote the geographical origin of goods or services in question, i.e. have a geographical link as in the case of simple, quality-neutral IGOs, but also denote goods or services whose characteristics have originated as a result of their geographical origin in the geographical place referred to in that designation. In other words, in addition to geographical origin these designations indicate characteristics of goods or services which originated due to their geographical origin.[46] Therefore, in the case of qualified IGOs, there exists not only a **geographical link** but also a **qualitative link** between the goods and services in question and the particular geographical place referred to in the geographical designation in

[44] For further discussion of evaluation of unknown geographical designations, *see* Chap. 4 below.
[45] Cornish (1999), p. 784.
[46] Correa (2007), pp. 211–212; Knaak (1996), pp. 124, 126, 130.

question. Consequently, each qualified IGO simultaneously must be considered as a simple IGO. However this is not necessarily the case when the situations are reversed.

Though it is clear that raw materials for goods bearing qualified IGOs must be originated either fully or in substantial part in a geographical place referred to in a particular IGO, yet there could be different requirements in this regard.[47] As it was characterised by the CJEU in respect of wines it may be attributed to other goods as well, '[i]n the case of vine products, the natural features of the area of origin, such as the grape from which these products are obtained, play an important role in determining their quality and their characteristics'.[48]

As concerns the concept of 'quality' of goods bearing qualified IGOs, academic commentators have validly observed in respect of qualified IGOs, '[t]he quality concept includes not only traditional ideas of quality such as taste, appearance and origin but also the use of processes that are "friendly" to people (producers), animals, and the environment'.[49] It emphasises that protection of IGOs, especially qualified IGOs, is closely related to environment law considering the fact that without ensuring qualitative environment in its broadest meaning, it is not possible to assume the existence of qualified IGOs as their characteristics cannot originate and develop in unfavourable environment conditions.

In this regard, one may partially dispute the opinion that IGOs 'are designed to be used on products which enjoy the sanction of tradition'.[50] In the case of simple, quality neutral IGOs, they refer to any product originating in a particular geographical place irrespective of whether there is any tradition or not. However, such opinion would be true in the case of qualified IGOs which in most (if not all) cases represent goods having roots in traditions attributable to a particular geographical place.

Other Classifications of IGOs It should be noticed that in addition to dividing IGOs into direct and indirect IGOs, simple and qualified IGOs, there are also other types of IGOs such as fantasy IGOs,[51] neutral IGOs,[52] and generic IGOs[53] which describe further essential features of certain IGOs yet are without any practical meaning in the law on IGOs.

Concept of Origin The establishment and evaluation of a link between a good and its origin in a particular geographical place, i.e. geographical link, is one of the most

[47] These issues concerning applicable regulations within the EU law will be further elaborated upon in Chaps. 6–9.

[48] Case 12-74 Commission of the European Communities v the Federal Republic of Germany [1975] ECR 00181 – Sekt, para. 7.

[49] O'Connor (2005), p. 253.

[50] Phillips (2003), p. 604.

[51] *See* Poļakovs (1999), p. 191.

[52] Poļakovs (1999), pp. 195–196.

[53] Poļakovs (1999), pp. 204–205.

difficult issues in the application of legal norms governing IGOs which relate not only to the application and enforcement of such international treaties as the TRIPS[54] but also to other international treaties including those concluded for establishing the EU and the WTO[55] as well as national regulation in respect of IGOs.

If the situation for services seems more or less clear since these are provided in a particular geographical place which consequently shall be recognised as their place of origin, then a more complex issue exists in respect of goods. Criteria for the determination of the origin of goods in a particular geographical place are provided in both international treaties and national law.

The origin rules in the EU must be distinguished between those included in the applicable regulations to be discussed further within Part II and those recognised under the EU customs law which have specific objectives and a sphere of application.

As regards establishing origin from the point of view of the customs law, provisions of the EU customs law must be applied to determine the origin of goods. So, Art. 23 (1) of the still effective Community Customs Code[56] provides that goods originating in a country shall be those wholly obtained or produced in that country. In addition, Art. 23 (2) provides more detailed regulation for the application of the expression 'goods wholly obtained in a country'. For instance, in the case of mineral products these are 'wholly obtained in a country' if 'extracted within that country'; vegetable products harvested therein; or products derived from live animals raised therein.

On the other hand, Art. 24 of the Community Customs Code provides that goods whose production involves more than one country shall be deemed to originate in the country where they underwent their last, substantial, economically justified processing or working in an undertaking equipped for that purpose and resulting in the manufacture of a new product or representing an important stage of manufacture.

The origin rules are also included in the Modernised Customs Code[57] which will repeal the Community Customs Code in future but which has not yet fully entered into force. Art. 36 (1)[58] of the Modernised Customs Code governs acquisition of origin for goods. It provides that goods wholly obtained in a single country or territory shall be regarded as having their origin in that country or territory. Furthermore, Art. 36 (2)[59] of the Modernised Customs Code governs situations

[54] Knaak (1996), p. 128.

[55] Vergano (2005), pp. 227–250.

[56] Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code. OJ, L 302, 19.10.1992, pp. 1–50.

[57] Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the Community Customs Code (Modernised Customs Code). OJ, L 145, 04.06.2008, pp. 1–64.

[58] For applicability of this provision, *see* Art. 188 of the Community Customs Code.

[59] For applicability of this provision, *see* Art. 188 of the Community Customs Code.

where the goods in question have originated in several countries providing that the origin is in a place where substantive step took place, i.e. goods whose production involved more than one country or territory shall be deemed to originate in the country or territory where they underwent their last substantial transformation.

Though the European Commission proposed replacing the Modernised Customs Code with the Union Customs Code,[60] both provisions referred to in the previous paragraph have been left unchanged and are included in Art. 53 of the Union Customs Code.[61]

The situation where goods are produced in more than one country merits additional comment. In the case of simple IGOs, such situation easily may take place and the name of country in which goods underwent their last substantial transformation shall be referred to in a particular IGO as provided by Art. 36 (2) of the Modernised Customs Code. Such situation does not also seem impossible for qualified IGOs if some insignificant portion of raw material from another country or territory is used subject to special legislative reservations, though such situation could be rare in the case of qualified IGOs.

One must add that contrary to the principle that EU Member States are prohibited from transposing norms of regulations or, moreover, providing an interpretation which differs from a regulation, there are EU Member States which disregard the EU customs law and still maintain in their national law specific regulation for the determination of the origin of goods or services denoted by IGOs. For example, Latvia[62] has a regulation which is based on a Swiss regulation which provides similar origin rules both in respect of goods and services, though the situation of Switzerland is different from that in Latvia inasmuch as Switzerland is not an EU Member State and may therefore freely legislate on this issue.

In addition to the above rules of origin included in the Community Customs Code and its successor the Modernised Customs Code, the EU is a party to international treaties containing rules of origin. The recently concluded Regional Convention on pan-Euro-Mediterranean preferential rules of origin[63] containing the similar rules discussed above is one example.

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[60] Proposal for a Regulation of the European Parliament and of the Council laying down the Union Customs Code. Brussels, 20.02.2012, COM(2012) 64 final. Available at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0064:FIN:EN:PDF.

[61] Proposal for a Regulation of the European Parliament and of the Council laying down the Union Customs Code. Brussels, 20.02.2012, COM(2012) 64 final. Available at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0064:FIN:EN:PDF, p. 74.

[62] Art. 42 of the Latvian Trade Mark Law. This provision provides that the origin of goods shall be determined by the place of manufacture, or by the origin of the basic raw materials, or of the main components of these goods; but the origin of services shall be determined by the location, as registered in the Enterprise Registry, of the entity providing the services, or by the nationality or permanent place of residence of natural persons exercising actual control over the commercial activities, or the management of the undertaking.

[63] Regional Convention on pan-Euro-Mediterranean preferential rules of origin. OJ, L 54, 26.02.2013, pp. 4–158.

Coverage of Goods and Services Historically, the first IGOs related to agriculture and therefore initially IGOs were attributed to agricultural goods and foodstuffs but not attributed to industrial goods[64] and handicraft goods. Such attitude could be explained by the fact that initially wine and cheese producer states were only interested in protection of IGOs.[65] The overview of historical development of the law on IGOs discussed in Chap. 2 above testifies the correctness of such opinion. In addition, a considerable number of IGOs and consequently economic interests are related to agricultural fields including spirits and wines. This tendency is also topical in modern times as nowadays the majority of IGOs are attributed to agricultural goods and foodstuffs.[66] This explains the existing scope of the protection of IGOs and the reason why absolute protection of IGOs, i.e. protection of IGOs irrespective of any misleading of consumers, is provided for IGOs in respect of agricultural products only.

So, Art. 23 TRIPS provides absolute protection for wines and spirit drinks only, consequently covering the scope of wording of Art. 3 of the Madrid Agreement.[67]

In the EU, sui generis regulation and consequently protection of qualified IGOs is adopted only in respect of agricultural products and foodstuffs.[68]

However, the situation of the use of IGOs has been changing in the last decades due to the broad use of IGOs in respect of all types of goods. Consequently, there is more and more use of IGOs in respect of non-agricultural goods such as industrial goods and handicraft goods. This change is supported by the recent study financed by the European Commission which provided the list of 834 examples of such IGOs of EU Member States which are used in respect of non-agricultural goods.[69] Considering that situation, the European Commission is urged to extend protection of qualified IGOs also in respect of non-agricultural goods.[70]

The wide scope of goods in respect of which IGOs may be used and consequently protected is not contrary to the regulatory framework of existing global international treaties as neither the Paris Convention nor the TRIPS envisages any limitations on the use of IGOs in respect of any type of goods.

Though both the Paris Convention and the TRIPS generally relate to goods, separate provisions of the TRIPS relate also to services in the context of IGOs. However the scepticism and consequently reluctance to extend protection of IGOs also for services must also be mentioned. No one international treaty either multilateral or bilateral provides such protection but only few jurisdictions extend protection of IGOs to services in national laws including some EU Member States

[64] *See* Poļakovs (1999), p. 201.

[65] Höpperger (2000), p. 11.

[66] UNCTAD-ICTSD (2005), p. 317; Grigoriev (1994), p. 218.

[67] Baeumer (1999), p. 22.

[68] For its discussion, *see* Part II, specifically Chaps. 5–9 below.

[69] Insight Consulting, REDD, OriGIn (2013), Annex III.

[70] Insight Consulting, REDD, OriGIn (2013), Annex III; Mantrov (2012), pp. 198–200. *See* also Chap. 12 below in relation to further development of the EU law on IGOs.

such as Latvia[71] and Germany.[72] The explanation for such reluctance is obvious: not only the historical explanation but also practical reasons shows that IGOs are applied to services in specific and rare circumstances. One of the notable examples of qualified IGOs registered in respect of services comes from Brazil where it was announced on 27 November 2012 that the IGO *Porto Digital* had been registered for information technologies which are provided in Recife,[73] a specific city in Brazil.

Although there are only a few examples of qualified IGOs around the world, there are specific areas where it could be importance of IGOs to designate services. For example, in the case of hotel services (services under Class 42 of the Nice Classification[74]) or trade centres, it is quite common to include in designations reference to a particular place where such hotel or trade centre is located. Examples of such direct and indirect IGOs have already been discussed above in this section.

It depends on the further development of IGOs law whether this would be a generally accepted extension of the law of IGOs to services. At this moment there is only a theoretical but not a practical meaning for such an extension especially in the case of qualified IGOs for services due to obvious lack of interest by businesses in such extension.

Relationship with Other IP Objects IGOs are most closely related to trade marks which may serve as an explanation why different academic commentators frequently compare IGOs with trade marks[75] by pointing out that consideration of IGOs' issues are related and linked to trade mark law.[76] The close relationship between IGOs and trade marks is based on the fact that as distinct from other IP objects, both IGOs and trade marks are mainly governed by the same principles. Yet, separate principles are applied differently in respect of IGOs and trade marks including their function. This will be explored further after discussion of similarities between those both IP objects.

Similarities Between IGOs and Trade Marks As in the case of trade marks and other IP objects IGOs also need their graphic display, i.e. have a requirement for materialisation in any graphic way. In the case of IGOs, such requirement usually does not create any difficulties. Furthermore, as validly addressed in legal literature, both trade marks and IGOs confer on their right-holders[77] an exclusive right[78]

[71] Art. 1 (10) of the Latvian Trade Mark Law.

[72] Art. 126 (1) of the German Trade Mark Law.

[73] INPI defere IGs para biscoitos de São Tiago (MG) e serviços do Porto Digital (PE) (2012).

[74] Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957. Available at http://www.wipo.int/treaties/en/text.jsp?file_id=287532.

[75] Resinek (2007), p. 448.

[76] Bienayme (1994), p. 131.

[77] For aspects of right-holders of IGOs, *see* the next section.

[78] Resinek (2007), p. 448.

though this feature is also common for other IP objects. However, unlike other IP objects such as patents, designs, copyright, related rights, and sui generis database rights, trade marks and IGOs are legal objects protected without any limitation period on condition that they fulfil their function (these functional differences will be discussed further within this section). Also, unlike other IP objects, the level of protection of both trade marks and IGOs depends on their characteristics including reputation: well-known (or famous as called in some jurisdictions) trade marks are afforded higher protection and this is also the situation when considering IGOs with well-known characteristics which are vulnerable to imitations such as *Cognac*, *Champagne*, or *Feta*. So, both trade marks and IGOs serve also as a quality guarantee for consumers in respect of goods or services denoted by both those IP objects. In this context, it is a disputable opinion that trade marks and IGOs 'function as quality indicators, trademarks by supporting consistency, GIs [IGOs in the terminology of this book – the author's remark] by indicating specific qualities'.[79] Though IGOs and trade marks are indeed both recognised as quality indicators, they also both acquire their recognition from their qualities and consistent use. Therefore both those features—quality and consistency—are characteristic of both those objects, not only for trade marks.

Another important similarity between trade marks and IGOs relates to their **perception by consumers** which is based on a subjective test. Unlike patent law where inventions need to be new, involve an inventive step, and are capable of industrial application[80]; design law which require from designs a need for originality and individual character[81]; copyright law covering works which are protected since their creation irrespective of their value[82]; trade marks and IGOs are established and consequently acquired their protection only based on the perception of consumers. As properly discussed in this context, 'in order to be protectable', [..] the potential buyers of the product must associate the geographical indication with the place of origin of the goods or services'.[83] At the same time, it cannot be fully agreed that 'a given geographical indication must have acquired a certain reputation or goodwill',[84] as in order to qualify as an IGO, geographical designations must fulfil the function of IGOs irrespective whether any goodwill or reputation is acquired. This conclusion relates both to simple, quality neutral IGOs and qualified IGOs. Specifically concerning qualified IGOs it may be noted that in case of separate qualified IGOs there may exist special characteristics attributable to the geographical origin which may not be necessarily relate to reputation or goodwill.[85]

[79] Resinek (2007), p. 448.

[80] Art. 27 (1) of the TRIPS.

[81] Art. 25 (1) of the TRIPS.

[82] Art. 2 (1) of the Berne Convention, Art. 19 of the TRIPS.

[83] Baeumer (1994), p. 34.

[84] Baeumer (1994), p. 34.

[85] In this regard, it may be recalled that, for instance, the Lisbon Agreement excludes reputation as a characteristic for appellations of origin to be registered under that Convention. Though this

For instance, goods with a special quality due to their origin in a particular geographical place influenced by soil, climate, or other peculiarities of that place.

Considering that establishing existence of IGOs depends on the fact of how they are perceived by consumers, their existence is based upon evaluation of subjective criteria whether consumers perceive a particular geographical designation as referring to the geographical origin of goods or services, i.e. whether consumers understand the geographical link conveyed by that geographical designation. As a result, it will show whether a particular geographical designation fulfils the function of IGOs or not.

Perception of consumers as a pre-condition for existence of IGOs emphasises similarity between IGOs and trade marks because existence of both these IP objects is based on the fact of how they are perceived by consumers, i.e. based upon a subjective test which is different from other IP objects referred to above whose existence is based on objective criteria such as originality, novelty, or state of art. As perception of consumers may change over some period of time, it is possible that after some time consumers may not perceive that a particular geographical designation conveys a geographical link and consequently ceases to fulfil the function of an IGO. As a result, a particular geographical designation will cease to exist as an IGO.[86]

Like trade marks, IGOs are characterised by a set of principles, namely the principle of specialty, the principle of territoriality (existence of both principles explicitly admitted by the CJEU[87]), and the principle of priority.

According to the **principle of specialty**, IGOs are protected in relation to those goods (or services if such would be a case) to which they are used or registered (if registration of IGOs is provided for). Exception from the principle of specialty is only for famous (well-known) IGOs or IGOs with reputation based mainly on principles of combating unfair competition though such an exception is not provided for by the WIPO administrated treaties or the TRIPS.[88] As regards EU law, it is properly noted that this principle of specialty applies also for IGOs regulated under the direct protection system or the Community trade mark protection system.[89]

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conclusion solely relates to the scope of the Lisbon Agreement, still it serves as illustration that reputation (or goodwill) is not necessarily be one of such characteristics which compulsory shall be established in case of IGOs.

[86] Situations when geographical designations are not protected as IGOs are discussed further in Chap. 4 below.

[87] The First Instance Court had *expressis verbis* pointed out in its judgments on the existence of those both principles in relation to IGOs by referring to the WIPO documentation (*see* the next footnote) [Joined cases T-57/04 un T-71/04 *Budějovický Budvar, národní podnik (T-57/04) and Anheuser-Busch, Inc. (T-71/04) v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* [2007] ECR II-01829, para. 198) (not appealed to the ECJ)].

[88] Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (2000), pp. 7–8.

[89] Evans (2013), pp. 188–189.

In this regard, there is an obscure opinion expressed by Advocate-General Colomer in respect of Budweiser (but it can be discussed generally) stating that 'it must be ascertained whether "Bud" makes it clear to Czech citizens that beer with that name comes from the town of České Budějovice, which does not mean that the name performs that role of geographical indication when it is mentioned together with the product in question, and only then'.[90] In other words, though the principle of specialty is applicable concerning IGOs ("makes it clear to [consumers] that [good] with that name comes from the [designated place]"), Advocate-General Colomer mentioned a rather contrary view ("does not mean that the name performs that role of [IGO] when it is mentioned together with the product in question, and only then"). As IGOs cannot be protected *in abstractio* but relate to particular goods and services, it would be inconsistent to abandon the effect of the principle of specialty in the case of IGOs. If Advocate-General Colomer went that way, it should be evaluated critically.

Whereas the **principle of territoriality** means that an IGO is protected in a particular jurisdiction according to the laws of that jurisdiction[91] independent from protection provided in other jurisdictions. In this sense, IGOs as conferring exclusive rights are markets' dividing factor. The notable examples here are the designation *Budweiser*—it is protected as a qualified IGO within the EU but its modification *Bud*—protected as a trade mark in the USA; or the designation *Russian vodka* protected in Russia[92] and Belorussia[93] as a qualified IGO but in their neighbouring state Latvia—as a generic name because Latvian courts established that it refers to a nation, i.e. Russians, but not to the geographical origin, i.e. Russia.[94] The principle of territoriality has been referred to in court disputes if a party provides references to registrations of trade marks in other jurisdictions. So, Latvian courts admitted that '[r]egistration of a disputed trademark abroad [..] is not bounding to the state of Latvia as it is internal question of those states'.[95]

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[90] Advocate-General Colomer's Opinion in Case C-478/07 *Budějovický Budvar, národní podnik v Rudolf Ammersin GmbH* [2009] ECR I-07721 – Budweiser II, para. 69.

[91] Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (2000), p. 7.

[92] Реестр наименований мест происхождения товаров (НМПТ) Российской Федерации [Registry of designations of indications of source for goods (NMPT) in Russian Federation]. Available in Russian at http://www1.fips.ru/fips_servl/fips_servlet?DB=RUGP&DocNumber=65/1&TypeFile=html.

[93] Belarus official Bulletin No 2/2007 (30.03.2007).

[94] Judgment of the Civil Case Panel for the Supreme Court of the Republic of Latvia of 21 September 2001 in case PAC-309 – Moskovskaya (not appealed, not published).

[95] Judgment of the Civil Case Panel for the Supreme Court of the Republic of Latvia of 12 November 1997 in case PAC-531 – Moskovskaya (not published). This judgment approved by: Judgment of the Civil Case Department of the Senate for the Supreme Court of the Republic of Latvia of 21 January 1998 in case SKC-37 – Moskovskaya, in *Latvijas Republikas Augstākās tiesas Senāta Civillietu departamenta spriedumi un lēmumi 1998* (Latvijas Tiesnešu mācību centrs, Rīga 1999), 626–631.

The **principle of priority** means that an IGO which has applied for registration or commenced to be used has acquired an exclusive right from the very moment when such use or registration took place. The principle of priority shall be applied in respect of later IGOs, later trade marks, and other designations which are similar to the protected IGO in question.[96] The case concerning the word designation 'crémant'[97] should be considered as a leading case in the CJEU's jurisprudence concerning application of the principle of priority. It was found in this case that the word designation 'crémant' should be considered as a traditional term that does not fulfil the function of an IGO[98]; therefore a person who started to exploit that designation since 1924 as a traditional term has priority over persons who started to use it as an IGO in 1975.[99]

Indications of Origin: Similarity and Difference Both IGOs and trade marks must be considered as indications of origin which denote the origin of the goods or services.[100]

As it was provided in Point 11 of the Codifying Community Trade Mark Directive[101] in respect of trade marks, the function of a trade mark 'is in particular to guarantee the trademark as an indication of origin' which is repeated in the identical wording in the Trade Mark Regulation[102] (Point 7 of the Preamble of the Trade Mark Regulation). As a result, as interpreted by the CJEU in its famous judgment in *Canon Kabushiki Kaisha v Metro-Goldwyn Mayer Inc*.,

> the essential function of the trade mark is to guarantee the identity of the origin of the marked product to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin. For the trade mark to be able to fulfil its essential role [..], it must offer a guarantee that all the goods or services bearing it have originated under the control of a single undertaking which is responsible for their quality.[103]

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[96] For application of the principle of priority in respect of registered IGOs protected at the EU level, *see* Part II.

[97] Case C-309/89 Codorníu SA v Council of the European Union [1994] ECR I-01853 – crémant.

[98] Case C-309/89 Codorníu SA v Council of the European Union [1994] ECR I-01853 – crémant, para. 28.

[99] Case C-309/89 Codorníu SA v Council of the European Union [1994] ECR I-01853 – crémant, para. 31.

[100] It shall be noted that the meaning of the term 'indication of origin' is different from the meaning of the term 'indication of source' which is regulated by the Paris Convention. As the latter term is synonym to the term 'simple, quality – neutral IGO' than the former term refers to origin of goods and services in question irrespective either it is geographical origin or origin in a particular undertaking.

[101] Directive 2008/95/EC of the European Parliament and of the Council to approximate the laws of the Member States relating to trade marks (Codified version). OJ, L 299, 08.11.2008, pp. 25–33 [Codifying Community Trade Mark Directive].

[102] Council Regulation (EC) No 40/94 on the Community trade mark. OJ, L 11, 14.01.1994, pp. 1–36.

[103] Case C-39/97 Canon Kabushiki Kaisha v Metro-Goldwyn Mayer Inc. [1998] I-05507, para. 28. *See* also: Case C-10/89 *SA CNL-SUCAL NV v HAG GF AG* [1990] I-03711 – HAG II, para. 13.

Academic commentators have validly argued that the functional similarity of both trade marks and IGOs may be highlighted by three features: they indicate the origin of the goods, serve as guarantees of quality, and are valuable commercial brands.[104] Without those indications of origin which distinguish particular goods or services in the market, the trade itself would be endangered and even impossible. It would now be appropriate to recall brilliant poetry of *Joseph Brodsky* (*Иосиф Бродский* in Russian) dedicated to Anna Akhmatova (*Анна Ахматова* in Russian): '[o]btained the gift of speech in the deaf-mute space ocean'. Without indications of origin such as trade marks and IGOs, offering and selling of goods or services would be communicating without the ability to express and to hear designations distinguishing particular origins of goods or services and as a result it would be impossible for consumers either to familiarise themselves with vast offers of goods and services or be able to express a wish for a product or service having a desirable origin. This function of indications of origin emphasises their essential meaning both for consumers and businesses.

However, though both IGOs and trade marks are indications of origin, from this common feature simultaneously arises also their difference as they indicate different types of origin. Trade marks allocate the origin of the goods or services in question to a particular undertaking, in other words—as referred to above, trade marks distinguish the goods or services of one undertaking from the goods or services of another. As brilliantly characterised by Prof. Joseph Kohler, 'trade mark protection is of individually described character only; this is its intention and aim. From that it is excluded all generic designations, also all descriptive'.[105] On the other hand, IGOs distinguish origin of goods and services in question in a particular geographical place in such a way fulfilling its function to distinguish goods or services of one geographical place from those of another. Therefore, IGOs distinguish the geographical origin of goods or services in question but trade marks—origin in a particular undertaking. In addition, an IGO reveals certain geographic place referred to in the particular IGO in question. However, in the case of a trade mark it is sufficient to distinguish a particular undertaking without being certain of its name.

In such a way, a trade mark 'functions as the main communication between a manufacturer and the consumer'[106] but IGOs are 'linked to something more than mere human creativity including topography, climate or other factors independent from human creativity'.[107]

This functional difference between trade marks and IGOs is also at the heart of the difference in the issue of their legal subjectivity which is discussed in detail in the next section. It is sufficient here to note that this difference in legal subjectivity of trade marks and IGOs is correctly addressed in legal literature by pointing out

[104] Gangjee (2006), pp. 6–7.

[105] Kohler (1899), p. 8.

[106] Norrsjö (2004), p. 86.

[107] Norrsjö (2004), p. 86; *see* also O'Connor (2003), p. 60.

that a trade mark belongs to its owner and that this cannot be established in case of an IGO.[108] This particular difference concerning the issue of legal subjectivity in conjunction with the functional difference between trade marks and IGOs leads to the conclusion that one and the same designation may not simultaneously exist for a trade mark and an IGO as is indicated in legal literature[109] and in the legal practice of EU Member States.[110]

Another difference between trade marks and IGOs relates to the distinctiveness issue. In order to register a sign as a trade mark, it must have some distinctive character and it cannot therefore be either generic or descriptive. However, unlike trade marks, IGOs are fully descriptive designations[111] as they refer to the geographical origin of goods or services by describing their geographical origin and depending upon the particular type of IGOs (either simple, quality neutral or qualified IGOs) may also describe the characteristics of denoted goods or services which originated due to their geographical origin.[112] This, in turn, supports the conclusion made in the previous paragraph that one and the same sign cannot simultaneously fulfil the function of a trade mark and IGO.

The descriptive nature of IGOs makes it possible to introduce a disclaimer in respect of the registration of a particular trade mark containing an IGO by excluding that IGO from the scope of the protection of that trade mark. Though such disclaimers are usually introduced in word trade marks, as took place concerning the word Community trade mark 'RÉMY MARTIN, THE HEART OF COGNAC' registered under registration No 0892459 where the disclaimer is introduced concerning the IGO *Cognac*,[113] there could also be figurative trade marks where such disclaimer is introduced as well.

Furthermore, and particularly because of their descriptive character, products designated by IGOs themselves constitute special types of goods. For instance, there exist trade mark registrations containing an IGO which cover goods having particular origin such as the 3D Community trade mark MOËT BRUT IMPERIAL MOËT & CHANDON CHAMPAGNE EPERNAY FRANCE, registered under No 000565945,[114] referring to, among others, 'Champagne wines' under Class 33 of

[108] O'Connor (2004), p. 254.

[109] For becoming IGOs as trade marks, *see* the next chapter.

[110] Decision of the Appeal Board of the Patent office of the Republic of Latvia of 24 October 2003 – Agdam (Cyr.). *Patenti un preču zīmes*. Latvijas Republikas Patentu valdes oficiālais vēstnesis. Nr. 2/2004 (Latvijas Republikas Patentu valde, Rīga 2004), 170.

[111] *Cf.* Resinek (2007), p. 448.

[112] *Cf.* Correa (2007), p. 210.

[113] Community trade mark 'RÉMY MARTIN, THE HEART OF COGNAC', registration No 0892459. OHIM online Community trade mark database, available at OHIM web page http://oami.europa.eu/CTMOnline/RequestManager/en_DetailIR_NoReg.

[114] Community trade mark MOËT BRUT IMPERIAL MOËT & CHANDON CHAMPAGNE EPERNAY FRANCE, registered under No 000565945. OHIM online Community trade mark database, available at OHIM web page http://oami.europa.eu/CTMOnline/RequestManager/en_DetailIR_NoReg.

the Nice Classification; or the Community trade mark 'CHAMPAGNE BARON ALBERT' with registration No 0873768, also registered in respect of similar goods.

In addition, separate types of goods for famous IGOs may also be distinguished in classifications of goods. So, for instance, in the Combined Nomenclature[115] the IGO *Champagne* is included in the sparkling wines' sub-chapter (chapter 2204 10) under code 2204 10 11[116] and described as 'sparkling wine produced in the French province of Champagne from grapes exclusively harvested in that province'[117]; or the IGO *Cognac* included in the sub-chapter of undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol; spirits, liqueurs and other spirituous beverages (code 2208 20) under code 2208 20 12.[118]

Due to the descriptive character of IGOs, it is disputable whether signs which denote the origin of goods or services in a country, region, or a particular place may serve as 'a specialised form of trademark'[119] as due to differences in the functional meaning and distinctiveness an IGO cannot be simultaneously a trade mark at all.

At the same time, IGOs may be included in trade marks as an element excluded from the scope of protection of that trade mark. This is possible in word, figurative, and 3D trade marks. It is possible therefore to agree with the opinion that a trade mark and an IGO may be used in combination by referring to their origin.[120] For instance, the word Community trade mark 'RÉMY MARTIN, THE HEART OF COGNAC', registered under No 000892459, as mentioned above, contains the IGO *Cognac* which refers to the origin of that brandy in a respective region of France and the trade mark 'RÉMY MARTIN' which distinguishes a brandy of a particular undertaking, in this case E. REMY MARTIN & C°, from other brandies produced in that region and labelled with the IGO *Cognac*.

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[115] The latest version of the Combined Nomenclature adopted by: Commission Regulation (EU) No 1006/2011 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff. OJ, L 282, 28.10.2011, pp. 1–912. As explained by: Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff. OJ, L 256, 07.09.1987, pp. 1–675; Explanatory notes to the Combined Nomenclature of the European Union 2011/C 137/01. OJ, C 137, 06.05.2011, pp. 1–397.

[116] The latest version of the Combined Nomenclature adopted by: Commission Regulation (EU) No 1006/2011 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff. OJ, L 282, 28.10.2011, pp. 1–912. As explained by: Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff. OJ, L 256, 07.09.1987, pp. 1–675; Explanatory notes to the Combined Nomenclature of the European Union 2011/C 137/01. OJ, C 137, 06.05.2011, pp. 1–397.

[117] Explanatory notes to the Combined Nomenclature of the European Union 2011/C 137/01. OJ, C 137, 06.05.2011, pp. 1–397.

[118] Commission Regulation (EU) No 1006/2011 of 27 September 2011 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff. OJ, L 282, 28.10.2011, pp. 1–912.

[119] Blakeney (1996), p. 18.

[120] Norrsjö (2004), p. 86.

Consequently, IGOs are usually used in combination with trade marks which distinguish a particular producer within certain geographical place.[121] In such a way, any product designated by IGOs simultaneously is designated by a trade mark which distinguishes that product of a particular undertaking from other undertakings producing the same products within the particular geographical place. Therefore, IGOs and trade marks not only 'can complement each other'[122] but actually are used in mutual combination.

Here a reservation must be made to the effect that there exist certain IGOs which though they fulfil the function of IGOs, may still be used by a single undertaking only in a particular geographic place such as *Budweiser* in respect of beer originating in the Czech Republic.[123]

Finally it should be noted, that IGOs may be supplemented with a reference to a particular name of the goods in question. For instance, *Scotch whisky* supplemented with the name of a particular type of spirits, namely, whisky; *Swiss Army knife* referring to a special type of goods, namely army knives; or *Darjeeling tea* containing reference to the type of goods in question, i.e. tea.

Relationship with Other Sub-branches of the Law The law on IGOs has a complex character because of its wide range of interests which dictates the broad interaction with other sub-branches of legal science. In such a way, the law on IGOs is closely related to civil law and its sub-branches, criminal law, and administrative law. A general description of such interaction is provided in the next paragraphs but it will be discussed in detail in Chaps. 11 and 15 below.

The law of IGOs, first of all, is related to property law which regulates IGOs as a legal object and according to the classification of items which are considered to be of an intangible nature. Furthermore, the law on IGOs is related to obligations law (contract law and tort law) which defines the character of infringements and the available legal remedies including collection of damages arising from infringements of IGOs. The elements of civil law liability for IGOs infringements are discussed in detail in Sect. 14.1 below.

Other civil law branches are discussed in more detail in Sect. 3.3. These concern protection models of IGOs. It would be appropriate to mention the close relationship with the unfair competition law which prohibits the use of false and misleading (deceptive) IGOs by recognising these as illegal and as acts of unfair competition.[124] Moreover, the law on IGOs relates to the civil procedure law which considers infringements of IGOs to be prosecutable under the civil procedure[125] as discussed further in Sect. 14.1.

[121] Correa (2007), p. 210.

[122] Fernandez-Martos (2006).

[123] This issue is discussed in detail in the next section in relation to legal subjectivity of IGOs.

[124] Bodenhausen (1968), p. 23.

[125] For protection of IGOs within the claim procedure in Latvia, see Mantrovs (2007), pp. 226–231.

Furthermore, the law of IGOs is connected with criminal law and criminal procedure law as the majority of countries around the world, including EU Member States provide criminal liability for infringements, usually intentional, of IGOs. In the absence of the EU rules on criminal liability for IP infringements, including infringements of IGOs, EU Member States developed national approaches concerning criminal law for infringements of IGOs.

Finally, the law of IGOs is connected with administrative law and administrative procedure law. This considers that registration of trade marks may be invalidated (as well as domain names either deleted or handed over to interested persons) based on the law of IGOs if rights of a particular IGO are infringed. In addition, in certain countries, including EU Member States, IGOs are registered within the administrative procedure in such a way involving administrative law. Moreover, different countries, especially EU Member States, provide for administrative supervision of the use of IGOs thereby involving administrative institutions in the implementation of the supervision of the law on IGOs.

Both criminal law liability and administrative law liability are discussed in detail in Chap. 14 and the competency aspects of the liability of state institutions in the EU Member States are discussed in the last chapter.

3.2 Legal Subjectivity

The legal subjectivity issue in respect of IGOs concerns two questions which may both be attributed to other IP objects as well. First, it is the concept of the right-holder of an IGO who owns exclusive rights in respect of that particular IGO, in other words—a legal subject of those exclusive rights. Second, it is the scope of exclusive rights attributed to such legal subject. If the second question is relatively easy to explain, then for IGOs it transpires that the first question is highly complicated and has actually been little studied and even avoided by academic commentators. Yet, recently serious discussion of this question was started by Prof. Alexander Peukert.[126] Discussion of both those questions will be addressed in this section starting with the second question.

Scope of Exclusive Rights Concerning IGOs The exclusive rights related to IGOs[127] may be divided into two parts: positive rights and negative rights.

First, rights to use a particular IGO may be distinguished as broadly as such use is possible, i.e. **positive rights**. Such positive rights are not usually regulated statutorily as opposed to negative rights which at the same time are usually regulated (negative rights are discussed further). One may however still find

[126] Peukert (2011).

[127] Such division of exclusive rights into positive and negative rights, of course, is not limited with IGOs as it exists also in case of other IP objects (*see* Cornish and Llewelyn 2010, p. 7).

examples of statutory provisions on the regulation of positive rights in relation to IGOs. For instance, Art. 8 (1) of the Foodstuffs Regulation[128] provides that a name registered under this regulation may be used by any operator marketing agricultural products or foodstuffs conforming to a corresponding specification. Yet, as will be revealed further while discussing applicable regulations,[129] none of the applicable regulations provides the definition of the term 'use'. Still the trade mark law may be useful in defining this concept in relation to IGOs considering that both trade marks and IGOs are indications of origin as discussed in the previous section. As far as the EU is concerned, the use of trade marks may be expressed through those activities which are prohibited without the approval of the trade mark owner as defined by Art. 5 (3) of the Codifying Community Trade Mark Directive.[130] Consequently they are only available to the owner of a trade mark itself. Therefore, by adapting that provision to positive rights of IGOs, it may be established that the positive rights in case of IGOs are as follows:

(a) affixing the IGO to the goods or to their packaging;
(b) offering the goods, or putting them on the market or stocking them for these purposes under that IGO, or offering or supplying services thereunder;
(c) importing or exporting the goods under the IGO;
(d) using the IGO on business papers and in advertising.

Therefore, positive rights of IGOs confer upon a respective legal subject all possible and legal uses of a particular IGO in respect of the goods in question. This includes commercial activity as far as this relates to production and marketing of the goods.

Second, rights regarding prohibition of the unlawful use of IGOs, i.e. **negative rights** may be distinguished. These are rights which prohibit use of infringing designations or invalidate any registered infringing designations, for instance, a trade mark or a domain name, for persons who breaches rights of a particular IGO or who use it contrary to the requirements for its use. Unlawful use includes not only use of a particular IGO contrary to its specification but also the use of an IGO as a generic name[131] or making any other detrimental use of a particular IGO.[132] The law on IGOs primarily contains norms regulating negative rights in respect of IGOs. As far as it concerns the EU, these negative norms are discussed in Chap. 5 below in general but specifically regarding applicable regulations—in Chaps. 6–9.

[128] The Foodstuffs Regulation and its successor the Quality Schemes Regulation is discussed in detail in Chap. 6 in conjuncture with the excerpt of relevant provisions from the latter Regulation.

[129] *See* Chaps. 5–9 below.

[130] Similarly, as in case of Community trade marks (*see* Art. 9 (2) of the Codifying Community Trade Mark Regulation (Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version). OJ, L 78, 24.03.2009, pp. 1–42 [Codifying Community Trade Mark Regulation])).

[131] Poļakovs (1999), p. 188. *See* also: Baeumer (1994), p. 32; WIPO (2004), pp. 121–122.

[132] *Cf.*: Correa (2007), p. 7.

In addition, how this relates to applicable national law of EU Member States is set out in Chap. 14.

Concept of the Right-Holder of an IGO While any other IP object either a trade mark, a patent, or a design are owned by a single and clearly distinguishable right-holder (or co-right-holders in case of joint ownership), the right-holder of an IGO turns into complicated issue as stated at the beginning of this section.

The Non-right-holder Theory of IGOs The terms 'a right-holder' and 'ownership' are both related to IP objects because IP objects are considered as legal objects, i.e. intangible things. As it was pointed out by academic commentators in relation to trade marks one and half centuries ago, '[n]o person, who is, in law, capable of acquiring and possessing any species of property, is excluded from the acquisition of property in trademarks'.[133] Yet, contrary to other IP objects, academic commentators have noted that in case of IGOs there is no such right-holder (owner) that would be entitled to permit the use of a particular IGO in a geographical place other than that referred to in the IGO.[134] Granting such permission is not provided either by the Paris Convention or the Lisbon Agreement[135] or by any other international treaty (including the TRIPS) which provides for protection of IGOs.[136] Though in accordance with these opinions it is not possible to establish the right-holder (owner) of an IGO,[137] it has been indicated that 'there is no "owner" of a geographical indication [an IGO in the terminology of this book – author's remark] in the sense that no one person or enterprise can exclude other persons or enterprises from the use of a geographical indication'.[138] A similar opinion has also been expressed by other authors.[139] Such view is precisely expressed, for instance, in the following opinion of WIPO experts:

> there is no "owner" of a geographical indication [hereinafter within this citation an IGO in the terminology of this book – the author's remark] in the sense that one person or enterprise can exclude other persons or enterprises from the use of a geographical indication, but each and every enterprise which is located in the area to which the geographical indication refers has the right to use the said indication for the products originating in the said area, but possibly subject to compliance with certain quality requirements such as prescribed, for example, in administrative decrees governing the use of appellations of origin.[140]

Such opinions represent a theory which may be called as the non-right-holder (non-owner) theory of IGOs which shall be critically evaluated due to several

[133] Upton (1860), p. 19.

[134] Baeumer (1999), p. 13; WIPO (2004), p. 121.

[135] Baeumer (1999), p. 14.

[136] For brief overview of international treaties providing protection of IGOs, *see* Sect. 1.3 above.

[137] Baeumer (1992), p. 26; O'Connor (2004), p. 254; Bodenhausen (1968), p. 140.

[138] Baeumer (1990), p. 17.

[139] Rangnekar (2003), p. 6.

[140] WIPO (2004), p. 121.

important reasons. By admitting the existence of the non-right-holder theory, authors of the above-mentioned opinions do not indicate, first, substantiation for the opinion on non-existence of a right-holder (owner) of an IGO, and, second, what way and from which person it is possible to acquire positive and negative rights relating to IGOs as discussed above at the beginning of this section. Consequently, such non-right-holder theory of IGOs is internally contradictory as if there does not exist a right-holder of an IGO, then it is not possible to explain how those rights may be acquired in respect of IGOs, i.e. either to use or prohibit third persons from unlawful use of IGOs.

On the other hand, as the right-holder of any IP right must be either a natural or a legal person, it is difficult to agree that ownership of an IGO is connected to the locality which it represents[141] or it belongs 'to the entire community of the defined region'[142]—such opinions are just a continuation of the non-right-holder theory of IGOs described above.

Considering the non-right-holder theory of IGOs and its weaknesses, it is clear that without analysis of the ownership issue of IGOs it is impossible either to reveal protection models of IGOs in the next section or to discuss substantive EU law and national laws of the EU Member States in respect of IGOs in the next chapters below.

At the beginning, one must note that for analysis of the ownership issue of IGOs, one cannot ignore that separate authors oppose IGOs to trade marks by indicating that the latter are ownership rights but the former—'public property'.[143] Consequently, by distinguishing 'no-property, communal property, state property, and private property',[144] academic commentators have indicated that

> the state may hold all the property rights in a thing, and allocate the use of the thing to particular citizens by administrative rather than property rules. We would characterise this as public or state property.[145]

Public (State) Property One must start off by stating that in case of IGOs (similarly as in case of other IP objects as well) it is possible to establish the existence of exclusive rights arising from a particular IGO which are discussed at the beginning of this section. The very existence of such exclusive rights rebuts any allegations that the right-holder of an IGO do not exist because such exclusive rights may not exist in case of no-property thing. As it has been correctly indicated concerning no-property issue, 'none of us has the right to exclude others from such things, nor do we ourselves have the right not to be excluded from use'.[146] If the ownership issue of IGOs is reviewed from the perspective of the public (state)

[141] Resinek (2007), p. 448.
[142] Gragnani (2012), p. 275.
[143] Mittal (2002), p. 1279.
[144] Clarke and Kohler (2005), pp. 35–42.
[145] Clarke and Kohler (2005), p. 35.
[146] Clarke and Kohler (2005), p. 36.

property point of view, it would be reasonable to admit that considering that the state itself grants positive and negative exclusive rights of IGOs by adopting legal acts governing such rights, ownership of IGOs undoubtedly must fall within the concept of the public property. From this analysis, one may arrive at the conclusion that ownership rights of IGOs fall in the composition of public (state) property and therefore that the state shall be admitted as the owner of IGOs. In this regard a disputable opinion was expressed by Prof. Jeremy Phillips that IGOs are not 'property' similar to trade marks as they 'cannot be bought, sold or licensed'.[147] The existence of such limitations in the case of IGOs do not arise from the assumption that IGOs cannot be owned but because the state itself provides the un-alienable nature of IGOs by adopting particular legal acts as discussed further in this section.

The conclusion that IGOs shall be considered as state (public) property is testified not only by legal provisions in separate, yet few, jurisdictions, but also by cases when a particular country's ministry refuses from a particular IGO in favour of a local municipality. An example of the referred to situation may be observed in Latvia as the Ministry of Agriculture refused from the ownership rights to *Sabile wine mountain,* the most distant northern vineyard in the world where grapes are grown wild, in favour of the local municipality.[148]

Concept of a Collective Right The conclusion about IGOs as public (state) property does not run against property law as IP objects, including IGOs, are intangible goods and consequently also legal objects, i.e. things (res in Latin). Exploitation of exclusive rights arising from IGOs is governed by the state through applicable legal acts either allowing their ownership by interested persons or granting exclusive rights directly to interested persons. For the reason that exclusive rights of IGOs may be exploited by interested persons, the exclusive right of IGOs is a collective right. Legal commentators have therefore validly observed that '[w]hile ownership of a trademark is usually restricted to a single owner [footnote omitted] a GI must be open to every producer from that place or region to use, as a matter of right. This implies that rights to such geographical names are usually collective or group rights to use the name'.[149]

For those reasons, IGOs are justly characterised in legal literature as being of a collective character[150] and defined as a collective right[151] or a collective IP right.[152]

Statutory Provisions on Ownership of IGOs It is not therefore a coincidence that the issue of ownership of IGOs is addressed in legal acts though this occurs in only a

[147] Phillips (2003), p. 604.

[148] Sabile Wine Mountain (2011).

[149] Gangjee (2006), p. 6.

[150] UNCTAD-ICTSD (2005), p. 275.

[151] Addor and Grazioli (2002), pp. 869–870; Norrsjö (2004), p. 87; Rangnekar (2003), p. 6.

[152] Posa (2004), p. 10.

few jurisdictions. The jurisdictions which provide such regulation envisage that ownership rights over IGOs are vested in a group of producers or an association of producers of products from the particular geographical place referred to in a particular IGO. Legal literature therefore validly comments that '[i]n most systems the registrant may be a group',[153] however as further noted, 'there are then qualified individuals authorised to use the indications',[154] i.e. users[155] or, more precisely, interested persons entitled to use a particular IGO.

One must note that a parallel may be drawn between a group to which an IGO belongs and the guilds described in Chap. 2 by highlighting the social role of those groups in the law on IGOs:

> [f]rom a commercial perspective, they [the group] are similar to the guilds of medieval times. From a social perspective they might be considered representatives of the community and the local tradition – the guardians of the communal property interest. There are two essentials. First, under most laws, no individual may register a geographical indication. Second, the registrant or user must be located in the geographical area, even if all steps in the production process do not occur in that region.[156]

Applicable Regulations (the EU) A notable example is the fact that the applicable regulations to be discussed in the next part provide that the registration process for a particular IGO may only be initiated by a *group* of producers within a respective EU Member State.[157] A single producer may initiate such application in exceptional cases only.[158]

Separate Jurisdictions In addition, similar regulation is provided in separate countries in and outside the EU.

Thus, in Portugal Art. 305 (4) and (5) of the Portugal Industrial Property Code provides ownership regulation of IGOs envisaging that 'appellations of origin and geographic indications [both covered by the term "IGOs" in the terminology of this book – author's remark], when registered, are the common property of the residents or those established in the place, region or territory in an effective and serious manner and can be used by those, within the respective area, who are engaged in any characteristic production branch, when authorised by the holder of the registration. Exercise of this right does not depend on the importance of the business

[153] Echols (2008), p. 162.

[154] Echols (2008), p. 162.

[155] Echols (2008), at pp. 162–163.

[156] Echols (2008), p. 162.

[157] With exception to third countries in case of whom it is possible to apply by groups of producers directly to the European Commission (*see* Chaps. 6–8 below).

[158] Art. 118.e (1) of the Single CMO Regulation (for its commentary, *see* Sect. 8.2 below); Art. 49 of the Quality Schemes Regulation (for its commentary, *see* Sect. 6.2 below). However, such regulation is not provided neither in the Spirits Regulation (*see* Art. 17 of the Spirits Regulation; for its commentary, *see* Sect. 7.2 below) nor in the Aromatised Wines Regulation (for its commentary, *see* Sect. 9.2 below).

operation or the nature of the products. An appellation of origin or a geographic indication can, consequently, be applied to any typical product from the place, region or territory that meets the traditional and customary or duly regulated conditions'.[159] In such a way, the Portugal Industrial Property Code provides that the state assigns ownership rights of a particular IGO to the residents or those established in the particular geographic place by defining such ownership rights as 'the common property'.

Collective and Certification Marks Another example of assigning rights to IGOs is through their registration as collective or certification marks. In such a way, the state may assign the ownership rights of a particular IGO to a particular group of persons permitting to register a particular IGO as a collective mark or a certification mark.[160] At the same time, one may argue that registration of a certification mark or a collective mark does not confer on its owner absolute exclusive right.[161] A right to prohibit use of any of those marks falls within the scope of exclusive rights of IP right-holders, i.e. prohibition to carry out certain activities.[162] Therefore, registration of IGOs as collective or certification marks confers interested persons exclusive rights like in case of trade marks[163] including rights to prohibit other persons to carry out certain acts reserved for right-holders of IGOs only.[164]

Concept of Right-Holders (Interested Persons) Furthermore, by avoiding the discussion about the ownership issue of IGOs, academic commentators at the same time point out to right-holders of the positive and negative exclusive rights of IGOs. These right-holders[165] in the law of IGOs are described as interested persons covering producers and/or association of producers of goods which are denoted by a particular IGO on condition that these goods are produced by those producers in the geographical place referred to in that IGO.[166] The concept of interested persons is relevant since the majority of countries do not regulate ownership of IGOs and are not therefore required to define right-holders of exclusive rights arising from IGOs in those countries. This is a correct approach because one

[159] The Portugal Industrial Property Code, available in English at http://www.jpo.go.jp/shiryou_e/s_sonota_e/fips_e/pdf/portugal_e/e_sangyou.pdf.

[160] Lange (2009), p. 906. Though this opinion was expressed in relation to Switzerland, it may be perceived as a general theoretical approach. For the general overview of protection of IGOs through collective marks and certification marks, see the next section; for the EU regulatory approach concerning Community collective marks, *see* the next chapter.

[161] Lange (2009), p. 906.

[162] Poļakovs (1999), p. 73.

[163] Resinek (2007), p. 448.

[164] Poļakovs (1999), p. 73.

[165] Within this book, a person who owns an IGO is described as a right-holder however, as it is justly indicated in the legal literature, the terminology in this issue 'is not consistent among jurisdictions' (*see* Echols 2008, p. 162).

[166] Poļakovs (1999), pp. 188–189. *See* also Beresford (2000), p. 46.

must distinguish ownership of IGOs from the concept of persons entitled to use them as it has been referred to in legal literature.[167]

Thus, interested persons are beneficiaries from the very fact that they produce particular goods or provide services in the geographical place which is specifically referred to in the particular IGO.[168] Therefore, such list of interested persons covers producers of goods (or services if appropriate) from a particular geographical place referred to in a particular IGO as well as associations of such producers who may both control the use of the IGO among relevant producers and ensure that false and misleading (deceptive) use of the IGO is suppressed.

This opinion on the determination of the list of interested persons (right-holders) corresponds to a regulation included in Art. 10 (2) of the Paris Convention which also relates to IGOs and provides that

> [a]ny producer, manufacturer, or merchant, whether a natural person or a legal entity, engaged in the production or manufacture of or trade in such goods and established either in the locality falsely indicated as the source, or in the region where such locality is situated, or in the country falsely indicated, or in the country where the false indication of source is used, shall in any case be deemed an interested party.

In addition, Art. 10. ter (2) of the Paris Convention provides that the term 'interested persons' covers also federations and associations representing interested industrialists, producers or merchants, provided that the existence of such federations and associations is not contrary to the laws of their countries and insofar as the law of the country in which protection is claimed allows such action by federations and associations.

Both those norms are binding not only to the member states of the Paris Convention but also for the WTO members considering Arts. 2 (3) and 3 (1) TRIPS. It is therefore necessary in the context of the above-mentioned provisions of the Paris Convention to interpret the term 'interested persons' also taking account of Art. 22 (2) TRIPS in respect of the protection of IGOs. As both producers and their associations are included in the list of interested persons, Arts. 10 (2) and 10.ter (2) as well as Art. 22 (2) TRIPS is further reinforced in the national law of the EU Member States including, for example, Germany[169] and Latvia.[170]

Due to the scope of the concept of interested persons, one may conclude that protection of IGOs is connected with protection of interests not only of producers which produce goods denoted with a particular IGO in a geographical place referred to by that IGO but also with protection of the interests of the community of that geographical place and, finally, with the protection of the interests of the whole

[167] González (2012), p. 258.

[168] Baeumer (1999), p. 14.

[169] Art. 128 (1) of the German Trade Mark Law in conjuncture with Art. 13 (2) of the German Law Against Unfair Competition.

[170] Art. 43 (2) of the Latvian Trade Mark Law.

society against use of false and misleading (deceptive) IGOs. This explains why state institutions are charged with the supervision of the use of IGOs, particularly through applying appropriate regulations.[171]

Limitation of Exclusive Rights of IGOs Deeming the ownership of IGOs as within the public (state) property does not mean that IGOs should not be recognised as one of the IP objects described in the previous section. The existence of exclusive rights are an essential feature of IP objects[172] and the mere existence of such exclusive rights in respect of IGOs and their ability to be used in the manner provided by legal acts, confirms the validity of the conclusion that IGOs are IP objects.

At the same time, different limitations for the use of IGOs are set out within the applicable national law for both interested persons and other persons.

First of all, IGOs are completely non-alienable objects except for the above-mentioned exceptions relating to assignment of IGOs and their registration either as certification marks or collective marks. As a result, IGOs are withdrawn from any civil circulation insofar as this relates to exploitation of either positive or negative exclusive rights of IGOs. Consequently, legal literature validly comments, '[b]ecause geographical indications [IGOs in the terminology of this book – author's remark] are based on a link to territory, they are non-assignable (in the sense of being attributed to persons outside the geographic territory)'.[173] Prof. Jeremy Phillips also stated that IGOs 'cannot be bought, sold or licensed'[174] as well as similar opinions of other legal commentators.[175] That conclusion is supported by opinions expressed in relation to the national regulation of Germany, France, and Switzerland which state that IGOs cannot be assigned or licensed.[176] In addition, the German Model Law on IP provides special regulation on the commercialisation of IGOs by prohibiting such practice,[177] i.e. obviously prohibiting any licensing of IGOs.

Other legal commentators[178] have also expressed opinions that it is not possible to license IGOs (thereby implying that it is also not possible to alienate them). This view is emphasised by the fact that it is because IGOs 'can only be used on products associated with a certain geographical region and compliant with the production practices of that region, they cannot be licensed to third parties'.[179]

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[171] Discussed in detail in the last chapter of this book below.

[172] Firth and Phillips (2001), pp. 3–6.

[173] UNCTAD-ICTSD (2005), p. 275.

[174] Phillips (2003), p. 604.

[175] Rangnekar (2003), p. 6.

[176] Lange (2009), pp. 128, 262, 906.

[177] Art. 6 (3) of the German Model Law on Intellectual Property provides that geographical indications shall not be subject to commercial exploitation (Ahrens and McGuire 2013).

[178] Norrsjö (2004), p. 86; Resinek (2007), p. 448; Blakeney (2001), p. 640.

[179] Resinek (2007), p. 448.

In addition, the alienable character of IGOs arises also from trade mark law whereby certain types of designations including IGOs shall not be subject to any registration and consequently cannot be registered in the name of any person.

So, in accordance with Art. 3 (1) (c) of the Trade Mark Directive[180] trade marks which consist exclusively of signs or indications which may serve in trade to designate, inter alia, the geographical origin of the goods or the rendering of the service shall not be registered or if registered shall be liable to be declared invalid. By interpreting the identical norm included in the Community Trade Mark Directive (codified and repealed by the Codifying Community Trade Mark Directive), the CJEU concluded in the *Chiemsee* case following a referral from the German court[181] that

> Article 3(1)(c) of the Directive pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the categories of goods or services in respect of which registration is applied for may be freely used by all, including as collective marks or as part of complex or graphic marks. Article 3(1)(c) therefore prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.[182]

By developing that conclusion, the CJEU admitted that

> [a]s regards, more particularly, signs or indications which may serve to designate the geographical origin of the categories of goods in relation to which registration of the mark is applied for, especially geographical names, it is in the public interest that they remain available, not least because they may be an indication of the quality and other characteristics of the categories of goods concerned, and may also, in various ways, influence consumer tastes by, for instance, associating the goods with a place that may give rise to a favourable response.[183]

And, in addition,

> is clear from the actual wording of Article 3(1)(c), which refers to '... indications which may serve ... to designate ... geographical origin', that geographical names which are liable to be used by undertakings must remain available to such undertakings as indications of the geographical origin of the category of goods concerned.[184]

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[180] This provision is discussed in detail in the next chapter.

[181] Consequently, after the CJEU judgment in the *Chiemsee* case the German Supreme court overturned the appeal court judgment and ordered to hear the case anew in the appeal instance court (BGH, I ZR 117/98 – Chiemsee).

[182] Joined cases C-108/97 and C-109/97 *Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber and Franz Attenberger* [1999] ECR I-02779, para. 25. This conclusion was approved in the later CJEU judgments (*see* Joined cases C-53/01 and C-55/01 *Linde AG (C-53/01), Winward Industries Inc. (C-54/01) and Rado Uhren AG (C-55/01)* [2003] ECR I-03161, para. 73).

[183] Joined cases C-108/97 and C-109/97 *Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber and Franz Attenberger* [1999] ECR I-02779 Chiemsee, para. 26.

[184] Joined cases C-108/97 and C-109/97 *Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber and Franz Attenberger* [1999] ECR I-02779, at para. 30.

The CJEU repeated the first conclusion mentioned above in its interpretation of the identical provision which is contained in Art. 7 (1) (c) of the Trade Mark Regulation. The CJEU pointed out that,

> [b]y prohibiting the registration as Community trade marks of such signs and indications, Article 7(1)(c) of Regulation No 40/94 pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the characteristics of goods or services in respect of which registration is sought may be freely used by all. That provision accordingly prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.[185]

In the context of the above norms contained both in the Art. 3 (1) (c) of the Trade Mark Directive and in Art. 7 (1) (c) of the Trade Mark Regulation as well as in their codifying legal acts, the amount of commercial value that may be assigned to the geographical link referred to in a sign applied for registration as a trade mark [186] becomes meaningless. Moreover, the fact that it is not possible to register IGOs as trade marks covers any IGO irrespective of its value.

On the basis of such grounds, the OHIM has rejected registration applications of Community trade mark which consists solely of IGOs such as the word sign *Oldenburger*[187] or the figurative sign *Not Made in China*.[188] At the same time, the OHIM approved registration of geographical designations which cannot be considered as IGOs as lacking a geographical link, for instance, in case of the word sign *Cloppenburg* for which registration in connection with retail services (Class 35 of the Nice Classification)[189] was sought. Such practice exists also in EU Member States, for instance, it was found in France that the geographical designation *Soir de Paris* [*Paris Evening*—translated from French] may be registered in relation to the perfume but the geographical designation *Paris* in relation to perfume may not.[190] Registering geographical designations as trade marks will be further discussed in detail in Sect. 4.1 below.

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[185] Joined cases C-191/01 P *Office for Harmonisation in the Internal Market (Trade Marks and Designs) v Wm. Wrigley Jr. Company* [2003] ECR I-12447, para. 31. This conclusion was followed by two subsequent judgments of the General Court: T-28/06 *Rheinfels Quellen H. Hövelmann GmbH & Co. KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2007] ECR II-04413, para. 18 and T-207/06 *Europig SA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2007] ECR II-01961, para. 24. In addition, the latter judgment refers to this opinion as being '*settled case-law*',

[186] Decision of the Appeal board of OHIM dated December 11, 2007 in case No. R 1461/2006-4 ("Not Made in China"), para. 16. Available at http://oami.europa.eu.

[187] Case T-295/01 *Nordmilch eG v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2003] ECR II-04365.

[188] Decision of the Appeal board of OHIM dated December 11, 2007 in case No. R 1461/2006-4 ("Not Made in China").

[189] Case T-379/03 *Peek & Cloppenburg KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2005] II-04633 – Cloppenburg.

[190] Gevers (1990), p. 122.

The CJEU's above-mentioned approach in rejecting signs solely consisting of IGOs is nothing more than a general rule and is accepted in other jurisdictions as well. For instance, it was admitted in the USA's court practice that '[i]t is true that a man cannot appropriate a geographical name'.[191] However in nineteenth century it was admitted that exclusive rights arising from trade mark law do not apply to such designations which solely designate names and quality of goods.[192]

Consequently, IGOs whose function as it is discussed in the previous section of this book is to distinguish the geographical origin of goods and services may not be registered in the name of any person subject to the exceptions discussed above, i.e. assigning of ownership, collective marks, and certifications marks. Thus, it has been correctly stated that an IGO 'is federative since it signifies for the consumer all those products of the same type that originate in the same country, in the same region or in the same place; a trade mark, on the other hand, which is an intellectual construction focused on what its owner perceives as the needs of the market and of demand, is individualist: it places the accent on that which distinguishes the product from similar products offered by competitors [internal reference omitted]'.[193]

Single Right-Holder of an IGO Nonetheless, one may note that the concept of a right-holder of an IGO may not be confused with cases when in exceptional circumstances specific IGOs are reserved for one single person due to their peculiar historical development. As Christopher Heath correctly observed,

> [a]lthough it should be a characteristic of geographical indications [IGOs in the terminology of this book – author's remark] that they may be used by all producers that comply with the requirements laid down in (normally domestic) laws for their use, some indications are listed as having only one enterprise as a legitimate user (e.g. Budweiser Budvar).[194]

The IGO *Budweiser Budvar* is a good example as it is owned by a single Czech company. In addition, it is possible to identify other similar examples such as Latvian IGOs as *Allažu ķimelis* [Allazhu kyimelis], *Latvijas dzidrais* [Latviyas Dzidrais], and *Rīgas degvīns* [Rigas Degvins] which are registered at the EU level and are produced by one single undertaking on a long term basis. These IGOs have one legitimate user, namely, AS "Latvijas balzams" in Latvia.

This type of exception from the general rule of IGOs as a collective IP right may exist only in specific circumstances when due to the historical, social and economic development of a particular IGO, only one single undertaking has undertaken its development and commercialisation. This includes efforts to establish its reputation and develop its quality and/or other its characteristics and it would consequently be wholly unjust to allow other persons to benefit from the results of these efforts. It

[191] American Waltham Watch Co. v. United States Watch Co. Supreme Judicial Court of Massachusetts, 1899. 173 Mass. 85, 53 N.E. 141. For its brief comment, *see* Maggs et al. (1983), p. 99.

[192] The Amoskeag Manufacturing Company vs. Spear—Sand. S.C.R., 599; Stokes v. Landgraff, 17 Barb., 608 cited after Upton (1860), pp. 86–87, 140–145.

[193] Bienayme (1994), p. 130.

[194] Heath (2008), pp. 951–952.

should be again emphasised that such situations must be perceived as an exception from the general rule which does not of itself seek to create a general rule.

Practical Meaning of the Ownership Discussion The issue of ownership of IGOs is not only of a theoretical but also of a practical meaning. In cases when municipalities or state institutions apply for registration of IGOs, this triggers the complex question of whether such trade marks may be registered at all. For instance, in Latvia, a word trade mark *Rīgas marka* [Riga's Mark] in respect of Classes 29, 30, 31, and 32 of the Nice Classification sought registration which was successfully registered in the name of the municipality of Riga.[195] Similarly, trade marks in the same Classes expressed in English[196] and in Cyrillic[197] were also registered. Registration of such marks inevitably raises the question of whether such trade marks may be registered even in the name of municipalities or state institutions because all these three trade marks consist solely of IGO's considering that a word designation *Riga* is a direct simple, quality-neutral IGO which in conjunction with a second word 'Mark' forms certain semantic construction by indicating to consumers that the origin of the relevant goods is in a particular geographical place, i.e. Riga. Consequently, all these designations refer to the geographical origin of the goods and must be perceived as IGOs.

Contrary to the general principle that IGOs are descriptive signs which cannot be registered in the name of one person (as previously discussed in this section) and as confirmed by the EU intellectual property law (specifically Codifying Community Trade Mark Regulation and its counterpart in Latvian law[198]), these three trade marks are registered in the name of the municipality of Riga and raise doubts about the grounds for their registration from the point of view of the law of IGOs and trade mark law. As Latvian law does not provide any specific rules concerning assignment of IGOs in favour of municipalities and the conclusion about the state as an initial owner of IGOs, registration of such trade marks seems highly disputable and it remains to be seen whether these registrations will remain undisputed.

This situation would be different if a geographical designation 'Riga's Marka' would be included in composition of a figurative mark containing other distinctive

[195] Word trade mark RĪGAS MARKA, registration No M 62 278, filing date 14.09.2009, registration date 20.06.2010 (*Patenti un preču zīmes* [Patents and trade marks]. Latvijas Republikas Patentu valdes oficiālais vēstnesis [Official Gazette of the Patent office of the Republic of Latvia] (Nr. 6/2010, Latvijas Republikas Patentu valde, Rīga 2010), 1011–1012).

[196] Word trade mark RIGA'S MARK, registration No M 62 279, filing date 14.09.2009, registration date 20.06.2010 (*Patenti un preču zīmes* [Patents and trade marks]. Latvijas Republikas Patentu valdes oficiālais vēstnesis [Official Gazette of the Patent office of the Republic of Latvia] (Nr. 6/2010, Latvijas Republikas Patentu valde, Rīga 2010), 1012).

[197] Word trade mark РИЖСКАЯ МАРКА, registration No M 62 280, filing date 14.09.2009, registration date 20.06.2010 (*Patenti un preču zīmes* [Patents and trade marks]. Latvijas Republikas Patentu valdes oficiālais vēstnesis [Official Gazette of the Patent office of the Republic of Latvia] (Nr. 6/2010, Latvijas Republikas Patentu valde, Rīga 2010), 1012).

[198] Art. 6 (1) (2) and (3) of the Latvian law 'On trade marks and indications of geographical origin'.

elements. In this connection Latvian court practice has pointed out in relation to the IGO *Riga Sprats* (in Latvian) which was included in figurative trade marks that 'disputed trademarks are combined [figurative – author's remark] trade marks where the word designation [meant a word IGO Riga Sprats – author's remark] is only one of trade mark components'.[199]

3.3 Protection Models

IGOs are protected in accordance with international treaties which require their member states to ensure at least that the minimum standards of protection included in those treaties. By introducing such protection, countries were influenced by their national traditions for the protection of IP in general and IGOs particularly. The interrelation of these two factors, i.e. minimum international protection standards and national traditions, created national regimes for protection of IGOs.

IGOs are regulated at the international, regional, and national levels and academic commentators have applied this traditional distinction[200] to intellectual property law in general.[201] Such division is based on the fact that coverage of separate multilateral international treaties, from one side, may relate to the whole world (so called global international treaties) but, from other side, only to a particular region (so called regional international treaties). One must add that the Vienna Convention on the Law of Treaties of 23 May 1969[202] defines a treaty as

> an international agreement concluded between States in written form and governed by international law, whether embodied in a single instrument or in two or more related instruments and whatever its particular designation.[203]

Yet, the Vienna Convention on the Law of Treaties does not recognise the division of international treaties into global and regional treaties. Therefore this division is based not on the provisions of the Vienna Convention but rather on opinions of legal commentators and WIPO experts. In the case of IGOs this division shall be admitted as reasonable as, first, it helps to distinguish law of IGOs in different jurisdictions and, second, helps in studies of law on IGOs law including this book.

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[199] Judgment of Riga Regional court dated 13 October 2005 in case C-2808/2 – Riga Sprats (not published). This case was terminated due to settlement approved by the court (Decision of the Civil Case Panel for the Supreme court of the Republic of Latvia dated 29 May 2007 in case PAC-0066 – Riga Sprats) (not published).

[200] World Intellectual Property Organization, pp. 93–94.

[201] Cornish (1999), p. 4.

[202] Vienna Convention on the Law of Treaties [Vienna Convention]. Available at http://untreaty.un.org/ilc/texts/instruments/english/conventions/1_1_1969.pdf.

[203] Art. 2 (1) (a) of the Vienna Convention on the Law of Treaties.

Four global international treaties in respect of IGOs are traditionally distinguished by legal commentators. These are the Paris Convention, the Madrid Agreement, the Lisbon Agreement and the TRIPS. However, considering the limited list of signatories to the Madrid Agreement and the Lisbon Agreement (which is admitted in the literature[204] and discussed within Sect. 1.3 above), the weight of both treaties in the global protection of IGOs is insignificant. Approaches contained in the Lisbon Agreement have moreover been further overtaken, for instance, in EU law as discussed in the next part of this book.

Regional international treaties relate to regulation of IGOs within one particular region and cover only those states located in that region. Several regional international treaties concluded for different world regions may be identified[205]: EU law covers those European countries which adhered to the EU founding treaties, i.e. EU Member States (EU law is discussed in the next two parts of this book); the North America Free Trade Agreement (NAFTA)[206] which covers the North American countries: the USA, Canada, and Mexico; the Andean Agreement which relates to countries in South America; and the Stresa Convention[207] which covers separate European countries.[208]

At the national level, countries themselves within their jurisdictions adopt national legal acts on law of IGOs whose character, approaches, and scope differ from country to country. Regulation of IGOs in national law is supplemented with concluded bilateral international treaties. Notable examples of such bilateral international treaties are, for instance, those concluded between the EU and third countries[209] or the Crayfish Agreement between France and South Africa.[210] Such conclusion of bilateral international treaties in respect of IGOs does not necessarily have to be in the form of official documents but may be concluded in diplomatic correspondence. For example, an agreement between the USA and France was reached at a diplomatic conference which took place in 1970–1971 in which France undertook to provide protection within its jurisdiction for American IGOs such as *Bourbon* and *Bourbon Whiskey* and the USA for French IGOs such as *Cognac*, *Armagnac*, and *Calvados*.[211]

Both the Paris Convention and the TRIPS provide minimum standards for protection of IGOs (and other IP objects) as discussed in Sect. 1.3. The main

[204] Addor and Grazioli (2002), p. 876.

[205] *See generally* Echols (2008), pp. 88 et seq.

[206] North American Free Trade Agreement. Available at http://www.nafta-sec-alena.org/en/view.aspx?x=343&mtpiID=ALL#mtpi120.

[207] International Convention on the use of designations of origin and names for cheeses [Stresa Convention]. Available at http://www.minbuza.nl/en/key-topics/treaties/search-the-treaty-database/1951/6/007228.html.

[208] For general overview of the Stresa Convention, *see* O'Connor (2004), pp. 34–36; Echols (2008), pp. 48–52.

[209] For the EU concluded bilateral treaties, see the next chapter below.

[210] For general overview of the Crayfish Agreement, *see* Stern (2000), pp. 31–32.

[211] Devitt and McCarthy (1979), p. 226.

elements of this protection include protection object, protected rights, and protection time,[212] yet neither of these treaties provides the contents of these minimum standards. So, by using words of the text of the TRIPS itself, 'Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice'.[213] This applies also in the case of the Paris Convention as Arts. 10 and 10.bis of the Paris Convention provide protection against the use of false and misleading IGOs pointing to the application of national laws of the member states of the Paris Union. This is also repeated in Art. 22 (2) TRIPS. Neither the Paris Convention nor the TRIPS, however, provide for any particular protection system of IGOs leaving this issue, as is noted in literature, for determination by the countries themselves.[214] In this way countries around the world have independently developed their national systems for protection of IGOs, including the means available for granting such protection.[215] These reasons explain why there does not exist a common protection system in case of IGOs[216] even in the case of EU Member States. This differs from other IP objects such as patents or trade marks whose protection system is more or less similar around the world, especially in EU Member States.

One may thus distinguish between two regulatory approaches exploited by different countries for regulation of IGOs. Countries either adopt *sui generis* laws designed solely for the protection of IGOs or provide protection for IGOs within national trade mark law.[217] As a result, the creation of national protection systems for IGOs and their specific features was influenced by the different legal traditions in different states and their specific historical and economic circumstances.[218] It is possible to distinguish several protection systems for IGOs which will be discussed further in this section.

Protection Systems As a result, IGOs are protected by three different protection systems, i.e. registration system, non-registration system (recognition system), and protection through trade mark law.[219] It is not however contemporaneously possible to agree that protection of IGOs by administrative schemes may be perceived as separate protection system[220] as this is based upon the approach that a respective

[212] de Almeida (2005), p. 150.

[213] As it is provided by Art. 1 (1) of the TRIPS.

[214] Geographical indications, 6. Available at http://www.ipr-helpdesk.org/controlador.jsp?cuerpo=seccionador&seccion=documentos&modo=listado&cod_nodo_padre=t_01.04.02&niveles_profundidad=1&len=en; Rangnekar (2003), p. 18.

[215] Geographical indications, 6. Available at http://www.ipr-helpdesk.org/controlador.jsp?cuerpo=seccionador&seccion=documentos&modo=listado&cod_nodo_padre=t_01.04.02&niveles_profundidad=1&len=en; Rangnekar (2003), p. 18.

[216] Baeumer (1999), p. 9.

[217] Echols (2008), p. 3.

[218] World Intellectual Property Organization (2001), p. 6.

[219] WIPO (2004), pp. 121–124; Rangnekar (2003), p. 18.

[220] World Intellectual Property Organization (2001), p. 12.

geographical designation shall be protected as an IGO if it fulfils the function of an IGO by distinguishing the geographical origin of goods or services. Such protection is granted within the non-registration system and consequently it cannot be distinguished as a separate protection system.

Registration System The registration system for IGOs is founded on the pre-requisite that IGOs must be protected by being formally registered. The essential feature of the registration system of IGOs lies in the fact that it covers qualified IGOs only but not simple, quality-neutral IGOs which are protected by the other two protection systems[221] (discussed further within this section). Registration of an IGO within the registration system may be obtained by adoption of a special legal act in which the registration of the particular IGO is recognised. Two types of such legal acts exist. The first is a legal act adopted by a legislator and has the power of a law. A notable example here is the IGO *Scotch Whisky* in respect of which the Scotch Whisky Regulations 2009 were adopted by the U.K. Parliament.[222] Similar decrees have been adopted in France for the specific IGOs relating to *Cognac*, *Bordeaux*, and *Armagnac*.[223] The second type of legal act is an administrative decree issued by a state institution in which registration of a particular geographical designation as an IGO is approved by effecting a change in the state register of IGOs. The first registration procedure usually takes place in relation to appellations of origin, (the sub-type of qualified IGOs within the French based protection system), although other examples[224] do exist. The second procedure applies to GIs,[225] another subtype of an IGO within the TRIPS based protection system.

First type registration system exists, for instance, in France where such types of IGOs as appellations of origin and geographical indications are distinguished [226]; Italy,[227] and Spain.[228] The second type of registration system is implemented mainly in the Eastern Europe in countries such as Estonia (Art. 5 of the Geographical Indications Protection Act[229]), Bulgaria [Art. 53 (1) of the Law on Trade Marks and Geographical Indications[230]], Romania (Art. 67 of the Law on Marks and

[221] Except few jurisdictions, for instance, Trinidad and Tobago where protection of GIs simultaneously is ensured by their registration and without their registration [Art. 4 (a) of the Trinidad and Tobago's Geographical Indications Act].

[222] Citation 2009 No. 2890. Available at http://www.legislation.gov.uk/uksi/2009/2890/contents/made.

[223] *See* O'Connor (2004), p. 166.

[224] For instance, in Russia designations of place of origin (in the similar meaning as appellations of origin) are protected by adoption of administrative acts.

[225] World Intellectual Property Organization (2001), p. 9.

[226] O'Connor (2004), pp. 165–166.

[227] *See generally* O'Connor (2004), pp. 180–190.

[228] O'Connor (2004), pp. 191–200.

[229] Estonian Geographical Indication Protection Act; RT I 1999, 102, 907. Available at http://www.legaltext.ee/en/andmebaas/ava.asp?m=022.

[230] Закон за Марките и Географските Означения ДВ. бр.81 от 14 Септември 1999 г. Available in Bulgarian at http://www1.bpo.bg/images/stories/laws/mgi_law2010.pdf. It shall be noted that in

Geographical Indications[231]), the Czech Republic [Arts. 5 (1), 8 (1), and 12 of the Act No. 452/2001 Coll. of 29 November 2001 on the Protection of Designations of Origin and Geographical Indications and on the Amendment to the Act on Consumer Protection[232]], and Slovakia.[233] In this regard, one may also mention Russia in respect of appellations of origin,[234] Belarus in respect of appellations of origin [235] as well as GIs[236]; and Georgia in respect of GIs.[237]

In these countries, registration of IGOs is carried out by patent offices on grounds similar to those used for registering other IP objects such as trade marks, patents, and designs. However there remain countries, albeit outside Europe, where the register of IGOs is maintained by a state appointed official instead of a patent office as it is in case of such countries like Canada [Art. 11.12 (1) of the Trade-marks Act[238]] and Trinidad and Tobago [Arts. 10 (3) and 13 of the Geographical Indications Act[239]].

From the registration point of view however there are no significant differences in the registration procedure between the register of IGOs and the register of trade marks. For instance, similarly as in case of trade marks, IGOs may be subject to the

Bulgaria, in accordance with Art. 51 of the Law on Trade Marks and Geographical Indications the term 'geographical indication' comprises two types of IGOs, namely appellations of origin (corresponds to legal definition of the Lisbon Agreement) and indications of origin [corresponds to legal definition of geographical indications provided by Art. 22 (1) of the TRIPS].

[231] Romanian Law on Marks and Geographical Indications. Available at http://www.osim.ro/index3_files/laws/law/trademark/mareng.htm.

[232] Act No. 452/2001 Coll. of 29 November 2001 on the Protection of Designations of Origin and Geographical Indications and on the Amendment to the Act on Consumer Protection. Available at http://www.upv.cz/en/legislation/national/codes.html.

[233] Považanova (2004), p. 286.

[234] Art. 1517 of the Part 4 of the Russian Civil Code (Гражданский кодекс Российской Федерации (часть четвертая) от 18.12.2006 N 230-ФЗ. *Российская газета*, N 289, 22.12.2006 [Part 4 of the Russian Civil Code]. Available in Russian at http://www.consultant.ru/popular).

[235] Art. 1024 (4) of the Belarus Civil Code (Гражданский кодекс Республики Беларусь от 07 декабря 1998 г. № 218-З [Belarus Civil Code]. Available in Russian at http://www.belgospatent.org.by/russian/docs/Zakonodat/Grazdanski_kodex_218-z.doc).

[236] Art. 2 (1) of the Law On Geographical indications (Закон Республики Беларусь от 17 июля 2002 г. N 127-З О географических указаниях [Law on geographical Indications]. Available in Russian at http://www.belgospatent.org.by/russian/docs/Zakonodat/naim_mest_proish/Zakon_127-3.doc).

[237] Art. 4 of the Law on Appellations of Origin and Geographical Indications of Goods (Law on Appellations of Origin and Geographical Indications of Goods. Available at http://www.sakpatenti.org.ge/index.php?lang_id=ENG&sec_id=72).

[238] Trade-marks Act (R.S., 1985, c. T-13), available at http://laws.justice.gc.ca/eng/T-13/index.html. It should be noted that in Canada the competence of the registrar includes not only maintenance of the register but also hearings of objections relating to the list of IGOs [Art. 11.13 (7) of the Trade-marks Act].

[239] An Act to Provide For the Protection of Geographical Indications and Related Matters. Legal Supplement Part A to the Trinidad and Tobago Gazette, Vol. 35, No. 156, 6th August, 1996. Available at http://www.sice.oas.org/int_prop/nat_leg/Trinidad/GeoInd96.asp.

formal expertise of their registration applications[240] and substantial expertise of their registration applications.[241]

Non-registration System Contrary to the registration system described above, IGOs may be protected within their statutory recognition without being registered or subjected to other formalities from the moment when it is established that a particular geographical designation fulfils the function of an IGO, and consequently it is recognised as an IGO by national law.[242] Such a protection system for IGOs is very similar to protection of copyright which also does not provide any registration procedure or observance of any formalities in general (except for certain jurisdictions).

Depending on the approaches adopted, countries which provide protection of IGOs without registration may be divided into two parts: countries which provide protection on the statutory base, i.e. by the statutory approach, and countries which provide protection by principles established by the court in case law, i.e. the case law approach.

Statutory Approach If the non-registration system is based on the statutory approach, sui generis regulation of IGOs may be provided in different ways. From one side, this may be in the form of an addition to the trade mark law such as in Germany,[243] Switzerland, and Latvia. Separate sui generis laws does not exist in any European country yet a few examples may be found in the world, e.g. in Jordan (Art. 2 of the Geographical Indications Act[244]). On the other hand, regulation may be provided by statutes governing trade practices. This is the approach of European Nordic countries. The Danish Marketing Practices Act,[245] for example, provides that it shall be an offence to make use of any false, misleading, or unreasonably incomplete indication or statement likely to affect the demand for or supply of goods, real or personal property and work or services[246]

The Case Law Approach: Passing Off If the non-registration system is based on the case law approach, protection of IGOs is ensured by principles developed within case law to the extent that it is has been developed by the courts. Such a court developed protection system may be described as *passing off* proceedings. Usually

[240] For instance, in Estonia [Arts. 32 (1) and 37 of the Geographical Indication Protection Act], Rumania (Art. 70 of the Law on Marks and Geographical Indications).

[241] For instance, in Russia (Part 4 of the Russian Civil Code).

[242] Heath (2004), p. 5.

[243] Arts. 1 and 2 as well as Chapter 6 (Arts. 126–139) of the German Trade Mark Law.

[244] The Geographical Indications Law of 2000. Official Gazette No. 4423 dated 2.4.2000. Available at http://www.mit.gov.jo/portals/0/tabid/515/The%20Geographical%20indications%20law.aspx.

[245] The Marketing Practices Act No. 428 of 1 June 1994. Available at http://www.wipo.int/clea/docs_new/pdf/en/dk/dk125en.pdf.

[246] Art. 2 (1) of the Danish Marketing Practices Act.

passing off is a remedy available in common law jurisdictions such as the U.K.[247] or jurisdictions of the Commonwealth such as New Zealand,[248] Australia,[249] and Canada,[250] or jurisdictions which were in the Commonwealth in past such as Hong Kong.[251] There are however some other examples where have countries adopted this approach and these include the Czech Republic[252] and Slovakia.[253]

A passing-off claim is possible in two cases as far as it concerns IGOs. The first such case is when misleading use of IGOs takes place. The second arises when consumers would perceive a defendant's goods as the plaintiff's goods.[254] In the terminology of passing-off, a designation exploited by a plaintiff (a right-holder of IP object) is described by the term '*get-up*' (in the terminology adopted in the UK) or the term '*trade-dress*' (in the terminology adopted in the USA). The designation used by a defendant is described by the term '*lookalike*'.[255]

Unfair Competition & Passing-Off An opinion is frequently expressed by legal scholars that *passing-off* is the same as an unfair competition claim which has longstanding traditions in the civil law applicable to continental European jurisdictions.[256] Such opinion hardly may be admitted as true due to the fact that the aims of both these legal instruments are different. This may influence the outcome of one and the same case due to the application of both instruments.

The aim of the statutory regulation on the prohibition of unfair competition is to ensure fair competition and protect consumers,[257] whereas *passing-off* does not protect fair competition or consumers as such, whereas goodwill as it was defined

[247] It shall be noted that *passing off* is not the only one possibility for protection of IGOs in the UK because if IGOs are registered either as collective marks or certification marks (discussed below in this section), then it is possible to initiate trade mark infringement in respect of infringements of both these marks. In addition, in the latter case, it is permitted to raise a claim against alleged infringer based both on *passing off* grounds and trade mark infringement which is exploited in practice (*see* Firth and Phillips 2001, p. 279).

[248] Thomson and Park (2004), p. 1.

[249] Thomson and Park (2004), pp. 2, 19–21.

[250] Rangnekar (2003), p. 19.

[251] Rangnekar (2003), p. 19.

[252] Rangnekar (2003), p. 19.

[253] Rangnekar (2003), p. 19.

[254] White and Jacob (1986), p. 388.

[255] White and Jacob (1986), p. 388.

[256] Rozenfelds (2008), p. 182.

[257] Art. 1 of the Model Provisions On Protection Against Unfair Competition (Model Provisions On Protection Against Unfair Competition, International Bureau of World Intellectual Property Organization. Available at http://www.wipo.int/cfdiplaw/en/trips/doc/unfair_competition.doc).

by Justice Hugh Laddie.[258] Similar view is also expressed recently by the Court of Appeal, England and Wales.[259]

Notwithstanding the difference, it is possible to prohibit the unfair use of IGOs by exploiting *passing-off*.[260] Such understanding of passing-off points out that it is disputable whether a claim on the prohibition of unfair competition is possible in the common law as observed in the legal literature.[261] Due to these reasons, it may be joined to the opinion that *passing-off* and unfair competition are different legal instruments[262] and consequently their application could produce different results.

For those reasons, it is also arbitrary whether it is acceptable to use *passing-off* cases for interpretation of norms on prohibition of unfair competition.[263]

In truth, however, it must be admitted that the border line between unfair competition and passing-off may not be clearly drawn up as there are countries which admit that certain acts of unfair competition may fall within *passing-off*.[264]

Trade Mark Law In addition to protection with registration and without registration, there is a third protection system for IGOs which exists through special types[265] of trade mark such as collective marks and certification marks. This protection system is used in the majority of world countries in addition to the registration and/or non-registration protection system for IGOs. For instance, in accordance with a study performed by the WIPO experts 20 years ago, only four world countries did not provide for registration of collective marks or certification marks, namely, Argentina, Brazil, Chile, and Japan.[266].

At the same time, notwithstanding the broad coverage of that protection system type, no generally accepted definition of collective marks or certification marks exists and consequently both these marks must be defined in national law.[267] As a result both these terms are defined differently among different countries.[268] As regards international treaties, one must bear in mind that though Art. 7bis of the Paris Convention regulates collective marks it does not provide for their definition

[258] *Edmund Irvine Tidswell Ltd. v Talksport Ltd.* [2002] EWHC 367 (Ch) (13th March, 2002); *see* also: Cornish (1999), pp. 619–620; Gyngell and Poulter (1998), pp. 386–387; White and Jacob (1986), pp. 386–387. Such regulation is not only in the UK but also in other jurisdictions which recognise *passing off*, for instance, in New Zealand (Thomson and Park 2004, p. 1).

[259] *See* L'Oreal SA v Bellure NV [2007] EWCA Civ 968; [2008] E.T.M.R. 1, at [161]; approved by L'Oreal SA v Bellure NV [2010] EWCA Civ 535; [2010] E.T.M.R. 47. For further discussion, *see* Dickinson (2008), pp. 399 et seq.

[260] White and Jacob (1986), pp. 386–387.

[261] Baeumer (1994), p. 34.

[262] Rangnekar (2003), p. 19.

[263] Truskaite (2009), p. 13.

[264] Fukushima and Michishita (2004), p. 322.

[265] Калятин (2000), p. 349; Rozenfelds (2008), p. 212.

[266] International Bureau of World International Property Organization (1994), p. 12.

[267] International Bureau of World International Property Organization (1994), p. 11.

[268] Baeumer (1994), p. 35.

as is validly noted in legal literature.[269] However, some general understanding of collective marks and certification marks may be provided.

In general the function of collective marks is to distinguish goods and services possessing characteristics pertaining to a certain association of producers.[270] As a result, it is usually accepted that collective marks may solely consist of IGOs. There exist two kinds of exceptions to that rule. First, there are countries which do not permit IGOs to be registered as collective marks, e.g. Portugal and Mexico[271] and second, there are countries which though permitting such registration, still provide certain registration limitations. These include Spain, Sweden, and Russia.[272]

At the same time, certification marks (or guarantee marks as they are called in some jurisdictions[273]) indicate that goods or services denoted by a particular certification mark comply with certain standards or criteria,[274] for instance, in respect of quality.[275]

Both collective marks and certification marks are based on by-laws, regulations, or any similar document governing the requirement for the use of those marks which is adopted by an association of producers. In the case of IGOs, if producers from a geographical place in question comply with these requirements, they are entitled to use either a collective or a certification mark in to distinguish the goods they have produced. If the owners of both marks are associations of producers who do not themselves use the marks,[276] either their members or persons complying with the requirements for the use of such marks may use them.

The difference between collective marks and certification forms is not in their essence but in their form. Collective marks indicate to consumers about compliance with certain requirements which are identified and maintained by a particular association of producers. Certification marks, however, point out that goods have complied with a certain standard which is defined and controlled by the owner of a certification mark.[277]

The protection principles of both marks are similar. If there is an infringement of that mark, it is considered a trade mark infringement and governed by trade mark law. It must be noted that initiating a trade mark infringement does not exclude the application of unfair competition laws, for instance, in case of IGOs.[278]

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[269] International Bureau of World International Property Organization (1994), p. 11.

[270] Калятин (2000), p. 349.

[271] International Bureau of World International Property Organization (1994), p. 12.

[272] International Bureau of World International Property Organization (1994), p. 12 (by providing more detailed overview of limitations).

[273] *Cf.* International Bureau of World International Property Organization (1994), p. 11. For instance, in Estonia [Chapter 6 of the Trade Mark Act (Trade Marks Act; RT I 2002, 49, 308. Available at http://www.legaltext.ee/en/andmebaas/ava.asp?m=022)] or Switzerland (Chapter 2 (Arts. 47–51) of the Swiss Federal Law on Protection of Trade Marks and Indications of Source).

[274] Калятин (2000), p. 349.

[275] Bainbdridge (1996), p. 476.

[276] International Bureau of World International Property Organization (1994), p. 11.

[277] International Bureau of World International Property Organization (1994), pp. 11–12.

[278] Houchins (2004), p. 6.

There are different legislative approaches among world countries for providing regulation for collective marks and certifications marks and registering IGOs as such marks.

There are countries where it is possible to register collective marks only and these include Denmark (Art. 3 of the Collective Marks Act[279]), Lithuania [Art. 29 (3) of the Law On Trademarks[280]], and Austria [Art. 62 (4) of the Trademark Protection Act[281]]. There are, on the other hand, other countries such as Canada,[282] where only certification marks are provided.

At the same time, there are jurisdictions, (principally common law jurisdictions with a few exceptions such as Romania[283]), which provide for registration of both marks. Thus, in the UK registration of both marks is allowed but it must be especially emphasised that in the case of the UK certification marks 'have long been a special part of the British registration system'[284] and were regulated in both the Trademarks Act 1938[285] and Trademarks Act 1994.[286]

Both marks are regulated also in the USA[287] and consequently this provides the possibility to register IGOs either as collective and certification marks. In addition, contrary to British system, the USA admits also non-registered certification marks, for instance, the IGO *Cognac*,[288] if certain pre-requisites are observed. The use of such geographical designations are controlled by the certifier and is limited to goods/services meeting the certifier's standards of regional origin provided that purchasers understand that designation is referring only to goods/services produced in the particular region and not to goods/services produced elsewhere.[289]

[279] Collective Marks Act No. 342 of June 6, 1991. Available at http://www.wipo.int/clea/docs_new/pdf/en/dk/dk059en.pdf.

[280] Law On Trade Marks of 10 October 2000 No. VIII-1981. Available at http://www.vpb.gov.lt/docs/20090601_4.pdf.

[281] Markenschutzgesetz 1970 BGBl. 1970/260 idF BGBl. I 2009/126. Available at http://www.patentamt.at/Media/MSchG_2010.pdf.

[282] Arts. 2 and 25 of the Canadian Trade Mark Law.

[283] Chapters IX and X of the Romanian Law on Marks and Geographical Indications.

[284] Cornish (1999), p. 784.

[285] [UK] Trade Marks Act 1938 (repealed 31.10.1994), 1938 PTER 22 1_and_2_Geo_6.

[286] [UK] Trade Marks Act 1994, 1994 CHAPTER 26. Available at http://www.opsi.gov.uk/RevisedStatutes/Acts/ukpga/1994/cukpga_19940026_en_1.

[287] 15 USC Sec. 1054 [the Lanham Act].

[288] *Institut National Des Appellations v. Brown-Forman Corp.,* 47 USPQ2d 1875, (TTAB 1998). *See* also Babcock and Clemens (2004), p. 6.

[289] *Institut National Des Appellations v. Brown-Forman Corp.,* 47 USPQ2d 1875, (TTAB 1998).

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Word trade mark RĪGAS MARKA, registration No M 62 278, filing date 14.09.2009, registration date 20.06.2010. (*Patenti un preču zīmes* [Patents and trade marks]. Latvijas Republikas Patentu valdes oficiālais vēstnesis [Official Gazette of the Patent office of the Republic of Latvia] (Nr. 6/2010, Latvijas Republikas Patentu valde, Rīga 2010), 1011–1012)

Word trade mark RIGA'S MARK, registration No M 62 279, filing date 14.09.2009, registration date 20.06.2010. (*Patenti un preču zīmes* [Patents and trade marks]. Latvijas Republikas Patentu valdes oficiālais vēstnesis [Official Gazette of the Patent office of the Republic of Latvia] (Nr. 6/2010, Latvijas Republikas Patentu valde, Rīga 2010), 1012)

Word trade mark РИЖСКАЯ МАРКА, registration No M 62 280, filing date 14.09.2009, registration date 20.06.2010. (*Patenti un preču zīmes* [Patents and trade marks]. Latvijas Republikas Patentu valdes oficiālais vēstnesis [Official Gazette of the Patent office of the Republic of Latvia] (Nr. 6/2010, Latvijas Republikas Patentu valde, Rīga 2010), 1012)

Chapter 4
Fall and Decline

Similarly as in case of trade marks, IGOs have their rises and falls depending on the intensity of their use, character of such usage, and the activity of interested persons. Also as with trade marks, rises and falls of IGOs are characterised in terms of the level of their recognition among consumers influencing the scope of their protection.[1] For these reasons, IGOs may be protected insofar they are capable of fulfilling their function, i.e. to distinguish the geographical origin of goods and services in question.[2] Only when a particular geographical designation fulfils that function of an IGO, it is possible to discuss its protection within any of the protection models of IGOs.[3]

In general, two situations should be distinguished in relation to falls of IGOs. Both these situations arise from the fact that a particular geographical designation ceases to fulfil the function of an IGO (if it had ever fulfilled that function).

The first situation relates to a geographical designation which has ceased to fulfil the function of an IGO but which has acquired the capability to distinguish goods and services of one undertaking from those of other undertakings, i.e. it is capable to fulfil the function of a trade mark. This leads to the possibility of one single person being able to monopolise that designation subject to limitations of trade mark rights.

The second situation is when a designation enables consumers to understand that it covers a specific type of goods, i.e. it has turned into a generic term as a result of which it may be used by any person who produces that type of goods.

Turning IGOs into one of these situations happens over a lengthy period of time when transformation of perception of that designation by consumers takes place.

[1] For the sake of truth it shall be noted that protection of IGOs fully depends on traditions of a particular country and its chosen protection model. Therefore, the scope of protection may not be viewed only from the point of view of the degree of recognition in eyes of consumers but also from the regulatory point of view.

[2] For the function of IGOs, *see* Sect. 3.1 above.

[3] For protection models of IGOs, *see* Sect. 3.3 above.

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DOI 10.1007/978-3-319-05690-6_4, © Springer International Publishing Switzerland 2014

The result of such transformation is that a particular geographical designation loses its geographical meaning and is treated under a different legal regime, i.e. either as a trade mark or as a generic name.

This transformation may occur mainly due to inactivity of producers and their associations. As properly pointed out by Prof. Janis Rozenfelds,[4] legal protection of IGOs depends on the activities of producers and the traditions in a respective country or territory. Other aspects may also be relevant if they relate to the transformation of consumers' perception. This transformation may be in respect of the character of a particular geographical designation, its marketing potential, the character of its use, and similar features.

Both those situations will be reviewed separately starting with the first one.

4.1 Becoming a Trade Mark

Section 3.1 of this book above explained that IGOs refer to the geographical origin of goods and services by describing one of the characteristics of such goods and services, namely, their geographical origin. From this point of view, IGOs are characterised as descriptive signs in trade mark law and consequently they may not be registered separately as trade marks. However, by acquiring the secondary meaning of that designation which makes them capable of distinguishing goods or services in question, i.e. becoming a distinctive sign, IGOs may be registered as trade marks. In such a way, by acquiring the secondary meaning it is possible for one single person to monopolise geographical designations. This is contrary to IGOs which shall not be monopolised and shall be available for any interested person.[5]

Two possibilities to acquire secondary meaning may be established. First, secondary meaning is acquired automatically by geographical designations which are arbitrary. For instance, the geographical designation *Sahara* is used in respect of ice cream or the geographical designation Alaska in respect of T-shirts. In those situations, no one consumer would perceive these designations as referring to a particular geographical place. This idea is brilliantly characterised in the *McCarthy's desk encyclopedia of intellectual property*:

> For example, NORTH POLE ice cream does not tell a reasonable person that the ice cream actually comes from the North Pole. Probably only a small child or a foolish adult would think that the AMAZON on-line bookstore is located on the well-known river in the Brazilian jungle or that SATURN automobiles come from the ringed planet.[6]

[4] Rozenfelds (2004), pp. 229–230.

[5] For details, *see* Sect. 3.1 above.

[6] McCarthy et al. (2004), pp. 264–265.

Second, secondary meaning is acquired by geographical designations which are usually not associated by consumers with a particular type of goods. Yet it involves more complicated test as in case of arbitrary geographical designations.

In recent years, registration of such type geographical designations as trade marks was significantly influenced in the EU by the CJEU's judgment in the *Windsurfing Chiemsee*[7] case which was discussed also in Sect. 3.1 above. The significance of this judgment with regard to this question is that it may be characterised as opening a door for broader registration possibilities of different geographical designations if they acquire a secondary meaning. Due to the effect of the *Windsurfing Chiemsee* case, there are more and more examples for the registration of trade marks, containing IGOs, for instance, geographical designations like *Sudan* and *Togo*.[8] Yet, such practice was criticised by stating that these names cannot be monopolised as also countries with such names may export goods with such geographical designations.[9]

From the point of view of Community trade marks, a significant example of the transformation of IGOs into trade marks is related to the designation *Cloppenburg* which acquired a secondary meaning in relation to relevant goods and was consequently able to be registered as a trade mark.[10]

From the point of view of EU Member States, there is a vast range of different examples for IGOs that have lost their geographical meaning and consequently have become trade marks. For instance, the word designation *Hollywood* in respect of cigarettes and the word designation *Manhattan Ice Dream*—for cigarettes and chewing gum—were allowed to be registered as trade marks in Latvia. Such registration was possible due to the fact that both these designations acquired a secondary meaning in relation to goods in question and consequently they were no longer associated with a particular geographical origin.[11] Furthermore, the Swedish Appeal Patent Court admitted the registration of the trade mark *Alaska* in respect of Classes 6 and 17 of the Nice Classification, but trade mark *Dijon*—in respect of Class 9; or trade mark Nevada—in respect of Classes 9, 12, 18, and 28 of the Nice Classification.[12]

From countries outside the EU, a notable example comes from Australia. Here the geographical designation *Paris* was not recognised as fulfilling the function of an IGO in respect of perfume, cosmetics, aromatic substances, natural oils, and aromas as customers did not associate these goods with France or a French perfume

[7] Joined cases C-108/97 and C-109/97 *Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber and Franz Attenberger* [1999] ECR I-02779 – Chiemsee. For its discussion, see the Sect. 3.1 of this book above.

[8] Norrsjö (2004), pp. 96–97.

[9] Norrsjö (2004), pp. 96–97.

[10] Case T-379/03 *Peek & Cloppenburg KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2005] II-04633 – Cloppenburg.

[11] J. Ancītis (2000).

[12] Norrsjö (2004), p. 95.

house.[13] In a similar way, the registration of the geographical designation *Parma* as a trade mark was admitted in Canada[14] and USA.[15] In this regard, it is clear why it is justly noted in the legal literature that such towns in Texas as *Uncertain*, *Happy*, *Utopia*, *Noodle*, or *Cash* will not be associated with any geographical place.[16]

Another situation would arise if a foreign geographical designation was used in the form not understood by the relevant consumers due to the use of a different alphabet. In this situation, still such geographical designations may not be registered due to the potential threat of monopolising a particular market. For instance, the Latvian court did not allow registering the geographical designation *Jermuk* as a trade mark in relation to mineral water which was presented in the following form[17]:

On the other hand, registered IGOs, expressed in non-Latin alphabet, are supplemented with their transliteration in the Latin alphabet. For instance, the Thai registered IGO *Khao Hom Mali Thung Kula Rong-Hai* may be used both in its Latin transliteration and in its original way of writing as ข้าวหอมมะลิทุ่งกุลาร้องไห้[18].[18]

In order to deal with the registration of foreign geographical designations as trade marks, the USA courts, for instance, have developed the doctrine of foreign equivalents. As it was stated by American legal commentators, '[u]nder the doctrine of foreign equivalents, a foreign word is translated into English and then tested for generic meaning'.[19] By applying that doctrine, the US United States Court of Appeals for the Federal Circuit cancelled TTAB decision on refusal of the trade mark *Moskovskaya* that was applied for registration for the use without any relation

[13] Decision of a delegate of the Registrar of trade marks dated 29 October 2004 in Esteban v Digital Crown Holdings (HK) Ltd [2004] ATMO 61 (29 October 2004), para. 29 Available at http://www.worldlii.org/cgi-worldlii/disp.pl/au/cases/cth/ATMO/2004/61.html?query=%22esteban%22+and+%22zone%22+and+%22industrielle%22+and+%22le%22+and+%22gua%22.

[14] Consorzio del Prosciutto di Parma v. Maple Leaf Meats Inc. (T.D.), [2001] 2 F.C. 536. *See* also Gangjee (2006), pp. 33–34.

[15] *Consorzio del Prosciutto di Parma v. Parma Sausage Products Inc*., 23 USPQ2d 1894, 1896 n.3 (TTAB 1992). *See* also Gangjee (2006), pp. 33–34.

[16] Gangjee (2006), p. 14.

[17] Judgment of the Civil Case Department of the Senate for the Supreme Court of the Republic of Latvia dated 10 December 2003 in case SKC-586 – Jermuk (not published).

[18] Commission Implementing Regulation (EU) No 120/2013 of 11 February 2013 entering a name in the register of protected designations of origin and protected geographical indications (ข้าวหอมมะลิทุ่งกุลาร้องไห้ (Khao Hom Mali Thung Kula Rong-Hai) (PGI)). OJ, L 41, 12.2.2013, pp. 3–8.

[19] McCarthy et al. (2004), p. 261. Such characterisation of the doctrine of foreign equivalents was recently supported by American courts (*see* In Re Spirits International N.V., 563 F.3d 1347 (Fed. Cir. 2009)).

to any geographical origin.[20] The reason for such decision lied in the fact that the TTAB applied an incorrect test for materiality in determining that the mark was geographically deceptive by failing to establish that a substantial part of consumers would be misled by the registration of the specific trade mark.[21]

It is possible that one and the same designation or a similar designation in a different jurisdiction may be treated differently from the perspective of the applicable legal regime. It has already been noted that when the principle of territoriality was discussed[22] examples of the word designation *Bud* were protected as an IGO in the EU but as a trade mark in the USA. Such example shows that one and the same geographical designation may be understood differently by consumers from different countries.

4.2 Becoming a Generic Name

Another possibility for geographical designations to lose their protection as IGOs is connected with their conversion into generic names, i.e. the name of a particular type of goods or services.[23] In this way geographical designations lose the capability of distinguishing the geographical origin of the goods or services in question. Such widely used designations as *French crisps*, *French bread*, *Greek salad*, or *spaghetti* show how widespread are geographical designations which have lost their geographical meanings and become generic names. In addition, different examples come from cheese sector like *Brie*, *Camembert*, *Cheddar*, *Edam*, *Emmentaler*, and *Gouda* which were even tried to be registered as a list of generic names by the European Commission yet in vain.[24]

Depending on a particular generic name, a generic name may refer either to the name of a whole class of goods or services or the name of a particular product or service.[25] Separate authors also cover IGOs which turned into generic names with the concept 'a general GI'[26] or the concept 'a geographical mark'.[27] This should be disputed because if a particular IGO does not fulfil its function it should not be covered either with the term 'an IGO' or 'a trade mark'.

In order to avoid turning of IGOs into generic names, interested persons pay attention to how their names are used, especially from the point of view of their use in a generic way. It is therefore understandable why legal literature concerning

[20] In Re Spirits International N.V., 563 F.3d 1347 (Fed. Cir. 2009).

[21] In Re Spirits International N.V., 563 F.3d 1347 (Fed. Cir. 2009).

[22] For details, *see* Sect. 3.1 above.

[23] *See generally* McCarthy et al. (2004), pp. 260–262.

[24] Gangjee (2012), pp. 246–247.

[25] Poļakovs (1999), p. 160.

[26] Poļakovs (1999), pp. 204–205.

[27] McCarthy et al. (2004), p. 265.

generic names indicates that 'it should be noticed also the use of designations among competitors and mass media, their definitions in dictionaries'.[28]

Conversion of IGOs into generic names happens over a lengthy period of time during which the meaning and function of an IGO is gradually being degraded. In this process of degradation an IGO loses the capability to distinguish the geographical origin of the goods or services in question due to change of consumers' perception and the development of a language. Considering those reasons it is possible to agree totally that '[t]he main criterion based on which it may be considered whether any designation shall be considered as g[eneric] or not, is perceiving of consumers: if its majority perceives it as indication to the [geographical] origin but not as an indication to a type of goods or services the designation shall not be considered as generic'.[29]

The process for becoming of an IGO as a generic name is clarified by the CJEU in a row of court judgments starting with the *Feta*[30] case, continuing with the *Parmesan* case,[31] and finishing with the *Salame Felino* case.[32] Notably, by affirming its conclusions made in the first two cases the CJEU gave in the latter case the summarised description of that process:

> [t]he way in which the name of a product becomes generic is the result of an objective process, at the end of which that name, although referring to the geographical place where the product in question was originally manufactured or marketed, has become the common name of that product.[33]

The recent case concerning the designation Thakoli is the example in this situation: it was applied for registration as a Community trade mark but rejected because it is a generic name. As it was concluded by the Appeal Board of the OHIM and approved by the CJEU on the grounds of law, the word 'txakoli' ('chacoli' in Spanish) appears in the *Diccionario de la Lengua española* (Dictionary of the Spanish Language) of the Real Academia Española and is defined as a 'light wine, slightly acidic, produced in the Basque Country, in Cantabria and in Chile'. The Board of Appeal inferred that the relevant public would not perceive this word as a mark but as the description of a specific type of wine.[34]

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[28] Poļakovs (1999), pp. 160–161.

[29] Poļakovs (1999), p. 160.

[30] Joined cases C-465/02 and C-466/02 Federal Republic of Germany (C-465/02) and Kingdom of Denmark (C-466/02) v Commission of the European Communities [2005] ECR I-09115 – Feta I.

[31] Case C-132/05 Commission of the European Communities v Federal Republic of Germany [2008] ECR I-00957 – Parmesan.

[32] Case C-446/07 Alberto Severi v Regione Emilia Romagna [2009] ECR I-08041 – Salame Felino.

[33] Case C-446/07 Alberto Severi v Regione Emilia Romagna [2009] ECR I-08041 – Salame Felino, para. 50 (including case law cited).

[34] Case T-341/09 Consejo Regulador de la Denominación de Origen Txakoli de Álava, Consejo Regulador de la Denominación de Origen Txakoli de Bizkaia et Consejo Regulador de la Denominación de Origen Txakoli de Getaria v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) [2011] ECR II-02373 – Txakoli.

IGOs may become generic names either in one separate country, simultaneously in several countries, or in a separate region.

Since 1926 the word designation *camembert* has been accepted in France as a generic name since it relates to a specific type of cheese without regard to the geographical origin of that cheese[35] as it was stated already above. Other examples of these types of word designations that have been accepted as generic names include the word designation *zhigulovskoye* (*жигулевское*) which is used in respect of beer production in ex-Soviet Union countries as it is no longer associated with the place Zhiguli (*Жигули*).[36] The word designation Pils or Pilsen similarly no longer refers to a place but to a type of beer[37] yet it could be an argument in trade mark disputes.[38] As regards services, the designation *spa* is a notable example. Although there is a town in Belgium called 'Spa', consumers no longer perceive this to have any geographical meaning but recognise it as referring to a particular type of goods or related services.[39]

At the same time, IGOs which became generic names **within a particular region** by covering several countries or globally are rare examples. A notable example here is Eau de Cologne ('Kölnisch Wasser' in German) which is accepted as a generic name not only in Europe but also in the ex-Soviet Union countries.[40] Such regional or even global generic names may even be included in legislative documents such as the word designation *London gin* being recognised as a type of gin (and which has consequently lost its geographical meaning) in the EU since 1989.[41]

There is an interesting situation concerning separate types of cheeses such as Swiss cheese, Dutch cheese, and Russian cheese which have a double meaning at least in several EU Member states: (1) they are treated as generic names if they refer to a type of cheese; (2) as IGOs if they refer to cheese respectively from Switzerland, Netherlands, or Russia. Consumers usually have no problems to distinguish both meanings depending on the circumstances of their use.

In contrast, in the USA a variety of generic names concerning IGOs such as semi-generic names[42] may be distinguished. Semi generic names are dealt with in

[35] Rieke (2004), p. 1.

[36] Гришаев (2003), p. 230; *see* also: Grigoriev (1994), p. 217.

[37] Heath (2008), p. 953 (including court authorities cited in respect of other generic names).

[38] BPatG 24 W (pat) 32/01 – Waldschlosschen, in (2004) 35 IIC 332–336.

[39] BGH I ZR 120/98 – SPA. For its brief commentary, *see* Lange (2012), p. 39.

[40] Гришаев (2003), p. 228.

[41] Art. 1 (4) (m) of the Regulation No 1576/89 (Council Regulation (EEC) No 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks. OJ, L 160, 12.06.1989, pp. 1–17). Now it is included in the Point 22 of Annex II to the Spirits Regulation.

[42] Tinlot (1994), p. 150.

Part 26 of the USA codex 'Internal Revenue Code'[43] where they are defined as follows:

> a name of geographic significance, which is also the designation of a class or type of wine, shall be deemed to have become semi-generic only if so found by the Secretary.[44]

Following that regulation, Art. 5388 (c) (2) (B) and (C) (i) provides a list of such semi-generic names.[45]

A similar situation exists in the UK though the concept of semi-generic names is not specifically used there. So, UK courts admitted that the use of the geographical word designation '*Sherry*' is misleading unless it is used for spirits produced in Spain. However, as admitted by the House of Lords, such deception is excluded if the word is used with de-localising names such as *British Sherry*, *English Sherry*, *South African Sherry*, *Cyprus Sherry*, *Australian Sherry* or *Empire Sherry*.[46] However, currently such practice would not be appropriate due to the existence of the protected IGO *Brandy de Jerez*.[47]

Furthermore, IGOs should be distinguished from their modifications due to the specifics of a particular language. Due to specifics of the Latvian language a modification of the registered IGO *Champagne* came into being in the Latvian language, i.e. by transforming into the designation 'šampanietis'('shampanietis'), or 'shampanskoje' (*шампанское* in Russian) in the Russian language. Both those modifications describe any sparkling wine irrespective of its production place, i.e. without any reference to its geographical origin. It should be noted in this regard that such consumers' perceiving was established by Latvian courts that disclaimed the word designation 'Sovetskoje Shampanskoje' (in Cyrillic) as it has been become as a generic name describing a type of drink, i.e. sparkling wines.[48] In addition, the word designation 'shampanietis' ('šampanietis' in Latvian) has been recognised as a generic name by the Appeal Board of the Patent office of the Republic of Latvia.[49] It would therefore be wrong to consider it as an IGO.[50]

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[43] U.S.C. TITLE 26 – INTERNAL REVENUE CODE. Subtitle E – Alcohol, Tobacco, and Certain Other Excise Taxes. CHAPTER 51 – DISTILLED SPIRITS, WINES, AND BEER. Subchapter F – Bonded and Taxpaid Wine Premises. PART III – CELLAR TREATMENT AND CLASSIFICATION OF WINE. Available at http://uscode.house.gov/download/pls/26C51.txt.

[44] Art. 5388 (c) (2) (A) (26 USC Sec. 5388).

[45] 26 USC Sec. 5388.

[46] White and Jacob (1986), pp. 387–388.

[47] *See* the list of protected IGOs for spirits in Annex III to the Spirits Regulation.

[48] Judgement of the Civil Case Panel for the Supreme Court of the Republic of Latvia of 01 February 2001 in case No PAC-101 – Sovetskoje Shampanskoje (in Cyrillic) (unpublished). It is approved by Judgment of the Civil Case Department for the Senate of the Supreme Court of the Republic of Latvia of 09 May 2001 in case No SKC-239, in *Latvijas Republikas Augstākās tiesas Senāta Civillietu departamenta spriedumi un lēmumi 2001* (Latvijas Tiesnešu mācību centrs, Rīga 2002), 823–826.

[49] Decision of the Patent office of the Republic of Latvia of 02 June 2000 in opposition case No ApP/2000/M 43 276-Ie (not appealed).

[50] Bitāns (2002), p. 241.

Similar modifications of IGOs also exist in other EU Member States. These include the word designation *koniak* used in Greece.[51] Yet, there is no evidence that this modification has lost its geographical meaning as it is in case of modifications referred to in the previous paragraph. In addition, geographical designations *Champagner* and *Kognak* was used, as it was admitted by German government in one of cases before the CJEU, as generic names in Germany till 1923 as from that date these two names ceased to be generic names and became registered designations of origin limited to French products.[52]

Similar modifications also exist in other countries outside the EU. For instance, due to the specifics of the Portuguese language, the protected IGO *Cognac* was modified in the word designation *conhaque* which, in accordance with the Law No 4327 of 22 May 1942, is considered in Brazil as a type of drink[53] and was subject to the examination procedure by the European Commission.[54] Furthermore, in addition to the modification of the IGO Cognac, other modifications of IGOs have been established in Brazil such as *borgonha* which was accepted as the false use of the IGO *Bourgogne*.[55] At the same time Brazilian courts established that the modifications *champanhe* or *champanha* cannot be considered as the false use of the protected IGO *Champagne*.[56]

Examination procedures similar to those used in Brazil were also carried out in other situations involving alleged infringement of IGOs of EU Member States. For instance, these were carried out in Canada in connection with inclusion of IGOs *Medoc* and *Bordeaux* in the list of generic names.[57]

At the same time modifications of IGOs must be distinguished from their translations. The latter situation arises when there is a possibility either to translate particular geographical designations, which usually is not possible, or where it is possible to call the same place by an alternative name in different languages.

One of the rare examples of translations is the name of the country '-New Zealand' where it is possible to translate the word 'new'. This has been translated in several languages including German and Latvian. For those reasons, one cannot agree with the opinion that the word designation *Rokfors* used in Latvian

[51] Lichine (1970), p. 212.

[52] Case 12-74 *Commission of the European Communities v the Federal Republic of Germany* [1975] ECR 00181 – Sekt.

[53] Siemsen (1995), p. 223.

[54] 2001/97/EC: Commission Decision of 23 January 2001 terminating the examination procedure concerning measures affecting the trade of cognac in Brazil. OJ, L 035, 06.02.2001, pp. 0053–0055.

[55] Siemsen (1995), p. 217.

[56] Siemsen (1995), p. 218.

[57] 2003/502/EC: Commission Decision of 23 June 2003 suspending the examination procedure concerning an obstacle to trade consisting of trade practices maintained by Canada in relation to certain geographical indications for wines. OJ, L 170, 09.07.2003, p. 29.

is translation of the IGO *Roquefort*[58] as the former designation is simply a modification of the original name arising from the specifics of the Latvian language.

There are several notable examples of the second situation including the word designation 'Napa Valley' and its Spanish translation 'Valley de los Cactus' and the word designation 'Bud' and its Czech translation 'Budejovicke'. These describe the same places in the USA and the Czech Republic respectively.

If a particular IGO becomes a generic name then it is treated as an ordinary word by consumers in everyday life and it is not possible for it to return once again to its original geographical meaning. However, this situation should be distinguished from when, due to inactivity of interested persons, a particular IGO has been more and more used as a generic name but despite such use it has not fully lost its geographical meaning. In this situation, it is still possible to ensure its protection by registering it as an IGO. One notable example of such a situation in the EU is the IGO *Feta* which, notwithstanding its use as a generic name in separate EU Member States, was registered by the European Commission.[59] There also could be mentioned similar examples, for instance, a list of generic names was adopted in Canada which contained different European IGOs.[60] This was subsequently abandoned due to a bilateral agreement between the EU and Canada.[61]

A similar example arises with the IGOs *Port* and *Sherry* which were considered generic names for a certain period of time in the Republic of the South Africa.[62] Similarly, the IGO *Cognac* and other European IGOs were considered as generic names in Brazil[63] but such IGOs *Medoc* and *Bordeaux*—as generic names in Canada.[64]

From the point of view of this discussion, it would be wrong to consider that an IGO may be treated simultaneously with its geographical meaning and a generic name or a trade mark. However, in the case of the IGO 'Bayerisches Bier' the situation arose when its coexistence with the trade mark Bavaria[65] was permitted.

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[58] Decision of the Patent Office of the Republic of Latvia in AS "Trikātas siers" v LR Patentu valde, in Patenti un preču zīmes: Latvijas Republikas Patentu valdes oficiālais vēstnesis (LR Patentu valde, Riga 2005), nr. 2, 234.

[59] *See* Joined cases C-465/02 and C-466/02 *Federal Republic of Germany (C-465/02) and Kingdom of Denmark (C-466/02) v Commission of the European Communities* [2005] ECR I-09115 – Feta.

[60] O'Connor (2004), pp. 101–102, 260–261.

[61] For details, *see* Chap. 3 above.

[62] Both these IGOs that belong to Portugal were used in the Republic of South Africa by domestic producers as generic names. In accordance with the bilateral agreement between the EU and the Republic of South Africa on trade in wine (discussed in Chap. 5 below) both these IGOs are protected in the Republic of South Africa prohibiting their use as generic names.

[63] European Commission.

[64] 2004/891/EC: Commission Decision of 19 November 2004 terminating the examination procedure concerning obstacles to trade consisting of trade practices maintained by Canada in relation to certain geographical indications for wines. OJ, L 375, 23.12.2004, pp. 28–29.

[65] Case C-343/07 *Bavaria NV, Bavaria Italia Srl v Bayerischer Brauerbund eV* [2009] ECR I-05491 – Bavaria.

Notwithstanding the longstanding use of that IGO in certain EU Member States as either a trade mark or a generic name,[66] such simultaneous uses must not be allowed in order to avoid misleading of consumers.

A court or a patent office may establish that a particular IGO has become a generic name either during the registration procedure of trade marks or by refusing to register a particular designation as an IGO (if a particular country has introduced registration procedure for IGOs). For instance, by affirming the conclusion of the Appeal Board of the Patent Office the Latvian Court established that the designation *Russian vodka* (in Latvian) does not have a geographical meaning as it refers to the Russian nation but not to Russia[67] itself. However, in other countries this designation is registered as an IGO. In Belarus, for example, it was registered as a GI with No 2 on 30 March 2007[68] and in Russia as an appellation of origin with registration No 65.[69] The issue concerning the word designation *Russian vodka* was already considered in relation to the principle of territoriality.[70]

Another possibility to establish that an IGO has transformed into a generic name is to declare it by a legislator. For instance, Art. 11.17 (3) of the Canadian Trademark law contained a list of 22 names of such generic names concerning wines including *Champagne*, *Chablis*, *Burgundy*, *Port*, *Porto*, and *Sherry*, and 17 concerning spirits including *London Gin*, *Geneva Gin*, and *Malt Whiskey*. However, in accordance with Art. 12 of the bilateral agreement between the EU and Canada the latter gradually abandoned that list.

In summarising the discussion in this Part I may say that IGOs are geographical designations whose function is to distinguish a geographical origin of goods (or services if applicable). There are two separate classifications of IGOs. Firstly they may be separated into direct or indirect IGOs if a way of expression of IGOs should be taken into account. The second classification is between simple, quality-neutral IGOs and qualified IGOs if the qualitative link should be considered. Protection of IGOs is based on national approaches differing from country to country as global international treaties do not provide for a general protection model for IGOs. However, in the case of EU Member States, a regional protection model applies. Finally, if a geographical designation has lost its geographical meaning it becomes either as a trade mark or a generic name.

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[66] For instance, its Latvian modification "Bavārijas alus" ('Bavarian beer') was considered in Latvia as a generic name already before the World War II (K. E (1930), nr. 23, 952).

[67] Judgment of the Civil Case Panel for the Supreme Court of the Republic of Latvia of 12 September 2001 in case PAC-309 – Moskovskaya (not published, not appealed); judgment of Riga Regional Court of 15 August 2001 in case C-1439/2 – Stolichnaya (not published, not appealed).

[68] Belorussian official bulletin No 2/2007 (30.03.2007).

[69] Реестр наименований мест происхождения товаров (НМПТ) Российской Федерации [Register of appellations of origin for goods of the Russian Federation]. Available at http://www1.fips.ru/fips_servl/fips_servlet?DB=RUGP&DocNumber=65/1&TypeFile=html.

[70] *See* Sect. 3.1 above.

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Part II
European Union Law

Chapter 5
European Union Protection System

5.1 Introduction

Traditionally, the EU law (characterised as *acquis communautaire*) is divided into the primary law and the secondary law.[1] This distinction of the EU law is not based on a hierarchy of norms but, as it is justly admitted in the legal literature, on sources: if the EU primary law originates from the EU Member States as 'Masters of the Treaty', the EU secondary law—directly from EU institutions.[2] In the case of IGOs (as well as other IP objects such as trade marks, designs, patents, and plant variety rights), their regulation is ensured both by the EU primary law and the EU secondary law which will be reviewed separately in Part II of the book.

This chapter examines the principles of the regulation of IGOs both in the EU primary law and the EU secondary law, as well as gives a general overview of the regulation of IGOs in both relevant parts of the EU law. As this chapter discusses the EU primary law, the regulation provided by the EU secondary law will be explored in detail in the next chapters of Part II.

Despite the regulation of IGOs in both above branches of the EU law, influence of the EU primary law and secondary law on regulation of IGOs is different. During several decades, since the formation of the EU until 1990s, the EU primary law had a much higher meaning than the EU secondary law in the field of IGOs. However, the EU secondary law started to prevail (if such term may be even used) over the EU primary law in the field of IGOs in the recent years due to the formation of a unitary

[1] *See* Reich et al. (2003), p. 12; Gatawis et al. (2002), pp. 71–72.

[2] *See* Reich et al. (2003), p. 12; Gatawis et al. (2002), pp. 71–72.

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right in the case of IGOs since 1992[3] by adopting Regulation No 2081/92[4] and continuous development of regulation of that right.

As it is justly noticed in the legal literature concerning the EU law on IGOs, '[i]n the early days of the EU, this was largely done by the Court. However, the Court's [CJEU's – author's remark] approach has now been replaced by Union secondary legislation'.[5] In such a way, from the current perspective of regulation of IGOs, the CJEU's jurisprudence for the interpretation of the EU primary law may be viewed as established court practice and unlikely any new crucial developments may be expected in this area of law over the last years. The opposite conclusion, however, may be drawn concerning the EU secondary law which would play a more and more important role especially if the direct protection system in respect of IGOs is extended also for non-agricultural goods by a set of provisions currently adopted for IGOs in respect of agricultural goods and foodstuffs with a more profound integration of regulation of IGOs for different types of agricultural products and foodstuffs.[6] Due to these reasons, the EU secondary law on IGOs may be viewed as not a fully developed system if compared with the current stage of EU primary law development concerning IGOs, especially concerning the protection norms included in the applicable Regulations in respect of IGOs protected within the direct protection system.

The increasing role of the EU secondary law concerning IGOs is not related to the fact that such regulation did not exist since the early ages of the EU (previously EC) due to the reason that the first legal acts on regulation of IGOs in the EU secondary law date back to 1970[7]; however, first judgments on interpretation of the secondary law occurred considerably later and, more important, in a limited extent. Only when the first regulation providing a unitary right in respect of IGOs appeared in 1992, when Regulation No 2081/92, the predecessor of the Foodstuffs Regulation[8] of the year 2006 and the currently effective Quality Schemes Regulation[9] of

[3] It should be noted that separate IGOs were protected by EU law already before that year, for instance, the IGO *Champagne* was protected already since 1970 as a unitary right considering the fact that it was included in Art. 12 (2) (b) of Regulation No 817/70 [Regulation (EEC) No 817/70 of the Council of 28 April 1970 laying down special provisions relating to quality wines produced in specified regions. OJ, L 99, 05.05.1970, pp. 20–25; English special edition: Series I Volume 1970(I), pp. 252–257] and subject to its protection through Art. 13 of that Regulation.

[4] Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 208, 24.07.1992, pp. 1–8.

[5] Barnard (2010), p. 178.

[6] For possibilities of further development of regulation of IGOs in EU law, *see* Chap. 12 of this book below.

[7] These first legal acts covered IGOs in respect of wines (*see* Sect. 8.1 of this book below).

[8] Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 93, 31.03.2006, pp. 12–25 [Foodstuffs Regulation].

[9] Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29 [Quality Schemes Regulation].

the year 2012 in part of IGOs, entered into force, it become possible to speak about establishing the CJEU's jurisprudence on interpretation of regulation provided by the EU secondary law in respect of IGOs.

Yet, it cannot be concluded that the EU secondary law on IGOs was 'originally adopted in 1992 but now found primarily in Regulation 510/2006'.[10] As far as the direct protection system is covered, this opinion is true; however, if the EU secondary law on IGOs is discussed in general, this opinion is arbitrary as the first legal acts on regulation of certain aspects of IGOs within the EU secondary law were adopted already in the 70s as stated above and especially in the 80s of the previous century.[11] For instance, the first legal acts concerning the regulation of the wine market, including regulation on IGOs, was adopted already in 1970,[12] as well as in the subsequent Regulations such as Regulation 337/79,[13] specifically in its Art. 52, and Regulation 338/79,[14] specifically in its Art. 16. Regulation 70/50/EEC,[15] which is still effective, on the abolition of measures which have an effect equivalent to quantitative restrictions on imports containing rules, inter alia, relating to IGOs, specifically Art. 2 (3) (s)[16] may be mentioned as another example.

Yet, at the beginning of the EU law, the EU primary law, as it was noted above, was the only possibility for the CJEU to shape the nature of IGOs and such situation remained until 1992 when a unitary right in respect of IGOs was adopted for the first time within the EU secondary law.

Due to the referred to reasons, it is important to review, from one side, the EU primary law in conjunction with the CJEU's jurisprudence in the early ages of the EU (when it was known as the EC) together with its development in the subsequent

[10] Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29 [Quality Schemes Regulation].

[11] For discussion of historical foundations of regulation on IGOs in the secondary law, *see* Chap. 11 below.

[12] Regulation (EEC) No 816/70 of the Council of 28 April 1970 laying down additional provisions for the common organisation of the market in wine. OJ, L 99, 05.05.1970, pp. 1–19; English special edition: Series I Volume 1970(I), pp. 234–251; Regulation (EEC) No 817/70 of the Council of 28 April 1970 laying down special provisions relating to quality wines produced in specified regions. OJ, L 99, 05.05.1970, pp. 20–25; English special edition: Series I Volume 1970 (I), pp. 252–257.

[13] Council Regulation (EEC) No 337/79 of 5 February 1979 on the common organization of the market in wine. OJ, L 54, 05.03.1979, pp. 1–47.

[14] Council Regulation (EEC) No 338/79 of 5 February 1979 laying down special provisions relating to quality wines produced in specified regions. OJ L 54, 5.3.1979, pp. 48–56.

[15] Commission Directive 70/50/EEC of 22 December 1969 based on the provisions of Article 33 (7), on the abolition of measures which have an effect equivalent to quantitative restrictions on imports and are not covered by other provisions adopted in pursuance of the EEC Treaty. OJ, L 13, 19.01.1970, pp. 29–31; English special edition: Series I Volume 1970(I), pp. 17–19.

[16] In this regard, *see* Case 12-74 *Commission of the European Communities v the Federal Republic of Germany* [1975] ECR 00181 – Sekt, para. 6 (this CJEU's case discussed below within the next section).

decades and, from another side, the EU secondary law, discussing its regulation on IGOs by the commentary approach. This discussion will be commenced further with the former branch of the EU law in conjunction with its interpretation given by the CJEU.

5.2 Primary Law

Though the primary law consists of a different set of legal principles and legal norms, due to the scope of this book this chapter will review the Treaty on European Union[17] (hereinafter the TEU) and the Treaty on the Functioning of the European Union[18] (hereinafter the TFEU). Without doubt, the primary law covers IGOs in certain aspects that influence regulation of IGOs both in the EU secondary law and national law of EU Member States in a different extent, depending on the scope of a particular Treaty's regulation.

The TEU establishes core principles of the functioning of the EU that, inter alia, relate to IP objects, including IGOs, and are further developed in the TFEU. In accordance with Art. 2 TEU, the EU is founded on respecting of a set of the values including human rights, i.e. a property right further developed in Art. 345 TFEU, and non-discrimination further elaborated in Art. 18 TFEU. In addition, Art. 3 (3) TEU provides that '[t]he Union shall establish an internal market' which allows the creation of a unitary right in case of IP objects, including IGOs, and this regulation is further developed by the TFEU to be discussed below.

In the case of the TFEU, the applicable regulation in relation to IP objects, including IGOs, is provided in greater detail if compared with the TEU.

In the case of the TFEU, provisions regulating IGOs, yet in much broader extent, are provided as well. Thus, regulation of IGOs is governed by the principle of non-discrimination envisaged in Art. 18 TFEU. Furthermore, EU competition rules for the functioning of the internal market[19] apply in respect of IGOs, for instance, in the case of accession of new members to association which owns a collective mark consisting of an IGO.[20] However, greatest importance should be paid to the application of the principle of territoriality within the context of the functioning of the internal market. If Art. 23 TFEU establishes and ensures the existence of the internal market, it involves inter-exchange of IP rights including IGOs, from one side, regulated at the EU level as a unitary right and, from another side, at the

[17] The consolidated version of the TFEU is published in the OJ [*see* Treaty on European Union (Consolidated version). OJ, C 326, 26.10.2012, pp. 13–45].

[18] The consolidated version of the TFEU is published in the OJ [*see* Treaty on the Functioning of the European Union (Consolidated version). OJ, C 326, 26.10.2012, pp. 47–329].

[19] Art. 101 TFEU et seq.

[20] For Community collective marks, see the commentary of Art. 67 of the Codifying Community Trade Mark Regulation concerning the regulations governing use of a Community collective mark (they are discussed within Chap. 10 below).

national level regulated as purely national rights. Therefore, the main discussion of IGOs in the primary law is focused on the application of the principle to be discussed in this section.

The TFEU, previously known as the Treaty establishing the European Community[21] (hereinafter TEU), also falls within the EU primary law[22] and provides regulation for the organisation and competence of the EU.

In accordance with Arts. 3 (1) (a), 34, and 35 TFEU quantitative restrictions on imports or exports and all measures having equivalent effect shall be prohibited among the EU Member States. This prohibition is part of the freedom of free movement of goods,[23] which is one of four freedoms enshrined in the TFEU in addition to free movement of workers, services, and capital.[24]

Considering the fact that separate IP objects such as trade marks and IGOs are, inter alia, governed by the principle of territoriality,[25] the existence of those objects inevitably comes into contradiction with the freedom of free movement of goods, which was identified right away after entry into force of the TFEU, as it was admitted by legal commentators already in 1970s.[26] In addition, such contradiction was also admitted in one of the first CJEU's judgments in the field of IP, namely the *Sirena* case[27] by pointing out that

> since national rules concerning the protection of industrial and commercial property have not yet been unified within the framework of the Community, the national character of this protection is likely to create obstacles, both to the free movement of proprietary products, and to the Community system of competition.[28]

Yet, Art. 36 TFEU provides certain derogations from the freedom of free movement of goods, namely:

> The provisions of Articles 34 and 35 [TFEU] shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; or the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.

[21] Treaty establishing the European Community (Consolidated version 2006). OJ, C 321, 29.12.2006, pp. 1–331.

[22] Reich et al. (2003), p. 12; Gatawis et al. (2002), pp. 70–77.

[23] For general overview of free movement of goods in the internal market, *see*, for instance, Craig and de Búrca (2011), Chapters 18 and 19.

[24] Craig and de Búrca (2003), p. 580. *See* also Craig (2012), p. 617 (by pointing out 'four freedoms concerning goods, workers, establishment, and the provision of services and capital').

[25] For the discussion of the principle of territoriality, *see* Sect. 3.1 above.

[26] Johannes (1976), p. 7.

[27] Case 40-70 Sirena S.r.l. v Eda S.r.l. and others [1971] ECR 00069 – Sirena.

[28] Case 40-70 Sirena S.r.l. v Eda S.r.l. and others [1971] ECR 00069 – Sirena., at p. 4.

Therefore, quantitative restrictions on imports or exports and all measures having equivalent effect may be **justifiable** as necessary, inter alia, for '**protection of industrial and commercial property**' subject to 'the express condition', as it was defined by the CJEU,[29] that they cannot constitute a means of arbitrary discrimination or a disguised restriction on trade between the EU Member States as envisaged by Art. 36 TFEU. It should be noted that the derogation based on protection of industrial and commercial property provided by this Art. was meant, as it was justly mentioned by legal commentators, 'to protect private, as opposed to the public, interests found in other derogations'[30] that are envisaged by Art. 36 TFEU.

The TFEU provides legal definition of the concept 'industrial and commercial property' neither in Art. 36 TFEU itself nor in other provisions thereof. In addition, the CJEU has not clarified so far neither the understanding of the concept 'industrial and commercial property' nor the understanding of separate concepts such as 'industrial property' and 'commercial property', nor provided explanation whether the second concept covers also the first consideration that commercial property of entrepreneurs may cover all property of entrepreneurs, including their intellectual (industrial) property. At the same time, the CJEU indicated in several its judgments that certain IP objects fall within the concept 'industrial and commercial property' including IGOs. Thus, the CJEU clarified that IGOs, called by the CJEU using the French concept '**indications of provenance**',[31] are covered by the concept 'industrial and commercial property'[32] and consequently protection of IGOs at the national level may serve as justification in the meaning of Art. 36 TFEU for quantitative restrictions on imports or exports and all measures having equivalent effect in the internal market. In other words, it serves as a basis for the existence of national systems of IGOs despite the functioning of the internal market among the EU Member States. Similarly, in the subsequent case law, namely in the *Rioja II* case, the CJEU affirmed the conclusion in respect of qualified IGOs, by ruling that 'designations of origin fall within the scope of industrial and commercial property rights'.[33] Therefore IGOs fall within the concept of industrial and commercial property within the meaning of Art. 36 TFEU irrespective of whether they are simple, quality neutral IGOs or qualified IGOs.

However, as it was concluded by the CJEU in the *Rioja I* case, restrictions of the freedom of free movement of goods may be justified on the grounds of the

[29] Case C-10/89 *SA CNL-SUCAL NV v Hag GF AG* [1990] ECR I-03711 – HAG I, para. 11.

[30] Barnard (2010), p. 163.

[31] Case C-3/91 *Exportur SA v LOR SA and Confiserie du Tech SA* [1992] ECR I-05529 – Exportur, para. 11, para. 25 et seq.

[32] Joined cases C-321/94, C-322/94, C-323/94, C-324/94 *Criminal proceedings against Jacques Pistre (C-321/94), Michèle Barthes (C-322/94), Yves Milhau (C-323/94) and Didier Oberti (C-324/94)* [1997] ECR I-02343 – Pistre, para. 53.

[33] Case C-388/95 *Kingdom of Belgium v Kingdom of Spain* [2000] ECR I-03123 – Rioja II, para. 54.

protection of industrial and commercial property, specifically in the case of IGOs, 'if they are needed in order to ensure that the registered designation of origin fulfils its specific function'[34] that was later repeated in the *Rioja II* case.[35] The CJEU's conclusion that protection of IGOs within the national law of EU Member States may serve as derogation from the freedom of free movement of goods is consistent with Art. 345 TFEU which provides that '[t]he Treaties shall in no way prejudice the rules in Member States governing the system of property ownership'.

Therefore, though Art. 36 TFEU regulates derogations from freedom of free movement of goods, this provision at the same time serves as a justification for the existence of national IP systems, including IGOs, within jurisdiction of each EU Member State. Due to this reason it is justly indicated in the legal literature that '[t]he exclusivity of intellectual property rights has an undeniable effect on free movement of goods and services'[36] in the result of which '[t]he basic conflict between protection of intellectual property and free movement is inherent in Art. 30 EC [now Art. 36 TFEU — author's remark] itself'.[37]

Consequently, the national systems of IGOs within EU Member States **coexist** with the protection system of IGOs within the EU law insofar as such co-existence is permitted by the EU law which is further explored within this chapter. Due to the referred to co-existence, it is misleading to believe that IGOs not registered within Regulation No 2081/92, the predecessor of the Foodstuffs Regulation, have lost their protection[38] as they are still protected at the national level.

However, a compromise, which is also described as engaging 'in a delicate balancing act' between the freedom of free movement of goods and Art. 36 TFEU,[39] was found already in the early jurisprudence of the CJEU by distinguishing the existence of an IP right itself and its exercise[40]:

> that whilst the Treaty does not affect the existence of rights recognized by the legislation of a Member State in matters of industrial and commercial property, yet the exercise of these rights may nevertheless, depending on the circumstances, be affected by the prohibitions in the Treaty.[41]

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[34] Case C-47/90 *Établissements Delhaize frères et Compagnie Le Lion SA v Promalvin SA and AGE Bodegas Unidas SA* [1992] ECR I-03669 – Rioja I, para. 16.

[35] Case C-388/95 *Kingdom of Belgium v Kingdom of Spain* [2000] ECR I-03123 – Rioja II, paras. 22–23.

[36] Reich et al. (2003), p. 157.

[37] Reich et al. (2003), p. 157.

[38] Schwab (1994), p. 72.

[39] Barnard (2010), p. 163.

[40] This distinction is applicable also in case of interaction between IP rights and other law branches such as competition law, specifically prohibited agreements and concerted practices regulated under Art. 101 TFEU (ex 85 EC) (see in this regard Case 15-74 *Centrafarm BV and Adriaan de Peijper v Sterling Drug Inc.* [1974] ECR 01147 – Centrafarm, para. 39).

[41] Case 15-74 *Centrafarm BV and Adriaan de Peijper v Sterling Drug Inc.* [1974] ECR 01147 – Centrafarm, para. 7. This opinion was confirmed in the subsequent CJEU's case law, specifically in

In such a way, the CJEU rightly held that national IP systems may continue to function otherwise:

> if the principle of the free movement of goods were to prevail over the protection given by the respective national laws, the specific objective of industrial and commercial property rights would be undermined.[42]

Yet, understanding of 'these rights', specifically concerning IGOs, and interpretation of Art. 36 TFEU in relation to IGOs in the CJEU's jurisprudence was not a simple task, which was subject to controversial judgements and harsh criticism by legal commentators. The CJEU's jurisprudence on IGOs may be divided in three time periods subject to three different tendencies. First, it is the early ages of the CJEU's case law until mid-1990s; further on, its development from the mid-1990s until 2008; and the recent CJEU's case law since 2008. Each of those stages would be reviewed separately in the next two chapters.

5.3 Early CJEU's Case Law

As it was already discussed in the introduction to this chapter, at the beginning of the formation of the EU and until 1992, the EU secondary law did not provide a unitary right in respect of IGOs. In these circumstances Art. 36 TFEU played a major role to help understand interrelation between the national systems of IP, including IGOs of the EU Member States, and the regulation of internal market in the EU law. Due to this fact, in the heart of the early CJEU's jurisprudence this was the most important question, which was relevant both from the point of view of the attitude towards the national IP systems in general (such as CJEU's cases as *HAG I*[43] and *HAG II*[44] to be discussed further on) and national systems of IGOs particularly such as the Sekt case,[45] the *Karl Plantl* case,[46] the *Pistre* case,[47] and other cases on IGOs to be discussed further on. Still, it would be hasty to consider that the early years of the CJEU's case law and its subsequent development has lost its meaning from the modern state of the EU law on IGOs because it helps not only

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the *Terrapin* case [*see* Case 119-75 *Terrapin (Overseas) Ltd. v Terranova Industrie CA Kapferer & Co.* [1976] ECR 01039 – Terrapin, para. 5].

[42] Case 119-75 *Terrapin (Overseas) Ltd. v Terranova Industrie CA Kapferer & Co.* [1976] ECR 01039 – Terrapin, paras. 7–8.

[43] Case 192-73 *Van Zuylen frères v Hag* [1974] ECR I-00731 – HAG I.

[44] Case C-10/89 *SA CNL-SUCAL NV v Hag GF AG* [1990] ECR I-03711 – HAG II.

[45] Case 12-74 *Commission of the European Communities v the Federal Republic of Germany* [1975] ECR 00181 – Sekt.

[46] Case C-16/83 *Criminal proceedings against Karl Prantl* [1984] ECR I-01299 – Karl Prantl.

[47] Joined cases C-321/94, C-322/94, C-323/94, C-324/94 *Criminal proceedings against Jacques Pistre (C-321/94), Michèle Barthes (C-322/94), Yves Milhau (C-323/94) and Didier Oberti (C-324/94)* [1997] ECR I-02343 – Pistre.

understand the current CJEU's jurisprudence, but also shows those tendencies upon which particular CJEU's cases were resolved.

Beyond any doubt, the specifics of regulation of IGOs were clearly understood by the CJEU already in the early ages of its jurisprudence concerning IP in general and IGOs separately. So, in one of the leading cases concerning IGOs in the CJEU's jurisprudence and the first case on IGOs decided by the CJEU, namely the *Sekt* case, it was established that

> [i]n the case of vine products, the natural features of the area of origin, such as the grape from which these products are obtained, play an important role in determining their quality and their characteristics.[48]

Nevertheless, the CJEU did not actually take into account the specifics of the law on IGOs in the early ages of the its jurisprudence, including such leading cases of that time as the *Sekt* case, the *Karl Plantl* case, or the *Pistre* case as it will be revealed further in this section. The CJEU's jurisprudence was guided by pure interests of the internal market that prevailed in the early ages of the CJEU's jurisprudence. This approach is relevant not only to IGOs particularly and IP in general, but also in case of other legal sub-branches like competition law.[49] Only later, approximately in the second half of 1990s, the CJEU transferred from the pure interests of the internal market to the specifics of law on IGOs in such cases like the *Gorgonzola* case[50] and the *Rioja II* case.[51] The change was definitely beneficial for right-holders of IGOs as the approach primarily took into account their interests that prevailed in the application of this approach. And, finally, in recent years the CJEU transferred from the interpretation of the EU primary law to the secondary law on IGOs, searching for new balance in regulation of IGOs in the EU law.

At the beginning of the review of the CJEU's jurisprudence in its early ages, it should be noticed that for the sake of clarity such review cannot be limited with cases related to IGOs only, but rather a comprehensive review of IP cases should take place as far as they relate to IGOs. Even though this book is focused on the EU law on IGOs, it is still appropriate to consider the CJEU's case law which relates to other IP cases in general or separate IP objects concerning the application of Art. 36 TFEU. As studies on the application of this Article directly concerning IP have been already made,[52] this and the next section are devoted to highlighting IGOs issues concerning the application of the referred to Article. Due to the aforementioned reasons, one may dispute the opinion[53] that the CJEU's jurisprudence on IGOs started with the *Exportur* case.[54]

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[48] Case 12-74 *Commission of the European Communities v the Federal Republic of Germany* [1975] ECR 00181 – Sekt, para. 9.

[49] *See* Goyder et al. (2009), pp. 11–12.

[50] Case C-87/97 *Consorzio per la tutela del formaggio Gorgonzola v Käserei Champignon Hofmeister GmbH & Co. KG and Eduard Bracharz GmbH* [1999] ECR I-01301 – *Gorgonzola*.

[51] Case C-388/95 *Kingdom of Belgium v Kingdom of Spain* [2000] ECR I-03123 – Rioja II.

[52] *See*, for instance, Barnard (2010).

[53] Heath (2008), p. 952.

[54] Case C-3/91 *Exportur SA v LOR SA and Confiserie du Tech SA* [1992] ECR I-05529 – Exportur.

In early jurisprudence, the CJEU did not recognise the existence of national IP systems of EU Member States, including national systems for protection of IGOs, as they contradict the freedom of free movement of goods and free competition in internal market. The so-called 'doctrine of common origin' arising from two famous judgments adopted in the 1970s, namely, the referred to the *Sirena* case[55] and the *HAG I* case,[56] serve as a bright example of such CJEU's approach. Though both cases were related to the doctrine of common origin, they had far-going impact on the functioning of the national IP systems of EU Member States and thereby they also relate to IGOs.

The first case was the *Sirena* case in which the CJEU established that

> [t]he exercise of a trade-mark right is particularly apt to lead to a partitioning of markets, and thus to impair the free movement of goods between States which is essential to the Common Market. Moreover, a trade-mark right is distinguishable in this context from other rights of industrial and commercial property, inasmuch as the interests protected by the latter are usually more important, and merit a higher degree of protection, than the interests protected by an ordinary trade-mark.[57]

As it could be seen from the quoted CJEU's conclusion made in the *Sirena* case, it could be applied to IGOs as well, considering similarities between IGOs and trade marks. Yet, the doctrine of the common origin, which was established in this case and subsequently extended by the next—HAG I—judgment, does not apply for IGOs, as they can be neither assigned nor licensed in whatever form.[58] Still, the conclusion made by the CJEU is important for IGOs from the point of view of the existence of the national IP systems. In this regard, the CJEU held that

> Article 85 of the Treaty [now Art. 101 TFEU – author's remark] is applicable to the extent to which trademark rights are invoked so as to prevent imports of products which originate in different Member States, and bear the same trade-mark by virtue of the fact that the proprietors have acquired it, or the right to use it, whether by agreements between themselves or by agreements with third parties.[59]

Furthermore, in the famous *HAG I* case the CJEU declared that 'the Court affirmed the pre-eminence of the principle of the free movement of goods over the national protection of industrial property rights',[60] speaking with the words of a referring national court in one of the subsequent cases decided by the CJEU. So, the CJEU held that

> one cannot allow the holder of a trade mark to rely upon the exclusiveness of a trade mark right — which may be the consequence of the territorial limitation of national legislations

[55] Case 40-70 Sirena S.r.l. v Eda S.r.l. and others [1971] ECR 00069 – Sirena.

[56] Case 192-73 *Van Zuylen frères v Hag* [1974] ECR I-00731 – HAG I, paras. 13–15.

[57] Case 40-70 Sirena S.r.l. v Eda S.r.l. and others [1971] ECR 00069 – Sirena, para. 7.

[58] For discussion in detail of those issues, *see* Chap. 4 above.

[59] Case 40-70 Sirena S.r.l. v Eda S.r.l. and others [1971] ECR 00069 – Sirena.

[60] Case C-421/04 Matratzen Concord AG v Hukla Germany SA [2006] ECR I-02303 – Matratzen, para. 15.

> — with a view to prohibiting the marketing in a Member State of goods legally produced in another Member State under an identical trade mark having the same origin.[61]

As the CJEU held further on in this case,

> [s]uch a prohibition, which would legitimize the isolation of national markets, would collide with one of the essential objects of the Treaty, which is to unite national markets in a single market.[62]

Next conclusion is especially important to IGOs, which is also one of the indications of origin referred to by the CJEU:

> [w]hilst in such a market the indication of origin of a product covered by a trade mark is useful, information to consumers on this point may be ensured by means other than such as would affect the free movement of goods.[63]

Finally, the CJEU reached the conclusion

> to prohibit the marketing in a Member State of a product legally bearing a trade mark in another Member State, for the sole reason that an identical trade mark having the same origin exists in the first state, is incompatible with the provisions providing for free movement of goods within the Common Market.

Therefore, according to the CJEU's case law in 1970s, the national IP systems, including the national system for IGOs, may not continue to exist and shall be abandoned within the interests of the internal market. From the point of view of both of the referred to CJEU's cases, Hugh Laddie, the former judge of the High Court of the England and Wales, wittily characterised the national IP systems of EU Member States as 'moribund anachronism'.[64] Both of the cases should be separated from cases that were also reviewed by the CJEU in 1970s, involving exhaustion of rights conferred upon IP objects[65] to be discussed further on in this section.

Though in subsequent cases reviewed by the CJEU, not only parties,[66] but also a referring national court[67] referred to *HAG I* case, the CJEU itself did not refer to its approach in this case until the *HAG II* case discussed below; moreover, it seemed in

[61] Case 192-73 *Van Zuylen frères v Hag* [1974] ECR I-00731 – HAG I, para. 12.

[62] Case 192-73 *Van Zuylen frères v Hag* [1974] ECR I-00731 – HAG I., at para. 13.

[63] Case 192-73 *Van Zuylen frères v Hag* [1974] ECR I-00731 – HAG I., at para. 14.

[64] Laddie (2001), p. 405.

[65] For the CJEU's approach in case of exhaustion of IP rights in the early ages of development of the CJEU's jurisprudence, *see* Case C-16/74 *Centrafarm BV and Adriaan de Peijper v Winthrop BV* [ECR] 1974 I-01183 – Centrafarm; Case 187/80 *Merck & Co. Inc. v Stephar BV and Petrus Stephanus Exler* [1981] ECR 02063 – Merck; Case 119-75 *Société Terrapin (Overseas) Ltd. v Société Terranova Industrie CA Kapferer & Co* [1976] ECR I-01039.

[66] Case 19/84 *Pharmon BV v Hoechst AG* [1985] ECR 02281 – Pharmon, para. 16.

[67] Case C-9/93 *IHT Internationale Heiztechnik GmbH and Uwe Danzinger v Ideal-Standard GmbH and Wabco Standard GmbH* [1994] ECR I-02789 – Ideal Standard, para. 10; Case C-421/04 *Matratzen Concord AG v Hukla Germany SA* [2006] ECR I-02303 – Matratzen, para. 15.

certain occasions that the CJEU were ready to adopt a contrary view to the *HAG I* case, i.e. that free movement of goods does not abandon the national IP systems.[68]

The CJEU ruled on IGOs for the first time in 1970s, and this case shall be considered together with CJEU's jurisprudence on the exhaustion of rights already mentioned before. These judgments deal with searching for a compromise between the freedom of free movement of goods in the internal market and derogation from this freedom on the basis of the protection of industrial and commercial property. As it was formulated in the famous *Centrafarm* case,

> [i]n as much as it provides an exception to one of the fundamental principles of the Common Market, Article 36 in fact only admits of derogations from the free movement of goods where such derogations are justified for the purpose of safeguarding rights which constitute the specific subject matter of this property.[69]

The concept of the subject matter of a particular IP object to be identified separately for each IP object was a solution put forward by the CJEU already in the beginning of the case law. As in this regard it is pointed out by the CJEU itself, 'such derogations are justified for the purpose of safeguarding rights which constitute the specific subject matter of this property',[70] i.e. subject matter of protection of a particular IP object which, as it is justly stated in the legal literature, 'must be interpreted within the context of the "specific function" of intellectual property rights. The latter suggests why enforceable rights in an innovation (technological, literary, aesthetic, commercial, and so on) should at all be recognised by the legal system'.[71] Consequently by defining the 'specific subject matter', 'existence' or 'essence' of intellectual property rights as against their mere 'exercise', the CJEU tried to resolve inherent tension between IP rights and the freedom of free movement of goods and competition law.[72]

Such identification of 'the specific subject matter' was established as patents, trade marks, and IGOs for separate IP objects in almost a similar period of time—1970s and the beginning of 1980s. So, the subject matter for patents was established

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[68] Case 19/84 *Pharmon BV v Hoechst AG* [1985] ECR 02281 – Pharmon.

[69] Case C-16/74 *Centrafarm BV and Adriaan de Peijper v Winthrop BV* [ECR] 1974 I-01183 – Centrafarm, para. 8. Confirmed in the subsequent practice, for instance, in the Terrapin case (Case 119-75 *Société Terrapin (Overseas) Ltd. v Société Terranova Industrie CA Kapferer & Co* [1976] ECR I-01039 – Terrapin, para. 5).

[70] Case C-16/74 *Centrafarm BV and Adriaan de Peijper v Winthrop BV* [ECR] 1974 I-01183, para. 7; *see* also: Case 192-73 *Van Zuylen frères v Hag* [1974] ECR I-00731, para. 9; Case 119-75 *Société Terrapin (Overseas) Ltd. v Société Terranova Industrie CA Kapferer & Co* [1976] ECR I-01039, para. 5. The conclusion made in Case C-16/74 was later approved by the CJEU in the *Exportur* case specifically concerning IGOs (*indications of provenance* in the CJEU's terminology) (Case C-3/91 *Exportur SA v LOR SA and Confiserie du Tech SA* [1992] ECR I-05529 – Exportur, paras. 24–25) and *HAG II* case (Case C-10/89 *SA CNL-SUCAL NV v Hag GF AG* [1990] ECR I-03711 – HAG II, para. 12).

[71] Enchelmaier (2007), p. 454.

[72] Reich et al. (2003), p. 158.

in the *Centrafarm* case[73] and confirmed in the subsequent CJEU's case law.[74] Concerning trade marks, in the *Terrapin* case the CJEU held that

> the basic function of the trade-mark to guarantee to consumers that the product has the same origin is already undermined by the subdivision of the original right.[75]

By following a similar approach, the CJEU defined the subject matter of IGOs in the controversial *Sekt* case by declaring that IGOs

> only fulfil their specific purpose if the product which they describe doe[s] in fact possess qualities and characteristics which are due to the fact that it originated in a specific geographical area. As regards indications of origin in particular, the geographical area of origin of a product must confer on it a specific quality and specific characteristics of such a nature as to distinguish it from all other products.[76]

As it is clear from this CJEU's judgment, the CJEU discussed only qualified IGOs but not simple, quality neutral IGOs[77] thereby limiting the scope of application of Art. 36 TFEU at that time with qualified IGOs only. Also, the CJEU limited the concept of qualified IGOs by recognising only such qualified IGOs whose raw materials possess certain quality due to its origin. It was the reason why the CJEU refused to consider opinion polls of consumers as evidence by ruling that

> [a]s, however, the protection accorded by the indication of origin is only justifiable if the product concerned actually possesses characteristics which are capable of distinguishing it from the point of view of its geographical origin, in the absence of such a condition this protection cannot be justified.[78]

Therefore, as regards this case, it is justly noticed that '[EU] Member State legislation which contains rules on origin-marking will normally be acceptable only if the origin implies a certain quality in the goods, that they were made from certain materials or by a particular form of manufacturing.[79] However, from the modern perspective, such opinion should be arbitrary as the reputation of an IGO in question may lead to establishing that this IGO is considered as qualified IGO or at least to help to establish whether a particular name is an IGO or not.[80] Ironically, but the CJEU refused to consider the results of opinion polls in the *Sekt* case,

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[73] Case C-16/74 *Centrafarm BV and Adriaan de Peijper v Winthrop BV* [ECR] 1974 I-01183 – Centrafarm, para. 9.

[74] Case 187/80 *Merck & Co. Inc. v Stephar BV and Petrus Stephanus Exler* [1981] ECR 02063 – Merck, para. 4 et seq.

[75] Case 119-75 *Terrapin (Overseas) Ltd. v Terranova Industrie CA Kapferer & Co* [1976] ECR 01039 – Terrapin, para. 6.

[76] Case 12-74 *Commission of the European Communities v the Federal Republic of Germany* [1975] ECR 00181 – Sekt, para. 7.

[77] For distinction between qualified IGOs and simple, quality neutral IGOs, *see* Chap. 3 above.

[78] Case 12-74 *Commission of the European Communities v the Federal Republic of Germany* [1975] ECR 00181 – Sekt, para. 12.

[79] Craig and de Búrca (2011), p. 643.

[80] Joined cases C-289/96, C-293/96 and C-299/96 Kingdom of Denmark, Federal Republic of Germany and French Republic v Commission of the European Communities [1999] ECR I-01541;

whereas in one of its recent judgments, namely in the *Parmesan* case,[81] the CJEU pointed out to the deficiency of the position of Germany as Germany did not submit any materials of opinion polls, testifying how consumers perceive a particular IGO in question.[82] Consequently the possibility to consider opinion polls was admitted also in other cases.[83]

As a result of such disputable CJEU's approach, neither the designation *Sekt* nor the designation *Weinbrand* was considered as qualified IGOs.[84] Similarly, the designation *Prädikatssekt* was not considered as a qualified IGO despite the requirement that at least 60 % of grapes should be used.[85]

Another case was reviewed a couple of years after the *Sekt* case and it related to the Irish national law, envisaging that any item, classified as a souvenir of Ireland, but produced outside Ireland, should be marketed with an indication of its foreign origin. As a result it was necessary to clarify whether a souvenir, resembling a particular geographical place in Ireland, should be perceived by consumers as an indication to the geographical origin. In this case, the CJEU differentiated a particular product, i.e. a souvenir resembling a particular place in Ireland, from the IGO, a reference to the geographical origin of that product in Ireland:

> [t]he souvenirs [..] are generally articles of ornamentation of little commercial value representing or incorporating a motif or emblem which is reminiscent of an Irish place, object, character or historical event or suggestive of an Irish symbol and their value stems from the fact that the purchaser, more often than not a tourist, buys them on the spot. The essential characteristic of the souvenirs in question is that they constitute a pictorial reminder of the place visited, which does not by itself mean that a souvenir, as defined in the orders, must necessarily be manufactured in the country of origin.[86]

As those measures under the Irish national law were recognised as discriminatory, Ireland cannot rely on Art. 36 TFEU as justification for that measure.[87]

Further development in the field of IGOs was the *Karl Prantl* case concerning a type of bottle which is specific to a certain territory of an EU Member State and

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Joined cases C-465/02 and C-466/02 *Federal Republic of Germany (C-465/02) and Kingdom of Denmark (C-466/02) v Commission of the European Communities* [2005] ECR I-09115 – Feta.

[81] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan.

[82] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan, para. 54.

[83] Case T-291/03 Consorzio per la tutela del formaggio Grana Padano v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) [2007] ECR II-03081 – Grana Padano, para. 66.

[84] Case 12-74 *Commission of the European Communities v the Federal Republic of Germany* [1975] ECR 00181 – Sekt, para. 12.

[85] Case 12-74 *Commission of the European Communities v the Federal Republic of Germany* [1975] ECR 00181 – Sekt, para. 13.

[86] Case 113/80 Commission of the European Communities v Ireland [1981] ECR 01625 – Ireland souvenirs, para. 15.

[87] Case 113/80 Commission of the European Communities v Ireland [1981] ECR 01625 – Ireland souvenirs, at para. 17.

therefore due to the character of use it was recognised in that Member State as an indirect IGO[88] which was not disputed neither by parties nor the CJEU. The CJEU held in *Karl Prantl* case that

> producers who traditionally use a bottle of a specific shape may not in any event successfully rely upon an industrial or commercial property right in order to prevent imports of wines originating in another Member State which have been bottled in identical or similar bottles in accordance with a fair and traditional practice in that State.[89]

Therefore, in the *Karl Prantl* case the CJEU admitted that protection of IGOs in a separate EU Member State may be limited in case of a similar IGO belonging to another EU Member State if it is used, based on the quotation above, featuring the CJEU's opinion, 'in accordance with a fair and traditional practice in that [Member] State'. It shall be noted that from the point of view of the protection of IGOs, it is irrelevant whether a particular IGO shall be considered either as a simple, quality neutral IGO or a qualified IGO, because the referred to types of IGOs fulfil the function of IGOs to distinguish the geographical origin of goods (or services if such would be a case) in question. In addition, it shall be taken into account that significance of the quotation above CJEU's conclusion in the *Karl Prantl* case is related also to the fact that the CJEU disputed the application of the principle of territoriality[90] in respect of IGOs, sacrificing this principle in favour of the internal market and the freedom of free movement of goods. Also, the CJEU concluded that the fact that a trade mark proprietor registered a trade mark 'depicting a specific shape of bottle [..] [is] irrelevant'[91] and in such a way failing to distinguish provisions which provide protection for both IGOs and trade marks as types of indications of origin and not admitting an exclusive right arising from IGOs,[92] based on the existence of industrial and commercial property as derogation from the application of the freedom of free movement of goods envisaged by Art. 36 TFEU.[93]

[88] Case C-16/83 *Criminal proceedings against Karl Prantl* [1984] ECR I-01299 – Karl Prantl, para. 34.

[89] Case C-16/83 *Criminal proceedings against Karl Prantl* [1984] ECR I-01299 – Karl Prantl, at para. 35.

[90] For essential principles applicable in case of IGOs including the principle of territoriality, *see* Sect. 3.1 above.

[91] Case C-16/83 *Criminal proceedings against Karl Prantl* [1984] ECR I-01299 – Karl Prantl, para. 37.

[92] For discussion of an exclusive right arising from IGOs and its contents, *see* Sect. 3.2 above.

[93] This conclusion may not be influenced even considering the reservation of this conclusion made by the CJEU 'as regards the question whether national legislation allowing only wine producers in certain regions to use a bottle of the same shape is justified under Article 36 [TFEU]' because it simultaneously deals with application of the principle of territoriality in respect of IGOs (and IP in general).

The conclusions made by the CJEU in the *Karl Prantl* case were later confirmed in a similar case involving prohibition on the marketing of the production 'Petillant de Raisin' bottled in traditional Champagne-type bottles.[94]

Therefore, it is justly mentioned, that in its early jurisprudence the CJEU 'took quite a negative position vis-à-vis the exercise of intellectual property rights in EU commerce' in the trade among EU Member States.[95]

For the sake of truth, it shall be noted that already in its early jurisprudence, particularly in the *Terrapin* case, the CJEU pointed out that though the TFEU does not affect the national IP systems of EU Member States, yet exercise of IP rights granted by those national IP systems may be limited with restrictions laid down by the TFEU.[96] Also, the CJEU's judgement in the *Terrapin* case is significant due to the fact that the CJEU tried to reconcile the principle of free movement of goods with national IP rights, described in the legal literature as balancing test,[97] by pointing out that the exercise of IP rights may be denied 'in respect of any improper exercise of the same rights of such nature as to maintain or influence artificial partitions within the common market [in the terminology of the TFEU at that time, now the internal market — author's remark]'.[98] By adopting this conclusion, the CJEU inevitably came into logical discrepancy as the national IP rights of EU Member States themselves partitioned the internal market functioning among EU Member States. Due to this fact, the CJEU had no choice, but to admit rights belonging to a trade mark proprietor, prohibiting the import of goods from another EU Member State bearing a confusingly similar trade mark.[99]

Therefore, a clash between the national IP systems of the EU Member States, including also the national systems of IGOs, and the functioning of the internal market was solved by the CJEU in favour of the latter in the early CJEU's jurisprudence. This solution actually led to at least limiting the national IP rights due to failure to stop the import of infringing goods. This approach for interpretation chosen by the CJEU in its early jurisprudence was unfavourable for the holders of the national IP rights, including IGOs. However, this situation, which was created by the CJEU in 1970s, changed in 1990s by recognising the national IP systems in general as the controversial *HAG I* case was re-considered in the *HAG II* case and particularly for the national systems of IGOs in such leading cases as the

[94] Case 179/85 Commission of the European Communities v Federal Republic of Germany [1986] ECR 03879 – Petillant de Raisin, *see* its paras. 7 and 11 concerning confirmation of conclusions made in the *Karl Prantl* case.

[95] Reich et al. (2003), p. 157.

[96] Case 119-75 *Société Terrapin (Overseas) Ltd. v Société Terranova Industrie CA Kapferer & Co* [1976] ECR I-01039 – Terrapin, para. 5.

[97] Reich et al. (2003), p. 158.

[98] Case 119-75 *Société Terrapin (Overseas) Ltd. v Société Terranova Industrie CA Kapferer & Co* [1976] ECR I-01039 – Terrapin, para. 7.

[99] Case 119-75 *Société Terrapin (Overseas) Ltd. v Société Terranova Industrie CA Kapferer & Co* [1976] ECR I-01039 – Terrapin, para. 7.

Exportur case and the *Rioja II* case. This change will be discussed in the next section.

5.4 Further Development

Development of understanding of IGOs in CJEU's jurisprudence at the end of 80s and the beginning of 90s of the previous century may be characterised from the point of view of two factors that without doubt influenced the change of interpretation approach of the CJEU concerning IP in general and IGOs in particularly. First, it was the emerging internal market requiring more and more sophisticated approach for solving a clash between the IP law and the functioning of the internal market. Second, it was the growing understanding of the value of qualitative goods and pressure for regulating goods bearing IGOs. As a result, different legal acts were adopted extending this regulation to other types of agricultural products and foodstuffs, without limiting regulation with the wine market products any more. Due to both of these factors, re-consideration of the previous CJEU's approach in the IP field in general and IGOs particularly became vital and necessary not only to bring the CJEU's case law in line with the modern tendencies, but also to ensure smooth functioning of the internal market itself.

At first, the doctrine of the common origin discussed in the previous section was reconsidered. Though the *HAG I* case did not directly influence IGOs by the common origin doctrine,[100] CJEU's conclusions made in this case concern the existence of the national IP systems and in such way undoubtedly influence the national law in the field of IGOs. So, in the famous *HAG II* case[101] the CJEU stepped back from that doctrine by declaring that national IP right-holders (the CJEU discussed trade mark right-holders) should exercise the right conferred on him by national legislation to oppose the importation of infringing goods.[102] Therefore, by refusing from the common origin doctrine, the CJEU recognised the existence of the national IP systems, including national systems for IGOs. Yet, it does not mean that the *HAG I* case is completely forgotten. It is quite interesting that in competition cases the General Court affirmed the thesis from *HAG I*, particularly, in its para. 13, that the CJEU 'already had occasion to state that the isolation of national markets is contrary to one of the essential objects of the Treaty, which is to unite national markets in a single market' by directly referring to *HAG I*.[103] Therefore, the *HAG I* case is still topical as far as it covers the EU competition law issues.

[100] The doctrine of the common origin does not apply to IGOs due to their un-alienable nature (*see* Sect. 3.2 above).

[101] Case C-10/89 *SA CNL-SUCAL NV v Hag GF AG* [1990] ECR I-03711 – HAG II, para. 20.

[102] Case C-10/89 *SA CNL-SUCAL NV v Hag GF AG* [1990] ECR I-03711 – HAG II, para. 16.

[103] Case T-360/09 *E.ON Ruhrgas AG and E.ON AG v European Commission* [2012] ECR 00000, para. 146; Case T-370/09 *GDF Suez SA v European Commission* [2012] ECR 00000, para. 79.

Other cases discussed in this section directly deal with IGOs. The controversial and famous *Rioja I* case from the early years of the CJEU's jurisprudence is the first case to be mentioned. In this case,[104] the CJEU dealt with the situation when wine in bulk of certain origin, i.e. wine from Rioja, the famous wine region in Spain, may be exported outside Spain (in this case to Belgium) in limited amount with gradual abandonment of such exports as it was provided by the Spanish national law. The reason for this dispute was that there were no prohibitions to export wine in bulk from the famous Rioja region, but it cannot be labelled as the Rioja wine. Consequently, not being named as the Rioja wine, it would completely lose its commercial value. Due to this reason, the Belgian exporter battled for a possibility to achieve the labelling of this wine as the Rioja wine.

At first, the CJEU re-considered the function of IGOs that was defined previously and discussed in the previous section. If previously in the *Sekt* case the CJEU held that the function of IGOs is 'to describe [..] qualities and characteristics which are due to the fact that it originated in a specific geographical area',[105] in the *Rioja I* case the CJEU described the function in a slightly different way by putting emphasis on 'a guarantee' in conjunction with the geographical link and qualitative link essential for qualified IGOs[106]:

> the specific function of a registered designation of origin is to guarantee that the product bearing it comes from a specified geographical area and displays certain particular characteristics.[107]

Further on the CJEU established the test for evaluation of this 'specific function' of IGOs and this test complies with the specifics of the law on IGOs:

> the requirement that the wine be bottled in the region of production, in so far as it constitutes a condition for the use of the name of that region as a registered designation of origin, would be justified by the concern to ensure that that designation of origin fulfilled its specific function if bottling in the region of production endowed the wine originating in that region with particular characteristics, of such a kind as to give it individual character, or if bottling in the region of production were essential in order to preserve essential characteristics acquired by that wine.[108]

Therefore, contrary to the famous wine rule that a wine producer may control only such wine that has been bottled by itself, the CJEU held that the measure in question has nothing to do with the function of IGOs[109] whereas the EU law

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[104] Interestingly, that one of current Advocates-General of the CJEU, i.e. Eleanor Sharpston, was involved in this case as a barrister for one of parties.

[105] Case 12-74 *Commission of the European Communities v the Federal Republic of Germany* [1975] ECR 00181 – Sekt, para. 7.

[106] For the geographical link, the qualitative link, and qualified IGOs, *see* Sect. 3.1 above.

[107] Case C-47/90 *Établissements Delhaize frères et Compagnie Le Lion SA v Promalvin SA and AGE Bodegas Unidas SA* [1992] ECR I-*03669* – Rioja I, para. 17.

[108] Case C-47/90 *Établissements Delhaize frères et Compagnie Le Lion SA v Promalvin SA and AGE Bodegas Unidas SA* [1992] ECR I-*03669* – Rioja I, at para. 18.

[109] Delhaize, para. 19.

effective at that time is sufficient to maintain the quality of wine in bulk exported to other EU Member States.[110] As a result, exporters of the Rioja wine in bulk, exporting the wine from this region to other EU Member States, were entitled to claim the respective assurance of the geographical origin of that wine.

This conclusion was completely reversed[111] by the subsequent case decided by the CJEU in 2000 after four and a half years of consideration. It was caused because of the fact that the Rioja wine producers declined to fulfil the CJEU's judgment in the *Rioja I* case and Spain was brought before the CJEU by Belgium. Thus, in the *Rioja II* case, which was a logical continuation of the *Rioja I* case, the CJEU admitted the referred to wine rule and finally decided to follow the approach formulated by it in the famous *Sekt* case 25 years ago by sticking to the specific nature of the law on IGOs. The CJEU justly held in that case that the quality of wine in bulk exported to another territory may not be controlled by wine producers and therefore they cannot be liable for its quality. Consequently, there is no reason to call wine in bulk exported from the Rioja region as Rioja wine any more.

Moreover, in the next *Exportur* case, the CJEU especially mentioned the meaning of IGOs (indications of provenance in the terminology of the CJEU as mentioned above) by pointing out that

> [s]uch names may nevertheless enjoy a high reputation amongst consumers and constitute for producers established in the places to which they refer an essential means of attracting custom. They are therefore entitled to protection.[112]

As it was highlighted by Prof. Friedrich-Karl Beier specifically in relation to the CJEU's judgment in the *Exportur* case, the CJEU admitted protection not only to qualified IGOs, but also IGOs in general in Art. 30 TEC (now Art. 36 TFEU),[113] consequently admitting the protection of IGOs as part of one of industrial property objects in accordance with Art. 1 of the Paris Convention.[114]

As it is rightly observed in relation to the assessment of the *Exportur* case, with its judgement in this case the CJEU affirmed that it is possible for simple, quality neutral IGOs to exist even if they are not registered within the applicable Regulations, for instance, such IGOs as Made in Germany or Thai silk[115] that at the same time came into discrepancy with the opinion of the European Commission in the

[110] Delhaize, para. 20 et seq.

[111] Similar opinions were expressed also by legal commentators (*see*, for instance, Craig and de Búrca 1998, p. 84).

[112] Case C-3/91 *Exportur SA v LOR SA and Confiserie du Tech SA* [1992] ECR I-05529 – Exportur, para. 28. Similar conclusion was adopted also in para. 11 of this judgment by indicating that '[a] more or less considerable reputation may attach to that geographical provenance [IGOs in terminology of this book – author's remark]'. The cited conclusion made in para. 28 of this judgment was affirmed in the subsequent CJEU's case law (Case C-388/95 *Kingdom of Belgium v Kingdom of Spain* [2000] ECR I-03123 – Rioja II, para. 55).

[113] Beier (1994) p. 77.

[114] Beier (1994) p. 77.

[115] Heath (2005), p. 131.

Exportur case,[116] which was not supported by the CJEU. Likewise, as it arises from the CJEU's judgement in the *Exportur* case, the concept of industrial and commercial property within the context of Art. 36 TFEU covers simple, quality neutral IGOs and the protection thereof may be extended from a country of origin to a country of protection if it is provided by a bilateral agreement.[117] Due to the significance of the mentioned CJEU's conclusions in the referred to case, Prof. Friedrich-Karl Beier characterised it as 'of fundamental significance to the protection of geographical indications of source [IGOs according to the terminology used in this book — author's remark] in the European Community and its future development'[118] immediately after the adoption of the CJEU's judgment in this case.

Furthermore, in subsequent judgements, the CJEU concluded[119] that the protection of IGOs[120] is grounded on the principle of territoriality[121] which, as it was pointed out by the CJEU, was established in the Paris Convention and the Madrid Agreement.[122] At the same time, CJEU admitted derogations from the principle of territoriality by concluding that a bilateral agreement concluded between EU Member States may envisage that the law of the country of origin still applies.[123]

The tendency, which was revealed in the *Rioja II* case mentioned above, continued in subsequent cases, notably in two cases where the CJEU faced the evaluation of the obligation regarding packaging and slicing (grating) of cheese denoted by a protected IGO in the region of production. Though the CJEU admitted that despite the fact these activities 'constitut[e] a measure having equivalent effect to a quantitative restriction on exports within the meaning of Article 29 EC [now Art. 36 TFEU — author's remark]',[124] still they are justified[125] based on the

[116] Heath (2005), p. 131.

[117] Knaak (1996), p. 124.

[118] Beier (1994), p. 75.

[119] Yet, by resolving another issue the CJEU indirectly admitted application of the principle of territoriality for IP rights in one of its earlier judgments by pointing out that 'the exclusiveness of a trade mark right [..] may be the consequence of the territorial limitation of national legislations' (Case 192-73 Van Zuylen frères v Hag [1974] ECR I-00731 – HAG I, para. 12).

[120] It shall be noted that in this case the CJEU used different terminology by exploiting the concept "an indication of provenance" (Case C-3/91 *Exportur SA v LOR SA and Confiserie du Tech SA* [1992] ECR I-05529 – Exportur, para. 11) whose understanding corresponds to the understanding of the concept of 'an IGO' within this book.

[121] Case C-3/91 *Exportur SA v LOR SA and Confiserie du Tech SA* [1992] ECR I-05529 – Exportur, para. 12.

[122] Case C-3/91 *Exportur SA v LOR SA and Confiserie du Tech SA* [1992] ECR I-05529 – Exportur, at para. 15.

[123] Case C-3/91 *Exportur SA v LOR SA and Confiserie du Tech SA* [1992] ECR I-05529 – Exportur, at paras. 13–15, 38–39.

[124] Case C-469/00 *Ravil SARL v Bellon import SARL and Biraghi SpA* [2003] ECR I-05053 – Grana Padano I, para. 88; Case C-108/01 *Consorzio del Prosciutto di Parma and Salumificio S. Rita* [2003] ECR I-5121 – Parma Ham, para. 59.

[125] Case C-469/00, para. 90; Case C-108/01, para. 81.

CJEU's jurisprudence in the *Rioja II* case and due to a specific aim of these activities.

This tendency in more or less extent presents also in other judgements adopted by the CJEU within this time period. In the *Gorgonzola* case, the CJEU interpreted the concept 'evocation' envisaged in Art. 13 of the Regulation 2081/92, the predecessor of the Foodstuffs Regulation, in the favourable way for right-holders of IGOs by ruling that it covers situation of phonetic and aural similarity. Therefore, despite lack of conceptual similarity between a registered IGO and a respective designation the latter shall be either invalidated if it is registered; refused its registration if applied for registration; or prohibited in case if it is neither registered nor applied for registration. This broad protection interpretation of the concept 'evocation' was narrowed in the *Parmesan* case adopted in the next time period of development of CJEU's jurisprudence by logically adding also necessity of conceptual similarity for establishing evocation of a registered IGO in an infringing designation.

By following the same tendency, the CJEU decided the *Chiemsee*[126] case where it was ruled that all circumstances shall be taken into account on evaluation whether a particular designation shall be treated as an IGO or not; its use not only at the current moment but also its possible use in future shall be considered; refusal of the national practices which narrow protection of IGOS through absolute non-registrability grounds, namely the theory of *Freihaltsbedürfnis* developed by German courts.[127]

As long as a particular geographical designation fulfils the function of an IGO, distinguishing the geographical origin of goods (or services if such would be a case), this designation shall be perceived as an IGO. In this regard, the CJEU's opinion within the context of the concept of industrial and commercial property envisaged in Art. 36 TFEU 'unlike other rights of industrial and commercial property — it [a trade mark right — author's remark] is not subject to limitations in point of time'[128] should be critically evaluated as such IGOs as trade marks also are not subject to any time limits of their protection until they fulfil their function characterised above.

However, the opinion that 'all justification reasons mentioned in Art. 30 EC [now Art. 36 TFEU — author's remark] are possible only for the achievement of non-economic aims'[129] should be regarded as arbitrary. In this regard the aim for the protection of industrial and commercial property—a derogation from the principle of free movement of goods within the internal market enshrined in Art. 36 TFEU should be noticed:

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[126] Joined cases C-108/97 and C-109/97 *Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber and Franz Attenberger* [1999] ECR I-02779 – Chiemsee.

[127] For *Freihaltsbedürfnis, see generally* Phillips (2005), pp. 389–401.

[128] Case 192-73 *Van Zuylen frères v Hag* [1974] ECR I-00731 – HAG I, para. 11.

[129] Gatawis et al. (2002), p. 211.

> the guarantee that the owner of the trade mark has the exclusive right to use that trade mark, for the purpose if putting products protected by the trade mark into circulation for the first time, and is therefore intended to protect him [or her] against competitors wishing to take advantage of the status and reputation of the trade mark by selling products illegally bearing that trade mark.[130]

As it arises from this CJEU's conclusion and also supported by courts of EU Member States,[131] trade mark rights are in fact material (economic) rights in their essence whose exploitation and protection is of material (economic) character. Consequently, as far as it relates to trade marks, the purpose for the justification of protection of industrial and commercial property within the context of Art. 36 TFEU may be related with material interests of trade mark proprietors. Similarly, these conclusions extend also to right-holders of IGOs, considering that both trade marks and IGOs are types of indications of origin.[132]

As a result of the research conducted in this section, it is possible to arrive at the conclusion that Art. 36 TFEU, specifically concerning the protection of industrial and commercial property, provides justification for the existence of national systems of IGOs of EU Member States. Therefore, it allows EU Member States to maintain national systems of IGOs and provide protection of IGOs within their national jurisdictions insofar as they are not restricted be the EU secondary law to be discussed further on in the next section and Chap. 11 of this book.

These conclusions are of major importance, deciding for EU Member States whether they should keep and develop their national systems of IGOs whose existence, as discussed above, is justified in accordance with Art. 36 TFEU. In addition, as it also arises from the discussion above, EU Member States may maintain and develop their national systems of IGOs both in respect of simple, quality neutral IGOs and qualified IGOs to the extent allowed by the EU secondary law; particularly, as far as it relates to qualified IGOs, EU Member States may provide protection to qualified IGOs in respect of non-agricultural goods and those IGOs in respect of agricultural goods which are not applied for registration within the European Commission according to applicable Regulations within the direct protection system. Consequently, the opinion of the European Commission, which was indicated in the legal literature, stating that national protection will be precluded for those IGOs that relate to products covered by Regulation 2081/92,[133] the predecessor of the Foodstuffs Regulation, or subsequently adopted Regulations that cover those and other agricultural products, considering that the EU secondary law may protect only those qualified IGOs that are applied for registration as prescribed

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[130] Case C-16/74 *Centrafarm BV and Adriaan de Peijper v Winthrop BV*. [ECR] 1974 I-01183 – Centrafarm, para. 8.

[131] For instance, Latvian courts admitted that a claim for discontinuation of unlawful use of a trade mark 'similarly like any other claims for collection of damages is material character' (Decision of 03 October 2006 of the Civil Case Panel for the Supreme Court of the Republic of Latvia in civil case No PAC-1465. Unpublished).

[132] For IGOs as one of types of indications of origin, *see* Sect. 3.1 above.

[133] Knaak (1996), p. 126.

by Regulations, but do not cover all qualified IGOs existing in EU Member States irrespective of whether they relate to agricultural or non-agricultural products, cannot be supported.

Also, as it arises from the CJEU's jurisprudence discussed above, it does not support the assumption that '[i]t is intended that the Community arrangements should replace, following a transitional period, the national arrangements for protecting geographical indications'.[134] However, as it was concluded by the CJEU, after an IGO is applied for registration within the European Commission, its protection at the national level must be ceased (except temporary national protection).[135] Though this conclusion was made in respect of Regulation No 2081/92, it would be appropriate to extend it not only to its successors—the Foodstuffs Regulation and the Quality Schemes Regulation, which is currently effective, but also to the Spirits Regulation and the Single CMO Regulation.[136] Therefore, one may agree with the opinion expressed about Regulation No 2081/92, but which may be extended also to Regulations mentioned above, claiming that the protection of IGOs is based on provisions included in a regulation precluding national regulation and bilateral international treaties concluded by the EU Member States.[137]

Based on the discussion above, a logical question arises—whether the existence of national systems of IGOs within EU Member States, considering the EU direct protection system, is still necessary. Based on the current version of EU law, the existence of such national systems is grounded mainly for two reasons.

First, it is a completely objective legal reason arising from the effective EU law that the EU direct protection system covers only agricultural products and foodstuffs. However, as the concept of agricultural products and foodstuffs has the legal meaning, it does not cover all existing agricultural products and foodstuffs, but only those falling within that specific concept. Consequently, the national systems of IGOs in EU Member States cover IGOs for such products that are outside the EU direct protection system.

Second, it is a subjective reason that right-holders of IGOs do not wish to apply particular IGOs within the EU direct protection system and maintain their national protection. There may be distinguished several situations when such IGOs will not be applied for registration within the EU direct protection system.

First of all, if export markets are not located within EU Member States, there is no reason to apply for the EU direct protection system as there are no economic interests to be protected in the EU. A notable example here is the IGO *Riga Sprats*,

[134] Heine (1992), p. 127.

[135] Case C-87/97 *Consorzio per la tutela del formaggio Gorgonzola v Käserei Champignon Hofmeister GmbH & Co. KG and Eduard Bracharz GmbH* [1999] ECR I-01301 – Gorgonzola, para. 18.

[136] The question concerning the Aromatised Wines Regulation remains unclear (*see* Chap. 9 below).

[137] Knaak (2001), p. 377.

one of Latvian IGOs—goods labelled with this IGO are mainly exported to the republics of the former Soviet Union.[138] Second, quite high expenses, lack of state support and the length of registration.[139] Third, disclosing of a product specification. In case of spirits, such product specification in respect of registered IGOs shall be communicated by 2015 as provided by the Spirits Regulation; however, such situation is rare due to the necessity to provide clear guidelines for the use of a particular IGO for all relevant interested persons. Finally, if a particular IGO is of a local character with a limited extent for use, there is no reason to apply such IGO for registration within the EU direct protection system. Due to such situations, various explanations may be provided why qualified IGOs in respect of agricultural products and foodstuffs may not be applied for registration within the EU direct protection system.

As there is rationale for maintaining the national systems of IGOs of the EU Member States. It is, therefore, understandable from the current stage of development of the EU law on IGOs why the CJEU ruled in favour of the direct protection system. As the secondary EU law was created in the recent two decades, the CJEU's jurisprudence on interpretation of the primary law logically switched to interpretation of the EU secondary law. Example of searching for such balance is the *Salami Felino* case[140] by establishing interrelation between the EU direct and indirect protection systems[141] to be distinguished further in the next section. It is not appropriate to consider interpretation separately, but it will be examined together with commentaries on applicable norms in further chapters of this book.

National Quality Labels Protection of simple, quality neutral IGOs within the context of Art. 36 TFEU was partly re-considered by the CJEU concerning the so-called 'national (regional) quality labels'. These cases were initiated by the European Commission against several EU Member States for the breach of the freedom of free movement of goods due to the use of such national quality labels. Such cases, appropriate for joint consideration, are as follows:

- Case C-325/00[142] the European Commission v Germany (judgement delivered by the CJEU on 5 November 2002) concerning the national quality label 'Markenqualität aus deutschen Landen' (quality label for goods produced in Germany);

[138] Alberte (2009), pp. 32–33.

[139] Alberte (2009), at p. 33.

[140] Case C-446/07 Alberto Severi v Regione Emilia Romagna [2009] ECR I-08041 – Salame Felino.

[141] For discussion of this issue, see the next section and the Sect. 11.3 below.

[142] Case C-325/00 Commission of the European Communities v Federal Republic of Germany [2002] ECR I-09977 – Markenqualität aus deutschen Landen.

- Case C-6/02[143] the European Commission v France (judgement delivered by the CJEU on 6 March 2003) concerning such regional quality labels as *Savoie*, *Franche-Comté*, *Corse*, and others[144];
- Case C-255/03[145] the European Commission v Belgium (judgement delivered by the CJEU on 17 June 2004) concerning the regional quality label 'Walloon label of quality' for goods produced in Wallonie, the region of Belgium.

From the procedural point of view, the situation between the first case, from one side, and the last two cases, from another side, is different due to disputing the fact of infringement: it was disputed only in the first case by Germany. In the last two cases, the respective EU Member States, namely France and Belgium, admitted and did not dispute the fact of infringement of the freedom by using national quality labels. Consequently, the last two cases, involving France and Belgium respectively, were decided by the CJEU only based on evaluation of the fact whether these EU Member States failed to fulfil their obligations under the EU law in the time limit set out in a reasoned opinion issued by the European Commission.[146] Therefore, no discussion took place before the CJEU in respect of those two cases about whether the use of national quality labels put France or Belgium respectively in the infringement situation or not.

Germany disputed alleged non-compliance between the freedom of free movement of goods and the use of the national quality label 'Markenqualität aus deutschen Landen' by pointing out that this label is a simple, quality neutral IGO, referring to the CJEU's conclusions in the *Exportur* case.[147] The CJEU's answer why national quality labels may not enjoy protection under Art. 36 TFEU similarly as IGOs *Turrón de Jijona* and *Turrón de Alicante* is anchored in the following CJEU's conclusion:

> [w]hile it is true, as the German Government points out, that the Court acknowledges in its judgment in Case C-3/91 Exportur [1992] ECR 5529, that the protection of geographical indications may, under certain conditions, fall within the protection of industrial and commercial property for the purposes of Article 36 of the Treaty, a scheme such as that at issue in the present proceedings, defining the area of provenance as the extent of German territory and applying to all agricultural and food products fulfilling certain quality requirements, cannot in any case be considered as a geographic indication capable of justification under Article 36 of the Treaty.[148]

[143] Case C-6/02 Commission of the European Communities v French Republic [2003] ECR I-02389 – regional labels.

[144] Case C-6/02 Commission of the European Communities v French Republic [2003] ECR I-02389 – regional labels, at para. 15.

[145] Case C-255/03 Commission of the European Communities v Kingdom of Belgium (unpublished).

[146] See paras. 17–20 (Case C-6/02 above); paras. 13–15 (Case C-255/03 above).

[147] Case C-325/00, at para. 27.

[148] Case C-325/00, at para. 27.

Therefore, by examining the German national quality label, the CJEU pointed out that a quality scheme involving the use of that quality label by 'defining the area of provenance as the extent of German territory and applying [it] to all agricultural and food products' may not be protected under Art. 36 TFEU.

The CJEU did not provide any reasoning why that German national quality label cannot be admitted 'as a geographical indication capable of justification under Article of the Treaty' and why its conclusions made in *Exportur* do not apply in this case concerning the national quality labels. Also, while both the legal literature[149] and the economic analysis[150] supported the CJEU's approach in this case, none of these authors actually examined compliance of that CJEU's approach with the proper understanding of the law on IGOs and with CJEU's conclusions made in *Exportur*.

Specifically, an IGO may cover a whole territory of a country, for instance, it is usual to affix a reference of a country of production on goods such as 'Made in . . .' which is commonly accepted as an example of a simple, quality neutral IGO; also such IGOs, though qualified, are allowed to be protected under the law on IGOs, for instance, such qualified IGOs may be registered under the Spirits Regulation. Also, the fact that a national quality label covers all agricultural goods is also a weak argument because the aforementioned example of 'Made in . . .' also covers all possible types of goods and this fact does not influence its qualification as IGO and its protection under Art. 36 TFEU. Likewise, the CJEU's approach exploited in the discussed case runs against its conclusions in *Exportur* mentioned above where it was admitted that protection of simple, quality neutral IGOs may enjoy protection under Art. 36 TFEU.

However, it could be assumed from the obscure CJEU's reasoning quoted above that such IGOs as *Turrón de Jijona* and *Turrón de Alicante*, whose protection was recognised in *Exportur*, national quality labels do not refer to a specific type of goods, but to any goods either produced in a particular region (such as 'Produced in Bavaria' or 'Bavarian product') or in a particular country ('Made in Germany' or 'Made in Austria'). If this explanation is true, such IGOs only may enjoy derogation from the freedom of free movement of goods which is based on the protection of industrial and commercial property anchored in Art. 36 TFEU if they cover a specific type of goods produced in a geographical place referred to in such IGO and has specific reputation related to this geographical origin. In that way, this CJEU's approach is similar to its conclusions made in the Irish souvenir case[151] by declaring that souvenirs representing different places located in Ireland must not be necessarily of the Irish origin—therefore there is no reputation to be protected concerning IGOs used to describe that origin.

[149] Kaczorowska (2011), p. 559.

[150] Charlier and Ngo (2012), pp. 24–29.

[151] Case 113/80 Commission of the European Communities v Ireland [1981] ECR 01625 – Ireland souvenirs.

5.5 Approach of the Secondary Law: Direct and Indirect Protection

5.5.1 General Overview

Notwithstanding the fact that the first legal acts for the protection of IGOs in the EU law were adopted already in 1970s, the effective EU law on IGOs may be still characterised as 'only developing' as it was characterised a decade ago by *Bernard O'Connor*.[152] Therefore, as the EU law still stands now concerning IGOs especially in the light of the continuous reform of the EU secondary law in the last years, it is not possible to establish a developed system for the protection of IGOs or fully developed essential principles for the protection of IGOs by the EU secondary law. Therefore, it is still a persuasive opinion of the author quoted above that

> [b]efore 1992 there was no common approach in the different EC Member States on how to protect geographical indications [IGOs in the terminology of this book – author's remark]. Despite the diversity of national laws, two basic principles were shared: the protection of consumers from false and misleading information; the protection of producers and merchants from unfair competition.[153]

In addition to the regulation of IGOs through the EU primary law discussed previously, the EU secondary law has been developing more and more in the recent two decades. The regulation of IGOs in the EU secondary law is provided in two ways. First, the regulation of IGOs in the EU secondary law is grounded on the provisions of regulations which are directly applicable in all EU Member States and therefore the main provisions produce a direct effect. As a result, physical and legal persons, namely right-holders of IGOs, may refer to that regulation for the protection of their rights and legal interests in national courts. As provisions of regulations shall not be further transposed into the national law of EU Member States, regulation envisaged by regulations should be characterised as **the EU direct protection system** juxtaposing it to **the EU indirect protection system** ensured mainly through directives. A general overview of both protection systems will be given in this section, whereas a more detailed discussion will be provided in further chapters: Chaps. 6–9 will examine applicable Regulations within the direct protection system, but Chaps. 10 and 11—applicable legal acts within the indirect protection system.

Another necessity for division of protection of IGOs into the direct and indirect protection systems arises from the fact which kind of interest they protect. In contrast to the direct protection system which is based on protection of the private interest of right-holders of IGOs, indirect protection system primarily provides protection of public interest for not allowing particular actions or omissions in the course of trade. It does not allow, for instance, registering IGOs as trade marks

[152] O'Connor (2004), p. 17.

[153] O'Connor (2003), p. 83.

through trade mark law or preventing untrue or misleading use of IGOs as misleading commercial practices within the prohibition of unfair commercial practices. As it was stated by the CJEU in respect of trade mark law but it may be also extrapolated to the whole indirect protection system,

> Article 7(1)(c) of Regulation No 207/2009 pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the characteristics of goods or services in respect of which registration is sought may be freely used by all.[154]

Therefore, the indirect protection system may be treated as alternative protection system of IGOs mainly established and maintained for their protection from the point of view of the public interest. In a result, it should be treated as an autonomous protection system existing separately from civil proceedings which are intended to protect the private interest of right-holders of IGOs. Therefore, the indirect protection system of IGOs may be applied irrespective of protection afforded to right-holders of IGOs within the direct protection system. Consequently, protection of IGOs in accordance with the indirect protection system neither excludes the application of the indirect protection system nor has any prejudice for its application.

Division of protection of IGOs arising from the direct and indirect protection system was subject to examination by the CJEU. Specifically, in the *Salame Felino* case, it was dispute between interrelation between the predecessor of the Foodstuffs Regulation, i.e. the Regulation 2081/92, falling within the direct protection system, from one side, and the Labelling Directive, falling within the indirect protection system, from other side.[155]

Due to the distinction of the EU secondary law into direct and indirect protection systems in the case of IGOs, one may fully agree with the opinion that the protection of IGOs may be either direct or indirect upon which the distinction of regulation characterised in the previous paragraph is grounded:

- the direct protection of IGOs 'on behalf of persons entitled to their use, that is the producers located in the respective geographical area or on behalf of the original products, i.e., products coming from the geographical area;
- the indirect protection of geographical indications [IGOs according to the terminology of this book — author's remark] against their use or registration as trademarks by persons not entitled thereto, that is by producers not located in the geographical area, or for products which do not come from the geographical area'.[156]

[154] Case T-341/09 Consejo Regulador de la Denominación de Origen Txakoli de Álava, Consejo Regulador de la Denominación de Origen Txakoli de Bizkaia et Consejo Regulador de la Denominación de Origen Txakoli de Getaria v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) [2011] ECR II-02373 – Txakoli, para. 18 (including cited case law).

[155] *See* Sect. 11.3 below.

[156] Knaak (1997), p. 22.

At the same time the opinion that IGOs are protected against their misleading use within the indirect protection system[157] is arbitrary as protection of IGOs may go far beyond protection against misleading use only if it is allowed by the national law of EU Member States.

5.5.2 *Direct Protection System*

According to the current version of the EU secondary law, the direct protection system covers agricultural products and foodstuffs, excluding any other types of goods such as industrial goods or handicraft goods, as well as services. The direct protection system is divided into four groups, depending on the type of a particular agricultural product and foodstuff as it is regulated by a separate applicable Regulation. **First**, the recently adopted Quality Schemes Regulation, the successor of the Foodstuffs Regulation which covers agricultural products and foodstuffs as defined by the Regulation,[158] except wine sector products, spirits, and aromatised wines as reflected in Art. 1 (1) and (2) of the Quality Schemes Regulation and which are covered by three other Regulations. **Second**, Regulation 110/2008[159] (the Spirits Regulation), which provides regulation concerning spirits including IGOs in respect of spirits. **Third**, Regulation 1234/2007[160] (the Single CMO Regulation), which regulates products representing the wine sector, except aromatised wines covered by the following Regulation. **Fourth**, Regulation No 1601/91[161] (the Aromatised Wines Regulation), which covers aromatised wines including IGOs concerning this type of goods.

Such distinction of regulation of IGOs is not *expressis verbis* indicated in the EU legal acts; however, it arises from the interpretation of the relevant provisions of the applicable Regulations.

Similarly as in the case of its two predecessors (the Regulation 2081/92 and the Foodstuffs Regulation[162]), the Quality Schemes Regulation covers agricultural

[157] Knaak (1997), p. 23.

[158] For discussion in detail, *see* the Sect. 6.1 below in relation to the Quality Schemes Regulation.

[159] Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54.

[160] Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 299, 16.11.2007, pp. 1–149.

[161] Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. OJ, L 149, 14.06.1991, pp. 1–9 [Aromatised Wines Regulation].

[162] The first subparagraph of Art. 1 (1) of the Foodstuffs Regulation.

products and foodstuffs as it is defined in its Arts. 1 and 2 (1). However, as it is provided by Art. 2 (2) of this Regulation,[163] it

> shall not apply to spirit drinks [regulated by the Spirits Regulation – author's remark], aromatised wines or grapevine products as defined in Annex XIb to Regulation (EC) No 1234/2007 [covered respectively by the Aromatised Wines Regulation and the Single CMO Regulation – author's remark], with the exception of wine-vinegars.

It fully corresponds to the preamble of the Regulation in which recital 16[164] provides the same wording as Art. 2 (2).

At the same time, the provisions of the Quality Schemes Regulation fully comply with other applicable Regulations within the EU direct protection system for IGOs. Thus, the regulation on IGOs, describing the products of the wine sector, lists products covered by the Regulation,[165] whereas recital 14 of the Spirits Regulation points out that the Foodstuffs Regulation and consequently its repealing Quality Schemes Regulation does not apply to spirit drinks and consequently the Spirits Regulation governs such products which is repeated also in Art. 1 of this Regulation.

Therefore, Arts. 1, 2 (1), and 2 (2) of the Quality Schemes Regulation in conjunction with recital 16 in the preamble form the legal basis for the referred to division, though explicitly mentioning only the Single CMO Regulation and at the same time pointing out to those types of agricultural products and foodstuffs that are excluded from the scope of the Quality Schemes Regulation, i.e. wines, aromatised wines, and spirits. However, considering that recital 7 of the mentioned Regulation provides a list of above mentioned regulations, without doubt it affirms the validity of this conclusion about the division of regulation of IGOs.

Likewise, such structure of the direct protection system is also testified by the recently adopted Regulation No 608/2013 concerning customs enforcement of intellectual property rights[166]: this Regulation defines the concept 'GI' by distinguishing the Quality Schemes Regulation, the Single CMO Regulation, the Aromatised Wines Regulation, and the Spirits Regulation[167] as well as leaving an open door for other IGOs protected at the EU level as it also covers 'a geographical indication as provided for in Agreements between the Union and third countries and as such listed in those Agreements'.[168]

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[163] Corresponding provision may be found also in the Foodstuffs Regulation (see the second subparagraph of Art. 1 of the Foodstuffs Regulation).

[164] Corresponding provision may be found also in the Foodstuffs Regulation (see point 7 of the preamble of the Foodstuffs Regulation).

[165] Art. 118 m (1) of the Single CMO Regulation.

[166] Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003. OJ, L 181, 29.06.2013, pp. 15–34.

[167] Art. 2 (4) (a)–(d) of the Regulation No 608/2013.

[168] Art. 2 (4) (f) of the Regulation No 608/2013.

5.5.3 *Nature of Direct Protection System*

Though it is possible to discuss the EU direct protection system only from the moment when existence of a unitary right was established in respect of IGOs, i.e. from the moment of the adoption of the respective Regulations,[169] it should be noted that regulation of IGOs was adopted already in 1970s though scattered and ponderous. As it was concluded by the CJEU in *Karl Plantl*,

> once rules on the common organization of the market may be regarded as forming a complete system, the Member States no longer have competence in that field unless Community law expressly provides otherwise[170]

except wine market at that time as it was characterised by the CJEU itself in this case.[171] Also the current direct protection system may not be regarded as comprehensive as it covers only part of goods, i.e. agricultural goods and foodstuffs, and excludes other types of goods.

The direct protection system traditionally was based on different approaches which applied differently in case of different types of agricultural goods and foodstuffs. Each particular type of agricultural goods and foodstuffs was governed, as it was noticed above, by a separate regulation each of which will be commented separately in the following chapters by indicating specific features of each regulation. However, it may be mentioned already now that the regulation of IGOs included in those regulations was based on the idea of the common agricultural policy instead of being based on the common intellectual property policy.[172]

Therefore, it would be arbitrary to state that '[f]rom the outset, the legislative rationale for the Community-wide protection of geographical indications (GI) was based upon the need to simplify the diversity of national laws protecting various kinds of designations for agricultural products'.[173] As discussed further on, the regulation of IGOs, especially concerning wines,[174] has become more and more

[169] Commission Regulation (EEC) No 2037/93 of 27 July 1993 laying down detailed rules of application of Council Regulation (EEC) No 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 185, 28.07.1993, pp. 5–6; Commission Regulation (EC) No 1622/2000 of 24 July 2000 laying down certain detailed rules for implementing Regulation (EC) No 1493/1999 on the common organisation of the market in wine and establishing a Community code of oenological practices and processes. OJ, L 194, 31.07.2000, pp. 1–44; Commission Regulation (EC) No 753/2002 of 29 April 2002 laying down certain rules for applying Council Regulation (EC) No 1493/1999 as regards the description, designation, presentation and protection of certain wine sector products. OJ, L 118, 04.05.2002, pp. 1–54.

[170] Case C-16/83 *Criminal proceedings against Karl Prantl* [1984] ECR I-01299 – Karl Plantl, para. 13.

[171] Case C-16/83 *Criminal proceedings against Karl Prantl* [1984] ECR I-01299 – Karl Plantl, at para. 14.

[172] Further challenges for development is discussed in detail in Chap. 12 of this book.

[173] Evans (2013), p. 177 (similar opinion is expressed also in subsequent pages).

[174] *See* in detail in Chap. 8 of this book below.

complex and based on various approaches for different types of agricultural products and foodstuffs.

5.5.4 *Indirect Protection System*

In addition to the direct protection system, which is ensured through four applicable Regulations characterised above and supported by legal commentators,[175] IGOs are regulated through legal acts adopted by regulation of other legal interests and falling within legal branches other than the law on IGOs. In such a way, IGOs are regulated indirectly in certain aspects, depending on the coverage of the relevant legal act. This protection type of IGOs may cover any type of goods or services, depending on a particular legal act.

Therefore, such regulation of IGOs may be perceived as indirect, considering that physical and legal persons may not rely upon the norms of directives before national courts of EU Member States, except certain exclusions, but only upon national provisions which transposed norms of the respective directive and the fact that regulation of IGOs is ensured indirectly by primarily ensuring the regulation of other legal interests, primarily not meant for regulation of IGOs in general. This protection type may be characterised as the indirect protection system of IGOs in the EU law.

Therefore, taking into account both the direct protection system mainly ensured through the applicable Regulations and the indirect protection system mainly ensured through directives to be transposed into national law of EU Member States, one mat agree with the opinion of Prof. Janis Rozenfelds that 'regulation of IGOs takes place both at the [European] Union' and Member states' level'.[176]

Regulation of IGOs within the indirect protection system is mainly ensured through **directives** that by no means have a less binding force than other EU legal norms.[177] By transposing Directives into the national law by EU Member States, legal norms of Directives, inter alia, covering IGOs, are reflected into the national law of EU Member States. In this regard, one may recall the CJEU's conclusion stating that

> it is in principle for the Member States to regulate all matters relating to the marketing of that product on their own territory, including its description and labelling, subject to any Community measure adopted with a view to approximating national laws in these fields.[178]

[175] Knaak (1997), p. 23.

[176] Rozenfelds (2008), p. 224.

[177] Prechal (2005), p. 16.

[178] Case C-312/98 *Schutzverband gegen Unwesen in der Wirtschaft eV v Warsteiner Brauerei Haus Cramer GmbH & Co. KG* [2000] ECR I-09187 – Warsteiner, para. 41.

Therefore, one may agree with the opinion that in addition to the referred to Regulations, IGOs registered in the direct protection system are also regulated[179] through the indirect protection system providing '[a]dditional means of protection [emphasis avoided]: legislation on labelling, on misleading advertising, and on unfair competition'[180] as this regulation applies both in relation to the IGOs protected within the direct protection system and IGOs that are not covered by that protection system. The validity of this conclusion is supported by the CJEU in one of its judgements, conducting a comparative analysis of the national law of EU Member States and concluding that IGOs (indications of provenance in the CJEU's terminology) 'are protected by the operation of rules designed to suppress misleading advertising, or indeed the abusive exploitation of another's reputation',[181] i.e. regulated through the prohibition of misleading advertising and consumer protection law. The referred to CJEU's conclusion, however, does not mean the exhaustive list of applicable legal norms within the indirect protection system as in another of its judgements the CJEU also added, for instance, trade mark law to this list.[182]

Moreover, the application of the rules falling within the indirect protection system for IGOs protected within the direct protection system arises directly from the applicable Regulations. Thus, the Quality Scheme Regulation not only accents additional provisions of labelling,[183] trade marks,[184] and other legal instruments of the EU law, but explicitly provides that it 'shall apply without prejudice to other specific Union provisions relating to the placing of products on the market and, in particular, to the single common organisation of the markets, and to food labelling'.[185]

Therefore, protection of IGOs within the indirect protection system in the EU is ensured through different branches of law to be discussed further on in Chap. 11.

[179] This is also supported by provisions of other applicable Regulations themselves (Chapter II, Annex XV to the Single CMO Regulation; Point 9 of the Preamble and Art. 8 of the Spirits Regulation). For discussion in detail, see the next four chapters of this book.

[180] Fernandez-Martos (2006).

[181] Case C-3/91 *Exportur SA v LOR SA and Confiserie du Tech SA* [1992] ECR I-05529 – Exportur, para. 11.

[182] Case C-100/02 *Gerolsteiner Brunnen GmbH & Co. v Putsch GmbH* [2004] ECR I-00691 – Kerry Spring.

[183] Points 7, 8, 32 and 44 of the preamble of the Quality Schemes Regulation. Similar provision was adopted already in Regulation 2081/92 and its repealing Foodstuffs Regulation (see Point 5 of preambles of both those Regulations).

[184] Point 31 of the preamble of the Quality Schemes Regulation.

[185] Art. 2 (3) of the Quality Schemes Regulation [completely corresponds to Art. 2 (3) of Regulation 2081/92, corresponds also to Art. 1 (2) of the Foodstuffs Regulation].

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Case C-87/97 *Consorzio per la tutela del formaggio Gorgonzola v Käserei Champignon Hofmeister GmbH & Co. KG and Eduard Bracharz GmbH* [1999] ECR I-01301 – *Gorgonzola*

Joined cases C-289/96, C-293/96 and C-299/96 Kingdom of Denmark, Federal Republic of Germany and French Republic v Commission of the European Communities [1999] ECR I-01541 – Feta I

Case C-388/95 *Kingdom of Belgium v Kingdom of Spain* [2000] ECR I-03123 – Rioja II

Joined cases C-321/94, C-322/94, C-323/94, C-324/94 *Criminal proceedings against Jacques Pistre (C-321/94), Michèle Barthes (C-322/94), Yves Milhau (C-323/94) and Didier Oberti (C-324/94)* [1997] ECR I-02343 – Pistre

Case C-9/93 *IHT Internationale Heiztechnik GmbH and Uwe Danzinger v Ideal-Standard GmbH and Wabco Standard GmbH* [1994] ECR I-02789 – Ideal Standard

Case C-3/91 *Exportur SA v LOR SA and Confiserie du Tech SA* [1992] ECR I-05529 – Exportur

Case C-47/90 *Établissements Delhaize frères et Compagnie Le Lion SA v Promalvin SA and AGE Bodegas Unidas SA* [1992] ECR I-*03669* – Rioja I

Case C-10/89 *SA CNL-SUCAL NV v Hag GF AG* [1990] ECR I-03711 – HAG II

Case 179/85 Commission of the European Communities v Federal Republic of Germany [1986] ECR 03879 – Petillant de Raisin

Case 19/84 *Pharmon BV v Hoechst AG* [1985] ECR 02281 – Pharmon, para. 16

Case C-16/83 *Criminal proceedings against Karl Prantl* [1984] ECR I- 01299 – Karl Prantl

Case 187/80 *Merck & Co. Inc. v Stephar BV and Petrus Stephanus Exler* [1981] ECR 02063 – Merck

Case 113/80 Commission of the European Communities v Ireland [1981] ECR 01625 – Ireland souvenirs

Case 119-75 Terrapin (Overseas) Ltd. v Terranova Industrie CA Kapferer & Co. [1976] ECR 01039 – Terrapin

Case 15-74 Centrafarm BV and Adriaan de Peijper v Sterling Drug Inc. [1974] ECR 01147 – Centrafarm

Case 12-74 *Commission of the European Communities v the Federal Republic of Germany* [1975] ECR *00181* – Sekt

Case 192-73 *Van Zuylen frères v Hag* [1974] ECR I-00731 – HAG I

Case 40-70 Sirena S.r.l. v Eda S.r.l. and others [1971] ECR 00069 – Sirena

Decision of 03 October 2006 of the Civil Case Panel for the Supreme Court of the Republic of Latvia in civil case No PAC-1465 (not published)

Chapter 6
Quality Schemes Regulation

6.1 Introduction

As it was discussed in the previous chapter, the EU direct protection system covers IGOs in relation to agricultural products and foodstuffs and is divided in four parts each of them being regulated in a separate legal act in the form of a regulation. Due to that regulatory approach, each of these separate regulations will be discussed separately in this and the next three chapters. This chapter examines the Quality Schemes Regulation[1] covering, inter alia, IGOs in relation to agricultural products and foodstuffs except spirits (examined in Chap. 7), wine sector products (Chap. 8), and aromatised wines (Chap. 9) (hereinafter all these types of goods (products) referred to as agricultural products and foodstuffs making a respective reservation if necessary).

The EU direct protection system which created a unitary right, i.e. EU wide protection, for IGOs was established in 1992 by adopting Regulation No 2081/92[2] and already initially covered IGOs exclusively in relation to agricultural products and foodstuffs.[3] Since that time, that regulatory approach and the legislative framework itself have not been changed in general, yet all regulations adopted during recent years are either replaced by other regulations or attempts to replace them have taken place.

The end of 1980s and the beginning 1990s was also time when there appeared understanding about the so-called 'quality schemes' in respect of agricultural

[1] Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29 [Quality Schemes Regulation].

[2] Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 208, 24.07.1992, pp. 1–8.

[3] As it was indicated already in Sect. 5.1 of this book above, separate IGOs was subject to a unitary right as they were protected through their inclusion in EU legal acts as the IGO *Champagne*.

V. Mantrov, *EU Law on Indications of Geographical Origin*,
DOI 10.1007/978-3-319-05690-6_6,

products and foodstuffs including IGOs as one of such quality schemes. Yet, until the Quality Schemes Regulation was adopted and entered into force on 03 January 2013, the concept 'quality schemes' was not used at the legislative level.

There were quality schemes in the wine sector[4]; another quality scheme related to traditional specialties guaranteed (TSGs) governed by Regulation No 2082/92[5] which was EU-wide scheme[6] replaced by Regulation No 509/2006[7] which was recently repealed by the Quality Schemes Regulation; and there was also a scheme covering registered IGOs in accordance with Regulation No 2081/92 concerning agricultural products except spirits, wines, and aromatised wines. The recently adopted Quality Schemes Regulation merged quality schemes for agricultural products and foodstuffs, except spirits and wines, by distinguishing three different quality schemes[8]: registered IGOs, traditional specialities guaranteed (TSGs),[9] and optional quality terms.

The legal basis for the adoption of the Quality Schemes Regulation was Art. 43 (2) TFEU and Art. 118 (1) TFEU as it is indicated in the preamble to this Regulation. Consequently, aims for the adoption of this Regulation lied in ensuring the common agricultural policy and uniform protection of IP in the internal market, yet it should be clear from the structure of this Regulation that it falls mainly with interests of uniform protection of IP in the internal market than interests of the CAP.

Historical Background Regulation No 2081/92 was the first legal act which envisaged that interested persons (right-holders) may acquire rights to IGOs as a unitary right.

As it was explicitly admitted by the European legislator itself, such regulation is necessary for IGOs 'to enjoy protection in every Member State, geographical indications and designations of origin must be registered at Community level'[10] and '[t]o qualify for protection in the Member States, geographical indications and designations of origin should be registered at Community level'.[11] Therefore,

[4] *See* Chap. 8 below.

[5] Council Regulation (EEC) No 2082/92 of 14 July 1992 on certificates of specific character for agricultural products and foodstuffs. OJ, L 208, 24.07.1992, pp. 9–14.

[6] *See* Evans (2013), pp. 177–178; see also: Evans (2012), p. 770.

[7] Council Regulation (EC) No 509/2006 of 20 March 2006 on agricultural products and foodstuffs as traditional specialities guaranteed. OJ, L 93, 31.03.2006, pp. 1–11.

[8] It arises from the legal definition of the concept 'quality schemes' [*see* Art. 3 (1) of the Quality Schemes Regulation commented below].

[9] Traditional specialities guaranteed are outside of this book as they cover traditional specialties (practices) but not geographical designations. Fortunately, traditional specialties guaranteed covered by the Quality Schemes Regulation was subject to the recent study (*see* Tosato 2013, pp. 545–576); *see* also Evans (2013), p. 183.

[10] Point 12 of the preamble of the Regulation 2081/92.

[11] Point 11 of the preamble of the Foodstuffs Regulation (Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 93, 31.03.2006, pp. 12–25 [Foodstuffs Regulation]).

adoption of this Regulation started a new era in the development of IP in the EU law in general and IGOs in the EU law particularly. It particularly influenced the CJEU jurisprudence by switching from the internal market protection approach to the approach for protection of that unitary right as it was discussed in the previous chapter.

On the other hand, it helped to overcome different protection principles of IGOs among EU Member States.[12] This problem was admitted in Regulation No 2081/92 itself, accenting 'diversity in the national practices for implementing registered designations or origin and geographical indications' therefore showing necessity for 'a more uniform Community approach'.[13]

From the general point of view, the legal framework introduced by Regulation No 2081/92 for protection of IGOs as a unitary right has been left unchanged. Yet, considerable amendments took place last of whom was the adoption of the Quality Schemes Regulation.

Since the adoption of Regulation No 2081/92, the importance of IGOs protected at the EU level has increased, which is testified also by numbers of registered IGOs. So, recently the 250th IGO belonging to Italy or 200th IGO belonging to France was registered showing attractiveness of the direct protection system that was started with the adoption of Regulation No 2081/92 more than 20 years ago in 1992. Only after its adoption, both successful character and attractiveness of this quality scheme (if terminology of the modern EU law on IGOs is used) became obvious. This is the reason why such quality scheme in general (with certain amendments) was recently extended to other types of agricultural products and foodstuffs like spirits and wine sector products. Possibility of such extension was already admitted by Regulation No 2081/92 by pointing out that 'this scope [of Regulation No. 2081/92 — author's remark] could be enlarged to encompass other products or foodstuffs'.[14] Success of legislative framework established and maintained by Regulation No 2081/92, later by the Foodstuffs Regulation, and now by the Quality Schemes Regulation inspired even non-EU Member States to introduce similar legislation as it was in the case of Norway.[15]

Afterwards, Regulation No 2081/92 was replaced by Regulation No 510/2006 (hereinafter—the Foodstuffs Regulation) and the latter was recently repealed and replaced by the Quality Schemes Regulation.[16]

Structure The structure of the Quality Schemes Regulation provides a set of different kind of rules. First, it includes general provisions applicable for all three quality schemes covered by the Regulation. Second, it includes specific rules for a

[12] For discussion of different protection systems for IGOs, see Sect. 3.3 of this book.

[13] Point 7 of the preamble of the Regulation 2081/92 (see also Point 6 of the preamble for the Foodstuffs Regulation).

[14] Point 9 of the preamble for the Regulation No 2081/92.

[15] *See* Hegnes (2012).

[16] For analysis of the Proposal for the Quality Schemes Regulation, *see* Evans (2012), pp. 770–786.

particular quality scheme (Titles II–Titles IV of the Quality Schemes Regulation). Third, it includes common provisions for all quality schemes (Title I, Title V). Fourth, it includes Annexes attached to this Regulation.

Scope of Goods Covered The Quality Schemes Regulation covers agricultural products and foodstuffs as it arises from the title itself and the objectives reflected in Art. 1. of the Quality Schemes Regulation itself. The concept of agricultural products and foodstuffs is strictly the legal term and its legal definition was provided already in Regulation No 2081/92, it was reflected in the Foodstuffs Regulation, and later overtaken by the Quality Schemes Regulation with some modifications. As it is stated in recital 15 in the preamble and Art. 2 (1) of the Quality Schemes Regulation, the scope of this Regulation should be limited to agricultural products and foodstuffs intended for human consumption listed in Annex I to the TFEU and a list of products outside the scope of the Annex to the TFEU that are closely linked to agricultural production or to rural economy. If previous two Regulations only listed additional agricultural products in Annex I and foodstuffs in Article II, the Quality Schemes Regulation adopts a slightly different approach.

First, agricultural products and foodstuffs are not separated anymore, which seems reasonable, as there is not so much practical importance for distinguishing both of these separate groups of products now covered by Annex I to the Quality Schemes Regulation (differently for IGOs and traditional specialties guaranteed). Previously, the difference between agricultural products and foodstuffs was illustrated by Art. 1 (1) of the Foodstuffs Regulation,[17] which provided that agricultural products are agricultural products intended for human consumption listed in Annex I to the TFEU and in Annex II to this Regulation,[18] whereas foodstuffs are products listed in Annex I to this Regulation.[19]

Second, by providing a list of agricultural products and foodstuffs other than those mentioned in Annex I to the TFEU, the Quality Schemes Regulation introduces and simultaneously exploits another concept than the concept of agricultural products and foodstuffs—products outside the scope of Annex that are closely linked to agricultural production or to the rural economy.[20]

Third, it should be noted that a more flexible approach is introduced for amending a list of such products that are closely linked to agricultural production or to rural economy as the European Commission has power to amend this list[21] by

[17] Similarly as in the case of the previously effective Regulation [*see* Art. 1 (1) of Regulation 2081/92].

[18] I.e. hay; essential oils; cork; cochineal (raw product of animal origin); flowers and ornamental plants; wool; wicker; scutched flax.

[19] I.e. beers; beverages made from plant extracts; bread, pastry, cakes, confectionery and other baker's wares; natural gums and resins; mustard paste; pasta.

[20] For discussion of the specific concept, *see* Art. 2 (1) of the Quality Schemes Regulation and its commentary in Sect. 6.2 below.

[21] The second subparagraph of Art. 2 (1) of the Quality Schemes Regulation.

supplementing Annex I with such concepts. However, compared to both previous Regulations,[22] such amendments may be introduced in Annex I by avoiding a committee procedure.[23]

As a result, any other product, which is not mentioned neither in Annex I to the TFEU nor in Annex I to the Quality Schemes Regulation, is outside the application of the Regulation irrespective of its link with agriculture. Consequently, IGOs in respect of such products may not be protected under the Quality Schemes Regulation. This situation is addressed both in the Quality Schemes Regulation and in legal literature in case of separate IGOs.[24] Consequently, the Quality Schemes Regulation specifically points out that '[t]he inclusion in the current scheme of only certain types of chocolate as confectionery products is an anomaly that should be corrected'—as a result Annex I to the Regulation provides that the concept of products that are closely linked to agricultural production or to rural economy cover 'chocolate and derived products' rather than just 'confectionery' as it was previously.[25]

Considering the fact that the legal definition of agricultural products and foodstuffs is provided by the Quality Schemes Regulation and its predecessors, necessity for such a legal definition may be questioned. Instead of such casuistic approach, a broader approach should be used without providing any legal definition and referring simply to agricultural products and foodstuffs including those referred to in Annex I to the TFEU.

6.2 Excerpt of Text and Commentary

TITLE I
GENERAL PROVISIONS

Comment As Title I of the Quality Schemes Regulation provides general provisions of that Regulation covering also IGOs, it would be appropriate to consider Title I insofar it relates to IGOs.

[22] *See* the third subparagraph of Art. 1 (3) and Art. 15 of Regulation No 2081/92; the third subparagraph of Art. 1 (3) and Art. 15 (2) of the Foodstuffs Regulation.

[23] Neither Art. 2 (1) nor Art. 56 (3) of the Quality Schemes Regulation makes a reference to Art. 57 (2) of this Regulation envisaging a committee procedure. However, it does not mean that such a committee procedure is either abandoned in the EU law [now: Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers. OJ, L 55, 28.02.2011, pp. 13–18] nor non-applicable in other cases involving protected IGOs if a reference is made to Art. 57 (2) of the Quality Schemes Regulation in those cases.

[24] For details, *see* Chap. 10 below.

[25] *See* Annex I to the Foodstuffs Regulation.

Article 1
Objectives
1. This Regulation aims to help producers of agricultural products and foodstuffs to communicate the product characteristics and farming attributes of those products and foodstuffs to buyers and consumers, thereby ensuring:
(a) fair competition for farmers and producers of agricultural products and foodstuffs having value-adding characteristics and attributes;
(b) the availability to consumers of reliable information pertaining to such products;
(c) respect for intellectual property rights; and
(d) the integrity of the internal market.
The measures set out in this Regulation are intended to support agricultural and processing activities and the farming systems associated with high quality products, thereby contributing to the achievement of rural development policy objectives.
2. This Regulation establishes quality schemes which provide the basis for the identification and, where appropriate, protection of names and terms that, in particular, indicate or describe agricultural products with:
(a) value-adding characteristics; or
(b) value-adding attributes as a result of the farming or processing methods used in their production, or of the place of their production or marketing.

Comment The commented Art. defines the aims (objectives) and approaches of the present Regulation by pointing out to two different considerations.

To begin with, the first paragraph defines the aims of the present Regulation which are identified as four, yet mutually related aims: fair competition, reliable information to consumers, intellectual property protection, and internal market. Within the context of IGOs, especially one aim is relevant, namely understanding of IGOs as IP rights and the necessity to respect these rights. Though the understanding of IGOs as IP objects is already established in theory of law on IGOs[26]; in national law of the EU Member States,[27] and the CJEU jurisprudence,[28] the legislative authority of the Quality Schemes Regulation links registered IGOs with other legislative acts specifically providing protection for IP objects. For instance, with the Enforcement Directive[29] that covers IP objects which, inter

[26] *See* Sect. 3.1 above.

[27] *See* Sect. 3.3 above.

[28] *See* Sects. 5.3 and 5.4 above.

[29] Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights. OJ, L 157, 30.04.2004, pp. 45–86 [Enforcement Directive]. For its brief commentary, *see* Sect. 11.7 below.

alia, includes the concept 'geographical indications', i.e. IGOs according to the terminology of this book, as stated by the European Commission.[30] In the view of the application sphere of the Enforcement Directive, answer to the question whether registered IGOs are covered by the concept of IP influences the application of measures provided by the Directive in respect of registered IGOs, especially application of provisional and precautionary measures.[31]

Second, the following paragraph envisages that established qualitative schemes provide for specific names and terms which, 'where appropriate', may enjoy protection. The expression 'where appropriate' particularly excludes optional quality terms for protection under the present Regulation as they cannot be considered as one of IP objects. In addition, this paragraph specifies characteristics attributed to products that are part of quality schemes recognised by the present Regulation, i.e. these products are added value products—a feature of those products already highlighted in Chap. 1 of this book. By distinguishing this feature, a legislative framework to consider IGOs attributed to these products in such a way has been established. Through these objectives the regulation on IGOs reflected in this Regulation shall be considered by evaluating this regulation and providing its interpretation.

Article 2
Scope
1. This Regulation covers agricultural products intended for human consumption listed in Annex I to the Treaty and other agricultural products and foodstuffs listed in Annex I to this Regulation.
In order to take into account international commitments or new production methods or material, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56, supplementing the list of products set out in Annex I to this Regulation. Such products shall be closely linked to agricultural products or to the rural economy.
2. This Regulation shall not apply to spirit drinks, aromatised wines or grapevine products as defined in Annex XIb to Regulation (EC) No 1234/2007, with the exception of wine-vinegars.
3. This Regulation shall apply without prejudice to other specific Union provisions relating to the placing of products on the market and, in particular, to the single common organisation of the markets, and to food labelling.
4. Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information

[30] Statement by the Commission concerning Article 2 of Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights. OJ, L 94, 13.04.2005, pp. 37–37.

[31] Art. 9 of the Enforcement Directive.

Society services [21] shall not apply to the quality schemes established by this Regulation.

Comment: I. General The commented Art. defines the scope of the present Regulation both from the point of view of the coverage of goods and from the point of view of regulatory coverage. Both of these issues will be reviewed further on separately.

II. The concept of agricultural goods and foodstuffs. As it has already been stated in Sect. 6.1 of this book above, the present Regulation covers agricultural products and foodstuffs as defined by the given Regulation. The list of agricultural products and foodstuffs is envisaged by Annex I to the discussed Regulation by mentioning it explicitly in the first paragraph of the commented Art. Also, as noted in Sect. 6.1, this list may be supplemented by the European Commission with such goods which are 'closely linked to agricultural products or to rural economy'. Considering the lack of legal definition of this term in the present Regulation and its broad wording, it may be assumed that this formulation may apply even to such goods that may not be even considered as agricultural products but are either 'linked to them' or in the absence of such link—'closely linked to rural economy'. Therefore, this broad formulation leaves an open door for the European Commission to add such goods which are not fully understood as agricultural goods or foodstuffs and in such a way to develop coverage of goods further. The future practice will show whether this possibility should be perceived as purely theoretical possibility or it may cause a completely different understanding of the coverage of goods by the discussed Regulation.

Furthermore, it is already stated above that the second paragraph of the discussed Art. forms understanding of the scope of the EU direct (sui generis) protection system. In this case, it is emphasised that IGOs in respect of wines (covered by the Single CMO Regulation[32]) including aromatised wines (covered by the Aromatised Wines Regulation[33]) and spirits (covered by the Spirits Regulation[34]) are outside the scope of the discussed Regulation.

III. Regulatory framework. As regards the regulatory framework, the following two paragraphs of the discussed Art. govern additional legal norms applicable to those qualified IGOs which are covered by the present Regulation. If the EU direct

[32] Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 299, 16.11.2007, pp. 1–149 [Single CMO Regulation].

[33] Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. OJ, L 149, 14.06.1991, pp. 1–9 [Aromatised Wines Regulation].

[34] Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54 [Spirits Regulation].

protection system of IGOs is perceived as 'a completed system' as it was defined by the CJEU in the famous *Budweiser II* case,[35] it may be supplemented only with the rules which are explicitly mentioned by the respective Regulation. Otherwise, such rules remain outside this 'completed system'. It is not fully clarified what kind of these rules are left outside this complete system as the third paragraph of the commented Art. does not provide a list of such provisions. Rather, it provides a broad wording referring to 'other specific Union provisions relating to the placing of products on the market and [..] and to food labelling'. Therefore, such approach for broad understanding of additional rules instead of providing an exhaustive list should be considered as reasonable as it is not only flexible for possible regulatory changes in the EU law, but also prevents a situation when certain provisions are not mentioned due to a carelessness or misunderstanding and therefore they do not fall within this 'complete system' of the protection of registered IGOs within the given Regulation.[36]

In addition, it should be noted that interrelation between the regulation of registered IGOs provided by the Quality Schemes Regulation and the EU intellectual property law is not regulated. By envisaging interrelation of the regulation included in the Quality Schemes Regulation with the EU intellectual property law, Art. 43 of the present Regulation does not cover the quality scheme of the registered IGOs as it is explicitly mentioned in Art. 43 itself.

IV. Technical standards. Lastly, the fourth paragraph makes it clear that Directive 98/34/EC[37] on the provision of information in relation to technical standards shall not apply to the quality schemes established by this Regulation including registered IGOs—PDOs and PGIs. Consequently, this Directive is outside of 'the completed system' which was created by the Quality Schemes Regulation in accordance with the CJEU jurisprudence.

Article 3
Definitions
For the purposes of this Regulation the following definitions shall apply:
(1) "quality schemes" means the schemes established under Titles II, III and IV;
(2) "group" means any association, irrespective of its legal form, mainly composed of producers or processors working with the same product;
(3) "traditional" means proven usage on the domestic market for a period that allows transmission between generations; this period is to be at least 30 years;

[35] For discussion of the effect of this judgment on national law of the EU Member States, *see* Sect. 13.2 of this book below.

[36] *See* Chaps. 11 and 14 of this book below for additional legal acts falling within the indirect protection system by supplementing the direct protection system.

[37] Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations. OJ, L 204, 21.07.1998, pp. 37–48.

(4) "labelling" means any words, particulars, trade marks, brand name, pictorial matter or symbol relating to a foodstuff and placed on any packaging, document, notice, label, ring or collar accompanying or referring to such foodstuff;
(5) "specific character" in relation to a product means the characteristic production attributes which distinguish a product clearly from other similar products of the same category;
(6) "generic terms" means the names of products which, although relating to the place, region or country where the product was originally produced or marketed, have become the common name of a product in the Union;
(7) "production step" means production, processing or preparation;
(8) "processed products" means foodstuffs resulting from the processing of unprocessed products. Processed products may contain ingredients that are necessary for their manufacture or to give them specific characteristics.

Comment: I. General The commented Art. provides legal definitions of different concepts covered by the present Regulation. The importance of those legal definitions may not be undermined as they not only provide a specific legal meaning for particular concepts for the sake of clarity, but also limit their understanding avoiding doubts about their meaning which is relevant in case of dispute.

II. The concept of quality terms. The commented Art. is notable with the legal definition of the concept 'quality schemes' covering agricultural products and foodstuffs with qualitative background. In accordance with the legal definition of this concept, IGOs are treated as one of the quality schemes being covered by Title II of this Regulation alongside with traditional specialties guaranteed (covered by Title III) and optional quality terms (Title IV). Therefore, from the legislative point of view the present Regulation introduces quality schemes as a new concept in this field. On other hand, this concept neither applies to other IGOs in respect of other agricultural products and foodstuffs not covered by the present Regulation, namely wines including aromatised wines and spirits, nor treats IGOs as an IP right rather considering them as one of the tools within the common agricultural policy.[38] Therefore, in this regard, it may be fully agreed with the opinion that, for instance, optional quality terms belong to 'a regulatory framework for marketing standards product labelling than one for intellectual property'.[39]

III. Other concepts. Other definitions are also of essence as they are defined by the commented Art. Thus, the concept 'group' applies, first, to 'any association, irrespective of its legal form' therefore allowing greater freedom for defining the legal character of those associations of persons. Such flexibility is also applied for the composition of these associations as they are 'mainly composed of producers or processors working with the same product' thereby allowing the possibility that

[38] For discussion of weaknesses of regulatory approaches in the EU law concerning IGOs, see Chap. 12 below.

[39] Evans (2013), p. 183.

such association may consist of persons who are entitled to protect a particular IGO, but they are neither a producer nor a processor.

Further, the concept 'traditional' is given a meaning of proven usage on the domestic market providing at least one subjective criterion, i.e. that this period should be at least 30 years'.

Also, the legal definition of the concept 'labelling' referring to any information used in the presentation of a good in question in any way should be considered necessary as a different kind of provisions may be understood under this concept. The legal definition of the concept 'generic terms' by no means is also important as this term usually is not defined and due to this fact may cause various interpretation problems. Other three concepts, i.e. specific character, production step, and processed products, are technical terms. Yet their meaning may not be undermined as they limit the respective understanding of these terms and in such a way influence characteristics to be taken into account for the evaluation of qualified IGOs applied for registration under the present Regulation.

TITLE II
PROTECTED DESIGNATIONS OF ORIGIN AND PROTECTED GEOGRAPHICAL INDICATIONS

Comment Title II sets out general rules for two types of qualified IGOs that may be acquired as a unitary right, i.e. protected designations of origin (PDOs) and protected geographical indications (PGIs). The legal definitions of both terms are regulated by subsequent provisions to be commented further on.

Article 4
Objective
A scheme for protected designations of origin and protected geographical indications is established in order to help producers of products linked to a geographical area by:
(a) securing fair returns for the qualities of their products;
(b) ensuring uniform protection of the names as an intellectual property right in the territory of the Union;
(c) providing clear information on the value-adding attributes of the product to consumers.

Comment The commented Art. sets out objectives of a particular quality scheme, i.e. registered IGOs either as PDOs or PGIs under the Qualitative Schemes Regulation; however, these objectives resemble those listed under Art. 1 of the commented Regulation. It is important to note that the objectives of the regulation of registered IGOs is somewhat unilateral as the emphasis of the quality scheme of PDOs and PGIs is put on 'helping producers'; however, this regulation is not only meant for producers, but also for all persons interested in commerce to use various designations and consumers. Therefore, these objectives are not only against the aims stated in the preamble to this Regulation, for instance, recital 3 in the preamble mentioning consumers and 'fair competition', but also the objectives stated already in Art. 1 of the present Regulation. If certain objectives for a quality scheme of

registered IGOs are distinguished, they should be accompanied by a reference to ensure 'fair competition in the internal market and protection of the interests of consumers'.

The second paragraph is the legal basis for acquiring a unitary right by right-holders either of PDOs or PGIs giving them 'uniform protection of the names as an intellectual property right in the territory of the Union'.

Article 5
Requirements for designations of origin and geographical indications
1. For the purpose of this Regulation, "designation of origin" is a name which identifies a product:
(a) originating in a specific place, region or, in exceptional cases, a country;
(b) whose quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors; and
(c) the production steps of which all take place in the defined geographical area.
2. For the purpose of this Regulation, "geographical indication" is a name which identifies a product:
(a) originating in a specific place, region or country;
(b) whose given quality, reputation or other characteristic is essentially attributable to its geographical origin; and
(c) at least one of the production steps of which take place in the defined geographical area.
3. Notwithstanding paragraph 1, certain names shall be treated as designations of origin even though the raw materials for the products concerned come from a geographical area larger than, or different from, the defined geographical area, provided that:
(a) the production area of the raw materials is defined;
(b) special conditions for the production of the raw materials exist;
(c) there are control arrangements to ensure that the conditions referred to in point (b) are adhered to; and
(d) the designations of origin in question were recognised as designations of origin in the country of origin before 1 May 2004.
Only live animals, meat and milk may be considered as raw materials for the purposes of this paragraph.
4. In order to take into account the specific character of production of products of animal origin, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56, concerning restrictions and derogations with regard to the sourcing of feed in the case of a designation of origin.
In addition, in order to take into account the specific character of certain products or areas, the Commission shall be empowered to adopt delegated acts in accordance with Article 56, concerning restrictions and derogations

with regard to the slaughtering of live animals or with regard to the sourcing of raw materials.
These restrictions and derogations shall, based on objective criteria, take into account quality or usage and recognised know-how or natural factors.

Comment: I. General The commented Art. is one of most important Arts. in the discussed Regulation as it sets out legal definitions of registered IGOs regulated under this Regulation. Traditionally, already since the adoption of Regulation No 2081/92, the EU law distinguishes two types of registered IGOs, namely a protected designation of origin (PDO) and a protected geographical indication (PGI).[40]

II. Legal definition of PDOs. Similarly as it is in case of the Single CMO Regulation discussed further in Chap. 8, the legal definition of a PDO is based on the legal definition of an appellation of origin—the French-based concept of the 'indication of origin', regulated under the Lisbon Agreement.[41] Yet, the Single CMO Regulation contains a more specific approach concerning the description of the production step than as it is in the case of the present Regulation.

III. Legal definition of PGIs. The legal definition of a PGI is based on the legal definition of the same term in the TRIPS, specifically in Art. 22 (1). However, compared to the TRIPS approach, PGIs is limited to names only, i.e. word IGOs, covering both direct and indirect IGOs,[42] but clearly excluding any IGOs such as graphic symbols for registration as a PGI. It does mean, however, that IGOs as graphic designations may not be protected as unitary rights—the Community trade mark protection provides the possibility for their registration as Community collective marks.[43] Such limitation is regulated differently in case of other two applicable Regulations discussed separately below, i.e. the Spirits Regulation and the Single CMO Regulation. Also, contrary to the present Regulation, the production step is not required in the case of the Spirits Regulation, whereas the Single CMO Regulation exploits more product-specific approach.

Article 6
Generic nature, conflicts with names of plant varieties and animal breeds, with homonyms and trade marks
1. Generic terms shall not be registered as protected designations of origin or protected geographical indications.
2. A name may not be registered as a designation of origin or geographical indication where it conflicts with a name of a plant variety or an animal breed and is likely to mislead the consumer as to the true origin of the product.

[40] See, for instance, Art. 2 (2) of Regulation No 2081/92.

[41] Lisbon Agreement for the Protection of Appellations of Origin and their International Registration. Available at: http://www.wipo.int/lisbon/en/legal_texts/lisbon_agreement.html.

[42] Evans (2013), p. 185.

[43] For the regulation of IGOs through the Community trade mark law, see Chap. 10 of this book below.

3. established under Article 11 may not be registered unless there is sufficient distinction in practice between the conditions of local and traditional usage and presentation of the homonym registered subsequently and the name already entered in the register, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled.
A homonymous name which misleads the consumer into believing that products come from another territory shall not be registered even if the name is accurate as far as the actual territory, region or place of origin of the products in question is concerned.
4. A name proposed for registration as a designation of origin or geographical indication shall not be registered where, in the light of a trade mark's reputation and renown and the length of time it has been used, registration of the name proposed as the designation of origin or geographical indication would be liable to mislead the consumer as to the true identity of the product.

Comment: I. General The commented Art. describes conflicting interests in the presence of what it is not possible to register a particular IGO either as a PDO or a PGI.

II. Generic names. First of all, like in the case of trade marks concerning absolute grounds for refusal of their registration, it is a public interest to avoid the registration of generic terms, in this case—either as PGIs or PDOs. It is especially important due to the fact that unlike trade marks and other registrable IP objects, it is impossible to initiate cancellation proceedings either of a PDO or a PGI if they were registered in breach of the requirements of the present Regulation.[44] As the presented Regulation provides the legal definition of the concept 'generic terms',[45] there should be clear understanding of this concept.[46] The CJEU has provided interpretation of the similar provision included in the predecessors of the Quality Schemes Regulation and pointed out that

> [t]he generic character of a geographical designation applied for registration may be established by the European Commission in its decision. It is supported by the interpretative authority of the CJEU which stated that the recognition that a designation is generic cannot be assumed during the entire period before the Commission takes its decision on the application for registration.[47]

III. Conflicts with other IP objects. Furthermore, from the point of view of the interests of right-holders of other IP objects, an IGO shall not be registered as a

[44] *See* Art. 54 of the present Regulation and its commentary below.

[45] *See* the commentary of Art. 6 (2) of the Quality Schemes Regulation above.

[46] For interpretation of generic names, *see* Case C-446/07 Alberto Severi v Regione Emilia Romagna [2009] ECR I-08041 – Salame Felino, paras. 45–49.

[47] Case C-446/07 Alberto Severi v Regione Emilia Romagna [2009] ECR I-08041 – Salame Felino, para. 53.

PDO or PGI if it is in conflict with other IP objects distinguishing four different situations:

a) conflict with the name of a plant variety[48] if it is likely to mislead the consumer as to the true origin of the product;
b) conflict with an animal breed if it is likely to mislead the consumer as to the true origin of the product;
c) conflict with a trade mark with reputation[49] if an IGO in question would be liable to mislead the consumer as to the true identity of the product, considering the reputation of that trade mark;
d) conflict with a homonymous IGO 'taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled'.

As regards trade marks (conflict under sub-paragraph c) above), it should be noted that ordinary trade marks, i.e. trade marks without reputation, shall not be considered as one of the grounds for refusal of an application for the registration of a particular IGO that may not provide a possibility to reject a registration application either for a PDO or PGI, or oppose its application after it is published due to the registration of such an ordinary trade mark. Identical limitation in respect of ordinary trade marks is established in the case of two other applicable Regulations discussed below. Conflicts with trade marks are further regulated under Art. 14 of the present Regulation commented below in contrast to the Spirits Regulation whose case provisions, concerning conflicts with trade marks, are joined together in a single article.[50]

Likewise, as regards homonymous IGOs applied for registration either as a PDO or PGI, though there is no legal definition of that concept, yet its understanding arises from the third paragraph of the commented Art. It provides that homonymous IGO is a name 'proposed for registration that is wholly or partially homonymous with a name already entered in the register', i.e. either as a PDO or PGI, i.e. it is wholly or partially 'pronounced and spelled the same way but with different meaning', in this case—they both refer to a different geographical origin. These

[48] The commented Art. does not limit the nature of that right as well, as it applies equally both to European and national plant variety rights.

[49] As held by the CJEU, the concept of a trade mark with reputation should be considered broadly and it comprises also well-known marks in jurisdictions which regulate such marks (*see* Case C-375/97 General Motors Corporation v Yplon SA [1999] ECR I-05421 – Chevy). Such interpretation undoubtedly shall be exploited here in the light of this CJEU's jurisprudence. As the commented Art. does not provide any limitations, it should cover both Community trade marks and national trade marks. This assumption is proved to be correct, for instance, in the registration process of the registered IGO *Bayerisches Bier* by allowing coexistence with the national trade mark *Bavaria* (*see* Case C-120/08 *Bavaria NV v Bayerischer Brauerbund eV* [2010] ECR I-13393 – Bavaria II). Therefore, national trade marks and, moreover, also Community trade marks should be considered.

[50] See Art. 23 of the Spirits Regulation and its commentary below.

reasons testify that such homonymous names may be registered only if conditions set out by this Art. are satisfied to avoid misleading of consumers.

Article 7
Product specification
1. A protected designation of origin or a protected geographical indication shall comply with a specification which shall include at least:
(a) the name to be protected as a designation of origin or geographical indication, as it is used, whether in trade or in common language, and only in the languages which are or were historically used to describe the specific product in the defined geographical area;
(b) a description of the product, including the raw materials, if appropriate, as well as the principal physical, chemical, microbiological or organoleptic characteristics of the product;
(c) the definition of the geographical area delimited with regard to the link referred to in point (f)(i) or (ii) of this paragraph, and, where appropriate, details indicating compliance with the requirements of Article 5(3);
(d) evidence that the product originates in the defined geographical area referred to in Article 5(1) or (2);
(e) a description of the method of obtaining the product and, where appropriate, the authentic and unvarying local methods as well as information concerning packaging, if the applicant group so determines and gives sufficient product-specific justification as to why the packaging must take place in the defined geographical area to safeguard quality, to ensure the origin or to ensure control, taking into account Union law, in particular that on the free movement of goods and the free provision of services;
(f) details establishing the following:
(i) the link between the quality or characteristics of the product and the geographical environment referred to in Article 5(1); or
(ii) where appropriate, the link between a given quality, the reputation or other characteristic of the product and the geographical origin referred to in Article 5(2);
(g) the name and address of the authorities or, if available, the name and address of bodies verifying compliance with the provisions of the product specification pursuant to Article 37 and their specific tasks;
(h) any specific labelling rule for the product in question.
2. In order to ensure that product specifications provide relevant and succinct information, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56, laying down rules which limit the information contained in the specification referred to in paragraph 1 of this Article, where such a limitation is necessary to avoid excessively voluminous applications for registration.
The Commission may adopt implementing acts laying down rules on the form of the specification. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).

Comment: I. General The commented Art. provides regulation for one of most important features for both PDOs and PGIs as it relates to the conditions for the use of an IGO applied for registration under the present Regulation. These conditions are called 'a product specification' under the legal framework of the present Regulation in general and the commented Art. particularly. The product specification has a threefold meaning. First, it is the necessary document for an IGO applied for registration to be examined by the European Commission. Second, it provides the conditions for the use of IGO by laying down minimum contents, specified in the first paragraph of the commented Art. Third, it influences the scope of protection of this IGO, depending on a wording of a product specification.

The second paragraph allows for the European Commission to lay down respective rules, for instance, to provide a sample application for the registration of a PGI or a PDO.

II. Minimum contents. If the minimum contents of a product specification are compared with regulations governing use in the case of Community collective marks, the latter should contain any provision for entitling to use a particular Community collective mark, but it is not mandatory to include such conditions of the mark in the regulations governing the use. The situation is completely different in the case of PDOs and PGIs.

III. Influence on the scope of protection of a particular IGO. As it was mentioned above, a product specification influences the scope of protection of a particular IGO either by narrowing or broadening this scope. From one side, it concerns the limits of protection of a name itself included in an IGO applied for registration. From the other side, it concerns the limits for the protection of a particular IGO itself, for instance, limiting the scope of persons interested or activities that may be carried out with products denoted by registered IGOs. The leading cases for the referred to situation are the *Prosciutto di Parma* (Parma Ham) case[51] and the *Grana Padano* case,[52] both decided by the CJEU on the same date. Both of the mentioned cases concerned slicing and packaging of cheese denoted by a registered IGO within a region referred to in the respective IGO. The CJEU established that 'the use of a registered IGO from being subject to the condition that operations such as the grating and packaging of the product take place in the region of production, where such a condition is laid down in the specification'[53] may not be precluded. However, as both IGOs where registered in the so-called 'simplified procedure' under Regulation No 2081/92, their product specifications were not published[54] and consequently they could not be relied on against economic operators.[55]

[51] Case C-108/01 *Consorzio del Prosciutto di Parma and Salumificio S. Rita* [2003] ECR I-5121.

[52] Case C-469/00 Ravil SARL v Bellon import SARL and Biraghi SpA [2003] ECR I-05053 – Grana Padano I.

[53] Case C-108/01, para. 50; Case 469/00, para. 83.

[54] Case C-108/01, paras. 91–92; Case 469/00, paras. 95–96.

[55] Case C-108/01, para. 99; Case 469/00, para. 103.

Therefore, in the case of registered IGOs, certain activities, which may be conducted in a region of production only if it is connected with maintaining quality and nature of a particular product as it was with slicing and packaging of cheese denoted by a registered IGO, may be provided in the product specifications.

Article 8
Content of application for registration
1. An application for registration of a designation of origin or geographical indication pursuant to Article 49(2) or (5) shall include at least:
(a) the name and address of the applicant group and of the authorities or, if available, bodies verifying compliance with the provisions of the product specification;
(b) the product specification provided for in Article 7;
(c) a single document setting out the following:
(i) the main points of the product specification: the name, a description of the product, including, where appropriate, specific rules concerning packaging and labelling, and a concise definition of the geographical area;
(ii) a description of the link between the product and the geographical environment or geographical origin referred to in Article 5(1) or (2), as the case may be, including, where appropriate, the specific elements of the product description or production method justifying the link.
An application as referred to in Article 49(5) shall, in addition, include proof that the name of the product is protected in its country of origin.
2. An application dossier referred to in Article 49(4) shall comprise:
(a) the name and address of the applicant group;
(b) the single document referred to in point (c) of paragraph 1 of this Article;
(c) a declaration by the Member State that it considers that the application lodged by the applicant group and qualifying for the favourable decision meets the conditions of this Regulation and the provisions adopted pursuant thereto;
(d) the publication reference of the product specification.

Comment: I. General The commented Art. sets out regulation for documents and information to be submitted within an application for registration of a particular IGO in order to initiate the registration process both in the national phase, i.e. within respective state institutions of EU Member States, and in the EU phase within the European Commission. The commented Art. should be taken into consideration together with Art. 49, providing procedural rules for the registration procedure both before national authorities in the national phase and the European Commission in the EU phase. Such dual regulation of registration process in two separate Arts. may be hardly admitted as successful. However, it arises from the structure of the present Regulation, dealing separately with documents and information specific to each qualitative scheme within a separate Title of this Regulation and procedural provisions similar to qualitative schemes covered by the Quality Schemes Regulation, namely two qualitative schemes, namely PDOs and PGIs, from one side, and TSGs, from the other side.

II. Documents and information. If the first paragraph of the commented Art. refers to documents and information to be submitted in the national phase, the second paragraph—documents and information called 'an application dossier' to be submitted in the EU phase.

An application for the registration of either a PDO or PGI, which consists of such information as the name and address of the applicant group and national authorities, as well as two documents, namely the product specification containing minimum information about the PDO or the PGI in question with a single document containing the main points of that specification and description qualitative link, shall be submitted in the national phase.

All information and documents, except the product specification instead referring to its prior publication and a relevant declaration of national authorities on compliance with PDO or PGI with conditions of the present Regulation, shall be submitted in the EU phase.

Procedural rules governing the review of the referred to documents are stated in Art. 49 commented below.

Article 9
Transitional national protection
A Member State may, on a transitional basis only, grant protection to a name under this Regulation at national level, with effect from the date on which an application is lodged with the Commission.
Such national protection shall cease on the date on which either a decision on registration under this Regulation is taken or the application is withdrawn.
Where a name is not registered under this Regulation, the consequences of such national protection shall be the sole responsibility of the Member State concerned.
The measures taken by Member States under the first paragraph shall produce effects at national level only, and they shall have no effect on intra-Union or international trade.

Comment The commented Art. regulates the protection of IGOs applied for registration and reviewed in the EU phase of the national phase has been accomplished successfully. As the protection of PDOs and PGIs commences from the moment of their registration according to the provisions of the commented Regulation, specifically Art. 13,[56] the following question arises: how the protection of IGOs that are applied for registration, but a decision on their registration has not been made yet takes place? The commented Art. deals specifically with this situation, not allowing interruptions in the protection of a particular IGO. The commented Art., therefore, envisages that a particular Member State may continue to provide protection at the national level for that IGO until a decision on its registration or refusal of registration is adopted.

[56] *See* its commentary below.

The commented Art. is mainly based on the legal regime included in the previous Regulation, namely Art. 5 (6) of the Foodstuffs Regulation, but which was unknown for Regulation No 2081/92. It should be noted that transitional national protection should be distinguished from the so-called simplified procedure for registration of IGOs envisaged by Art. 17 of Regulation No 2081/92. Therefore, the CJEU's case law for the interpretation of that simplified procedure has lost its meaning as it was relevant in the time period when PDOs or PGIs were applied for registration through the so-called simplified procedure under Regulation No. 2081/92 and it related to clarification of the interrelation between this simplified procedure and the national law of EU Member States.

Article 10
Grounds for opposition
1. A reasoned statement of opposition as referred to in Article 51(2) shall be admissible only if it is received by the Commission within the time limit set out in that paragraph and if it:
(a) shows that the conditions referred to in Article 5 and Article 7(1) are not complied with;
(b) shows that the registration of the name proposed would be contrary to Article 6(2), (3) or (4);
(c) shows that the registration of the name proposed would jeopardise the existence of an entirely or partly identical name or of a trade mark or the existence of products which have been legally on the market for at least five years preceding the date of the publication provided for in point (a) of Article 50(2); or
(d) gives details from which it can be concluded that the name for which registration is requested is a generic term.
2. The grounds for opposition shall be assessed in relation to the territory of the Union.

Comment: I. General The commented Art. shall be taken into consideration together with Chapter IV of Title V, specifically Art. 51 commented below, to be commented separately further on in order to avoid any misunderstandings. If the commented Art. contains material norms for grounds of opposition, Chapter IV of Title V contains procedural rules for dealing with those grounds.

II. Grounds for opposition. The commented Art. states grounds for opposition against registration of a particular IGO. Opposition proceedings may be initiated by submitting a reasoned statement of opposition whose grounds are listed in the commented Art., whereas procedural rules for its submission and review—in Art. 51 mentioned in the commented Art. These grounds refer to the failure to meet conditions indicated in the respective legal definitions of PDOs and PGIs (Art. 5); non-compliance with requirements put forward against a product specification [Art. 7 (1)]; conflict with other IP objects or being a generic name (Art. 6); and, finally, conflict with an identical name or a trade mark used for at least 5 years.

III. Territory. The second paragraph provides a specific legal regime for the assessment of territory concerning the grounds of opposition which shall comprise the whole territory of the EU. The provision is important for IGOs as the outcome may differ, depending on whether the territory covers a certain EU Member State only or the whole territory of the EU.

For instance, if in the case of *Bayerisches Bier*[57] the situation concerning the registration of this protected IGO in the Netherlands would be evaluated, the IGO would be unlikely upheld, considering the existing Dutch national trade mark *Bavaria*. However, as situation in the entire EU territory was taken into account, the IGO was registered allowing co-existence with the referred to trade mark. Yet, for the sake of truth it should be mentioned that this case related to the application of Regulation No 2081/92, not the application of the Quality Schemes Regulation.

Therefore, such specific norm allows avoiding the well-known contradictory situation, still existing in the case of Community trade marks,[58] and hopefully would be solved with proposed amendments to the Codifying Community Mark Regulation.[59]

Article 11
Register of protected designations of origin and protected geographical indications
1. The Commission shall adopt implementing acts, without applying the procedure referred to in Article 57(2), establishing and maintaining a publicly accessible updated register of protected designations of origin and protected geographical indications recognised under this scheme.
2. Geographical indications pertaining to products of third countries that are protected in the Union under an international agreement to which the Union is a contracting party may be entered in the register. Unless specifically identified in the said agreement as protected designations of origin under this Regulation, such names shall be entered in the register as protected geographical indications.
3. The Commission may adopt implementing acts laying down detailed rules on the form and content of the register. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).

[57] Case C-343/07 *Bavaria NV and Bavaria Italia Srl v Bayerischer Brauerbund eV* [2009] ECR I-05491 – Bavaria.

[58] For comprehensive discussion of this problem, *see* the Trade Mark Study prepared by the Max-Planck Institute for the Intellectual Property Law and Competition Law (Max-Planck Institute for the Intellectual Property Law and Competition Law 2011).

[59] Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community trade mark. COM/2013/0161 final. Available at http://ec.europa.eu/governance/impact/ia_carried_out/docs/ia_2013/com_2013_0161_en.pdf.

4. The Commission shall make public and regularly update the list of the international agreements referred to in paragraph 2 as well as the list of geographical indications protected under those agreements.

Comment The commented Art. regulates the Register of PDOs and PGIs concerning to products covered by the present Regulation[60] relating to both EU Member States and third countries. As it is generally provided by the second paragraph of the commented Art., registered IGOs of third countries would be entered into the Register as PGIs subject to special arrangements in particular international treaties with third countries. As it was established by the CJEU in this regard,

> the Commission has, in short, exclusive competence to take a decision on applications for registration which are forwarded to it by the national authorities, either by granting the protection sought, or, on the contrary, by refusing the registration applied for on the ground, as it may be, that the name at issue is generic.[61]

The commented Art. provides authorisation for the European Commission to adopt the respective legal acts for establishment and functioning of the Register. Guidelines for such Register are included in the first (in respect of registered IGOs of EU Member States) and the fourth paragraph (in respect of registered IGOs of third countries) of the commented Art.: this register must be public and shall be regularly updated to provide any person with the current situation on registered IGOs under the present Regulation.

At the moment, such Register is available publicly on the Internet through the DOOR database which is available on the web-page of the European Commission.[62] This database excludes IGOs in respect of wines which have their own—E-Bacchus—database[63] excluding aromatised wines as IGOs in respect of aromatised wines are subject to registration in the Aromatised Wines Regulation and IGOs in respect of spirits registered in the Spirits Regulation.

Article 12
Names, symbols and indications
1. Protected designations of origin and protected geographical indications may be used by any operator marketing a product conforming to the corresponding specification.
2. Union symbols designed to publicise protected designations of origin and protected geographical indications shall be established.

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[60] *See* Art. 2 of the Quality Schemes Regulation above.

[61] Case C-446/07 Alberto Severi v Regione Emilia Romagna [2009] ECR I-08041 – Salame Felino, para. 44.

[62] European Commission, Agriculture and Rural Development, Door. Available at http://ec.europa.eu/agriculture/quality/door/list.html;jsessionid=pYT3SwvRz5Fz0qp48yG8x0McW622nxL22jJJcxvVb0vhRWwnqsFG!-1120839217?locale=en.

[63] *See* Art. 118.n of the Single CMO Regulation commented below.

3. In the case of products originating in the Union that are marketed under a protected designation of origin or a protected geographical indication registered in accordance with the procedures laid down in this Regulation, the Union symbols associated with them shall appear on the labelling. In addition, the registered name of the product should appear in the same field of vision. The indications "protected designation of origin" or "protected geographical indication" or the corresponding abbreviations "PDO" or "PGI" may appear on the labelling.

4. In addition, the following may also appear on the labelling: depictions of the geographical area of origin, as referred to in Article 5, and text, graphics or symbols referring to the Member State and/or region in which that geographical area of origin is located.

5. Without prejudice to Directive 2000/13/EC, the collective geographical marks referred to in Article 15 of Directive 2008/95/EC may be used on labels, together with the protected designation of origin or protected geographical indication.

6. In the case of products originating in third countries marketed under a name entered in the register, the indications referred to in paragraph 3 or the Union symbols associated with them may appear on the labelling.

7. In order to ensure that the appropriate information is communicated to the consumer, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56, establishing the Union symbols.

The Commission may adopt implementing acts defining the technical characteristics of the Union symbols and indications as well as the rules of their use on the products marketed under a protected designation of origin or a protected geographical indication, including rules concerning the appropriate linguistic versions to be used. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).

Comment: I. General The commented Art. provides for a set of use and labelling provisions[64] concerning products in respect of which the registered IGOs are registered. From this point of view, the title of the commented Art. is confusing as it would be more precise to call it 'Use and labelling requirements'.

II. Rights to use. The first paragraph of the commented Art. governs the positive rights to use a particular IGO: any operator that markets a product conforming to a corresponding product specification of a particular PDO or PGI may use that name. Such a provision forms a part of the protection scope of the scheme of registered IGOs. However, different to the present Regulation, the provision containing such a right to use registered IGOs in the case of the Single CMO Regulation is included in the Art. governing the protection of registered IGOs.[65]

[64] Concerning the definition of the concept 'labelling', *see* Art. 3 of the discussed Regulation and its commentary above.

[65] *See* Art. 118.m (1) of the Single CMO Regulation.

III. Labelling. Further paragraphs of the commented Art. deal with labelling requirements for products bearing registered IGOs. The second paragraph legitimises the use of graphic designations, i.e. symbols, on such products. The emphasis in the third paragraph is put on the term 'markets', which though not defined in the Quality Schemes Regulation, still covers any person who offers for sale, sells, promotes, and performs similar activities with goods bearing registered IGOs. This person may use any sign referring to the geographical origin of such goods, including the use of the word designations 'PDO' or 'PGI' in the full or abbreviated form and respective symbols as established by EU law for labelling and promotion purposes broadly regulated by the third, fourth, and sixth paragraphs of the commented Art.

The commented Art. is supplemented by regulation included in Art. 46 of the present Regulation concerning the rights to use quality schemes of PDOs and PGIs from one side and TSGs—from the other side.

Article 13
Protection
1. Registered names shall be protected against:
(a) any direct or indirect commercial use of a registered name in respect of products not covered by the registration where those products are comparable to the products registered under that name or where using the name exploits the reputation of the protected name, including when those products are used as an ingredient;
(b) any misuse, imitation or evocation, even if the true origin of the products or services is indicated or if the protected name is translated or accompanied by an expression such as "style", "type", "method", "as produced in", "imitation" or similar, including when those products are used as an ingredient;
(c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product that is used on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;
(d) any other practice liable to mislead the consumer as to the true origin of the product.
Where a protected designation of origin or a protected geographical indication contains within it the name of a product which is considered to be generic, the use of that generic name shall not be considered to be contrary to points (a) or (b) of the first subparagraph.
2. Protected designations of origin and protected geographical indications shall not become generic.
3. Member States shall take appropriate administrative and judicial steps to prevent or stop the unlawful use of protected designations of origin and protected geographical indications, as referred to in paragraph 1, that are produced or marketed in that Member State.

To that end Member States shall designate the authorities that are responsible for taking these steps in accordance with procedures determined by each individual Member State.
These authorities shall offer adequate guarantees of objectivity and impartiality, and shall have at their disposal the qualified staff and resources necessary to carry out their functions.

Comment: I. General The present Art. contains the so-called 'four protection norms' of the registered IGOs in the first paragraph; the prohibition for registered names to become generic in the second paragraph; and duty of EU Member States to stop unlawful use of registered IGOs in the third paragraph, discussed in detail in the last chapter of this book.

II. Scope of protection. Registered IGOs are protected in the form in which they are registered and within the limits of the corresponding product specifications. It was already discussed in the commentary of Art. 7 of the present Regulation above—the scope of protection may be narrowed or broadened due to the wording of the product specifications. The *Grana Padano* case concerning cheese is the leading case in this issue—prohibition of its slicing outside a particular region depends on the product specifications: whether such activity is allowed to take place outside that region.[66]

III. Compound terms. In case of disputes involving compound names registered as IGOs, the leading example is the dispute between the registered IGO *Grana Padano* and the trade mark *Grana Biraghi* applied for registration as a Community trade mark.[67] It was continuation of the previous dispute, involving the scope of protection of the IGO[68]—in the present case it was dispute over the legal nature of the name 'grana' included in the trade mark *Grana Biraghi*. By establishing that neither of the constituent parts of that IGO may be treated as generic names,[69] the CJEU concluded that the registration of this trade mark constituted an infringement of the IGO.[70] Despite the fact that this CJEU conclusion was made in respect of the first sub-paragraph of Art. 13 (1) of Regulation No 2081/92, it may be extended also to the first sub-paragraph of Art. 13 (1) of the present Regulation, taking into account the identical wording of both provisions.

In case if a compound term is registered, it is protected considering two limitations. First, as it was justly argued by the European Commission in the

[66] Case C-469/00 Ravil SARL v Bellon import SARL and Biraghi SpA [2003] ECR I-05053 – Grana Padano I. For details of this case, *see* the commentary of Art. 7 above.

[67] Case T-291/03 *Consorzio per la tutela del formaggio Grana Padano v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2007] ECR II-03081 – Grana Padano II.

[68] Case C-469/00 *Ravil SARL v Bellon import SARL and Biraghi SpA* [2003] ECR I- 05053 – Grana Padano I.

[69] Particularly, the dispute was over the issue whether the word designation 'grana' should be treated as a generic name (Case T-291/03, paras. 57–87).

[70] Case T-291/03, para. 88.

Parmesan case,[71] such constituent element of a compound designation, which is generic,[72] is not protected. Second, as it was also pointed out by the European Commission in the same case,

> a single constituent element of a compound designation does not enjoy the protection of Regulation No 2081/92 if the Member States concerned indicated, when notifying the compound designation at issue, that protection was not requested for certain parts of that designation.[73]

However, in case if no limitations were notified in relation to any of constituent elements of the IGO applied for registration, i.e. the corresponding product specification does not contain information about such elements, the lack of declaration of such limitation 'cannot constitute a sufficient basis for determining the scope of protection' which depends on determination to be given by a national court of a respective EU Member State.[74]

Yet, despite the fact that both of the mentioned views of the European Commission were not explicitly upheld by the CJEU, it arises from the overall CJEU reasoning on the issue of the protection of compound designations[75] in this case that the CJEU without doubt shared these views.

IV. The nature of protected norms. As it is already mentioned in the legal literature, four protection norms indicated in the first paragraph of the commented Art. envisage the absolute and relative protection of registered IGOs.[76]

The absolute protection of IGOs covers situations referred to in the first two protection norms (the first two sub-paragraphs of the first paragraph), irrespective of misleading the consumers, i.e. they are based on the objective criterion of establishing the fact of any of such use. Furthermore, the other two protection norms provide for the relative protection of IGOs, based on the fact of misleading the consumers.

V. Evocation. As far as these protection norms are concerned, the CJEU has interpreted the concept 'evocation' only so far in the two cases. At first, the CJEU established the definition of the concept 'evocation' in the *Gorgonzola* case[77] by holding that this concept

[71] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan.

[72] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan, para. 20.

[73] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan, para. 20.

[74] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan, paras. 29–30.

[75] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan, paras. 21–31; *see* also paras. 58–59.

[76] *See generally* Mantrov (2012), pp. 188–194.

[77] Case C-87/97 *Consorzio per la tutela del formaggio Gorgonzola* [1999] ECR I-1301 – Gorgonzola.

> covers a situation where the term used to designate a product incorporates part of a protected designation, so that when the consumer is confronted with the name of the product, the image brought to his mind is that of the product whose designation is protected.[78]

In order to prove that a designation evokes a registered IGO, the proximity of phonetic and visual similarities[79] should be established. In such a way, a trade mark *Cambozola* was held as evocation of the registered IGO *Gorgonzola*. In the *Parmesan* case reviewed subsequently, the CJEU added that also conceptual proximity is required in addition to the proximity of phonetic and visual similarities.[80] In holding that, the CJEU established that the designation *Parmesan* evokes the PDO *Parmigiano Reggiano*.[81]

VI. Lack of interpretation of other protection norms. However, the understanding of other protection norms and their exploited concepts such as misuse or imitation remains unclear without the authority of the CJEU interpretation. This situation actually could raise problems with protection of registered IGOs as by lack of interpretation given by the CJEU, the protection scope remains unclear and is subject to deviations in national practices. In contrast, as the trade mark law in the EU law has been subject to a broad CJEU case law, the protection of Community collective marks are more predictable and clear. Especially it should be taken into account that if qualified IGOs either PDOs or PGIs were registered as European collective marks instead of registration within the present Regulation, they usually would be considered as marks with reputation and therefore would have protection in the case of detriment to their reputation or distinctive character: a protection scope not less beneficial as protection norms provided by the commented Art.[82] It should still be noted that both protection systems are based on different approaches and principles therefore their comparison may be carried out on the basis of a case-by-case approach rather than in general way.

The commented Art. should be considered together with exceptions for specific prior use envisaged in Chapter II of Title V and protection of indications of symbols envisaged in Art. 44 from Chapter III of Title V.

Article 14
Relations between trade marks, designations of origin and geographical indications

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[78] Case C-87/97 *Consorzio per la tutela del formaggio Gorgonzola* [1999] ECR I-1301 – Gorgonzola, para. 25. Affirmed in the second—Parmesan—case (Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan, para. 44).

[79] Case C-87/97 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan, para. 27.

[80] Case C-132/05, para. 48.

[81] Case C-132/05, para. 48.

[82] This issue is explained in detail in Sect. 13.3 of this book below.

1. Where a designation of origin or a geographical indication is registered under this Regulation, the registration of a trade mark the use of which would contravene Article 13(1) and which relates to a product of the same type shall be refused if the application for registration of the trade mark is submitted after the date of submission of the registration application in respect of the designation of origin or the geographical indication to the Commission.

Trade marks registered in breach of the first subparagraph shall be invalidated.

The provisions of this paragraph shall apply notwithstanding the provisions of Directive 2008/95/EC.

2. Without prejudice to Article 6(4), a trade mark the use of which contravenes Article 13(1) which has been applied for, registered, or established by use if that possibility is provided for by the legislation concerned, in good faith within the territory of the Union, before the date on which the application for protection of the designation of origin or geographical indication is submitted to the Commission, may continue to be used and renewed for that product notwithstanding the registration of a designation of origin or geographical indication, provided that no grounds for its invalidity or revocation exist under Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark [22] or under Directive 2008/95/EC. In such cases, the use of the protected designation of origin or protected geographical indication shall be permitted as well as use of the relevant trade marks.

Comment: I. General The commented Art. governs conflicts between trade marks and registered IGOs being the continuation of Art. 6 (4) of the present Regulation in relation to trade marks with reputation and protection norms envisaged in Art. 13 of this Regulation. It specifically concerns trade marks that are either registered or applied for registration as Art. 13 covers unregistered trade marks and other signs used in the commerce. The approach of the commented Art. is based on the principle of priority, one of the principles, governing both trade marks and IGOs[83] being justification from the theoretical point of view of the regulation included in the commented Article.

II. Relationship with protection norms (Art. 13 (1)). If any of the situations referred to in Art. 13 (1) occurs, i.e. any of the protection norms may be applied, registration of a particular trade mark shall be refused, but if registered—it shall be invalidated. It should be noted that due to the nature of IGOs, the introduction of a disclaimer will not save a particular trade mark from refusal to be registered or invalidated; however, it is not clearly provided in the commented Art. in contrast with the regulation of the Spirits Regulation to be discussed below.[84]

[83] For these principles, *see* Sect. 3.1 of this book above.

[84] *See* Art. 23 of the Spirits Regulation.

III. Relationship with trade marks having earlier priority than a registered IGO. According to the principle of priority, a trade mark, which has earlier priority than a registered IGO, may continue to exist notwithstanding that IGO.

IV. Priority date. However, in practice the application of the principle of priority is highly complicated due to the historical background of the EU direct protection system in general and the regulation on registered IGOs concerning agricultural products and foodstuffs, specifically concerning the Quality Schemes Regulation and its predecessors in the case of IGOs, namely Regulation No 2081/92 and the Foodstuffs Regulation. As established by the CJEU in the famous *Bayerisches Bier* case,[85] the priority of such names shall be the date when a respective regulation entered into force, registering the particular protected IGO either a PDO or a PGI. So, the registered IGO was applied for registration through the so-called 'simplified application procedure' on 20 May 1997,[86] whereas registered by entry into force of Regulation No 1347/2001[87] on 05 July 2001. Consequently, its priority date is established at the moment of its registration but not at the moment when it was applied for registration. On the other hand, the respective trade mark Bavaria had priority from 28 April 1995[88] and consequently that priority prevails as it is earlier than priority of the registered IGO *Bayerisches Bier*.

This situation without doubt relates to those IGOs which were applied for the registration through the so-called 'simplified procedure', not IGOs applied for registration through the normal registration procedure. Similar and even greater problems exist in the case of wines and spirits to be discussed within the next two chapters.

Article 15
Transitional periods for use of protected designations of origin and protected geographical indications
1. Without prejudice to Article 14, the Commission may adopt implementing acts granting a transitional period of up to five years to enable products originating in a Member State or a third country the designation of which consists of or contains a name that contravenes Article 13(1) to continue to use the designation under which it was marketed on condition that an admissible statement of opposition under Article 49(3) or Article 51 shows that:

[85] Case C-120/08 *Bavaria NV v Bayerischer Brauerbund eV* [2010] ECR I-13393 – Bavaria II.

[86] Case C-120/08 *Bavaria NV v Bayerischer Brauerbund eV* [2010] ECR I-13393 – Bavaria II, para. 23.

[87] Council Regulation (EC) No 1347/2001 of 28 June 2001 supplementing the Annex to Commission Regulation (EC) No 1107/96 on the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Council Regulation (EEC) No 2081/92. OJ L 182, 5.7.2001, pp. 3–4.

[88] Case C-120/08 *Bavaria NV v Bayerischer Brauerbund eV* [2010] ECR I-13393 – Bavaria II, para. 26.

(a) the registration of the name would jeopardise the existence of an entirely or partly identical name; or
(b) such products have been legally marketed with that name in the territory concerned for at least five years preceding the date of the publication provided for point (a) of Article 50(2).
Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).
2. Without prejudice to Article 14, the Commission may adopt implementing acts extending the transitional period mentioned in paragraph 1 of this Article to 15 years in duly justified cases where it is shown that:
(a) the designation referred to in paragraph 1 of this Article has been in legal use consistently and fairly for at least 25 years before the application for registration was submitted to the Commission;
(b) the purpose of using the designation referred to in paragraph 1 of this Article has not, at any time, been to profit from the reputation of the registered name and it is shown that the consumer has not been nor could have been misled as to the true origin of the product.
Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).
3. When using a designation referred to in paragraphs 1 and 2, the indication of country of origin shall clearly and visibly appear on the labelling.
4. To overcome temporary difficulties with the long-term objective of ensuring that all producers in the area concerned comply with the specification, a Member State may grant a transitional period of up to 10 years, with effect from the date on which the application is lodged with the Commission, on condition that the operators concerned have legally marketed the products in question, using the names concerned continuously for at least the five years prior to the lodging of the application to the authorities of the Member State and have made that point in the national opposition procedure referred to in Article 49(3).
The first subparagraph shall apply mutatis mutandis to a protected geographical indication or protected designation of origin referring to a geographical area situated in a third country, with the exception of the opposition procedure.
Such transitional periods shall be indicated in the application dossier referred to in Article 8(2).

Comment The commented Art. provides for different co-existence possibilities for designations (irrespective of national IGOs, trade marks, or any other distinctive sign) infringing registered IGOs, yet such co-existence should be allowed for a definite period of time. If the conditions laid down in the first paragraph are satisfied, namely the designation is used for at least 5 years before the date of the publication of the respective registered IGO, this time period would be no more than 5 years; if the conditions laid down in the second paragraph apply, namely the

designation is used consistently and fairly for at least 25 years before the application was submitted to the European Commission,—within 15 years. This co-existence possibility would be rarely used in the case of trade marks as in this case Art. 14 (2) will be normally applied due to the fact that this trade mark would have priority against the registered IGO.

The national co-existence possibility for 10 years on conditions set out in the fourth paragraph is also provided.

It should be noted that the possibility of the co-existence of an infringing sign and a respective registered IGO is not provided in the case of other applicable Regulations.

Article 16
Transitional provisions
1. Names entered in the register provided for in Article 7(6) of Regulation (EC) No 510/2006 shall automatically be entered in the register referred to in Article 11 of this Regulation. The corresponding specifications shall be deemed to be the specifications referred to in Article 7 of this Regulation. Any specific transitional provisions associated with such registrations shall continue to apply.
2. In order to protect the rights and legitimate interests of producers or stakeholders concerned, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56, concerning additional transitional rules.
3. This Regulation shall apply without prejudice to any right of coexistence recognised under Regulation (EC) No 510/2006 in respect of designations of origin and geographical indications, on the one hand, and trade marks, on the other.

Comment As the Foodstuffs Regulation is repealed by the present Regulation, the commented Art. deals with IGOs registered already by the former Regulation. It envisages that IGOs that were registered under the Foodstuffs Regulation shall continue to enjoy protection according to rules set out by the present Regulation including co-existence if it was allowed in accordance with the former Regulation which is explicitly allowed by the third paragraph of the commented Art. From the protection point of view, the Quality Schemes Regulation envisages the identical protection scope in Arts. 13 (1) and (2) as it was envisaged earlier at first by Regulation No 2081/92 and later by the Foodstuffs Regulation. As a result, there would be no difference from the point of view of the protection scope in respect of those IGOs that were registered by the former Regulation and automatically registered by the present Regulation.

TITLE V
CHAPTER IV
Application and registration processes for designations of origin, geographical indications, and traditional specialities guaranteed

Comment Chapter IV deals with the registration of PDOs and PGIs, as well as the registration of TSGs. However, commentary in relation to this Chapter of Title V of the Quality Schemes Regulation will be limited with IGOs only. Opposite to the provisions commented above, which provided substantial law in the case of registered IGOs, this chapter provides procedural rules during the registration procedure of IGOs under the present Regulation. As one will be able to see further on, this registration procedure consists of two phases similarly as in the case of other applicable Regulations yet such division of reviewing phases is explicitly provided in the Single CMO Regulation only.[89] First, it is the national phase dealt by national authorities of EU Member States, which is the preliminary phase. Second, it is the EU phase in which an application for the registration of a particular IGO is forwarded by national authorities of EU Member States to the European Commission in the case of its successful examination outcome in the national phase, which deals with it further on.

Article 48
Scope of application processes
The provisions of this chapter shall apply in respect of the quality schemes set out in Title II and Title III.

Comment The commented Art. clarifies the scope of the present chapter. As the concept 'quality schemes' refers not only to PDOs and PGIs, but to other designations such as traditional terms regulated under Chapter IV of the Quality Schemes Regulation, the commented Article refers only to the application procedure of PDOs and PGIs regulated under Title II (and TSGs regulated under Title III).

Article 49
Application for registration of names
1. Applications for registration of names under the quality schemes referred to in Article 48 may only be submitted by groups who work with the products with the name to be registered. In the case of a "protected designations of origin" or "protected geographical indications" name that designates a trans-border geographical area or in the case of a "traditional specialities guaranteed" name, several groups from different Member States or third countries may lodge a joint application for registration.
A single natural or legal person may be treated as a group where it is shown that both of the following conditions are fulfilled:
(a) the person concerned is the only producer willing to submit an application;
(b) with regard to protected designations of origin and protected geographical indications, the defined geographical area possesses characteristics which differ appreciably from those of neighbouring areas or the

[89] Art. 118f of the Single CMO Regulation.

characteristics of the product are different from those produced in neighbouring areas.

2. Where the application under the scheme set out in Title II relates to a geographical area in a Member State, or where an application under the scheme set out in Title III is prepared by a group established in a Member State, the application shall be addressed to the authorities of that Member State.

The Member State shall scrutinise the application by appropriate means in order to check that it is justified and meets the conditions of the respective scheme.

3. As part of the scrutiny referred to in the second subparagraph of paragraph 2 of this Article, the Member State shall initiate a national opposition procedure that ensures adequate publication of the application and that provides for a reasonable period within which any natural or legal person having a legitimate interest and established or resident on its territory may lodge an opposition to the application.

The Member State shall examine the admissibility of oppositions received under the scheme set out in Title II in the light of the criteria referred to in Article 10(1), or the admissibility of oppositions received under the scheme set out in Title III in the light of the criteria referred to in Article 21(1).

4. If, after assessment of any opposition received, the Member State considers that the requirements of this Regulation are met, it may take a favourable decision and lodge an application dossier with the Commission. It shall in such case inform the Commission of admissible oppositions received from a natural or legal person that have legally marketed the products in question, using the names concerned continuously for at least five years preceding the date of the publication referred to in paragraph 3.

The Member State shall ensure that its favourable decision is made public and that any natural or legal person having a legitimate interest has an opportunity to appeal.

The Member State shall ensure that the version of the product specification on which its favourable decision is based, is published, and shall provide electronic access to the product specification.

With reference to protected designations of origin and protected geographical indications, the Member State shall also ensure adequate publication of the version of the product specification on which the Commission takes its decision pursuant to Article 50(2).

5. Where the application under the scheme set out in Title II relates to a geographical area in a third country, or where an application under the scheme set out in Title III is prepared by a group established in a third country, the application shall be lodged with the Commission, either directly or via the authorities of the third country concerned.

6. The documents referred to in this Article which are sent to the Commission shall be in one of the official languages of the Union.

7. In order to facilitate the application process, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56, defining the rules for carrying out the national objection procedure for joint applications concerning more than one national territory and complementing the rules of the application process.
The Commission may adopt implementing acts laying down detailed rules on procedures, form and presentation of applications, including for applications concerning more than one national territory. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).

Comment: I. General The commented Art. defines the contents of an application for the registration of a PDO or PGI within the national phase.

II. The concept of a group. Similarly as in the case of the Single CMO Regulation[90] but in contrast to the Spirits Regulation,[91] according to the general rule,[92] only a group may submit an application for the registration of a particular IGO, i.e. either a PDO or a PGI. However, in exceptional cases it may be done by a natural or legal person if requirements set out in the first paragraph of the commented Art. are fulfilled.

III. The national phase. The registration procedure consists of two phases, i.e. the national phase and the EU phase as it was already mentioned at the beginning of the commentary of this chapter. The commented Art. except its first paragraph regulates the procedure of the national phase: in the case of an unfavourable decision of state institutions of a respective EU Member State, a respective application for the registration of an IGO is refused subject to its appeal procedure governed by national law; but in the case of a favourable decision, state institutions of that EU Member State lodge an application dossier within the European Commission in accordance with the fourth paragraph of the commented Art.

Article 50
Scrutiny by the Commission and publication for opposition
1. The Commission shall scrutinise by appropriate means any application that it receives pursuant to Article 49, in order to check that it is justified and that it meets the conditions of the respective scheme. This scrutiny should not exceed a period of six months. Where this period is exceeded, the Commission shall indicate in writing to the applicant the reasons for the delay.

[90] Art. 118.e of the Single CMO Regulation.

[91] Art. 17 (2) of the Spirits Regulation except third countries where a group may submit an application [Art. 17 (3) of the Spirits Regulation].

[92] For its substantiation within the context of legal subjectivity of IGOs, *see* Sect. 3.2 of this book above.

The Commission shall, at least each month, make public the list of names for which registration applications have been submitted to it, as well as their date of submission.
2. Where, based on the scrutiny carried out pursuant to the first subparagraph of paragraph 1, the Commission considers that the conditions laid down in this Regulation are fulfilled, it shall publish in the Official Journal of the European Union:
(a) for applications under the scheme set out in Title II, the single document and the reference to the publication of the product specification;
(b) for applications under the scheme set out in Title III, the specification.

Comment: I. General The commented Art. deals with the second phase of the registration procedure, i.e. the EU phase.

II. Timing. The first paragraph sets out the time period during which a decision by the European Commission must be adopted, i.e. it shall be adopted within 6 months. However, as it may be extended and no limits for such extension are provided, it allows the European Commission to scrutiny the application for an indefinite period of time.

III. Consequences of the positive decision. In the case of a successful outcome for a particular IGO, the European Commission shall publish the single document with the reference to the publication of the product specification. Neither the commented Art. nor any other provisions under the present Regulation explicitly provide rights to appeal a negative decision of the European Commission.

Article 51
Opposition procedure
1. Within three months from the date of publication in the Official Journal of the European Union, the authorities of a Member State or of a third country, or a natural or legal person having a legitimate interest and established in a third country may lodge a notice of opposition with the Commission.
Any natural or legal person having a legitimate interest, established or resident in a Member State other than that from which the application was submitted, may lodge a notice of opposition with the Member State in which it is established within a time limit permitting an opposition to be lodged pursuant to the first subparagraph.
A notice of opposition shall contain a declaration that the application might infringe the conditions laid down in this Regulation. A notice of opposition that does not contain this declaration is void.
The Commission shall forward the notice of opposition to the authority or body that lodged the application without delay.
2. If a notice of opposition is lodged with the Commission and is followed within two months by a reasoned statement of opposition, the Commission shall check the admissibility of this reasoned statement of opposition.

3. Within two months after the receipt of an admissible reasoned statement of opposition, the Commission shall invite the authority or person that lodged the opposition and the authority or body that lodged the application to engage in appropriate consultations for a reasonable period that shall not exceed three months.
The authority or person that lodged the opposition and the authority or body that lodged the application shall start such appropriate consultations without undue delay. They shall provide each other with the relevant information to assess whether the application for registration complies with the conditions of this Regulation. If no agreement is reached, this information shall also be provided to the Commission.
At any time during these three months, the Commission may, at the request of the applicant extend the deadline for the consultations by a maximum of three months.
4. Where, following the appropriate consultations referred to in paragraph 3 of this Article, the details published in accordance with Article 50(2) have been substantially amended, the Commission shall repeat the scrutiny referred to in Article 50.
5. The notice of opposition, the reasoned statement of opposition and the related documents which are sent to the Commission in accordance with paragraphs 1 to 4 of this Article shall be in one of the official languages of the Union.
6. In order to establish clear procedures and deadlines for opposition, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56, complementing the rules of the opposition procedure.
The Commission may adopt implementing acts laying down detailed rules on procedures, form and presentation of the oppositions. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).

Comment: I. General The commented Art. provides for initiating opposition proceedings in case if the European Commission adopts a positive decision in relation to a particular application for registration either of a PDO or PGI. It gives a possibility for interested persons to file a notice of opposition to the European Commission within a period of 3 months from the decision publication date.

II. Opposition proceedings. The scope of persons entitled to file a notice of opposition is defined in the first paragraph, covering any person who may show its legitimate interest. After filing the notice, it should be followed by a reasoned statement of opposition within 2 months by a person who submitted that notice. In this regard it should be noted that the commented Art. should be read together with Art. 10 commented above which provides requirements for contents of a reasoned statement.

Article 52
Decision on registration
1. Where, on the basis of the information available to the Commission from the scrutiny carried out pursuant to the first subparagraph of Article 50(1), the Commission considers that the conditions for registration are not fulfilled, it shall adopt implementing acts rejecting the application. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).
2. If the Commission receives no notice of opposition or no admissible reasoned statement of opposition under Article 51, it shall adopt implementing acts, without applying the procedure referred to in Article 57(2), registering the name.
3. If the Commission receives an admissible reasoned statement of opposition, it shall, following the appropriate consultations referred to in Article 51(3), and taking into account the results thereof, either:
(a) if an agreement has been reached, register the name by means of implementing acts adopted without applying the procedure referred to in Article 57(2), and, if necessary, amend the information published pursuant to Article 50(2) provided such amendments are not substantial; or
(b) if an agreement has not been reached, adopt implementing acts deciding on the registration. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).
4. Acts of registration and decisions on rejection shall be published in the Official Journal of the European Union.

Comment The commented Art. regulates final decisions to be adopted by the European Commission concerning an IGO applied for registration and after its publication is made by distinguishing different types of situations. If no opposition proceedings are initiated, the IGO is registered. However, if opposition proceedings are initiated, there could be two possible outcomes. First, it is possible to reach an agreement between the European Commission, the applicant, and interested persons and the IGO in question is registered as a result of such agreement explicitly permitted by the subparagraph a) of the third paragraph. It may even involve amendments to the product specification under the condition that they are not substantial also explicitly permitted by the subparagraph a) of the third paragraph. Second, if no agreement is reached, the European Commission will decide on the registration of the particular IGO.

Article 53
Amendment to a product specification
1. A group having a legitimate interest may apply for approval of an amendment to a product specification.
Applications shall describe and give reasons for the amendments requested.
2. Where the amendment involves one or more amendments to the specification that are not minor, the amendment application shall follow the procedure laid down in Articles 49 to 52.

However, if the proposed amendments are minor, the Commission shall approve or reject the application. In the event of the approval of amendments implying a modification of the elements referred to in Article 50(2), the Commission shall publish those elements in the Official Journal of the European Union.
For an amendment to be regarded as minor in the case of the quality scheme described in Title II, it shall not:
(a) relate to the essential characteristics of the product;
(b) alter the link referred to in point (f)(i) or (ii) of Article 7(1);
(c) include a change to the name, or to any part of the name of the product;
(d) affect the defined geographical area; or
(e) represent an increase in restrictions on trade in the product or its raw materials.
For an amendment to be regarded as minor in the case of the quality scheme described in Title III, it shall not:
(a) relate to the essential characteristics of the product;
(b) introduce essential changes to the production method; or
(c) include a change to the name, or to any part of the name of the product.
The scrutiny of the application shall focus on the proposed amendment.
3. In order to facilitate the administrative process of an amendment application, including where the amendment does not involve any change to the single document and where it concerns a temporary change in the specification resulting from the imposition of obligatory sanitary or phytosanitary measures by the public authorities, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56, complementing the rules of the amendment application process.
The Commission may adopt implementing acts laying down detailed rules on procedures, form and presentation of an amendment application. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).

Comment: I. General As the product specifications may be amended after the registration of a PDO or PGI in question, the commented Art. provides for the possibility to amend the product specifications of PDOs or PGIs. Minor and non-minor amendments to the product specifications providing different procedures for their reviewing are distinguished.

II. Applicant. The applicant for the introduction of amendments to the product specifications may be 'a group having a legitimate interest' that in conjunction with the legal definition of the concept 'group'[93] means the right holders of the particular registered IGO. Such understanding of the applicant is completely different from the registration procedure[94] in the EU phase in which an applicant may be only an EU Member State, except IGOs of third countries.

[93] Art. 3 (2) of the present Regulation.

[94] Art. 118.q of the Single CMO Regulation.

III. Procedure. Similarly as in the case of the Single CMO Regulation, the present Regulation distinguishes minor and non-minor amendments to the product specification for the particular registered IGO. Minor amendments are such amendments that are listed in the third sub-paragraph of the second paragraph; all other amendments involving changes in the product specifications should be considered as non-minor amendments. Depending on the type of amendments, a different procedure is applied for the review thereof. In the case of minor amendments to the product specifications, the registration procedure is applied; in the case of non-minor amendments—a decision of the European Commission is adopted on whether to approve or reject the amendments. Finally, in the case of amendments other than those related to the product specifications, the third paragraph is applied.

Article 54
Cancellation
1. The Commission may, on its own initiative or at the request of any natural or legal person having a legitimate interest, adopt implementing acts to cancel the registration of a protected designation of origin or of a protected geographical indication or of a traditional speciality guaranteed in the following cases:
(a) where compliance with the conditions of the specification is not ensured;
(b) where no product is placed on the market under the traditional speciality guaranteed, the protected designation of origin or the protected geographical indication for at least seven years.
The Commission may, at the request of the producers of product marketed under the registered name, cancel the corresponding registration.
Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).
2. In order to ensure legal certainty that all parties have the opportunity to defend their rights and legitimate interests, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56 complementing the rules regarding the cancellation process.
The Commission may adopt implementing acts laying down detailed rules on procedures and form of the cancellation process, as well as on the presentation of the requests referred to in paragraph 1 of this Article.
Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).

Comment: I. General Though registered IGOs shall not become generic, i.e. they cannot lose their protectable nature, it does not mean that the registration of registered IGOs may not be cancelled. As in the case of other indications of origin like trade marks, IGOs are protected as long as they are capable of fulfilling their function.[95] However, from the perspective of the present Regulation, the

[95] For indications of origin, the function of IGOs, and comparison of that function with function of trade marks, *see* Sect. 3.1 of this book.

registration of registered IGOs may be cancelled only in the case of those grounds which are listed by the commented Art.

II. Grounds. The commented Article provides regulation for the termination of the registration of PDOs or PGIs through their cancellation for reasons set out in this Art. In contrast to the Spirits Regulation and the Single CMO Regulation, the present Regulation envisages that the registration of a registered IGO may be cancelled not only in the case of non-compliance of its use to its product specification, but also in two additional cases. Yet, those additional cases are rarely used in practice due to their nature. First, if a particular registered IGO has not been used for at least 7 years. Second, based on the trade mark law, surrender of a particular registered IGO by request of the relevant right holders of the IGO. In these two additional situations registration of the IGO is terminated on the basis of a decision taken by the European Commission.

III. Initiators of cancellation proceedings. Cancellation may be initiated by any natural and legal person or by the European Commission ex officio. Though the commented Art. provides that such a person must have a legitimate interest, in practice such interest should be interpreted broadly considering the collective nature of IGOs in question. For instance, any consumer should have such interest in order to avoid his or her misleading due to non-compliance of the product specification of a PDO or PGI in question and the conditions of its actual use.

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Statement by the Commission concerning Article 2 of Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights. OJ, L 94, 13.04.2005, pp. 37–37

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Case C-446/07 Alberto Severi v Regione Emilia Romagna [2009] ECR I-08041 – Salame Felino

Case C-343/07 *Bavaria NV and Bavaria Italia Srl v Bayerischer Brauerbund eV* [2009] ECR I-05491 – Bavaria

Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan

Case T-291/03 *Consorzio per la tutela del formaggio Grana Padano v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2007] ECR II-03081 – Grana Padano II

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Chapter 7
The Spirits Regulation

7.1 Introduction

This chapter deals with IGOs in respect of one of four parts of agricultural products and foodstuffs regulated within the direct protection system, namely spirits. As IGOs in respect of spirits are exclusively regulated by the Spirits Regulation, the relevant provisions of the Regulation are commented in the next section of this book.

From the point of view of the regulatory approach, the Spirits Regulation,[1] as well as its predecessor—Regulation No 1576/89[2]—is similar to the currently still effective Aromatised Wines Regulation.[3] On the other hand, the regulation on IGOs provided by the Spirits Regulation is based on the regulation of the Foodstuffs Regulation (and its predecessor—Regulation No 2081/92[4]), whose regulatory approach is continued by its successor—the Quality Schemes Regulation.[5]

[1] Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54 [Spirits Regulation].

[2] Council Regulation (EEC) No 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks. OJ, L 160, 12.06.1989, pp. 1–17.

[3] Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. OJ, L 149, 14.06.1991, pp. 1–9 [Aromatised Wines Regulation]. For its discussion, *see* Chap. 9 below.

[4] Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 208, 24.07.1992, pp. 1–8.

[5] Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29 [Quality Schemes Regulation]. For its discussion, *see* the previous chapter.

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The legal basis for the adoption of the Spirits Regulation was Art. 95 TEC (now Art. 114 TFEU) as it is indicated in the preamble to this Regulation. Consequently, aims for the adoption of this Regulation lied in ensuring approximation of laws within the internal market.

Historical Background The regulation of IGOs on spirits in the EU law as a part of the direct protection system commenced with Regulation No 1587/89, the predecessor of the Spirits Regulation, which is repealed by the Spirits Regulation. The legislative approach in both Regulations is the same as Regulation 1576/89 provided and the Spirits Regulation provides the regulation on IGOs together with the presentation and labelling rules on spirits. However, from the perspective of regulatory approach of IGOs, both Regulations are completely different: Regulation No 1576/89 contained the rudimentary regulation on IGOs and this regulatory approach is still applied by the Aromatised Wines Regulation; the regulation on IGOs included in the Spirits Regulation, however, is based on the regulation included in the Foodstuffs Regulation,[6] currently—the Quality Schemes Regulation discussed in the previous chapter.

Structure The structure of the Spirits Regulation provides a set of a different kind of rules. First, general provisions on the scope, definition, and categories of spirit drinks (Chapter I of the Spirits Regulation). Second, provisions on description, presentation, and labelling of spirit drinks (Chapter II of the Spirits Regulation). Third, provisions on IGOs in respect of spirits (Chapter III of the Spirits Regulation) which are commented within the next section. And, lastly, general, transitional, and final provisions (Chapter IV of the Spirits Regulation).

Scope of Goods Covered The Spirits Regulation covers spirit drinks falling within the agricultural products and foodstuffs, i.e. being of agricultural origin. Relevant provisions on definition of different categories of spirit drinks are included in Annex II to the Spirits Regulation. A particular IGO will be registered in Annex III of the Spirits Regulation only concerning a particular category of spirit drinks.

7.2 Excerpt of Text and Commentary

CHAPTER III
GEOGRAPHICAL INDICATIONS

Comment Chapter III of the Spirits Regulation is completely devoted to the regulation of IGOs, including their registration process, protection, competence aspects of state institutions of EU Member States, and transitional rules. Chapter III

[6] Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 93, 31.03.2006, pp. 12–25 [Foodstuffs Regulation].

is supplemented with Annex III containing a list of registered IGOs under this Regulation.

Article 15
Geographical indications

1. **For the purpose of this Regulation a geographical indication shall be an indication which identifies a spirit drink as originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of that spirit drink is essentially attributable to its geographical origin.**
2. **The geographical indications referred to in paragraph 1 are registered in Annex III.**
3. **The geographical indications registered in Annex III may not become generic.**

   Names that have become generic may not be registered in Annex III.

   A name that has become generic means the name of a spirit drink which, although it relates to the place or region where this product was originally produced or placed on the market, has become the common name of a spirit drink in the Community.
4. **Spirit drinks bearing a geographical indication registered in Annex III shall comply with all the specifications of the technical file provided for under Article 17(1).**

Comment: I. General The commented Art. provides general principles for the regulation of IGOs within the Spirits Regulation. In contrast to the Quality Schemes Regulation and similarly to the Single CMO Regulation, the regulation of IGOs by the Spirits Regulation is not considered as 'a quality scheme' notwithstanding the fact that the only difference between both of these Regulations relates to the type of goods they cover, but not to the nature of IGOs as an IP objects which remains the same—an exclusive right and a unitary right conferred upon IGOs as an IP object. Moreover, opposite to the Quality Schemes Regulation and the Single CMO Regulation which distinguish two types of IGOs, namely PDOs and PGIs, the present Regulation recognises only one of them, i.e. geographical indications (GIs). In addition, contrary to the former Regulations, the Spirits Regulation avoids characterisation of registered IGOs as 'PGIs', i.e. protected geographical indications, instead referring to 'geographical indications registered in Annex III' as it is used in the third paragraph of the commented Art., as well as in other provisions, for instance, in the next Art. of the present Regulation.

II. Legal definition of a GI. The first paragraph of the commented Art. provides the legal definition which applies only in the case of the present Regulation, without concerning any other legal acts or legal relationships as it arises from the introductory wording 'For the purpose of this Regulation' which is also exploited in the case of the Quality Schemes Regulation discussed above and the Single CMO Regulation discussed below. Geographical indications are defined in the first paragraph of the commented Art. similarly as they are defined in Art. 22 (1) TRIPS therefore

obviously this definition is based on the legal definition of the concept 'a geographical indication' regulated by the TRIPS. So, in order to qualify for inclusion in Annex III to the Spirits Regulation as a geographical indication, a particular IGO must show that 'a given quality, reputation or other characteristic of that spirit drink is essentially attributable to its geographical origin' therefore allowing broad coverage of characteristics to qualify for the qualitative link[7] envisaged by that legal definition. However, it should be considered an arbitrary approach to invent a legal definition with specific scope having already the legal definition of geographical indications in Art. 22 (1) TRIPS. Instead it could be argued for providing a link in the Spirits Regulation to the legal definition of geographical indications envisaged by that provision of TRIPS.

III. Protection against becoming generic names. Furthermore, similarly as in the case of the Quality Schemes Regulation and the Single CMO Regulation, registered IGOs may not become generic names and vice versa—generic names shall not be registered in Annex III as provided by the third paragraph. This provision provides also the legal definition of a generic name which is almost identical to the legal definition of the same term in the Quality Schemes Regulation except one difference: the commented third paragraph adds the term 'a country' whose name could be registered also as a GI in Annex III. Such difference is not coincidence because in the case of agricultural products and foodstuffs, except spirits, it would be unusual and possibly even inappropriate to register a country's name as a protected IGO. However, in the case of spirits it is not only usual, but also frequent, especially in the case of vodkas, for instance, the registered IGO *Svensk Vodka*/*Swedish Vodka* for Sweden[8]; *Suomalainen Vodka*/*Finsk Vodka*/*Vodka of Finland* for Finland[9]; *Polska Wódka*/*Polish Vodka* for Poland.[10] Therefore, the specific features of spirits dictate the necessity to allow registering a country's name as a protected GI under the Spirits Regulation.

IV. The concept of a technical file. It should be taken into account that as it is provided by the fourth paragraph, the use of registered IGOs must correspond to 'all the specifications of the technical file' which is further regulated by Art. 17 (1). This is another difference between the Quality Schemes Regulation and the Single CMO Regulation, from one side, and the Spirits Regulation, from the other side, due to the fact that the latter uses the concept 'a technical file' concerning conditions for the use of a geographical indication applied for registration, in case of the former Regulations—the concept 'a product specification'.

V. Act of registration. Besides, similarly as in the case of registered IGOs under the Quality Schemes Regulation, registered IGOs under the Spirits Regulation are also registered by the adoption of a particular regulation. Yet, contrary to the Quality Schemes Regulation, registered IGOs under the Spirits Regulation are not

[7] For the discussion of the qualitative link of IGOs, *see* Sect. 3.1 above.

[8] Annex 3, Point 15 of the Spirits Regulation.

[9] Annex 3, Point 15 of the Spirits Regulation.

[10] Annex 3, Point 15 of the Spirits Regulation.

included in a special register, but they are included in Annex III to that Regulation which is supplemented by each registered IGO. This supplementation to Annex III fulfils the function of the act of registration of a particular IGO as it is explicitly provided in the second paragraph of the commented Art.

Article 16
Protection of geographical indications
Without prejudice to Article 10, the geographical indications registered in Annex III shall be protected against:

(a) any direct or indirect commercial use in respect of products not covered by the registration in so far as those products are comparable to the spirit drink registered under that geographical indication or insofar as such use exploits the reputation of the registered geographical indication;
(b) any misuse, imitation or evocation, even if the true origin of the product is indicated or the geographical indication is used in translation or accompanied by an expression such as "like", "type", "style", "made", "flavour" or any other similar term;
(c) any other false or misleading indication as to the provenance, origin, nature or essential qualities on the description, presentation or labelling of the product, liable to convey a false impression as to its origin;
(d) any other practice liable to mislead the consumer as to the true origin of the product.

Comment: I. General The commented Art. contains the same protection norms as included in other applicable Regulations except the Aromatised Wines Regulation.[11] Due to identical wording, interpretation of protection norms, which occurred only in the case of evocation[12] within the Foodstuffs Regulation[13] and its predecessor Regulation No 2081/92[14] so far, mutatis mutandis applies to the interpretation of the commented Art. Yet, different to the Quality Schemes Regulation[15] and

[11] Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. OJ, L 149, 14.06.1991, pp. 1–9 [Aromatised Wines Regulation].

[12] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan; Case C-87/97 *Consorzio per la tutela del formaggio Gorgonzola v Käserei Champignon Hofmeister GmbH & Co. KG and Eduard Bracharz GmbH* [1999] ECR I-01301 – *Gorgonzola*.

[13] Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 93, 31.03.2006, pp. 12–25 [Foodstuffs Regulation].

[14] Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 208, 24.07.1992, pp. 1–8.

[15] *See* Art. 12 (1) of the Quality Schemes Regulation.

the Single CMO Regulation,[16] neither this nor any other Art. of the present Regulation provides a duty to use a particular product bearing a registered IGO in conformity with a corresponding product specification. Still, this duty may be inferred from the overall protection scheme provided by the present Regulation.

II. The interrelation with Art. 10. It should be noted that the commented Art. provides regulation 'without prejudice' to specific provisions under Art. 10 of the Spirits Regulation for the use of registered IGOs under this Regulation. Thus, registered IGOs may not be used for such products which do not originate exclusively from a spirit in question or it is diluted below the required minimum strength or such practice is not allowed under the technical files. Ironically, Art. 10 itself also refers further to rules which should be applied 'without prejudice', namely the Labelling Directive.[17]

Article 17
Registration of geographical indications

1. **An application for a geographical indication to be registered in Annex III shall be submitted to the Commission in one of the official languages of the European Union or accompanied by a translation into one of those languages. That application shall be duly substantiated and shall include a technical file setting out the specifications with which the spirit drink concerned must comply.**
2. **With regard to geographical indications within the Community, the application referred to in paragraph 1 shall be made by the Member State of origin of the spirit drink.**
3. **With regard to geographical indications within a third country, the application referred to in paragraph 1 shall be sent to the Commission, either directly or via the authorities of the third country concerned, and shall include proof that the name in question is protected in its country of origin.**
4. **The technical file referred to in paragraph 1 shall include at least the following main specifications:**
   (a) the name and category of the spirit drink including the geographical indication;
   (b) a description of the spirit drink including the principal physical, chemical and/or organoleptic characteristics of the product as well as the specific characteristics of the spirit drink as compared to the relevant category;
   (c) the definition of the geographical area concerned;
   (d) a description of the method for obtaining the spirit drink and, if appropriate, the authentic and unvarying local methods;

[16] *See* Art. 118m (1) of the Single CMO Regulation.

[17] For the discussion of the Labelling Directive in respect of IGOs, *see* Chap. 12 below.

(e) the details bearing out the link with the geographical environment or the geographical origin;
(f) any requirements laid down by Community and/or national and/or regional provisions;
(g) the name and contact address of the applicant;
(h) any supplement to the geographical indication and/or any specific labelling rule, according to the relevant technical file.

5. **The Commission shall verify, within 12 months of the date of submission of the application referred to in paragraph 1, whether that application complies with this Regulation.**
6. **If the Commission concludes that the application referred to in paragraph 1 complies with this Regulation, the main specifications of the technical file referred to in paragraph 4 shall be published in the Official Journal of the European Union, C Series.**
7. **Within six months of the date of publication of the technical file, any natural or legal person that has a legitimate interest may object to the registration of the geographical indication in Annex III on the grounds that the conditions provided for in this Regulation are not fulfilled. The objection, which must be duly substantiated, shall be submitted to the Commission in one of the official languages of the European Union or accompanied by a translation into one of those languages.**
8. **The Commission shall take the decision on registration of the geographical indication in Annex III in accordance with the regulatory procedure with scrutiny referred to in Article 25(3), taking into account any objection raised in accordance with paragraph 7 of this Article. That decision shall be published in the Official Journal of the European Union, C Series.**

Comment: I. General The commented Art. provides for a registration procedure for GIs to be included in Annex III, including regulation on necessary documents to be filed and information provided by those documents.

II. Documents to be submitted. If the first paragraph provides that two main documents should be submitted, namely an application and a technical file, the fourth paragraph—main specifications concerning the particular IGO testifying its compliance with the requirements laid down in the present Regulation. As it arises from the wording of the fourth paragraph, it is possible to enter any other particularities which refer to a particular GI in the technical file in addition to those main specifications. In case of the GI of a third country, proof that the GI in question is protected in its country of origin, as envisaged by the third paragraph, should be additionally included. As the form of such proof is not regulated, it may be, for instance, an excerpt from the relevant register or an official certification of the responsible state institution in a third country.

Furthermore, contrary to GIs of EU Member States where an application must be submitted to the European Commission by EU Member States themselves and it cannot be done by producers or their associations, in the case of a GI of a third

country it is possible to submit the application either by a responsible state institution of the relevant country or directly by interested persons.

III. Applicant. Opposite to the Quality Schemes Regulation[18] and the Single CMO Regulation,[19] the Spirits Regulation does not provide that an applicant could be an association of producers or a single producer in exceptional cases. Nonetheless, as it arises from the theory of IGOs,[20] such applications may be filed to a relevant national authority by the same persons as an application in the case of the other two Regulations mentioned above, i.e. by an association of producers, as such association consists of right holders of an IGO in question. It should be noted that in case of other two Regulations inclusion of a country's name in an IGO applied for registration may be done, in 'exceptional cases', however, it is a common practice in the case of the Spirits Regulation.

It may be noted that compared to the Spirits Regulation, the Aromatised Wines Regulation does not provide even such direct application possibility.[21]

IV. Contents. The commented Art. defines the minimum contents of the specification to be included in a technical file. These are the so-called 'main specifications' which are envisaged in the fourth paragraph.

V. Timing of reviewing of an application. As in the case of other two Regulations, registration procedure under the present Regulation consists of two phases, namely the national-preliminary-phase and the EU phase, which arises from the logics of regulation included in Chapter III, yet formally the present Regulation does not provide such phases. Compared to other applicable Regulations, the Spirits Regulation sets out a clear and strict term for the evaluation of an application—12 months without any possibility to extend that term. Six months after publishing the main specifications of the technical file referred to in the fourth paragraph are published, which is the duty of the European Commission, any interested party may submit an opposition against the IGO. Afterwards the European Commission adopts a decision whether to register the IGO by including it in Annex III or not. The problem, however, of the last paragraph lies in the fact that the European Commission has free hands for timing the adoption of its decision as no time limits are set in this case. Therefore, the adoption of such decision may not be predicable at all and it is subject to own internal procedures of the European Commission.

Similarly as in the case of registered IGOs under the Quality Schemes Regulation and the Single CMO Regulation, the European Commission maintains an online database called "E-SPIRIT-DRINKS"[22] which contains registered IGOs of

[18] Art. 49 of the Quality Schemes Regulation (for its commentary, see Sect. 6.2 of this book above).

[19] Art. 118.e (1) of the Single CMO Regulation (for its commentary, see Sect. 8.2 of this book below).

[20] *See* Sect. 3.1 and Chap. 4 of this book above.

[21] Art. 6 of the Aromatised Wines Regulation (for its commentary, see Sect. 9.2 below).

[22] "E-SPIRIT-DRINKS" database. Available at http://ec.europa.eu/agriculture/spirits/index.cfm?event=searchIndication.

EU Member States and third countries in relation to spirits and covered by the Spirits Regulation.

Article 18
Cancellation of a geographical indication
If compliance with the specifications in the technical file is no longer ensured, the Commission shall take a decision cancelling the registration in accordance with the regulatory procedure with scrutiny referred to in Article 25(3). That decision shall be published in the Official Journal of the European Union, C Series.

Comment: I. General As it was indicated in the commentary to Art. 54 of the Quality Schemes Regulation, registration of IGOs within the direct protection system does not mean that their registration may not be terminated. This situation particularly is dealt in the commented Art.

II. Grounds. Drafting and submitting a technical file is a pre-condition for the registration of a particular IGO in Annex III to the Spirits Regulation. However, a pre-condition for maintaining a registered GI in Annex III is compliance of its use with the particular technical file. In case if such compliance may not be ensured, registration of a GI shall be cancelled. The effect of cancellation would be that the registration is cancelled as from the date when a decision of the European Commission is published in the OJ. Yet, producers and their associations have a possibility to avoid cancellation in the case of failure to comply with the technical file of a respective GI: it is possibility to file amendments into this technical file to avoid such incompliance. This possibility without doubt relates to a change in the actual situation concerning the respective registered GI and it is not meant for situations when any provision of a technical file is breached wilfully.

If amendments should be introduced, Art. 21 of the Spirits Regulation is applied (see its text and commentary below).

Article 19
Homonymous geographical indications
A homonymous geographical indication meeting the requirements of this Regulation shall be registered with due regard for local and traditional usage and the actual risk of confusion, in particular:
- **a homonymous name which misleads the consumer into believing that products come from another territory shall not be registered even if the name is accurate as far as its wording is concerned for the actual territory, region or place of origin of the spirit drink in question,**
- **the use of a registered homonymous geographical indication shall be subject to there being a clear distinction in practice between the homonym registered subsequently and the name already on the register, having regard to the need to treat the producers concerned in an equitable manner and not to mislead consumers.**

Comment The commented Art. deals with homonymous GIs and similar provisions are included in other applicable Regulations except the Aromatised Wines Regulation. Though the concept 'homonymous geographical indications' is not defined in the commented Art., its understanding provided in the other two Regulations, namely Art. 6 (3) of the Quality Schemes Regulation and Art. 118.j of the Single CMO Regulation, which are almost identical, could be applied. The commented Art. does not prohibit registration of homonymous IGOs if two conditions simultaneously are satisfied. First, they do not mislead consumers. Second, even if an IGO is expressed accurately in the labelling of particular goods, clear distinction from GI already entered into Annex III to the Spirits Regulation is required.

Article 20
Established geographical indications

1. **For each geographical indication registered in Annex III on 20 February 2008, Member States shall submit a technical file as provided for under Article 17(1) to the Commission not later than 20 February 2015.**
2. **Member States shall ensure that this technical file is accessible to the public.**
3. **Where no technical file has been submitted to the Commission by 20 February 2015, the Commission shall remove the geographical indication from Annex III in accordance with the regulatory procedure with scrutiny referred to in Article 25(3).**

Comment: I. General As in the case of the other two Regulations, when the present Regulation was drafted and entered into force, there were IGOs already registered under its predecessor, namely Regulation No 1576/89. As these IGOs were automatically registered at the moment of entering into force of the Spirits Regulation as 'established GIs', though no specific provisions regulate 'automatic registration' of these established GIs in the Spirits Regulation contrary to other applicable Regulations,[23] a question concerning compliance of their registration with the present Regulation arose, specifically concerning lack of technical files in respect of them. Therefore, the commented Art. addresses non-compliance of these established GIs with the provisions of the effective Spirits Regulation.

II. Submission of a technical file. If according to Art. 18 of the Spirits Regulation commented above non-compliance with a technical file leads to the loss of a GI registered in Annex III, the commented Article shows a completely different situation in respect of established GIs: GIs entered into Annex III at the moment of the adoption of the Spirits Regulation as established GIs, i.e. those that were registered by its predecessor—Regulation 1576/89—, may operate (and separate GIs actually do that) without the submission of a technical file to the European Commission. In order to solve this problem, the obligation to submit such a

[23] *See* Art. 16 (1) of the Quality Schemes Regulation.

technical file not later than by 20 February 2015 is envisaged by the first paragraph of the commented Art.

In the case of failure to submit a technical file, the third paragraph envisages the obligation on the part of the European Commission to remove the established GI in question from Annex III. Notably there is no possibility to extend that term neither in the commented Art. nor in other provisions of the present Regulation.

Besides, EU Member States have the obligation to make those technical files available to the public. This obligation is related to the specifics of IGOs—if they may be used by any person complying with the conditions for the use of a respective IGO, such person must know such conditions to check whether it complies with them or not. On the other hand, consumers are also entitled to know about these technical files, as well as they are the main target of IGOs.

Article 21
Alteration of the technical file
The procedure provided for in Article 17 shall apply mutatis mutandis where the technical file referred to in Articles 17(1) and 20(1) is to be altered.

Comment The commented Art. governs a situation when amendments are introduced into a technical file of a registered IGO, either submitted alongside with the application for the registration of a particular GI and subsequently accepted by the European Commission or in the case of established GIs submitted within the time period envisaged in Art. 21 (1) of the present Regulation, i.e. by 20 February 2015. In case such amendments to a technical file are submitted, the same procedure for their scrutiny applies as in the case of scrutiny by the European Commission of a technical file within the registration procedure laid down in Art. 17 of the present Regulation, i.e. the scrutiny by the European Commission will take place, publication of these amendments in the OJ, opposition procedure, and, finally, a decision adopted by the European Commission.

Article 22
Verification of compliance with the specifications in the technical file
1. In respect of the geographical indications within the Community, verification of compliance with the specifications in the technical file, before placing the product on the market, shall be ensured by:
- one or more competent authorities referred to in Article 24(1), and/or
- one or more control bodies within the meaning of Article 2 of Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules [10], operating as a product certification body.

Notwithstanding national legislation, the costs of such verification of compliance with the specifications in the technical file shall be borne by the operators subject to those controls.

2. In respect of the geographical indications within a third country, verification of compliance with the specifications in the technical file, before placing the product on the market, shall be ensured by:
- one or more public authorities designated by the third country, and/or
- one or more product certification bodies.
3. The product certification bodies referred to in paragraphs 1 and 2 shall comply with, and from 1 May 2010 be accredited in accordance with, European standard EN 45011 or ISO/IEC Guide 65 (General requirements for bodies operating product certification systems).
4. Where the authorities or bodies referred to in paragraphs 1 and 2 have chosen to verify compliance with the specifications in the technical file, they shall offer adequate guarantees of objectivity and impartiality and have at their disposal the qualified staff and resources necessary to carry out their functions.

Comment The present Art. deals with the verification of a technical file before goods with a respective registered GI are placed on the market. This is the obligation of the respective state institutions of EU Member States whose competence is further discussed in Chap. 15 of this book below.

Article 23
Relation between trade marks and geographical indications
1. The registration of a trade mark which contains or consists of a geographical indication registered in Annex III shall be refused or invalidated if its use would lead to any of the situations referred to in Article 16.
2. With due regard to Community law, a trade mark the use of which corresponds to one of the situations referred to in Article 16 which has been applied for, registered, or established by use, if that possibility is provided for by the legislation concerned, in good faith within the territory of the Community, before either the date of protection of the geographical indication in the country of origin or before 1 January 1996, may continue to be used notwithstanding the registration of a geographical indication, provided that no grounds for its invalidity or revocation exist as specified by First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks [11] or Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark [12].
3. A geographical indication shall not be registered where, in the light of a trade mark's reputation and renown and the length of time it has been used in the Community, registration is liable to mislead the consumer as to the true identity of the product.

Comment: I. General Similarly as in the case of other applicable Regulations except Aromatised Wines Regulation, the Spirits Regulation contains rules on conflicts between registered IGOs and trade marks. Also, similarly as in the case

of other such Regulations, i.e. the Quality Schemes Regulation and the Single CMO Regulation, the commented Article uses the same approach as these Regulations, i.e. it is based on the principle of priority; however, there exist several differences.

II. Conflict rules. It is clear that after the registration of a GI in Annex III to the Spirits Regulation, it is protected within the scope of protection defined under Art. 16 of the present Regulation. Therefore, in case if a trade mark is applied for registration, it shall be either refused or, if registered, invalidated under the condition that any of protection norms (provided in Art. 16) applies. As it is explicitly admitted in the first paragraph by mentioning the expression 'consists of' no disclaimer would save the registration of a trade mark under these circumstances.

Yet, if trade marks have priority over GI registered in Annex III, the trade mark may continue to co-exist. The second paragraph of the commented Art. provides a priority date for trademarks against GIs recognised at the national level of EU Member States in respect of spirits, i.e. 1 January 1996. It is clear from the regulation included in the second paragraph of the commented Art. that it is irrelevant when these IGOs were applied for registration either in accordance with the Spirits Regulation or its predecessor Regulation No 1576/89 as protection of these IGOs at the national level is of essence in this case. Therefore, only such trade marks, which were established in any possible way before the mentioned date, may be subject to such co-existence.

The third paragraph provides another reason for refusal of the application for the registration of a particular IGO. Specifically, an IGO applied for registration may be refused only in the case of a trade mark which fulfils three conditions. First, it shall be such trade mark whose priority is established before the application date of a respective IGO. Second, this trade mark shall be considered as a trade mark with reputation (or a well-known trade mark) therefore trade marks with normal distinctiveness may not serve as a reason for opposition of an IGO applied for registration under the Spirits Regulation. Finally, registration of an IGO in question is liable to mislead the consumer as to the true identity of the product. Therefore, in the absence of misleading consumers a respective IGO may be registered despite similar or even identical trade mark with reputation. Therefore, the application of the principle of priority obviously takes place in favour of IGOs than trade marks in such a way introducing disbalance in the very functioning of both IP objects in the internal market.

It should be noted that such reason as provided in the third paragraph may be, however, exploited only during the registration procedure; after its successful registration it is no longer possible to rely on such reason. It is also testified by Art. 18 which does not provide for such cancellation ground of a registered GI.

References

Legal Acts

Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29 [Quality Schemes Regulation]

Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54 [Spirits Regulation]

Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 299, 16.11.2007, pp. 1–149 [Single CMO Regulation]

Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs. OJ, L 109, 06.05.2000, pp. 29–42 [Labelling Directive]

Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. OJ, L 149, 14.06.1991, pp. 1–9 [Aromatised Wines Regulation]

Council Regulation (EEC) No 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks. OJ, L 160, 12.06.1989, pp. 1–17

Cases

Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan

Case C-87/97 *Consorzio per la tutela del formaggio Gorgonzola v Käserei Champignon Hofmeister GmbH & Co. KG and Eduard Bracharz GmbH* [1999] ECR I-*01301 – Gorgonzola*

Chapter 8
The Single CMO Regulation

8.1 Introduction

This chapter deals with IGOs in respect of one of four parts of agricultural products and foodstuffs within the direct protection system, namely wines (wine sector products) except aromatised wines which are covered by a separate regulation, i.e. the Aromatised Wines Regulation[1] discussed within the next chapter. IGOs in respect of wines are currently regulated by the Single CMO Regulation[2] within the framework of the common agricultural policy (CAP).[3] The competence of EU institutions within the CAP is shared[4] and is subject to the principle of proportionality.[5]

From the point of view of regulatory approach, the structure and regulatory methods of the Single CMO Regulation, as well as its predecessors since 1970 more or less are similar. However, the regulation on IGOs included in the Single CMO Regulation introduced completely new regulatory approach and consequently new protection principles concerning IGOs in respect of wines if compared with that legislative framework which existed since 1970. These principles were introduced in the same year as they were introduced concerning IGOs in respect of spirits by borrowing them from the Foodstuffs Regulation as it is already indicated in the previous chapter.

[1] Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine- based drinks and aromatized wine-product cocktails. OJ, L 149, 14.06.1991, pp. 1–9 [Aromatised Wines Regulation].

[2] Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 299, 16.11.2007, pp. 1–149 [Single CMO Regulation].

[3] For overview of the CAP, *see generally*, for instance, Snyder (2012).

[4] For overview of shared competence in the CAP, *see*, for instance, Craig (2012), pp. 6–8.

[5] For overview of application of the principle of proportionality in the CAP, *see*, for instance, Craig (2012), pp. 593–597; Craig and de Búrca (2011), pp. 527–529, 551.

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Historical Background The regulation of IGOs on wines traditionally has been rooted within the CAP from the early days of the EU (previously EC). Such legislative approach was different from the regulation on IGOs in respect of agricultural products and foodstuffs except wines and spirits based on Regulation No 2081/92[6] and its predecessor—the Foodstuffs Regulation[7] which both regulated IGOs as one of IP objects and contained neither rules on product labelling nor any technological or technical provisions in respect of such products.

The origin of the regulation on IGOs concerning wines should be linked with the year 1970—this year the first legal acts covering the main aspects of the wine sector market, i.e. Regulation No 816/70[8] and Regulation No 817/70,[9] were adopted. These Regulations envisaged also rules on the use of IGOs yet these rules provided only rudimentary protection of IGOs. The legislative framework[10] introduced by both these Regulations including the regulatory approach for the regulation of IGOs was continued to be followed in subsequent regulations[11] including Regulation No 1493/99[12] and its implementing regulations[13]—it was the last Regulation which

[6] Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 208, 24.07.1992, pp. 1–8.

[7] Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 93, 31.03.2006, pp. 12–25 [Foodstuffs Regulation].

[8] Regulation (EEC) No 816/70 of the Council of 28 April 1970 laying down additional provisions for the common organisation of the market in wine. OJ, L 99, 05.05.1970, pp. 1–19; English special edition: Series I Volume 1970 (I), pp. 234–251.

[9] Regulation (EEC) No 817/70 of the Council of 28 April 1970 laying down special provisions relating to quality wines produced in specified regions. OJ, L 99, 05.05.1970, pp. 20–25; English special edition: Series I Volume 1970 (I), pp. 252–257.

[10] It is not coincidence that cases concerning interpretation of these regulations could relate to different disputes, for instance, in the case of Regulation No 823/87 there was a dispute on exceeding the yield per hectare in the case of protected IGOs (Case C-289/91 *Klaus Kuhn v Landwirtschaftskammer Rheinland-Pfalz* [1993] ECR I-04439) and another dispute specifically related to interpretation of the law on IGOs (Case C-315/88 *Criminal proceedings against Angelo Bagli Pennacchiotti* [1990] ECR I-01323).

[11] Council Regulation (EEC) No 338/79 of 5 February 1979 laying down special provisions relating to quality wines produced in specified regions. OJ, L 54, 05.03.1979, pp. 48–56; Council Regulation (EEC) No 337/79 of 5 February 1979 on the common organization of the market in wine. OJ, L 54, 05.03.1979, pp. 1–47; Art. 15 (2) (b) of Regulation No 823/87 [Council Regulation (EEC) No 823/87 of 16 March 1987 laying down special provisions relating to quality wines produced in specified regions. OJ, L 084, 27.03.1987, pp. 0059–0068; Council Regulation (EEC) No 822/87 of 16 March 1987 on the common organization of the market in wine. OJ, L 84, 27.03.1987, pp. 1–58].

[12] Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine. OJ, L 179, 14.07.1999, pp. 1–84.

[13] It was testified by the wording of Regulation No 479/2008 which repealed Regulation No 1493/99, specifically Point 1 of the preamble to Regulation No 479/2008.

exploited such approach. Since adoption of Regulation No 491/2009[14] which contained the regulation on IGOs envisaged by Regulation No 479/2008,[15] the regulation on IGOs concerning wines is included in the Single CMO Regulation.

As it was already stated in Sects. 5.1 and 6.1 of this book above, the EU law on IGOs in respect of wines contained already since 1970 separate IGOs protecting them as a unitary right. The IGO *Champagne* is the notable example for this situation as it was recognised as a protected IGO already in 1970—it was included in Art. 12 (2) (b) of Regulation Art. 12 (2) (b) of Regulation No 817/70 as well is in subsequent regulations[16] till adoption of the first legal act dealing with registration of IGOs in respect of wines, i.e. Regulation No 479/2008 mentioned above.

The legal basis for the adoption of the Single CMO Regulation was Arts. 36–37 TEC (now Arts. 42–43 TFEU)[17] as it is indicated in the preamble to this Regulation. Consequently, aims for the adoption of this Regulation lied in ensuring the common agricultural policy similarly as in the case of the Aromatised Wines Regulation.[18]

The current regulation on IGOs concerning wines was included in Chapter I of Title II, Part II of the Single CMO Regulation by Regulation No 491/2009, which led to the introduction of a new Chapter Ia in the Single CMO Regulation specifically dealing with IGOs. Consequently Chapter Ia will be commented in detail in the next section of this book.

Structure The structure of the Single CMO Regulation provides a set of three types of rules. First, rules governing the entire market for agricultural goods and covering different types of agricultural products, including wines. Second, the regulation on IGOs, in particular for wine sector products. Third, Annexes attached to the Single CMO Regulation, containing technical provisions concerning different types of agricultural products.

Scope of Goods Covered In general, the Single CMO Regulation covers agricultural goods, i.e. products and foodstuffs being of agricultural origin. However, as far as it relates to IGOs, the Single CMO Regulation provides the regulation in

[14] *See* Art. 11 of Regulation No 491/2009 [Council Regulation (EC) No 491/2009 of 25 May 2009 amending Regulation (EC) No 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 154, 17.06.2009, pp. 1–56].

[15] Council Regulation (EC) No 479/2008 of 29 April 2008 on the common organisation of the market in wine, amending Regulations (EC) No 1493/1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and repealing Regulations (EEC) No 2392/86 and (EC) No 1493/1999. OJ, L 148, 06.06.2008, pp. 1–61.

[16] Art. 16 (2) (b) of Regulation No 338/79; Art. 15 (2) (b) of Regulation No 823/87; Art. 30 (c) of Regulation No 753/2002 [Commission Regulation (EC) No 753/2002 of 29 April 2002 laying down certain rules for applying Council Regulation (EC) No 1493/1999 as regards the description, designation, presentation and protection of certain wine sector products. OJ, L 118, 04.05.2002, pp. 1–54].

[17] It is identically as in the case of both Regulations No 479/2008 and No 491/2009—they introduced the current legislative framework for IGOs in respect of wines.

[18] *See* Sect. 9.1 of this book below.

respect of those IGOs only which are used in respect of wines excluding, as it has been already mentioned previously, aromatised wines subject to a separate regulation, i.e. the Aromatised Wines Regulation.

8.2 Excerpt of Text and Commentary

Section Ia
Designations of origin, geographical indications and traditional terms in the wine sector

Comment Similarly as in the case of the Quality Schemes Regulation, the present section of the Single CMO Regulation envisages two types of qualified IGOs to be registered under the Single CMO Regulation, namely protected designations of origin (PDOs) and protected geographical indications (PGIs), and traditional terms relating and used for describing the wine sector products. If former designations—PDOs and PGIs—are treated as IP objects, the latter—as names which are not considered as IP objects, but rather names used in the course of trade in labelling products representing the wine sector. This conclusion is applicable also in the case of optional quality terms regulated under the Quality Schemes Regulation as it was already indicated above.[19]

As it was discussed in the previous section of the book, the regulation included in this section was entirely borrowed from Regulation No 479/2008, namely its Chapters III–V of Title III, and included in the present Regulation in 2009 by Regulation No 491/2009. This leads to a problem which was unknown previously in the field of IGOs in respect of wines due to the fact that provisions included in Section Ia may cause difficulties concerning their scope. If Section Ia covers IGOs in relation to wine sector products, i.e. wines except aromatised wines, other provisions of the Single CMO Regulation cover all agricultural products and foodstuffs except IGOs, including specific provisions in respect of separate types of products. As a result of such disputable regulatory approach, the present Regulation may cause difficulties in its application in practice. Therefore, it would be arbitrary in the case of IGOs to state that the regulation included in the present section may be characterised as simplification[20]; it is rather continuation of the previous approaches by creating a more and more complex regulation in the sphere of the CAP in general and a regulation on IGOs in the EU law in particular.

Article 118a
Scope

[19] *See* the commentary to Art. 3 of the Quality Schemes Regulation in Sect. 6.2 of this book above.
[20] Evans (2013), p. 181.

1. Rules relating to designations of origin, geographical indications and traditional terms laid down in this section shall apply to the products referred to in paragraphs 1, 3 to 6, 8, 9, 11, 15 and 16 of Annex XIb.
2. The rules referred to in paragraph 1 shall be based on:

(a) protecting of legitimate interests of:

(i) consumers; and
(ii) producers;

(b) ensuring the smooth operation of the common market in the products concerned; and
(c) promoting the production of quality products, whilst allowing national quality policy measures.

Comment The title of this Art. is slightly confusing as it sets out not only the scope of the present section (the first paragraph of the commented Art.), but also objectives on what the regulation included in this section will be based on (the second paragraph of the commented Art.)[21] and according to what this regulation shall be interpreted and applied.

I. Scope of goods. The present Art. covers such goods of the wine sector market the types of which are explicitly listed in the first paragraph. If a particular type of goods is not listed in the first paragraph, IGOs concerning that type are subject either to other Regulations such as aromatised wines in the Aromatised Wines Regulation or fall outside the EU direct protection system at all. In the last case, however, it is possible to qualify such goods as goods 'closely linked to agricultural products or to the rural economy' regulated under the Quality Schemes Regulation,[22] and in the case of their recognition by the European Commission by issuing a respective regulation[23] to register IGOs in respect of that type of goods through the Quality Schemes Regulation.

II. Aims. The second paragraph provides three objectives for Section Ia of this Regulation. First, the aim for the protection of legitimate reasons of two groups: producers of goods bearing IGOs and consumers, which is a reasonable solution, as both those groups shall be considered as the main interest groups of the regulation of IGOs.[24] Second, interests of the internal market, which may function smoothly if, exercising the freedom of movement of goods, the use of goods with infringing IGOs is combated. Lastly, the promotion of goods with the qualitative link, i.e. qualified IGOs, having added value and individual character. The significant

[21] Cf. with Arts. 1 and 2 of the Quality Schemes Regulation.

[22] The second subparagraph of Art. 2 (1) of the Quality Schemes Regulation (for its commentary, see Sect. 6.2 of this book).

[23] The second subparagraph of Art. 2 (1) of the Quality Schemes Regulation (for its commentary, see Sect. 6.2 of this book).

[24] Cf. with Art. 4 of the Quality Schemes Regulation mentioning as the objective of that Regulation 'to help producers' only.

addition to this aim is that it contains a reservation 'allowing national quality policy measures'. Therefore, national quality policy measures of EU Member States may co-exist with the regulation on IGOs included in the present section (in the extent as it is permitted as it will be discussed further in Sect. 13.2 of the book).

Subsection I
Designations of origin and geographical indications
Article 118b
Definitions
1. For the purposes of this Subsection, the following definitions shall apply:
(a) "designation of origin" means the name of a region, a specific place or, in exceptional cases, a country used to describe a product referred to in Article 118a(1) that complies with the following requirements:
(i) its quality and characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors;
(ii) the grapes from which it is produced come exclusively from this geographical area;
(iii) its production takes place in this geographical area; and
(iv) it is obtained from vine varieties belonging to Vitis vinifera;
(b) "geographical indication" means an indication referring to a region, a specific place or, in exceptional cases, a country, used to describe a product referred to in Article 118a(1) which complies with the following requirements:
(i) it possesses a specific quality, reputation or other characteristics attributable to that geographical origin;
(ii) at least 85% of the grapes used for its production come exclusively from this geographical area;
(iii) its production takes place in this geographical area; and
(iv) it is obtained from vine varieties belonging to Vitis vinifera or a cross between the Vitis vinifera species and other species of the genus Vitis.
2. Certain traditionally used names shall constitute a designation of origin where they:
(a) designate a wine;
(b) refer to a geographical name;
(c) meet the requirements referred to in paragraph 1(a)(i) to (iv); and
(d) undergo the procedure conferring protection on designations of origin and geographical indications laid down in this Subsection.
3. Designations of origin and geographical indications, including those relating to geographical areas in third countries, shall be eligible for protection in the Community in accordance with the rules laid down in this Subsection.

Comment: I. General The present Art. envisages two types of IGOs to be registered under the present Regulation, i.e. designations of origin and geographical indications (GI) (the first paragraph) similarly as it is in the case of the Quality

Schemes Regulation,[25] as well as certain traditionally used names (the second paragraph) used in relation to wine sector products. As traditionally used names contain a reference to geographic name and may be considered as PDOs, they are different from optional quality terms referred to in the Quality Schemes Regulation.[26] The third paragraph sets out the legal scope for both types of registered IGOs by providing that they are protected in accordance with the present section of the Single CMO Regulation.

II. Geographical indications. The legal definition of this concept is based on the legal definition of this term in Art. 22 (1) TRIPS as it was noticed also in the case of the Quality Schemes Regulation and the Spirits Regulation. However, its definition under the present Regulation involves a more sophisticated and complex approach than in the case of the other two Regulations. First, contrary to the legal definition of the concept 'a geographical indication' in the Quality Schemes Regulation, but similarly with the Spirits Regulation, its legal definition in the commented Art. refers to 'an indication' as it is also in the case of the TRIPS therefore comprising both word and graphic, direct and indirect IGOs. Second, contrary to the legal definition of this concept in the Quality Schemes Regulation and the Spirits Regulation, as well as in the TRIPS, the legal definition of 'a geographical indication' in the commented Article provides that the name of a country may be registered as a GI 'in exceptional cases' therefore precluding registration of names of countries if it is not an 'exceptional' case. However, neither this nor any other provision of the Single CMO Regulation provides understanding of such 'exceptional' cases. Third, contrary to both Regulations mentioned above, the legal definition of 'a geographical indication' in the commented Art. provides a more sophisticated approach concerning the qualitative link[27] of IGOs to be registered. Though it refers to 'attribution' instead of 'essential attribution' of the characteristics of goods to the geographical origin in question, it is clear that this legal definition exploits another approach linked to the requirement of at least 85 % of the grapes used and production process organised in a geographical area in question which, therefore, is the definition of 'attribution' by mentioning features specific to wine sector products.

III. Designations of origin. Similarly as it is in the case of the legal definition of this concept in the Quality Schemes Regulation (designations of origin are not regulated in the Spirits Regulation), it is based on the legal definition of appellations of origin as defined by the Lisbon Agreement, yet exploiting a more specific and sophisticated approach. First, similarly as in the case of the Quality Schemes Regulation, designations of origin shall be names,[28] i.e. consisting of words and therefore excluding any graphic symbols. This feature is characteristic also to GIs

[25] Both concepts are regulated similarly in the Quality Schemes Regulation and the present Regulation excluding minor differences.

[26] *See* commentary of Art. 3 of the Quality Schemes Regulation in Sect. 6.2 of this book above.

[27] For the meaning of the concept 'qualitative link', see Sect. 3.1 of this book.

[28] Art. 2 (1) of the Lisbon Agreement refers to 'geographical denominations' in this regard.

under the present Regulation, which as it was observed above, also covers only names. Further, the qualitative link is defined through the use of terms 'essentially or exclusively due to a particular geographic environment'. Compared to the Lisbon Agreement, the only supplementation is as follows: 'its inherent natural and human factors' as the Lisbon Agreement uses only the phrase 'natural and human factors'.[29] Finally, similarly as in the case of GIs, additional specific origin rules are provided, but contrary to GIs, it is required that the grapes 'come exclusively from this geographical area'; however, in the case of GIs, as it was discussed above, the requirement was linked to having 'at least 85 % of the grapes' originated in that area.

IV. Exhaustive nature. If the present section of the Single CMO Regulation establishes a system of exhaustive nature,[30] protection rules shall be exclusively included in this section—the idea which is enshrined in the third paragraph of the commented Art.

Article 118c
Content of applications for protection
1. Applications for protection of names as designations of origin or geographical indications shall include a technical file containing:
(a) the name to be protected;
(b) the name and address of the applicant;
(c) a product specification as referred to in paragraph 2; and
(d) a single document summarising the product specification referred to in paragraph 2.
2. The product specification shall enable interested parties to verify the relevant conditions of production of the designation of origin or geographical indication.
It shall consist at least of:
(a) the name to be protected;
(b) a description of the wine(s):
(i) for wines with a designation of origin, its principal analytical and organoleptic characteristics;
(ii) for wines with a geographical indication, its principal analytical characteristics as well as an evaluation or indication of its organoleptic characteristics;
(c) where applicable, the specific oenological practices used to make the wine(s) as well as the relevant restrictions on making the wine(s);
(d) the demarcation of the geographical area concerned;
(e) the maximum yields per hectare;
(f) an indication of the wine grape variety or varieties the wine(s) is obtained from;

[29] *See* Art. 2 (1) of the Lisbon Agreement.

[30] For the discussion of the exhaustive nature of the direct protection system, *see* Sect. 13.2 of this book below.

(g) the details bearing out the link referred to in Article 118b(1)(a)(i) or, as the case may be, in Article 118b(1)(b)(i);
(h) applicable requirements laid down in Community or national legislation or, where foreseen by Member States, by an organisation which manages the protected designation of origin or the protected geographical indication, having regard to the fact that such requirements shall be objective, and non-discriminatory and compatible with Community law;
(i) the name and address of the authorities or bodies verifying compliance with the provisions of the product specification and their specific tasks.

Comment: I. General The present Art. contains provisions envisaging documents and information that shall be submitted to initiate the registration process of a particular IGO: at first in the national phase, i.e. within respective national authorities of EU Member States,[31] and afterwards in the EU phase within the European Commission.[32] The regulation included in the commented Art. is similar to the regulation provided by the Quality Schemes Regulation concerning contents of the application except the concept of a technical file which is not provided in the case of the latter Regulation.[33] Also, a minor difference relates to the fact that if the application in the present Regulation is called an application for protection then in the case of the Quality Schemes Regulation—an application for registration[34]: the latter concept is more precise as a particular IGO is applied for registration and it is granted protection as provided for by EU law in the case of the successful outcome of its registration process. The rules for EU Member States and third countries are regulated differently: if the present Art. contains rules concerning IGOs of EU Member States then the next Art.—concerning third countries.

II. Documents to be submitted. From the point of view of documents, a technical file shall be submitted which consists of three parts. The first part relates to details about an applicant. The second part deals with product specifications, continuing the minimum information approach as it was in the other two Regulations discussed above. Though the definition of the minimum information to be provided in the product specification resembles a similar regulation included in the Quality Scheme Regulation,[35] there are considerable differences in this issue between both Regulations.[36] Specifics of the regulation of that minimum information to be included in the product specifications in accordance with the present Regulation will be dealt in the next paragraph. The third part concerns a summary of the product specifications.

[31] The national phase is regulated further within Art. 118.f (*see* its commentary below).

[32] The EU phase is regulated further within Art. 118.g (*see* its commentary below).

[33] *See* Art. 8 of the Quality Schemes Regulation and its commentary in Sect. 6.2 above.

[34] *See* Art. 8 of the Quality Schemes Regulation and its commentary in Sect. 6.2 above.

[35] *See* Arts. 7 (1) and 8 (1) of the Quality Schemes Regulation as well as their commentary in Sect. 6.2 above.

[36] *Cf.* Art. 8 (1) of the Quality Schemes Regulation and Art. 118c of the present Regulation.

III. A product specification. As in the case of other Regulations, a product specification should be considered as the main document, testifying the compliance of an IGO applied for registration with requirements of the present Regulation and containing at least the information provided in the second paragraph. It is not prohibited to include any other information therein; however, any additional information will restrict both the use and protection of an IGO in question which would be unfavourable for the respective producers themselves. Therefore, inclusion of additional information in a product specification should be considered carefully. In addition, summarisation of the product specification shall be submitted in the form of a single document.

Article 118d
Application for protection relating to a geographical area in a third country
1. Where the application for protection concerns a geographical area in a third country, it shall contain in addition to the elements provided for in Article 118c, proof that the name in question is protected in its country of origin.
2. The application shall be sent to the Commission, either directly from the applicant or via the authorities of the third country concerned.
3. The application for protection shall be filed in one of the official languages of the Community or accompanied by a certified translation into one of those languages.

Comment: I. General The commented Art. is continuation of the previous Art.; however, this Art. exclusively deals with IGOs of third countries.

II. Proof. In addition to requirements set out in the previous Art., the commented Art. provides additional requirement for IGOs of third countries, i.e. proof that an IGO applied for registration is actually protected in the respective third country shall be submitted. As the first paragraph prescribing such proof, does not provide any further regulation in this regard, it may be concluded that this proof may be in any form having legal force either as excerpt from a relevant register if there is such register; official certification (irrespective whether it is possible to get an excerpt from register or not); or a copy of a respective country's regulations.

III. Other specific elements. As it is in the case of other Regulations, the second and third paragraphs provide more favourable regulation for IGOs from third countries. First, an application for registration of an IGO from a third country may be submitted in two ways: either directly by a respective applicant therefore being of control of that process itself or through state authorities of a third country. Second, these applications with attached documents may be submitted either in any of 24 EU official languages or in its own language together with translation in any of these languages. The fact of such choice could be of essence if there are internal regulations of a third country in question to submit documents only in the official language of the third country.

Article 118e
Applicants

1. Any interested group of producers, or in exceptional cases a single producer, may apply for the protection of a designation of origin or geographical indication. Other interested parties may participate in the application.
2. Producers may lodge an application for protection only for wines which they produce.
3. In the case of a name designating a trans-border geographical area or a traditional name connected to a trans-border geographical area, a joint application may be lodged.

Comment: I. General This Art. provides a list of persons who may submit an application for the registration of the IGO in question either as a designation of origin or a GI.

II. Applicant. According to the general rule, an exclusive right of an IGO shall be defined as a collective right[37] and therefore this Art. allows submitting such application by a group of producers only.[38] However, as an exception such application may be a submitted by a single producer and only in the case if the producer has used an IGO in question lastingly and permanently alone[39]; a particular IGO is used by one single person as there are no possibilities for others to use a particular IGO due to different objective reasons, for instance, a particular area does not allow producing grapes by other producers by its size; or in the case of a municipality if it owns a particular area where grapes are harvested. *Sabile wine mountain* located in the western part of Latvia could be mentioned as an example of the latter situation: the most northern vineyard where grapes are grown wild, and which belongs to the local municipality as the Latvian state refused from ownership rights in favour of the municipality.[40] If that name would be applied for registration, the municipality could apply for registration of that name instead of an association of producers which is neither established nor may be even established as the whole area is owned by the local municipality.

Other parties such as individual producers or national bodies for the protection of registered IGOs may participate in such registration application, yet such intervening should be considered rather unusual. In addition, a specific provision is made concerning trans-border geographical area reasonably allowing a joint application from the respective associations of producers as it is provided by the third paragraph.

[37] For discussion of legal subjectivity of IGOs in detail, *see* the Sect. 3.2 of this book above.

[38] Similarly as in the case of the Quality Schemes Regulation [*see* its Art. 49 (1)]. In contrast the Spirits regulation does not allow submitting an application by a group instead providing that it should be done by EU Member states themselves with exception to third countries.

[39] Similarly as in the case of the Quality Schemes Regulation [*see* its Art. 49 (1)]. In contrast the Spirits regulation does not allow submitting an application by a producer instead providing that it should be done by EU Member states themselves with exception to third countries.

[40] Sabile Wine Mountain.

III. Application scope. Yet if a single producer only submits a registration application or participates in such application, they must apply only for those wine varieties they use, because a wine variety is one of the characteristics in the product specification.[41]

Article 118f
Preliminary national procedure
1. Applications for protection of a designation of origin or a geographical indication of wines in accordance with Article 118b originating in the Community shall be subject to a preliminary national procedure in accordance with this Article.
2. The application for protection shall be filed with the Member State in which territory the designation of origin or geographical indication originates.
3. The Member State shall examine the application for protection in order to verify whether it meets the conditions set out in this Subsection.
The Member State shall carry out a national procedure ensuring adequate publication of the application and providing for a period of at least two months from the date of publication within which any natural or legal person having a legitimate interest and resident or established on its territory may object to the proposed protection by lodging a duly substantiated statement with the Member State.
4. If the Member State considers that the designation of origin or geographical indication does not meet the relevant requirements or is incompatible with Community law in general, it shall reject the application.
5. If the Member State considers that the relevant requirements are met, it shall:
(a) publish the single document and the product specification at least on the Internet; and
(b) forward to the Commission an application for protection containing the following information:
(i) the name and address of the applicant;
(ii) the single document referred to in Article 118c(1)(d);
(iii) a declaration by the Member State that it considers that the application lodged by the applicant meets the conditions required; and
(iv) the reference to publication, as referred to in point (a).
This information shall be forwarded in one of the official languages of the Community or accompanied by a certified translation into one of those languages.
6. Member States shall introduce the laws, regulations or administrative provisions necessary to comply with this Article by 1 August 2009.

[41] Art. 118.c (2) (f) of the present Regulation, *see* its commentary above.

7. Where a Member State has no national legislation concerning the protection of designations of origin and geographical indications, it may, on a transitional basis only, grant protection to the name in accordance with the terms of this Subsection at national level with effect from the day the application is lodged with the Commission. Such transitional national protection shall cease on the date on which a decision on registration or refusal under this Subsection is taken.

Comment: I. General As it was noted already before, similarly as in the case with the Quality Schemes Regulation,[42] the present Art. provides a two-phase review of an IGO in question. First, it is the national procedure carried out at the national level by EU Member States and regulated by the commented Art. Second, it is the EU phase carried out by the European Commission. It should be noted that the EU phase consists of three procedures: scrutiny by the European Commission regulated by the next Art.; objection procedure and procedure for the adoption of a final decision—in subsequent two Arts.

II. The national phase. The national procedure is mandatory for EU Member States, yet in the case of third countries it may be skipped through direct application by an association of producers to the European Commission. Only in the case of a successful outcome of the national procedure carried out by national authorities, a respective IGO will be forwarded to the European Commission by the respective EU Member State.

Article 118g
Scrutiny by the Commission
1. The Commission shall make the date of submission of the application for protection of the designation of origin or geographical indication public.
2. The Commission shall examine whether the applications for protection referred to in Article 118f(5) meet the conditions laid down in this Subsection.
3. Where the Commission considers that the conditions laid down in this Subsection are met, it shall publish in the Official Journal of the European Union the single document referred to in Article 118c(1)(d) and the reference to the publication of the product specification referred to in Article 118f(5).
Where this is not the case, the Commission shall decide, in accordance with the procedure referred to in Article 195(4), to reject the application.

Comment: I. General The present Art. sets out the second phase for reviewing an application for the registration of a particular IGO, i.e. the EU phase which is characterised by scrutiny of the application by the European Commission.

[42] Art. 49 of the Quality Schemes Regulation.

II. Timing. It should be noted that one of the deficiencies of this Art. lays in the fact that no time limits are envisaged in difference from the Quality Schemes Regulation.[43] As a result, there is no legal certainty when a decision of the European Commission may be expected.

III. Positive decision. If the applicant receives a positive decision, the European Commission shall make a publication of two information pieces: single document which is a summary of the product specification and a reference to the publication of the product specification which was made previously by a respective EU Member State. Thus, the European Commission relies on the pre-work which was carried out by the relevant EU Member State within the national phase. Further this procedure turns into objection procedure regulated by the next Article.

IV. Negative decision. On the other hand, if a negative decision is adopted, the European Commission rejects the application. There is no duty to publish a decision on a refusal of an application and the European Commission does not usually do that. However, from the point of view of legal interests, an obligation of the European Commission to publish also negative decisions should be envisaged as in the case of the Quality Schemes Regulation.[44] Similarly, it is not provided whether such decision may be appealed, but an answer in this matter should be resolved. Yet there is no case in which a negative decision of the European Commission was tested in the CJEU. In the case of a negative decision, the previous national phase shall be considered as annulled.

Article 118h
Objection procedure
Within two months from the date of publication provided for in the first subparagraph of Article 118g(3), any Member State or third country, or any natural or legal person having a legitimate interest, resident or established in a Member State other than that applying for the protection or in a third country, may object to the proposed protection by lodging a duly substantiated statement relating to the conditions of eligibility as laid down in this Subsection with the Commission.
In the case of natural or legal persons resident or established in a third country, such statement shall be lodged, either directly or via the authorities of the third country concerned, within the time limit of two months referred to in the first paragraph.

Comment: I. General The EU phase is continued by the objection procedure if a positive decision is adopted by the European Commission according to the previous Article. The first paragraph provides a broad list of persons who may file a request for the cancellation of a registered IGO, including any country irrespective whether it is an EU Member State or not and any natural or legal person irrespective of whether it is a producer from the EU or a third country, a producer or not, residing

[43] Art. 50 (1) of the Quality Schemes Regulation.
[44] Art. 52 (4) of the Quality Schemes Regulation.

in the respective region in which a particular IGO belongs or not. The only restriction relates to the fact that such natural or legal person should not be a resident or established in the EU Member State who applied a particular IGO for registration.

II. Scope of objection. An objection filed by any of the persons discussed in the previous paragraph shall be 'duly substantiated' and 'relating to the conditions of eligibility as laid down in this Subsection with the Commission'.[45] Therefore, this should be a clear ground of non-eligibility of a particular IGO for registration from an objection statement. These grounds usually will refer either to non-existence of a qualitative link or incompliance or deficiencies of the product specification.

III. Filing of an object statement. There is a different procedure for filing objection statements, depending on whether they are filed by persons from EU Member States or from third countries. In the former case, an objection statement must be filed to the European Commission; in the latter case it may be chosen between direct filing to the European Commission or through state institutions of a respective third country.

Article 118i
Decision on protection
On the basis of the information available to the Commission, the Commission shall decide, in accordance with the procedure referred to in Article 195(4), either to confer protection on the designation of origin or geographical indication which meets the conditions laid down in this Subsection and is compatible with Community law, or to reject the application where those conditions are not satisfied.

Comment: I. General After objection procedure has taken place, the EU phase finishes with adoption of the final decision called 'decision on protection' by the European Commission. For the sake of truth and clear legal terminology, it should be admitted that the concept 'decision on protection' is not successful because a particular IGO has been already protected at the national level; rather it could be argued for decision on registration of a particular IGO.

II. Timing. Similarly as in the case of scrutiny by the European Commission, there is no time limit laid down for the adoption of a decision on protection (or registration as it is proposed in the previous paragraph) which shall be provided for the sake of legal certainty. Art. 195 (4), which is mentioned in the commented Art., refers to the committee procedure, i.e. assistance of the European Commission by the Management Committee for the Common Organisation of Agricultural Markets, and it does not provide any time limits concerning the adoption of a decision on protection as well.

[45] Cf. with pre-defined scope of objections in the case of Quality Schemes Regulation (see its Arts. 10 and 51).

III. Lack of transitional national protection. It should be noted that in contrast to the Quality Schemes Regulation[46] and similarly as in the case of the Spirits Regulation, the present Regulation does not provide any transitional national protection during the registration process of a particular IGO. Specifically, those IGOs which are not registered according to the procedure laid down in the present Regulation shall have a priority date which corresponds to the date when the present Regulation entered into force.

Article 118j
Homonyms
1. A name, for which an application is lodged, and which is wholly or partially homonymous with that of a name already registered under this Regulation concerning the wine sector, shall be registered with due regard for local and traditional usage and for any risk of confusion.
A homonymous name which misleads the consumer into believing that products come from another territory shall not be registered even if the name is accurate as far as the actual territory, region or place of origin of the products in question is concerned.
The use of a registered homonymous name shall be subject to there being a sufficient distinction in practice between the homonym registered subsequently and the name already on the register, having regard to the need to treat the producers concerned in an equitable manner and the need not to mislead the consumer.
2. Paragraph 1 shall apply mutatis mutandis if a name, for which an application is lodged, is wholly or partially homonymous with a geographical indication protected as such under the legislation of Member States.
Member States shall not register non-identical geographical indications for protection under their respective legislation on geographical indications if a designation of origin or geographical indication is protected in the Community by virtue of the Community law relevant to designations of origin and geographical indications.
3. Save as otherwise provided for in Commission implementing measures, where the name of a wine grape variety contains or consists of a protected designation of origin or a protected geographical indication, that name shall not be used for the purposes of labelling the products covered by this Regulation.
4. The protection of designations of origin and geographical indications for products covered in Article 118b shall be without prejudice to protected geographical indications applying in relation to spirit drinks within the meaning of Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description,

[46] Art. 9 of the Quality Schemes Regulation.

presentation, labelling and the protection of geographical indications of spirit drinks and vice versa.

Comment: I. General Contrary to the Quality Schemes Regulation and the Spirits Regulation, the present Regulation deals with homonymous IGOs in the commented Art. separately from other issues. This Art. deals with the situation if an IGO applied for registration either as a PDO or PGI is fully or partially homonymous with an IGO not only protected under this section as a PDO or PGI, but also protected at the national level, which is completely different from the other two Regulations discussed above.

II. Regulatory approach. The first paragraph of the commented Art. is borrowed from Art. 6 (3) of the Single CMO Regulation with minor modifications. Due to this, it is not necessary to repeat the same arguments. Furthermore, though names of wine varieties may be (and even should be) used in the labelling of goods in question, their use may be prohibited under this Art. if the name of a wine grape variety contains either a PDO or PGI. In such case, the third paragraph shall be considered as another protection norm in addition to Art. 118m of the present Regulation.

Article 118k
Grounds for refusal of protection
1. Names that have become generic shall not be protected as a designation of origin or geographical indication.
For the purposes of this Subsection, a "name that has become generic" means the name of a wine which, although it relates to the place or the region where this product was originally produced or marketed, has become the common name of a wine in the Community.
To establish whether or not a name has become generic, account shall be taken of all relevant factors, in particular:
(a) the existing situation in the Community, notably in areas of consumption;
(b) the relevant Community or national legislation.
2. A name shall not be protected as a designation of origin or geographical indication where, in the light of a trademark's reputation and renown, protection is liable to mislead the consumer as to the true identity of the wine.

Comment The commented Art. precludes the registration of such names that have become the common name of a type of wine in the EU, i.e. become as a generic name. In addition, if an IGO applied for registration may overcome rights of trade marks with normal distinctiveness, in the case of trade marks with reputation (well-known marks), the latter may preclude registration of a particular IGO if it is 'liable to mislead the consumer as to the true identity of the wine'. The evaluation of both those preconditions, i.e. the generic nature of an IGO applied for registration and infringements of trade marks with reputation (well-known marks), shall be dealt both within the national phase and the EU phase. This regulation is similarly

included in other two Regulations except the Aromatised Wines Regulation, i.e. the Quality Schemes Regulation and the Spirits Regulation.

Article 118l
Relationship with trademarks
1. Where a designation of origin or a geographical indication is protected under this Regulation, the registration of a trademark corresponding to one of the situations referred to in Article 118m(2) and relating to a product falling under one of the categories listed in Annex XIb shall be refused if the application for registration of the trademark is submitted after the date of submission of the application for protection of the designation of origin or geographical indication to the Commission and the designation of origin or geographical indication is subsequently protected.
Trademarks registered in breach of the first subparagraph shall be invalidated.
2. Without prejudice to Article 118k(2), a trademark the use of which corresponds to one of the situations referred to in Article 118m(2), which has been applied for, registered or established by use, if that possibility is provided for by the legislation concerned, in the territory of the Community before the date on which the application for protection of the designation of origin or geographical indication is submitted to the Commission, may continue to be used and renewed notwithstanding the protection of a designation of origin or geographical indication, provided that no grounds for the trademark's invalidity or revocation exist as specified by the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks or by Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade.
In such cases the use of the designation of origin or geographical indication shall be permitted alongside the relevant trademarks.

Comment Similarly as in the case of the other two Regulations, i.e. the Quality Schemes Regulation[47] and the Spirits Regulation,[48] this Art. provides rules for conflicts between registered IGOs and trade marks. Due to identical wording of regulation, similar conclusions apply as in the case of both of these Regulations.[49] Specifically, these IGOs which are not registered according to the procedure laid down in the present Regulation, shall have the priority date which corresponds to the date when the present Regulation entered into force.

Article 118m
Protection

[47] Art. 14 of the Quality Schemes Regulation.

[48] Art. 23 of the Spirits Regulation.

[49] For the Quality Schemes Regulation, see Art. 14 of the Quality Schemes Regulation and its commentary (the Sect. 6.2 of this book).

1. Protected designations of origins and protected geographical indications may be used by any operator marketing a wine which has been produced in conformity with the corresponding product specification.
2. Protected designations of origins and protected geographical indications and the wines using those protected names in conformity with the product specification shall be protected against:
(a) any direct or indirect commercial use of a protected name:
(i) by comparable products not complying with the product specification of the protected name; or
(ii) in so far as such use exploits the reputation of a designation of origin or a geographical indication;
(b) any misuse, imitation or evocation, even if the true origin of the product or service is indicated or if the protected name is translated or accompanied by an expression such as "style", "type", "method", "as produced in", "imitation", "flavour", "like" or similar;
(c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the wine product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;
(d) any other practice liable to mislead the consumer as to the true origin of the product.
3. Protected designations of origin or protected geographical indications shall not become generic in the Community within the meaning of Article 118k(1).
4. Member States shall take the steps necessary to stop unlawful use of protected designations of origin and protected geographical indications as referred to in paragraph 2.

Comment This Art. forms a general framework for the protection of PDOs and PGIs concerning the wine market products under the present Regulation. This protection framework is similar to those included in the other two applicable Regulations, namely the Quality Schemes Regulation[50] and the Spirits Regulation.[51] The second paragraph contains four protection norms which in the identical wording are included in the other two applicable Regulations[52]; also the protection of PDOs and PGIs against becoming generic names that are also included in other applicable Directives[53]; the obligation for EU Member States to take the necessary activities for the elimination of infringements as provided in the fourth paragraph is similar to the other two Regulations; in addition, rights of any producer complying

[50] Art. 13 of the Quality Schemes Regulation.
[51] Art. 16 of the Spirits Regulation.
[52] *See* Art. 13 (1) of the Quality Schemes Regulation and Art. 16 of the Spirits Regulation.
[53] *See* Art. 13 (2) of the Quality Schemes Regulation and Art. 15 (3) of the Spirits Regulation.

with the product specification to use a PDO or PGI in question is included in the other two Regulations[54] and arises from the nature of IGOs as a collective right.[55]

Article 118n
Register
The Commission shall establish and maintain an electronic register of protected designations of origin and protected geographical indications for wine which shall be publicly accessible.

Comment The electronic register of PDOs and PGIs in respect of wines may be found on the Internet through E-Bacchus database available on the web-page of the European Commission.[56] This electronic register covers both IGOs of EU Member States and third countries.

Article 118o
Designation of competent control authority
1. Member States shall designate the competent authority or authorities responsible for controls in respect of the obligations established by this chapter in accordance with the criteria laid down in Article 4 of Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on the official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules.
2. Member States shall ensure that any operator complying with this Subsection is entitled to be covered by a system of controls.
3. Member States shall inform the Commission of the competent authority or authorities referred to in paragraph 1. The Commission shall make their names and addresses public and update them periodically.

Comment The commented Art. deals with the competence of EU Member States to ensure protection of registered IGOs by requiring to designate the competent authority or authorities which were responsible for supervision of the use of IGOs.

Article 118p
Verification of compliance with specifications
1. In respect of protected designations of origin and protected geographical indications relating to a geographical area within the Community, annual verification of compliance with the product specification, during the production and during or after conditioning of the wine, shall be ensured by:
(a) the competent authority or authorities referred to in Article 118o(1); or
(b) one or more control bodies within the meaning of point 5 of the second subparagraph of Article 2 of Regulation (EC) No 882/2004 operating as a

[54] *See* Art. 8 (1) of the Quality Schemes Regulation and Art. 15 (3) of the Spirits Regulation.

[55] For the legal subjectivity of IGOs, *see* Sect. 3.2 of this book above.

[56] The database 'E-Bacchus', available at http://ec.europa.eu/agriculture/markets/wine/e-bacchus/index.cfm?event=pwelcome&language=EN.

product certification body in accordance with the criteria laid down in Article 5 of that Regulation.
The costs of such verification shall be borne by the operators subject to it.
2. In respect of protected designations of origin and protected geographical indications relating to a geographical area in a third country, annual verification of compliance with the product specification, during the production and during or after conditioning of the wine, shall be ensured by:
(a) one or more public authorities designated by the third country; or
(b) one or more certification bodies.
3. The certification bodies referred to in paragraphs 1(b) and 2(b) shall comply with, and from 1 May 2010 be accredited in accordance with, the European standard EN 45011 or ISO/IEC Guide 65 (General requirements for bodies operating product certification systems).
4. Where the authority or authorities referred to in paragraphs 1(a) and 2 (a) verify compliance with the product specification, they shall offer adequate guarantees of objectivity and impartiality, and have at their disposal the qualified staff and resources needed to carry out their tasks.

Comment In addition to regulation in the previous Art., the commented Art. provides for annual verification of compliance of registered IGOs with the corresponding product specifications carried out by national authorities of EU Member States. As the main concern is smooth functioning of the internal market, that obligation applies for EU Member States only and does not cover those third countries whose IGOs have been registered under the present Regulation.

Article 118q
Amendments to product specifications
1. An applicant satisfying the conditions of Article 118e may apply for approval of an amendment to the product specification of a protected designation of origin or a protected geographical indication, in particular to take account of developments in scientific and technical knowledge or to redefine the geographical area referred to in point (d) of the second subparagraph of Article 118c(2). Applications shall describe and give reasons for the amendments requested.
2. Where the proposed amendment involves one or more amendments to the single document referred to in Article 118c(1)(d), Articles 118f to 118i shall apply mutatis mutandis to the amendment application. However, if the proposed amendment is only minor, the Commission shall decide, in accordance with the procedure referred to in Article 195(4), whether to approve the application without following the procedure laid down in Article 118g (2) and Article 118h and in the case of approval, the Commission shall proceed to the publication of the elements referred to in Article 118g(3).
3. Where the proposed amendment does not involve any change to the single document, the following rules shall apply:
(a) where the geographical area is in a given Member State, that Member State shall express its position on the amendment and, if it is in favour, shall

publish the amended product specification and inform the Commission of the amendments approved and the reasons for them;
(b) where the geographical area is in a third country, the Commission shall determine whether to approve the proposed amendment.

Comment Similarly as in the case of the other two Regulations, i.e. the Quality Schemes Regulation[57] and the Spirits Regulation,[58] this Art. provides rules for amendments of the product specifications for registered IGOs. It is clearly based on the approach of the Quality Schemes Regulation[59] by distinguishing non-minor and minor amendments to the product specifications and providing a different procedure for their review. If in the case of the former situation, the same procedure applies as in the case of registration of IGOs—the European Commission decides whether to approve or reject those amendments. Similarly, as in the case of the Quality Schemes Regulation, in the case of other amendments the same procedure, governed by the third paragraph, applies.

Article 118r
Cancellation
The Commission may decide, in accordance with the procedure referred to in Article 195(4), at its own initiative or at the duly substantiated request of a Member State, of a third country or of a natural or legal person having a legitimate interest, to cancel the protection of a designation of origin or a geographical indication if compliance with the corresponding product specification is no longer ensured.
Articles 118f to 118i shall apply mutatis mutandis.

Comment: I. General Similarly as in the case of both Regulations discussed previously, also the registration of PDOs or PGIs may be cancelled within the framework of the present Regulation if they are not used in compliance with the corresponding product specifications. Also, contrary to the Quality Schemes Regulation, but similarly as in the case of the Spirits Regulation, the commented Art. provides that this is the only possible situation for the termination of the registration of a registered IGO.

II. Scope of initiators of cancellation of a registered IGO. The second paragraph provides a broad list of persons who may file a request for the cancellation of a registered IGO similarly as in the case of those who may file an opposition following a publication of an IGO applied for registration. The list of those persons includes the European Commission that may act ex officio; any country irrespective of whether it is an EU Member State or not and any natural or legal person irrespective of whether it is a producer from the EU or a third country, whether it

[57] Art. 53 of the Quality Schemes Regulation.

[58] Art. 21 of the Spirits Regulation.

[59] For the Quality Schemes Regulation, see Art. 53 of the Quality Schemes Regulation and its commentary (the Sect. 6.2 of this book).

is a producer or not, it resides in the respective region in which a particular IGO belongs or not. In the case of such persons, except the European Commission, the request for cancellation must be 'duly substantiated', in other words—it shall contain grounds, demonstrating incompliance of a registered IGO with its product specification.

III. Existing protected wine names (IGOs). The present Art. applies only in the case of those PDOs and PGIs that are registered in accordance with the Single CMO Regulation. The existing protected wine names, i.e. established IGOs, regulated in the next Art. are outside the application sphere of the commented Art. Yet, only the European Commission may initiate cancellation proceedings concerning wine names until 31 December 2014 if they do not correspond to legal definitions either of a PDO or PGI under Art. 118b (see the fourth paragraph of the next Art.).

Article 118s
Existing protected wine names
1. Wine names, which are protected in accordance with Articles 51 and 54 of Regulation (EC) No 1493/1999 and Article 28 of Commission Regulation (EC) No 753/2002 of 29 April 2002 laying down certain rules for applying Council Regulation (EC) No 1493/1999 as regards the description, designation, presentation and protection of certain wine sector products, shall automatically be protected under this Regulation. The Commission shall list them in the register provided for in Article 118n of this Regulation.
2. Member States shall, in respect of existing protected wine names referred to in paragraph 1, transmit to the Commission:
(a) the technical files as provided for in Article 118c(1);
(b) the national decisions of approval.
3. Wine names referred to in paragraph 1, for which the information referred to in paragraph 2 is not submitted by 31 December 2011, shall lose protection under this Regulation. The Commission shall take the corresponding formal step of removing such names from the register provided for in Article 118n.
4. Article 118r shall not apply in respect of existing protected wine names referred to in paragraph 1.
The Commission may decide, until 31 December 2014, at its own initiative and in accordance with the procedure referred to in Article 195(4), to cancel protection of existing protected wine names referred to in paragraph 1 if they do not meet the conditions laid down in Article 118b.

Comment Similarly as in the case of the Quality Schemes Regulation and the Spirits Regulation, the commented Art. addresses the situation involving those IGOs which were protected under the previously effective legislative framework. As it is envisaged by the first paragraph, these IGOs must be automatically protected under this Regulation and as a result they are listed in the Register which would therefore replace their scrutiny at the EU phase in accordance with the present Regulation. It does not mean, however, that these IGOs were not scrutinised before by the European Commission, considering that they were

included in the relevant lists, maintained and updated by the European Commission,[60] presuming scrutiny was ensured before entering into the list. However, as in the relevant case, the registration procedure envisaged by this Art. is skipped, it may not alter the obligation to submit conditions for the use of those IGOs. Therefore, also in the case of these IGOs the same documents as for newly applied IGOs shall be submitted together with the national decisions of approval that would replace the national phase envisaged by this Art. At the moment, the obligation to submit those documents is not topical anymore as the time limit for fulfilling this obligation has already expired (the third paragraph of the commented Art.). However, the fourth paragraph plays an important role, allowing the European Commission to cancel registration of such existing protected (i.e. registered) IGOs if they 'do not meet the conditions laid down in Article 118b'—thus, they cannot demonstrate a qualitative link as envisaged by respective legal definitions of both indications of origin and GIs.[61]

Article 118t
Fees
Member States may charge a fee to cover their costs, including those incurred in examining applications for protection, statements of objections, applications for amendments and requests for cancellations under this Subsection.

Comment As it was discussed above, EU Member States are involved in the registration procedure of IGOs, applied for registration within the present Regulation by carrying out the national phase of the review of a particular IGO applied for registration and afterwards involving in the EU phase if there is such necessity. In order to carry out the national phase, national authorities definitely shall incur expenses for reviewing an application for registration of a particular IGO, for instance, by inviting the necessary experts to assist its examination, especially the main conditions included in the product specifications; or amendments in the product specifications after a decision on protection concerning a particular IGO is adopted; involving the objection procedure if such is initiated at the EU phase by inviting a different kind of experts, including legal experts for representing its position before the European Commission; and other similar expenses. Therefore, it is reasonable that the present Art. does address the matter of reimbursement of those expenses allowing EU Member States to cover their costs that arise during different phases of the registration procedure of IGOs protected under this Regulation due to their involvement. Unfortunately, such reimbursement is explicitly provided only in the present Regulation, because neither the Quality Schemes Regulation nor the Spirits Regulation has such regulation.

[60] *See* the last such a list containing protected IGOs in respect of wines according to Regulation No 1493/99: List of quality wines produced in specified regions. OJ, C 187, 08.08.2009, pp. 0001–0066.

[61] *See* Art. 118.b of the Single CMO Regulation above.

Section Ib
Labelling and presentation in the wine sector
Article 118w
Definition
For the purposes of this Section:
(a) "labelling" means any words, particulars, trademarks, brand name, pictorial matter or symbol placed on any packaging, document, notice, label, ring or collar accompanying or referring to a given product;
(b) "presentation" means any information conveyed to consumers by virtue of the packaging of the product concerned, including the form and type of bottles.

Comment Similarly as in the case of the other two Regulations, i.e. the Quality Schemes Regulation[62] and the Spirits Regulation,[63] this Art. provides rules for legal definitions of concepts related to the information provided on goods and their packing, as well as promotional materials, inter alia, in relation to the use of registered IGOs.

Article 118x
Applicability of horizontal rules
Save as otherwise provided for in this Regulation, Directive 89/104/EEC, Council Directive 89/396/EEC of 14 June 1989 on indications or marks identifying the lot to which a foodstuff belongs, Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling presentation and adversity of foodstuffs and Directive 2007/45/EC of the European Parliament and of the Council of 5 September 2007 laying down rules on nominal quantities for pre-packed products shall apply to the labelling and presentation of products falling within their scopes.

Comment This Art. provides interrelation between the present Regulation and other legal acts concerning labelling and presentation of wine sector products, including the use of registered IGOs. As the use of PDOs and PGIs is regulated by other legal acts specifically referred to in this Art., these legal acts also relate to those registered IGOs. As these legal acts fall within the indirect protection system, they are discussed in Chap. 11 of this book.

Article 118y
Compulsory particulars
1. Labelling and presentation of the products referred to in paragraphs 1 to 11, 13, 15 and 16 of Annex XIb marketed in the Community or for export shall contain the following compulsory particulars:

[62] For the Quality Schemes Regulation, *see* Art. 3 of the Quality Schemes Regulation and its commentary (the Sect. 6.2 of this book above).

[63] Art. 7 and Points 14–16 of Annex I to the Spirits Regulation.

(a) the designation for the category of the grapevine product in accordance with Annex XIb;
(b) for wines with a protected designation of origin or a protected geographical indication:
(i) the term "protected designation of origin" or "protected geographical indication"; and
(ii) the name of the protected designation of origin or the protected geographical indication;
(c) the actual alcoholic strength by volume;
(d) an indication of provenance;
(e) an indication of the bottler or, in the case of sparkling wine, aerated sparkling wine, quality sparkling wine or quality aromatic sparkling wine, the name of the producer or vendor;
(f) an indication of the importer in the case of imported wines; and
(g) in the case of sparkling wine, aerated sparkling wine, quality sparkling wine or quality aromatic sparkling wine, an indication of the sugar content.
2. By way of derogation from paragraph 1(a) the reference to the category of the grapevine product may be omitted for wines whose labels include the name of a protected designation of origin or a protected geographical indication.
3. By way of derogation from paragraph 1(b) the reference to the terms "protected designation of origin" or "protected geographical indication" may be omitted in the following cases:
(a) where a traditional term as referred to in Article 118u(1)(a) is displayed on the label;
(b) where, in exceptional circumstances to be determined by the Commission, the name of the protected designation of origin or protected geographical indication is displayed on the label.

Comment By providing compulsory information to be used in the labelling of wine sector products, special provisions concerning PDOs and PGIs are laid down. So, the first paragraph provides that the use thereof shall be mandatory if they are granted for a respective wine by indicating either the term 'protected designation of origin' or 'protected geographical indication' and afterwards a particular name of the PDO or PGI in question, for instance, protected designation of the *Rioja* origin.

However, it should be noted that national traditional terms are usually used instead of the concepts in English (except, of course, the UK and Ireland), especially in the South European countries famous of their IGOs referring to a different kind of wine sector products. By respecting that rule, the third paragraph provides that the concepts 'protected designation of origin' or 'protected geographical indication' may be replaced with a traditional term used in the respective language, for instance, in the case of the registered IGO *Rioja*, the following expression in the labelling of wines with that IGO may be used (and in practice it is usually used): *Denominación de Origen Calificada Rioja*. Similarly in the case of the famous

Tuscany IGO *Chianti* in respect of whom the national traditional term and the IGO itself, i.e. *Chianti Denominazione* d'*Origine Controllata* e Garantita is used.

Also, a reference to a wine product category may be omitted in the case of wines with PDOs or PGIs as it is allowed by the second paragraph.

Article 118z
Optional particulars
1. Labelling and presentation of the products referred to in Article 118y (1) may in particular contain the following optional particulars:
(a) the vintage year;
(b) the name of one or more wine grape varieties;
(c) in the case of wines other than those referred to in Article 118y(1)(g), terms indicating the sugar content;
(d) for wines with a protected designation of origin or a protected geographical indication, traditional terms as referred to in Article 118u(1)(b);
(e) the Community symbol indicating the protected designation of origin or the protected geographical indication;
(f) terms referring to certain production methods;
(g) for wines bearing a protected designation of origin or a protected geographical indication, the name of another geographical unit that is smaller or larger than the area underlying the designation of origin or geographical indication.
2. Without prejudice to Article 118j(3), as regards the use of particulars referred to in paragraph 1(a) and (b) for wines without a protected designation of origin or a protected geographical indication:
(a) Member States shall introduce laws, regulations or administrative provisions to ensure certification, approval and control procedures so as to guarantee the veracity of the information concerned;
(b) Member States may, on the basis of non-discriminatory and objective criteria and with due regard to loyal competition, for wine produced from wine grape varieties on their territory, draw up lists of excluded wine grape varieties, in particular if:
(i) there is a risk of confusion for consumers as to the true origin of the wine due to the fact that the given wine grape variety forms an integral part of an existing protected designation of origin or a protected geographical indication;
(ii) the relevant controls would not be cost effective due to the fact that the given wine grape variety represents a very small part of the Member State vineyard;
(c) mixtures of wines from different Member States shall not give rise to labelling of the wine grape variety or varieties unless the Member States concerned agree otherwise and ensure the feasibility of the relevant certification, approval and control procedures.

Comment: I. General The commented Art. lists the use of PDOs or PGIs, as well as their symbols among the optional particulars in the labelling and presentation of the

wine sector products. Regulating the use of PDO or PGI as optional rather than mandatory particulars may be justified because it is for producers to decide whether a respective particular shall be used or not; however, to some extent it is contradictory with the aims of the common agricultural policy. If aims of the common agricultural policy are to promote qualitative products including PDOs or PGIs as it is stressed in Art. 118a (2) of the present Regulation, their use may not be left for producers alone to decide.

II. EU Member States. It is for EU Member States to ensure a correct use of traditional terms arising from national regulation and practises in respect of PDOs and PGIs as it is provided by the second paragraph.

Article 118za
Languages
1. Compulsory and optional particulars referred to in Articles 118y and 118z shall, where expressed in words, appear in one or more of the official languages of the Community.
2. Notwithstanding paragraph 1, the name of a protected designation of origin or a protected geographical indication or a traditional term as referred to in Article 118u(1)(a) shall appear on the label in the language or languages for which the protection applies.
In the case of protected designations of origin or protected geographical indications or national specific designations using a non-Latin alphabet, the name may also appear in one or more official languages of the Community.

Comment The commented Art. provides that information used in the labelling of wine sector products must be presented in any of the EU languages subject to domestic rules prescribing information also in the language of an EU Member State where these products are sold. Specifically for wine sector products labelled either with PDOs and PGIs, it is provided in the second paragraph that the name of a respective PDO or PGI must be provided in the language in which protection applies, in other words—the name cannot be transliterated, modified or amended in any way to adapt for any other language used in the EU. In another situation, it would create a modification of the name involving the extension of protection of a particular registered IGO which would run contrary to a product specification and the legal definitions of PDOs and PGIs, not allowing the use of such modifications, but the registered name itself. An exception is provided in the second paragraph for those languages of non-Latin alphabet; there are two such languages in the EU, namely Bulgarian and Greek. In this situation the respective Bulgarian and Greek PDOs or PGIs may be transliterated in any of the official language or languages of the respective EU Member States, using the Latin alphabet.

Article 118zb
Enforcement
The competent authorities of the Member States shall take measures to ensure that a product referred to in Article 118y(1) which is not labelled in conformity with this Section is not placed on, or is withdrawn from, the market.

Comment As EU Member States have to ensure surveillance of the wine sector market in their jurisdictions, it is up to them to ensure compliance with rules on labelling and presentation of the wine sector products envisaged by this Art. For further discussion of the competence of EU Member States to ensure the referred to surveillance, please see Chap. 15 of this book.

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Council Regulation (EC) No 479/2008 of 29 April 2008 on the common organisation of the market in wine, amending Regulations (EC) No 1493/1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and repealing Regulations (EEC) No 2392/86 and (EC) No 1493/1999. OJ, L 148, 06.06.2008, pp. 1–61

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Chapter 9
Aromatised Wines Regulation

9.1 Introduction

Council Regulation (EEC) No 1601/91 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails[1] (hereinafter—the Aromatised Wines Regulation) regulates the operation of aromatised wines within the internal market.

The title and structure of the Aromatised Wines Regulation resembles the Spirits Regulation,[2] as well as its predecessor Regulation No 1576/89[3] adopted in a similar time period as the Aromatised Wines Regulation, i.e. in 1989, which in addition to definition, description and presentation of particular goods contains a reference to labelling in its title. However, this minor difference does not influence the fact that both latter Regulations follow one and the same approach, covering the definition of goods covered by the respective Regulation, its labelling, and protection norms of IGOs though in different extent.

The Aromatised Wines Regulation covers one of the types of the wine sector products, i.e. aromatised wines and two sub-types thereof each containing particular categories of products defined by the Regulation in Art. 2. First, aromatised wines—*Vermouth*[4] could be mentioned as a notable example of the wine belonging

[1] Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. OJ, L 149, 14.06.1991, pp. 1–9 [the Aromatised Wines Regulation].

[2] Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54 [Spirits Regulation].

[3] Council Regulation (EEC) No 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks. OJ, L 160, 12.06.1989, pp. 1–17.

[4] For its definition, *see* Art. 2 (2) (a) of the Aromatised Wines Regulation.

V. Mantrov, *EU Law on Indications of Geographical Origin*,
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to this group.[5] Second, aromatised wine-based drinks—*Sangria*[6] or *Glühwein*[7] could be mentioned as notable examples of drinks belonging to this group.[8] Third—the group of aromatised wine-product cocktails.[9]

The Aromatised Wines Regulation was adopted on 10 June 1991 and entered into force on 17 June 1991.[10] The legal basis for the adoption of the Aromatised Wines Regulation was Arts. 43 TEC (now Art. 43 TFEU) and 100a TEC (now Art. 114 TFEU) as it is indicated in the preamble to this Regulation. Consequently, aims for the adoption of this Regulation lied in ensuring the common agricultural policy. Therefore, it is clear why regulation on IGOs, concerning aromatised wines being related to IP law, is included in the regulation together with rules on the labelling of aromatised wines as a part of regulation of the internal market within the framework of the common agricultural policy.

The Aromatised Wines Regulation is accompanied with its implementing Regulation[11] adopted on 25 January 1994 which, however, does not contain any provisions concerning IGOs. Also, it should be taken into account that the Aromatised Wines Regulation supplements the regulation provided by other EU legal acts by providing special legal norms in respect of aromatised wines including the regulation on mineral water to be used[12] as referred to in recital 8 of the preamble; food additives[13] as referred to in Art. 4; and labelling requirements[14] as provided by recital 5 of the preamble and Art. 8 (1).

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[5] For other categories of aromatised wines and their definitions falling under the group of aromatised wines, *see* Art. 2 (2) of the Aromatised Wines Regulation.

[6] For its definition, *see* Art. 2 (3) (a) of the Aromatised Wines Regulation.

[7] For its definition, *see* Art. 2 (3) (f) of the Aromatised Wines Regulation.

[8] For other categories of drinks falling under the group of aromatised wine-based drinks, *see* Art. 2 (3) of the Aromatised Wines Regulation.

[9] For categories falling under this group, *see* Art. 2 (4) of the Aromatised Wines Regulation.

[10] Yet it should be noted that the Aromatised Wines Regulation was applied from 17 December 1991 with the exception of Arts. 12–15 which shall apply as from the entry into force of this Regulation (the second subparagraph of Art. 17 of the Aromatised Wines Regulation). Arts. 12–15 do not provide regulation on IGOs therefore from the perspective of IGOs their regulation as envisaged by this Regulation was applicable as from 17 December 1991.

[11] Commission Regulation (EC) No 122/94 of 25 January 1994 laying down certain detailed rules for the application of Council Regulation (EEC) No 1601/91 on the definition, description and presentation of aromatized wines, aromatized wine-based drinks, and aromatized wine-product cocktails. OJ, L 21, 26.01.1994, pp. 7–8.

[12] Directive 2009/54/EC of the European Parliament and of the Council of 18 June 2009 on the exploitation and marketing of natural mineral waters. OJ, L 164, 26.06.2009, pp. 45–58.

[13] Regulation (EC) No 1333/2008 of the European Parliament and of the Council of 16 December 2008 on food additives. OJ, L 354, 31.12.2008, pp. 16–33.

[14] Now the Labelling Directive (Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs. OJ, L 109, 06.05.2000, pp. 29–42 [Labelling Directive]). For its discussion from the point of view of IGOs, see Sects. 11.3 and 15.3 of this book below.

Though the Aromatised Wines Regulation has been amended several times since its adoption on 10 June 1991 (latest amendment of the text—in 2008,[15] Annexes—in 2012[16]), it has not been interpreted by the CJEU in any occasion so far. Therefore, provisions of the Aromatised Wines Regulation may be discussed without any CJEU authority in this regard based on previous discussions in the legal literature though also this discussion is limited as well.

Due to deficiencies in the Aromatised Wines Regulation, the European Commission issued a proposal for a new regulation[17] but it is not adopted yet. Nevertheless, it does not mean that the plans for amending the existing framework for the regulation of aromatised wines shall be considered as abandoned. Possibilities for further development of the regulation on IGOs concerning aromatised wines in conjunction with the development of the existing regulation in IGOs in the EU law in general will be further examined in Chap. 12.

Without doubt, the regulation on IGOs shall cover also aromatised wines. This is particularly admitted by the Aromatised Wines Regulation in the following preamble, pointing out that

> it is appropriate that Community rules should reserve, for certain territories, the use of geographical ascriptions referring thereto, provided that the stages of production during which the finished product acquires its characteristics and definitive properties are completed in the geographical area in question.[18]

Contrary to other applicable Regulations within the EU direct protection system discussed in the previous three chapters of this book, the Aromatised Wines Regulation does contain neither a separate chapter on the regulation of IGOs nor a separate provision. Instead, the regulation of IGOs are scattered within the Aromatised Wines Regulation which was envisaged also by the amended Proposal for this Regulation. Therefore, the approach chosen for the commentary of the regulation of IGOs concerning aromatised wines is based on the commentary of separate provisions containing the referred to regulation.

[15] Regulation (EC) No 1334/2008 of the European Parliament and of the Council of 16 December 2008 on flavourings and certain food ingredients with flavouring properties for use in and on foods and amending Council Regulation (EEC) No 1601/91, Regulations (EC) No 2232/96 and (EC) No 110/2008 and Directive 2000/13/EC. OJ, L 354, 31.12.2008, pp. 34–50. For process of adoption of this Regulation, *see* Leibovitch (2008), pp. 168–170; *see also* Coutrelis (2007), pp. 124–125.

[16] Annex II to the Aromatised Wines Regulation was amended by accession of Croatia to the EU by adding the Croatian designation to the list of geographical designations reflected in this Annex (Chapter 4, Annex III to the Treaty of Accession of Croatia (2012). OJ, L 112, 24.04.2012, pp. 21–91). See Lazowski (2012), pp. 22–23.

[17] Proposal for a Regulation of the European Parliament and of the Council on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, COM (2011) 530 final.

[18] Point 4 of the preamble for the Aromatised Wines Regulation.

9.2 Excerpt of Text and Commentary

Article 1
This Regulation lays down the general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails.

Comment The importance of Art. 1 of the commented Regulation and its meaning without doubt relates to IGOs as it shows the coverage of goods in respect of whom regulation on IGOs included in the present Regulation applies. As it arises from the title of the present Regulation itself and the commented Art., three types of products are distinguished within the quality scheme of aromatised wines if speaking with words of the regulation included in the Quality Schemes Regulation or as 'a separate regime' for aromatised wines as characterised in the legal literature[19]: aromatised wines, aromatised wine-based drinks and aromatised wine-product cocktails. Further, legal definitions of those products are provided in Art. 2 of the given Regulation.

Article 6

1. **The use of the descriptions referred to in Article 2 and in this Article shall be restricted to the drinks defined therein, account being taken of the requirements laid down in Articles 2 and 4. The descriptions in question must be used to describe the said drinks in the Community.**

   Drinks which do not meet the requirements laid down for the drinks defined in Article 2 may not bear the descriptions assigned to the latter therein.
2. **(a) The geographical designations listed in Annex II may replace the descriptions referred to in paragraph 1 or supplement them, forming composite descriptions.**

   (b) These geographical designations shall be reserved for drinks in respect of which the production stage during which they acquired their character and definitive qualities took place in the geographical area indicated, provided that the consumer is not misled as to the raw material used.
3. **The sales descriptions referred to in paragraph 1 may not be supplemented by geographical ascriptions allowed for wine products.**
4. **Member States may apply specific national rules on production, movement within a Member State, description and presentation of the drinks referred to in Annex II manufactured within their territories, in so far as such rules are compatible with Community law.**

Comment: I. General The central Art. concerning IGOs in the Aromatised Wines Regulation is the commented Art. 6 which resembles Art. 5 of Regulation No 1576/89,

[19] Horton and Robertson (1995), p. 579.

the predecessor of the Spirits Regulation, containing the regulation on IGOs concerning spirits. Contrary to recital 4 of the preamble and the third paragraph of the present Art. using the concept 'geographical ascriptions', the second paragraph of the commented Art. exploits another concept unknown for the other applicable Regulations, i.e. geographical designations. It is unlikely that the European legislator wished to exploit both concepts, rather it may be explained in the following way. The amended Proposal for the Aromatised Wines Regulation[20] regulated the concept 'geographical ascriptions' only both in the preamble and subsequent provisions contained in this amended Proposal, including Annex II containing a list of two such geographical ascriptions. However, during the discussion, which took place before the adoption,[21] this concept was replaced with another concept which remained in the final text of the adopted Aromatised Wines Regulation, i.e. the concept 'geographical designations'.

II. Understanding. Neither the concept of geographical designations nor geographical ascriptions is defined in the present Regulation, instead vague understanding is provided. This is different from the amended Proposal.

Still, clause b) of the second paragraph of the commented Art. provides that 'geographical designations shall be reserved for drinks in respect of which the production stage during which they acquired their character and definitive qualities took place in the geographical area indicated, provided that the consumer is not misled as to the raw material used'. Similarly as in the case of Regulation No 1576/89 referred to above, these geographical designations are included in one of the annexes to the Aromatised Wines Regulation. Thus, Annex II titled 'Aromatized drinks based on wine products geographical designations referred to in Article 6 (2)' contains four such geographical designations, namely *Nürnberger Glühwein, Samoborski bermet, Thüringer Glühwein, Vermouth de Chambéry*, and *Vermouth di Torino*. As it could be seen from the number of those geographical designations, the importance of IGOs in the aromatised wines market is insignificant if compared with other groups of agricultural products and foodstuffs.

III. Applicant. In difference from the Quality Schemes Regulation, the Single CMO Regulation, and obviously the Spirits Regulation,[22] the Aromatised Wines Regulation does not provide for any application procedure to register IGOs in the Annex II, yet it is clear that only Member States may apply for the registration of IGOs within the European Commission. Furthermore, compared to the other three Regulations, neither the commented Art. nor other Arts. of the Aromatised Wines Regulation provides that IGOs of third countries may be entered into Annex II. Yet, there is no bar for their protection in accordance with Art. 10 commented below.

[20] Amended Proposal for a Council Regulation (EEC) laying down general rules on the definition, description and presentation of vermouths and other wines of fresh grapes flavoured with plants or other aromatic substances. COM(86) 159 final. OJ, C 269, 25.10.1986, pp. 15–20.

[21] The contents of discussion is unavailable (see European Parliament, Minutes of the sitting of Monday, 15 April 1991. OJ, C 129, 20.05.1991, p. 20).

[22] *See* commentary to Art. 17 of the Spirits Regulation (Sect. 7.2 of this book above).

Article 8

1. In addition to complying with national rules adopted in accordance with Directive 79/112/EEC, the labelling, presentation and advertising of the drinks referred to in Article 2 shall comply with this Article.

2. The sales description of the products referred to in Article 2 shall be one of the descriptions to be used exclusively for such products under Article 6.

3. The descriptions referred to in Article 2 may be supplemented by a reference to the main flavouring used.

4. Where the alcohol used in the manufacture of the drinks covered by this Regulations comes from one sole raw material (for example, solely wine alcohol, molasses alcohol or grain alcohol), the nature of the alcohol may be indicated on the label.

Should the alcohol come from several raw materials, no special indication relating to the nature of the alcohol shall appear on the label.

Ethyl alcohol used in the preparation of drinks covered by this Regulation to dilute or dissolve colorants, flavourings or any other authorized additives shall not be regarded as an ingredient.

4a. As from 1 January 1993, bottled products covered by this Regulation may not be held with a view to sale or placed on the market in containers fitted with closing devices covered by lead-based capsules or foil. However, the disposal of products in bottles fitted before that date with such capsules or foil shall be authorized until stocks are used up.

5. The geographical designations listed in Annex II may not be translated.

6. The particulars provided for in this Regulation shall be given in one or more official languages of the Community in such a way that the final consumer can readily understand each item, unless purchasers are provided with the information by other means.

7. In the case of drinks originating in third countries, use of an official language of the third country in which the product has been made shall be authorized if the particulars provided for in this Regulation are also given in an official language of the Community in such a way that the final consumer can readily understand each item.

8. Without prejudice to Article 11, in the case of drinks originating in the Community and intended for export, the particulars provided for in this Regulation may be repeated in another language; this does not apply to the designations referred to in paragraph 5.

9. In the case of the drinks referred to in Article 2, the following may be determined in accordance with the procedure laid down in Article 13:

(a) the special provisions governing the use of terms referring to a certain property of the product, such as its history or the method by which it is prepared;

(b) the rules governing the labelling of products in containers not intended for the final consumer.

Comment The commented Art. defines labelling rules for aromatised wines, inter alia, those containing IGOs varying from the obligation to use particular descriptions as it is envisaged in the second paragraph of the commented Art. until the prohibition of the use of lead-based capsules or foil for covering products regulated under the Aromatised Wines Regulation.

One particular provision included in this Art. is specifically devoted to IGOs. It is the fifth paragraph, which provides that geographical designations listed in Annex II may not be translated, meaning that they must be used in such a form in which they are registered. For instance, the geographical designation *Nürnberger Glühwein* may not be modified in English as *Glintwein* from Nurnberg or *Vermouth di Torino* as Torinian Vermouth, but these designations must be used as they are registered.

It must be noticed that provisions included in the commented Art. supplement the labelling requirements adopted in a separate directive—if at the moment of the adoption of the Aromatised Wines Regulation it was Directive 79/112/EEC explicitly mentioned in the first paragraph, now it is repealed and has been replaced by Directive 2001/13.[23]

Article 10
In order to be marketed for human consumption within the Community, imported drinks defined by this Regulation and bearing a geographical ascription may, subject to reciprocal arrangements, qualify for the supervision and protection referred to in the second subparagraph of Article 9 (1).
The first subparagraph shall be implemented by agreements to be negotiated and concluded with the third countries concerned under the procedure laid down in Article 113 of the Treaty.
The implementing rules and the list of products referred to in the first subparagraph shall be adopted in accordance with the procedure laid down in Article 14.

Comment The commented Art. refers to those aromatised wines produced in third countries, i.e. non-EU Member States, and imported to the EU for subsequent sale thereof in the internal market. As it is provided by the present Art., such aromatised wines may be subject to similar supervision as applied for aromatised wines produced in the EU, i.e. as provided by the second sub-paragraph of Art. 9 (1), this supervision could be enforced 'by means of commercial documents verified by the administration and by the keeping of appropriate registers'. However, it may be possible only in the case of 'reciprocal arrangements' as it is provided by the first paragraph of the commented Art. when a respective international treaty is concluded with the third country as it is explicitly envisaged by the second paragraph of the commented Art.

[23] For its discussion from the point of view of IGOs, *see* Sects. 11.3 and 15.3 of this book below.

Though the third paragraph of the commented Art. provides for a possibility of the implementing rules and the list of products referred to in the commented Art., neither such implementing rules nor the list of products have been adopted so far.

Article 10a

1. **Member States shall adopt all measures necessary to permit those concerned to prevent, under the conditions laid down in Articles 23 and 24 of the Agreement on Trade-Related Aspects of Intellectual Property Rights, the use within the Community of a geographical designation identifying products covered by this Regulation for products which do not originate in the place referred to by the geographical designation in question, including in cases where the actual origin of the product is indicated or where the geographical designations given in translation or accompanied by expressions such as 'like', 'type', 'style', 'imitation' or other.**

   For the purposes of this Article, 'geographical designation' shall mean any indication identifying a product as originating in the territory of a third country which is a member of the World Trade Organization, or in a region or locality of that territory, where a quality, reputation or other specific characteristic of that product can essentially be attributed to that geographical origin.
2. **Paragraph 1 shall apply notwithstanding Article 10 of this Regulation and other provisions of Community legislation laying down rules for the description and presentation of products covered by this Regulation.**
3. **Detailed rules for the application of this Article, where necessary, shall be adopted in accordance with the procedure laid down in Article 14.**

Comment The commented Article was not included in the amended Proposal for the commented Regulation and was inserted in the Aromatised Wines Regulation by its subsequent amendments. The aim of this Article is to fulfil the EU obligations undertaken under the TRIPS within the membership in the WTO. This is the reason why this Article could not be included in the amended Proposal because the WTO was not established neither at the moment of the adoption of the amended Proposal nor at the moment when the Aromatised Wines Regulation was adopted.

As it is provided by the first paragraph of the commented Art., it is the obligation of EU Member States to ensure the protection of IGOs concerning aromatised wines in accordance with the requirements of Arts. 23–24 TRIPS. It is not coincidence that also Art. 24 TRIPS was mentioned because it provides exceptions from the absolute protection of IGOs envisaged by Art. 23 TRIPS in relation to spirits and wines in such way, inter alia, covering also IGOs in respect of aromatised wines. However, as the EU itself is a member of the WTO, the second paragraph provides that this obligation shall not be influenced by other EU legal acts thereby avoiding any disputes for non-compliance of both the EU and its Member States with their obligations undertaken under the TRIPS.

As in a similar case in respect of the wine sector products,[24] the concept of geographical designations regulated under the commented Article has its separate meaning for the purpose of this Article only. First, it is limited to those geographical designations which come from a third country, i.e. non-EU Member States, which are the members of the WTO. Second, it corresponds to the legal definition of the concept of geographical indications regulated in the TRIPS, namely in its Art. 22 (1).[25] Therefore, the concept of geographical designations as defined in the commented Article has its own meaning and regulation and consequently shall be evaluated completely separately from other provisions of the Aromatised Wines Regulation.

Though the third paragraph provides that detailed rules for the application of this Article, where necessary, shall be adopted, such rules have not been adopted so far.

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Regulation (EC) No 1334/2008 of the European Parliament and of the Council of 16 December 2008 on flavourings and certain food ingredients with flavouring properties for use in and on foods and amending Council Regulation (EEC) No 1601/91, Regulations (EC) No 2232/96 and (EC) No 110/2008 and Directive 2000/13/EC. OJ, L 354, 31.12.2008, pp. 34–50
Regulation (EC) No 1333/2008 of the European Parliament and of the Council of 16 December 2008 on food additives. OJ, L 354, 31.12.2008, pp. 16–33

[24] *See* Art. 50 of Regulation 1493/99.

[25] For discussion of this provision, *see* Sect. 1.3 above.

Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 299, 16.11.2007, pp. 1–149 [Single CMO Regulation]

Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54 [Spirits Regulation]

Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs. OJ, L 109, 06.05.2000, pp. 29–42 [Labelling Directive]

Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine. OJ, L 179, 14.07.1999, pp. 1–84

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European Parliament, Minutes of the sitting of Monday, 15 April 1991. OJ, C 129, 20.05.1991

Chapter 10
European Collective Mark

10.1 Introduction

Previous chapters of Part II dealt with the protection of IGOs at the EU level, i.e. IGOs as unitary rights, through the direct protection system. However, protection of IGOs at the EU level may be ensured not only through the direct protection system, but also through trade mark protection system, namely, through protection as a Community[1] collective mark. That protection is ensured by the Codifying Community Trade Mark Regulation,[2] namely Title VIII containing Arts. 66–74 (previously—Arts. 64–72 of the Community Trade Mark Regulation[3]). From the point of view of the territorial scope, Community collective mark differs from national collective marks of EU Member States. Generally trade mark law of EU Member States provides for the registration of collective marks, however, since they are treated as trade marks, their territorial scope is limited with a respective EU Member State. In the case of Community collective marks, their territorial scope is the entire European Union and due to that reason they are unitary rights.

The necessity to provide an overview of the Community collective mark protection system, especially commentary of relevant norms, arises in this book from

[1] Hereinafter the terminology of the Codifying Community Trade Mark Regulation, inter alia, the legal concepts 'Community trade mark' and 'Community Trade Mark Regulation', is used. However, if the proposal of the European Commission on introducing amendments to the Codifying Trade Mark Regulation is adopted, the term 'Community' will be replaced with the term 'European'. Such change obviously will eliminate terminological inconsistency between the Codifying Community Trade Mark Regulation and the TFEU with the TEU. *See* Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community trade mark. COM/2013/0161 final. Available at http://ec.europa.eu/governance/impact/ia_carried_out/docs/ia_2013/com_2013_0161_en.pdf.

[2] Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version). OJ L 78, 24.3.2009, p. 1–42 [Codifying Community Trade Mark Regulation].

[3] Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark. OJ, L 11, 14.01.1994, pp. 1–36 [Community Trade Mark Regulation].

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three different yet mutually related reasons. First, it is the lack of any commentaries so far on the regulation of Community collective marks, except fragmentary commentaries. Here, it should be mentioned that any explanation for the adoption of the regulation by EU institutions through travaux préparatoires[4] is not available. It means that at least a general overview of the regulation of Community collective marks must be provided. Second, it is the lack of interpretation of that regulation in the CJEU's case law. Yet, it does not mean that there are no court disputes involving Community collective marks.[5] Third, the review of the regulation from the point of view of IGOs is necessary as it directly relates to the subject-matter of this book.

As a result, the structure of this chapter is as follows. At first, a general overview of the Community collective mark system within this section is provided. Furthermore, the regulation of Community collective marks by exploiting commentary approach is reviewed. The commentary approach is used to review the respective provisions of the Codifying Community Trade Mark Regulation on Community collective marks; however, commentary of the respective provisions will be mainly provided by the point of view of IGOs and general questions related to collective marks will be dealt insofar they relate to IGOs. Finally, a comparison of choice either as the direct protection system or Community collective mark protection system by discussing advantages or disadvantages to choose either the latter protection system.

The Community collective mark protection system should be considered neither as an alternative to the direct protection system nor as supplementary to the direct protection system. Rather it is another opportunity to protect IGOs that are not protected under the direct protection system due to different reasons further discussed in Sect. 10.3 below. Such conclusion is grounded in the roots of the protection of Community collective mark protection system. As it is justly indicated in the legal literature, a collective mark has the protection scope which corresponds to Art. 22 (2) TRIPS that protects them against misleading use,[6] i.e. likelihood of confusion[7] or in the case of a Community trade mark with reputation in the Community (i.e. in the EU)—against taking unfair advantage of, or being detrimental to, the distinctive character or the repute of that mark.[8]

In such a way, by choosing to protect IGOs as Community collective marks they will be protected under trade mark law in the same manner as trade marks (subject to specific exceptions discussed in the next section). Yet the trade mark law does not preclude the protection of IGOs registered as Community collective marks also

[4] For the historical background of the regulation on Community collective marks included in the Codifying Community Trade Mark Regulation, *see* discussion below within this section.

[5] Such court disputes are reviewed together with examination of the regulation on Community collective marks (*see* the next section).

[6] Kamperman Sanders (2005), p. 137.

[7] *See* Art. 8 (1) (b) of the Codifying Community Trade Mark Regulation.

[8] *See* Art. 8 (5) of the Codifying Community Trade Mark Regulation.

pursuant to the law on protection against unfair competition; however, without doubt the unfair competition law usually would be only a supplementary ground, but not the main ground for either prohibition or invalidation of an infringing sign.

Similarly, persons, who are entitled to use a Community collective mark in question, may initiate infringement proceedings against infringers of such marks in the same way as licensees of trade marks further discussed within commentary of the Codifying Community Trade Mark Regulation.

However, it should be noted that one and the same geographical designation shall not enjoy protection under both protection systems, i.e. within the direct protection system and the Community collective mark protection system. This conclusion arises from the fact that the direct protection system is considered as an exclusive prohibiting protection not only at the national level, but also protection by the Codifying Community Trade Mark Regulation.[9]

10.2 Excerpt of Text and Commentary

TITLE VIII COMMUNITY COLLECTIVE MARKS

Comment: I. General The legal basis for the protection of IGOs as Community collective marks lies in Title VIII of the Codifying Community Trade Mark Regulation that covers Arts. 66–74 of that Regulation (previously Arts. 64–72 of the Community Trade Mark Regulation) and provides the general law for the protection of Community collective marks, including IGOs if registered as Community collective marks.

II. Historical basis. The present regulation of Community collective marks as envisaged by Title VIII of the Codifying Community Trade Mark Regulation is based on Title VIII of the Community Trade Mark Regulation, yet containing certain differences due to numbering. First, as it is already mentioned above, there is different numbering of articles, i.e. respectively Arts. 66–74 in the Codifying Community Trade Mark Regulation and Arts. 64–72 in the Community Trade Mark Regulation, containing identical wording (except references to respective articles discussed below). Second, due to different numbering of articles, Title VIII of both above Regulations itself contains references to different articles.[10] This is due to the fact that the regulation of Community collective marks envisaged by the Community Trade Mark Regulation remained untouched by subsequent amendments to this Regulation and consequently when the Codifying Community Trade

[9] Case C-478/07 Budějovický Budvar, národní podniek v Rudolf Ammersin GmbH [2009] ECR I-07721 - Budweiser II (affirmed in: Case C-120/08 *Bavaria NV v Bayerischer Brauerbund eV* [2010] ECR I-13393 – Bavaria II). For its discussion, *see* Sect. 13.2 below.

[10] *See*, for instance, Art. 66 (3) of the Codifying Community Trade Mark Regulation.

Mark Regulation was adopted it contained the same regulation on Community collective marks as the Community Trade Mark Regulation.

The Community Trade Mark Regulation was adopted on the basis of the proposal of the European Commission.[11] However, the regulation included in this proposal concerning Community collective marks was not discussed during the adoption process of the Regulation.[12]

Therefore, the amended Proposal for the Codifying Community Trade Mark Regulation[13] should be used for the understanding of the present regulation. The review of this Proposal provides not only understanding of the present regulation, but also opens a curtail on discussion and those concepts that were debated during the adoption of the regulation of Community collective marks which in their essence have been left unchanged since the adoption of the Community Trade Mark Regulation.

No points have been made neither in the preamble to the amended Proposal for the Community Trade Mark Regulation nor in the preamble to the Codifying Community Trade Mark Regulation concerning aims or motives for the adoption of the specific regulation on Community collective marks. Also, neither the initial Proposal nor the amended Proposal for the Community Trade Mark Regulation has any clarification of such aims or motives. Therefore, the regulation on Community collective marks itself remains the one and the single source for examination.

The amended Proposal for the Community Trade Mark Regulation (its Title XI, Arts. 86–98) reveals that the initial idea was to regulate two concepts: not only Community collective marks, which were left in the final text of the Community Trade Mark Regulation (now the Codifying Community Trade Mark Regulation), but also Community guarantee marks, which were not included in the final text due to discussions in the European Parliament.

Art. 86 (1) of the amended Proposal envisaged that

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[11] Proposal for a Council Regulation on Community trade marks. COM/80/635 final. OJ, C 351, 31.12.1980, p. 5–31; Amended Proposal for a Council Regulation on the Community Trade Mark. COM/84/470 final. OJ, C 230, 31.8.1984, p. 1–55; Amended proposal for a Council Regulation (EEC) on the Community trade mark - Articles 140(3) and 141(2). COM/92/443 final.

[12] Opinion of the Economic and Social Committee on the proposal for a first Council Directive to approximate the laws of the Member States relating to trade marks, and the proposal for a Council Regulation on Community trade marks. OJ, C 310, 30.11.1981, pp. 22–30; European Parliament, Minutes of the sitting of Wednesday, 12 October 1983. OJ, C 307, 14.11.1983, pp. 46–58; European Parliament, Minutes of the sitting of Thursday, 10 October 1991. OJ, C 280, 28.10.1991, pp. 153.

[13] *See* Amended Proposal for a Council Regulation on the Community Trade Mark. COM/84/470 final. OJ, C 230, 31.8.1984, p. 1–55. It should be added that hereinafter the amended Proposal is referred to which as far as it relates to the discussed Regulation differs from the initial Proposal insignificantly. So, only one amendment was introduced concerning Art. 97 (the predecessor of Art. 74 of the Codifying Community Trade Mark Regulation): it was added Art. 91 (opposition) to invalidation grounds following the amendment introduced to the initial Proposal adopted by the European Parliament (European Parliament, Minutes of the sitting of Wednesday, 12 October 1983. OJ, C 307, 14.11.1983, pp. 46, 58).

> Community guarantee marks may consist of any sign which is described as such when the guarantee mark is applied for, if its purpose is to guarantee the quality, method of manufacture or other common characteristics of goods or services of different undertakings which use the guarantee mark under the proprietor's control.

Further, Art. 86 (2) provided that

> Community guarantee marks shall not be used in respect of goods or services produced or supplied by the proprietor himself or by a person who is economically associated with him.

In such a way, the Community guarantee marks were aimed at ensuring common characteristics of goods or services envisaging that a separate independent association would follow the use of such marks. Due to that reason and contrary to Community collective marks defined in Art. 87 of the amended Proposal, Art. 86 (2) of the amended Proposal provided that Community guarantee marks shall be used neither by the proprietor himself nor by any person who is economically associated with it.

From the perspective of the effective regulation, only Community collective marks are regulated and, as it is justly noted, '[t]here are no provisions for certification marks or guarantee marks'.[14]

The structure and the main elements of the regulation included in the Title XI of the amended Proposal governing both Community guarantee marks and Community collective marks is similar to Title VIII of the Codifying Community Trade Mark Regulation, including even titles of the most articles. Therefore, it is possible to identify the corresponding Articles of the amended Proposal to those Articles included in Title VIII of the Codifying Community Trade Mark Regulation. Due to these reasons, it would be reasonable to discuss the relevant provisions of the amended Proposal with corresponding provisions in the Codifying Community Trade Mark Regulation together while providing commentary on the provisions of this Regulation. Yet, it should be kept in mind that the relevant provisions of the amended Proposal were meant to cover not only Community collective marks, but also Community guarantee marks.[15]

Yet, a Proposal for amendments to the Codifying Community Trade Mark Regulation has been drafted by the European Commission introducing European certification marks.[16] Reasons for such amendments are twofold. First, there are 'public and private bodies that do not meet the conditions to be eligible to obtain collective trade mark protection also need a system for the protection of

[14] Bainbridge (2009), p. 754.

[15] It was specifically provided by Art. 88 of the amended Proposal by stating that '[t]he provisions of this Regulation shall apply to Community guarantee marks and to Community collective marks, unless Articles 86 to 98 provide otherwise'.

[16] Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community trade mark. COM/2013/0161 final. Available at http://ec.europa.eu/governance/impact/ia_carried_out/docs/ia_2013/com_2013_0161_en.pdf.

certification marks at EU level'.[17] Second, it would 'remedy the current imbalance between national systems and the European trade mark system'.[18] As certification marks are similar to guarantee marks, it may be concluded that the idea for European certification marks is not new in the EU, considering that guarantee marks were initially included in the Proposal for the Community Trade Mark Regulation discussed above.

Article 66 (ex Art. 64 of the Community Trade Mark Regulation) Community collective marks

1. A Community collective mark shall be a Community trade mark which is described as such when the mark is applied for and is capable of distinguishing the goods or services of the members of the association which is the proprietor of the mark from those of other undertakings. Associations of manufacturers, producers, suppliers of services, or traders which, under the terms of the law governing them, have the capacity in their own name to have rights and obligations of all kinds, to make contracts or accomplish other legal acts and to sue and be sued, as well as legal persons governed by public law, may apply for Community collective marks

Comment Art. 66 is the core norm in Title VIII which provides general principles for the functioning of Community collective marks. As envisaged in the first sentence of Art. 66 (1), a Community collective mark shall be treated as a Community trade mark, i.e. it is a unitary right. Furthermore, the function of a Community collective mark is similar with the function of a trade mark, yet it contains one significant difference—it distinguishes goods or services not of a single enterprise as trade marks, but the members of the association. This association is a proprietor of the respective Community collective mark. Also similarly as in the case of Community trade marks, Community collective marks may cover both goods and services. These rules in the case of IGOs mean that if an IGO covers services, it may be registered as a Community collective mark but registration of such an IGO is not possible in the case of the direct protection system. In addition, Community collective marks would provide protection of IGOs in cases in which the direct protection system does not apply which in general are two. First, if an IGO covers such goods that are not covered by the direct protection system, i.e. generally non-agricultural products and separate agricultural products, such IGOs may be protected at the EU level only through Community collective mark protection system. Second, if a geographical designation in question does not qualify for protection under the direct protection system due to different reasons.[19]

[17] Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community trade mark. COM/2013/0161 final. Available at http://ec.europa.eu/governance/impact/ia_carried_out/docs/ia_2013/com_2013_0161_en.pdf, p. 10.

[18] Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community trade mark. COM/2013/0161 final. Available at http://ec.europa.eu/governance/impact/ia_carried_out/docs/ia_2013/com_2013_0161_en.pdf.

[19] The latter situation is further discussed in Sect. 10.3 below.

The corresponding provision in the amended Proposal for the Community Trade Mark Regulation is Art. 87 that contains the main elements of regulation included in Art. 64 (1):

> [r]epresentative groups or bodies of manufacturers, producers, suppliers of services, or traders may if they have legal personality, apply for Community collective marks which are described as such in the application and are capable of distinguishing the goods or services of their members from those of other undertakings.
>
> **2. In derogation from Article 7 (1) (c), signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute Community collective marks within the meaning of paragraph 1. A collective mark shall not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices in industrial or commercial matters; in particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.**

Comment As already described in Chap. 3 of Part I of this book by contrasting IGOs with trade marks, IGOs are descriptive designations as they describe the characteristics of goods as to their geographical origin. It means that IGOs shall not be registered as trade marks unless they are not supplemented by such designations which are distinctive, i.e. being capable of distinguishing goods or services in question. This prohibition being one of the absolute grounds of non-registration of trade marks are envisaged by Art. 7 (1) (c) of the Codifying Community Trade Mark Regulation[20] explicitly referred to in the discussed provision. However, as it is provided by the commented Art., as exception from the trade mark law (i.e. '[i]n derogation from Article 7 (1) (c) [of the Codifying Community Trade Mark Regulation]' by speaking with words of the discussed provision) IGOs (i.e. geographical designations 'which may serve, in trade, to designate the geographical origin of the goods or services') may be registered as Community collective marks.

The CJEU took similar position by defining the commented Art. as an exception to the Community trade mark system:

> it is to be observed that inasmuch as Article 66(2) of Regulation No 207/2009 provides an exception to the ground for refusal under Article 7(1)(c) of that regulation, it must not be interpreted broadly by including the signs comprising a geographical indication solely on the substance.[21]

[20] This provision corresponds to Art. 3 (1) (c) of the Codifying Trade Mark Directive and consequently with national law of EU Member States that transposed that provision.

[21] Case T-341/09 Consejo Regulador de la Denominación de Origen Txakoli de Álava, Consejo Regulador de la Denominación de Origen Txakoli de Bizkaia et Consejo Regulador de la Denominación de Origen Txakoli de Getaria v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) [2011] ECR II-02373—Txakoli, para. 35 (including cited case law).

Similarly, this rule is justly characterised by legal commentators as 'a statutory derogation from the prohibition on the registration of signs that serve to designate geographical origin',[22] i.e. an exception from trade mark registration system.

As it follows from the commented Art., this exception covers only IGOs and not any other type of designations used in respect of goods or services. In addition, as it follows from the broad wording of 'signs and indications', any geographical designation either word or graphic may be registered as a Community collective mark therefore the opinion that 'it is possible to register geographical names as a Community collective marks'[23] should be critically evaluated.

Interestingly, there is no corresponding provision in the amended Proposal for the Community Trade Mark Regulation.

3. Provisions of this Regulation shall apply to Community collective marks, unless Articles 67 to 74 provide otherwise.

Comment The discussed provision defines the interrelation between the legal regulation of Community collective marks included in Title VIII and other provisions included in other Titles of the Codifying Community Trade Mark Regulation. It provides that the regulation on Community collective marks is not encapsulated in this Title VIII as the same provisions which apply to Community trade marks in general shall apply also for Community collective marks; however, the special law should be those provisions which are included in further provisions of this Title. Therefore, by following the principle lex specialis derogate lex generalis, Art. 66 (3) provides apportionment of general and special law in the regulation on Community collective marks. It should be noted that similarly as in the case of Art. 66 (2) also in the case of Art. 66 (3) there is no corresponding provision in the amended Proposal for the Community Trade Mark Regulation.

Article 67 (ex Art. 65 of the Community Trade Mark Regulation)
Regulations governing use of the mark

1. **An applicant for a Community collective mark must submit regulations governing its use within the period prescribed.**
2. **The regulations governing use shall specify the persons authorised to use the mark, the conditions of membership of the association and, where they exist, the conditions of use of the mark, including sanctions. The regulations governing use of a mark referred to in Article 66(2) must authorise any person whose goods or services originate in the geographical area concerned to become a member of the association which is the proprietor of the mark.**

Comment As the Community collective mark distinguishes goods or services of the members of the association,[24] regulations which govern the use of the mark by

[22] Evans (2010), p. 657.

[23] Bainbridge (2009), p. 754.

[24] Art. 64 (1) of the Codifying Community Trade Mark Regulation commented above.

the members of that association should be drafted. The existence of such regulations is a pre-condition for the registration of a Community collective mark as it arises from the wording of the first paragraph of the commented Art. itself. The necessity of such regulations was envisaged also by Art. 89 [Rules relating to the mark] (1) of the amended Proposal for the Community Trade Mark Regulation in a similar wording as the first paragraph of the commented Art.

The necessity for an authorisation of new members is related to 'public interests associated with fair competition including the need to prevent the risk of monopolisation associated with granting exclusivity to trade associations' allowing 'to gain access to the market. This fact is clearly recognised in the rules on collective marks and the system is designed to prevent monopolisation'.[25]

In the case of IGOs, it is a common situation when an association has its own rules for its members governing the use of the respective IGO. Therefore, in this case such obligation corresponds to the product specifications—a concept of a similar nature provided in the case of IGOs protected in accordance with the applicable Regulations within the direct protection system.[26] Therefore, as far as it concerns IGOs, such obligation to submit regulations is comparable with the concept of specification of a product known within the direct protection system.

However, the contents of these regulations in the case of Community collective marks are different from the contents of the product specifications of PDOs and PGIs—a difference which without doubt is an advantage of Community collective marks if compared with IGOs protected within the direct protection system.[27]

Thus, as explicitly provided by the second paragraph of the commented Art., the regulations governing use shall contain the following mandatory provisions:

- a list of the persons authorized to use the mark;
- the conditions of membership of the association;
- and authorisation to 'any person whose goods or services originate in the geographical area concerned to become a member of the association which is the proprietor of the mark'.

Therefore, such mandatory rules actually shall contain information on those persons who may be entitled to use a Community collective mark in question. However, as explicitly mentioned in the second paragraph of the commented Art., the conditions for the use of the mark including sanctions must be stated 'where they exist'—it means that such conditions for the use of the mark may be even disclosed from third parties or even do not exist. In other words, as it is justly noticed, 'proprietors are free to choose whether or not they wish to specify conditions for the use of the mark'.[28] This situation is not so unusual as there

[25] Riis and Schovsbo (2012), p. 652.

[26] Art. 7 of the Quality Schemes Regulation, Art. 118.c of the Single CMO Regulation.

[27] *See* the next section.

[28] Evans (2010), p. 667.

could be interest for certain associations to avoid having such conditions drafted to be more restrictive for admitting new members to the associations. The explicit permit to decide whether to include the conditions for the use of a Community collective mark in question in the regulations for use is the main difference from the contents of the product specifications concerning registered IGOs within the direct protection system, i.e. PDOs and PGIs, where such conditions are compulsory. Therefore, as it is justly indicated in the legal literature, '[w]hile applicants are required under Art. 67 of the CTM Regulation to submit regulations governing its use, the requirements are not prescriptive as to content or inspection procedures'.[29]

Yet, it is possible to agree that the commented Art., specifically, its second paragraph, 'is designed to ensure that the collective marks cannot be used to subvert the open-standard of protection offered under the Community GI system'.[30] However, it is hardly possible to agree with the opinion that 'the holder's duty to license all those producers in the defined area who qualify constitutes a form of limited compulsory licensing',[31] rather it is the obligation to allow to adhere to the use of a Community collective mark in question.

The lack of clear compulsory contents in respect of the conditions of use for a particular Community collective mark is actually a problem for the regulation of Community collective marks, especially in the case of IGOs where such conditions shall be drafted and available to the public. Therefore, requirements similar to the product specification envisaged for registered IGOs should be provided also in respect of contents of regulations for the use of Community collective marks on the general basis, i.e. to cover not only IGOs to be registered as Community collective marks by virtue of an exception envisaged by Art. 66 (2) of the Codifying Community Trade Mark Regulation, but also in the case of any other designation capable to fulfil the function of a Community collective mark as provided by Art. 66 (1) of the Codifying Community Trade Mark Regulation.

The situation with contents of the regulations governing the use of a Community collective mark differs from the regulation included in the amended Proposal. Thus, Art. 89 [Rules relating to the mark] (2) of the amended Proposal provided the compulsory elements of such regulations:

> The regulations governing a Community guarantee mark shall set out the common characteristics of the goods or services which the mark is intended to guarantee and shall specify the detailed arrangements for real and effective supervision of the use of the mark, and suitable sanctions.

Therefore, this regulation which was included in Art. 89 (2) of the amended Proposal reflected proposals addressed above concerning the existing regulation provided by the commented Art.

[29] Evans (2010), p. 667 (internal citation omitted).

[30] Evans (2010), at p. 668 (internal citation omitted).

[31] Evans (2010), at p. 668 (internal citation omitted).

Article 68 (ex Art. 66 of the Community Trade Mark Regulation)
Refusal of the application

1. **In addition to the grounds for refusal of a Community trade mark application provided for in Articles 36 and 37, an application for a Community collective mark shall be refused where the provisions of Articles 66 or 67 are not satisfied, or where the regulations governing use are contrary to public policy or to accepted principles of morality.**
2. **An application for a Community collective mark shall also be refused if the public is liable to be misled as regards the character or the significance of the mark, in particular if it is likely to be taken to be something other than a collective mark.**
3. **An application shall not be refused if the applicant, as a result of amendment of the regulations governing use, meets the requirements of paragraphs 1 and 2.**

Comment: I. General The commented Art. contains special regulation (lex specialis) concerning grounds on which a registration application of a Community collective mark may be refused.

II. Grounds. Four grounds for refusal of an application of a Community collective mark, which shall be an exhaustive list (numerus clausus) of such grounds, are provided. First, general grounds to refuse an application of a Community trade mark as provided by Arts. 36–37 of the Codifying Community Trade Mark Regulation. Second, a situation in which a registration application does not correspond to requirements set out in Arts. 66 and 67 commented above. This ground of refusal supplements general regulation on the conditions of filing as envisaged in Art. 36 and provides specific provisions concerning Community collective marks. Third, the regulations governing use are contrary to public policy or to accepted principles of morality. This ground is superfluous due to the fact that both of these cases are considered as absolute grounds for refusal of an application by Art. 7 (1) (f) and consequently covered by Art. 37. Fourth, in the case of misleading 'as regards the character or the significance of the mark'. This ground also is not only superfluous considering absolute grounds for refusal, specifically Art. 7 (1) (g), but also dangerous as it narrows the sphere of application of misleading character as a ground for refusal: if Art. 7 (1) (g) covers any case of misleading than the second paragraph of the commented Art. as a specific legal norm—only two specific cases, namely misleading due to the character or the significance of a Community collective mark applied for registration or has been already registered.

In such a way, failures to meet the conditions of filing (Art. 36) and absolute grounds for refusal of registration applications (Art. 37) both concerning Community collective marks and Community trade marks are identical with three exceptions two of which have been already discussed above. First, it adds specific grounds for refusal of applications of Community collective marks considering special regulation for that type of trade marks that is reflected in Arts. 66–67. Second, the narrow character of the concept of misleading. Third, contrary to Community trade marks, such Community collective marks that contain a reference

to geographical origin, i.e. IGOs—an exception from Art. 7 (1) (c), which is provided by Art. 66 (2),—shall not be rejected. Though the discussed Art. does not mention the exception envisaged in Art. 66 (2), without doubt this exception still applies and a Community collective mark solely consisting of an IGO cannot be refused from its registration contrary to Community trade marks.

III. Third paragraph. It should be noted that by virtue of the third paragraph of the commented Art. any of those refusals may be eliminated 'in result of amendment of the regulations governing use'. This provision resembles Arts. 36 (2) and 37 (3) allowing a similar possibility concerning Community trade marks. However, it cannot be said that this provision is superfluous as it adds a possibility to amend also the regulations governing use which is unknown in the case of Community trade marks. In addition, if first two paragraphs of the commented Art. contain a similar regulation as provided in the amended Proposal for the Community Trade Mark Regulation, namely, Art. 90 [Refusal of application], the third paragraph of the commented Art. contains a provision that was unknown in this amended Proposal.

Article 69 (ex Art. 67 of the Community Trade Mark Regulation)
Observations by third parties
Apart from the cases mentioned in Article 40, any person, group or body referred to in that Article may submit to the Office written observations based on the particular grounds on which the application for a Community collective mark should be refused under the terms of Article 68.

Comment The commented Art. concerns the scope of objections which may be submitted against an application of Community collective mark.

The commented Art. makes a reference to Art. 40 which governs observations by third parties against the application of Community trade mark following its publication. If any natural or legal person may submit such observations against applications of Community trade marks solely on the absolute grounds for refusal included in Art. 7 of the present Regulation, in the case of Community collective marks any such person may submit his/her observations, i.e. objections against an application of Community collective mark, not only on absolute grounds, but also in other cases specified in Art. 68, namely non-compliance with provisions governing the functioning of Community collective marks envisaged by Arts. 66–67 of the present Regulation commented above. As it was already noticed concerning Art. 68 (2) of the present Regulation, the commented Art. is not superfluous, but it adds specific norms concerning Community collective marks, specifically concerning the scope of objections against the applications of those marks. This additional list of persons differs from the amended Proposal for the Community Trade Mark Regulation as its Art. 92 [Observations by third parties] only stated that 'Article 33 shall apply in the cases described in Article 90 [corresponding provision with similar regulation in this Regulation — Art. 68 — author's remark]'.

Article 70 (ex Art. 68 of the Community Trade Mark Regulation)
Use of marks
Use of a Community collective mark by any person who has authority to use it shall satisfy the requirements of this Regulation, provided that the other conditions which this Regulation imposes with regard to the use of Community trade marks are fulfilled.

Comment: I. General The commented Art. defines obligations for those persons who are entitled to use, i.e. 'has authority to use', Community collective marks. These persons must satisfy both conditions specifically provided in Title VIII concerning Community collective marks as lex specialis, as well as other provisions provided by other Titles of the Codifying Community Trade Mark Regulation as lex generalis in respect of right-holders of Community collective marks. The commented Art. contains a similar regulation as it was included in the corresponding Art. 93 [Use of marks] of the amended Proposal for the Community Trade Mark Regulation with minor differences, for instance, the corresponding Art. 93 of the amended Proposal uses the expression 'a person entitled to use it', i.e. to use a Community collective mark, while the commented Art.—'any person who has authority to use it'.

II. The concept of 'the requirements of this Regulation'. The commented Art. uses the concept of 'the requirements of this Regulation' without specifying such requirements neither as direct references to respective provisions of the Codifying Community Trade Mark Regulation nor providing any un-exhaustive list of such requirements. However, it is clear that all those requirements, which are laid down by this Regulation, are meant under the concept of 'the requirements of this Regulation'. In particular, persons entitled to use Community collective marks which will be discussed further in this commentary of the commented Art. shall ensure that their goods or services correspond to the regulations governing use of a respective Community collective mark[32] and there exist no grounds for invalidation of a registered Community collective mark as provided by Art. 68.

III. The concept of persons. The concept of those persons referred to in the commented Art. covers not only members of a respective association in which the name of a particular Community collective mark is registered, but also those persons who are not members of such association, but who are authorised to use a particular Community collective mark, i.e. 'any person who has authority to use it' by speaking with words of the commented Art. itself. The group of persons referred to in the commented Art. shall not be restrained from the use of the respective Community collective mark by virtue of Art. 66 (2) of the present Regulation; however, they must bear the same duties as a proprietor of that Community collective mark.

IV. IGOs. In case of IGOs, such dual understanding of those persons is appropriate as any person, who satisfies the conditions for the use of IGOs, may be

[32] *See* Art. 67 of the Codifying Community Trade Mark Regulation and its commentary above.

considered as an interested person irrespective of who has ownership of a particular IGO,[33] i.e. irrespective whether this person is a member of an association that owns a particular Community collective mark.

Article 71 (ex Art. 69 of the Community Trade Mark Regulation)
Amendment of the regulations governing use of the mark

1. **The proprietor of a Community collective mark must submit to the Office any amended regulations governing use.**
2. **The amendment shall not be mentioned in the Register if the amended regulations do not satisfy the requirements of Article 67 or involve one of the grounds for refusal referred to in Article 68.**
3. **Article 69 shall apply to amended regulations governing use.**
4. **For the purposes of applying this Regulation, amendments to the regulations governing use shall take effect only from the date of entry of the mention of the amendment in the Register.**

Comment The commented Art. deals with the situation in which amendments are introduced in the regulations governing use of a Community collective mark that shall be submitted to the OHIM for review, publishing, and entering in the Register.

Submission of the regulations governing the use of a Community collective mark is one of the preconditions for the registration of that mark, i.e. an applicant for a Community collective mark must submit regulations governing its use within the prescribed period.[34] Such obligation expressed in similar wording exists also in the case of amendments introduced to these regulations introduced after their submission to the OHIM on the part of a proprietor of that Community collective mark. As explicitly provided by the commented Art., i.e. its fourth paragraph, these amendments shall come into force from the moment of their entering in the Register. Therefore, it means that neither at the moment of the adoption of such amendments in the regulations governing use nor at the moment of their submission to the OHIM they have any legal force.

These amendments shall be reviewed by the OHIM in the similar way as the regulations governing use are considered during the registration process of a respective Community collective mark. As provided in the second paragraph of the commented Art., the same conditions as envisaged in regulations governing use[35] and the same grounds for refusal of such regulations[36] apply for subsequent amendments of those regulations. However, contrary to the review of regulations governing use in respect of whom failure to meet the requirements would lead to refusal of a Community collective mark altogether, in case if refusal of amendments, their refusal would lead to rejection of the amendments only, but would

[33] For details, *see* Chap. 4 of this book.

[34] As explicitly provided by Art. 67 (1) of the Codifying Community Trade Mark Regulation, for its commentary *see* above.

[35] Art. 67 of the Codifying Community Trade Mark Regulation, *see* its commentary above.

[36] Art. 68 of the Codifying Community Trade Mark Regulation, *see* its commentary above.

leave registration of a particular Community collective mark untouched. In practice, however, if amendments to the regulations governing use of a Community collective mark would be rejected, but it is not possible to continue to use that mark without these rejected amendments, it would without doubt lead to either surrender of the Community collective mark or its invalidation for non-compliance of goods or services bearing that mark with the regulations governing use approved by the OHIM during the registration process of that mark. It should be added that as amendments to the regulations governing use shall be reviewed by the OHIM and published in case of a positive outcome of that review, third parties should be able to submit respective observations, i.e. objections against those amendments. By allowing such possibility, third paragraph of the commented Art. provides that the same procedure for observations of third parties as provided in the case of application of Community collective mark applies also for amendments of those regulations, i.e. Art. 69.[37]

The corresponding provision of this Art. in the amended Proposal for the Community Trade Mark Regulation is Art. 94 [Amendment of the regulations governing the mark], containing a similar regulation with two important differences. First, the OHIM may choose either to publish the amendments to regulations in full or publish the fact that the regulations have been amended—the current regulation as envisaged by Art. 71 (2) obliges the OHIM to mention in the Register the amendments in full. Second, observations by third parties could be submitted only in the case if amendments were published in full. Due to the possibility to avoid objections of third parties against amendments of regulations governing use, it is reasonable that the European Parliament did not enact such provisions in the commented Art.

Article 72 (ex Art. 70 of the Community Trade Mark Regulation)
Persons who are entitled to bring an action for infringement

1. **The provisions of Article 22(3) and (4) concerning the rights of licensees shall apply to every person who has authority to use a Community collective mark.**
2. **The proprietor of a Community collective mark shall be entitled to claim compensation on behalf of persons who have authority to use the mark where they have sustained damage in consequence of unauthorised use of the mark.**

Comment Though the regulation envisaged by the Codifying Community Trade Mark Regulation in respect of Community trade marks applies also for Community collective marks as provided above,[38] certain provisions from that regulation are made clearly applicable in the case of Community collective marks as it could be seen from a reference included in the commented Art. Still, such reference raises doubts for the application of other provisions of the regulation.

[37] For commentary of Art. 69 of the Codifying Community Trade Mark Regulation concerning observations by third parties, *see* above.

[38] *See* Art. 68 of the Codifying Community Trade Mark Regulation and its commentary above.

So, as provided by the first paragraph of the commented Art., Art. 22 (3) and (4) apply to a person 'who has authority to use a Community collective mark'—the concept of such persons has already been discussed above concerning Art. 70 and consequently has the same meaning also within the commented Art. Art. 22 relates to licensing of Community trade marks that obviously is not applicable in the case of Community collective marks.[39] However, the first paragraph of the commented Art. provides that certain rules of licensing of Community trade marks mutatis mutandis apply also in the case of Community collective marks. Thus, a person who has authority to use a respective Community collective mark may bring infringement proceedings against any person who uses that mark unlawfully by virtue of Art. 22 (3). In addition, such a person may intervene in infringement proceedings brought by a proprietor of a Community collective mark for the purpose of obtaining compensation for suffered damage as arises from Art. 22 (4) of the present Regulation. This situation is further defined in the second paragraph of the commented Art., providing that a proprietor shall be entitled to claim compensation for those persons for suffered damages. In such way, it gives authority for a proprietor of Community collective marks to claim damages for those persons if they do not intervene in infringement proceedings, following the first paragraph of the commented Art. As such authority is provided in the legal regulation, no special authorisation is required for a proprietor to bring and sustain such claim in the court. However, such dual possibility for claiming damages may cause difficulties in practice. For instance, if a proprietor brings an infringement claim and claims damages suffered for all those persons, it is unclear whether it precludes for these persons to intervene or they may intervene claiming compensation for damages suffered and in such way limiting the extent of the compensation claim of a proprietor of a Community collective mark. It seems that the second option should be applicable as a proprietor of a Community collective mark may claim damages for these persons only if they do not intervene otherwise the application of Art. 22 (4) as explicitly provided by the first paragraph of the commented Art. would be meaningless.

The corresponding provision to the commented Art. may be found in the amended Proposal for the Community Trade Mark Regulation, namely Art. 95 [Persons who are entitled to bring an action for infringement], containing almost identical wording.

Article 73 (ex Art. 69 of the Community Trade Mark Regulation)
Grounds for revocation
Apart from the grounds for revocation provided for in Article 51, the rights of the proprietor of a Community collective mark shall be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings, if:

[39] For discussion of impossibility of licensing concerning IGOs unlike trade marks, *see* Chap. 3 of this book.

(a) the proprietor does not take reasonable steps to prevent the mark being used in a manner incompatible with the conditions of use, where these exist, laid down in the regulations governing use, amendments to which have, where appropriate, been mentioned in the Register;
(b) the manner in which the mark has been used by the proprietor has caused it to become liable to mislead the public in the manner referred to in Article 68(2);
(c) an amendment to the regulations governing use of the mark has been mentioned in the Register in breach of the provisions of Article 71(2), unless the proprietor of the mark, by further amending the regulations governing use, complies with the requirements of those provisions.

Comment The last two Arts. in Title VIII concerning Community collective marks regulate situations when a registration of a Community collective mark may be lost. If the commented Art. deals with grounds for revocation of a Community collective mark, the next and the last Art. in Title VIII—with grounds of its invalidation. Similarly, as in the case of Community trade marks, both possibilities for the loss of registration have different legal effects. If revocation of a Community collective mark means that its registration ceases with the moment of adoption of a respective OHIM or a court ruling, in the case of invalidation the registration is annulled with the effect that this mark was not registered at all.

In addition, if a Community collective mark has been either revoked or invalidated, such mark may not be applied for registration again except if grounds for revocation may be removed in a new application. However, if a Community collective mark has not been renewed, there are no obstacles to apply the mark (even if it is in an unaltered way) for repeated registration by going through the registration process anew. Interestingly, contrary to the existing regulation, the amended Proposal for the Community Trade Mark Regulation regulated these issues by disallowing either registration or use of marks removed from the Register for whatever reason (including failure for renewal) in the 3-year period. Thus, Art. 98 [No applications to be made for registration of Community guarantee marks or Community collective marks which have been removed from the Register, and such marks are not to be used] (1) of the amended Proposal provided that

> [w]here a Community guarantee mark or a Community collective mark has not been renewed, or the proprietor's rights therein have been revoked, or the mark has been declared invalid or has been surrendered, no fresh application shall be made for registration thereof and it shall not be used on any ground whatsoever for goods or services which are similar to those in respect of which it was registered until three years have elapsed since the relevant non-renewal, revocation, surrender or declaration of invalidity.

However, by virtue of Art. 98 (2) this regulation was not extended to a proprietor of the former Community collective mark, but only applied for third persons:

> [w]ithout prejudice to the application of subparagraph (b) of paragraph 1 of Article 83 [regulating request for the application of national procedure if the Community trade mark ceases to have effect – author's remark], paragraph 1 of this Article shall not apply to the former proprietor of the mark or to his successors in title thereto.

Without doubt, both Art. 98 (1) of the amended Proposal and the existing regulation provided by the commented Art. prohibit new application for such Community collective marks only which are applied for registration in the form that does not substantially differ from that mark which lost registration or are applied for identical or similar goods or services.

The commented Art. makes it clear that grounds for revocation of Community trade marks apply also for Community collective marks, i.e. regulation included in the commented Art. is '[a]part from the grounds for revocation provided for in Article 51'. In addition to those grounds, special regulation included in the commented Art. for Community collective marks, sets out three additional grounds for revocation of Community collective marks that all are important also for IGOs registered as Community collective marks.

The first ground (clause a) of the commented Art.) is connected with inactivity of a proprietor of a Community collective mark to combat the use of such mark that does not correspond to the regulations governing use including any amendments introduced to these regulations and registered within the OHIM. It is not necessary to effectively stop such use but, as explicitly provided in the commented Art., to take 'reasonable steps to prevent the mark being used in a manner incompatible with the conditions of use'. In other words, it is necessary to warn the respective persons about the consequences of illegal use of a particular Community collective mark or bring claims against such persons. This ground is possible to invoke only where the regulations governing the use of a particular Community collective mark are available as explicitly provided by clause a) of the commented Art.

On the other hand, this ground may be associated with the activity of a proprietor by not allowing new members for joining it. As it is justly stated in the legal literature concerning this first ground for revocation,

> [e]ven though the Trade Mark Regulation may thus authorise a court to revoke the registration of the collective mark in a case where a third party who fulfils the requirements in the regulations pertaining to the collective mark is denied without justification the right to become a member of the association and thus to use the collective mark, other legal remedies may be more expedient to redress the wrong in concrete cases.[40]

The second ground (clause b) of the commented Art.) relates to a situation which existed after the registration of a Community collective mark due to the activity of its proprietor. If a proprietor uses the registered Community collective mark in such a way that its use is liable for misleading consumers, it may lead to the revocation of the mark. As clause b) of the commented Art. makes a reference to the regulation included in Art. 68 (2), the specific scope of misleading uses envisaged by the provision applies also in this situation.[41] Such situation may exist, for instance, if a Community collective mark is used for different goods or services in circumstances where the regulations governing use are not available (and consequently the first ground for revocation of the mark does not apply) or it is supplemented with

[40] Riis and Schovsbo (2012), p. 653 (internal citation omitted).

[41] *See* commentary of Art. 68 (2) of the Codifying Community Trade Mark Regulation above.

additional designations liable to misleading for origin of goods or services labelled with the mark. This last example would be especially important for IGOs in a situation if they exploit such designations that they are not entitled to use or the use of what may create perception of the geographical origin of goods or services in question other than those referred to in the IGO.

The third ground (clause c) of the commented Art.) deals with a situation when amendments to the regulations governing use of a Community collective mark is contrary to requirements of Art. 71 (2) commented above, notwithstanding the fact that these amendments were mentioned in the Register by the OHIM. Therefore, even if third parties did not submit any observations against amendments to regulations, governing use in a manner prescribed by Art. 71 (3), they could request revocation of that mark due to non-compliance of amendments to regulations with requirements of the Codifying Community Trade Mark Regulation. Such possibility is reasonable as if those amendments do not correspond to requirements of the Regulation, a particular Community collective mark may not be used in the amended way.

It is possible to identify the corresponding article in the amended Proposal for the Community Trade Mark Regulation, namely Art. 96 [Grounds for revocation]; however, its regulation is different from the regulation included in the commented Art. Thus, Art. 96 of the amended Proposal provides two revocation grounds: one applies for Community guarantee marks, namely use of Community guarantee marks contrary to Art. 86 (2) discussed above, i.e. the proprietor of a Community guarantee mark uses this mark itself; and the second which resembles clause a) in the commented Art., but still has a narrower scope, i.e. a Community collective mark may be revoked if its proprietor 'authorizes or acquiesces in the use of the mark on terms which are different from those prescribed by this Regulation'. In addition, Art. 86 of the amended Proposal did not provide any clarification whether grounds for revocation of Community trade marks apply also in the case of Community collective marks as it is provided by the commented Art.

Article 74 (ex Art. 72 of the Community Trade Mark Regulation)
Grounds for invalidity
Apart from the grounds for invalidity provided for in Articles 52 and 53, a Community collective mark which is registered in breach of the provisions of Article 68 shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings, unless the proprietor of the mark, by amending the regulations governing use, complies with the requirements of those provisions.

Comment Similarly as in the case of the revocation grounds of Community collective marks, grounds for invalidation of Community trade marks apply also for Community collective marks, i.e. regulation included in the commented Art. is '[a] part from the grounds for invalidity provided for in Articles 52 and 53' as stated at the beginning of the commented Art. In addition, the commented Art. provides that

the grounds mentioned in Art. 68 of the present Regulation[42] apply for such Community collective marks that are registered contrary to requirements of the Art. The commented Art. provides that the invalidation grounds may be invoked in two occasions that are similar with Community trade marks.[43] First, a separate application to the OHIM for invalidation of a particular Community collective mark. Second, on the basis of a counterclaim in infringement proceedings. However, similarly as in the case of Community trade marks[44] a proprietor of a disputed Community collective mark has an opportunity to avoid invalidation of its mark in specific cases. Thus, the proprietor of a Community collective mark may introduce amendments to the regulations governing use of the mark in order to avoid invalidation of this mark. This is, of course, possible in cases when grounds for invalidation of the mark are related to non-compliance of its regulation governing use and the requirements laid down in Title VIII of the Codifying Community Trade Mark Regulation.

The corresponding provision of the amended Proposal for the Community Trade Mark Regulation to the commented Art. is Art. 97 [Grounds for and consequences of invalidity], the first paragraph of which has almost identical wording as the wording of the commented Art., except the beginning of the commented Art. ('[a] part from the grounds for invalidity provided for in Articles 52 and 53') and adds non-compliance of amendments to regulations of a Community collective mark as grounds for invalidation obviously due to the fact it was intended that such amendments may not be opposed by third parties in all occasions.[45] Also, this is a rare example that the title of the Art. of the amended Proposal is slightly changed in the present Regulation, i.e. by deleting words 'and consequences of' in respect of invalidity obviously due to the fact that Art. 97 (2) of the amended Proposal governing such consequences was not reflected in the commented Art. This Art. 97 (2) provided as follows:

> [w]here a Community guarantee mark or Community collective mark is invalid in consequence of amendment of the regulations governing it, it shall be deemed not to have had the effects provided for in this Regulation from the time when the amendment was registered.

[42] For commentary of Art. 68 of the Codifying Community Trade Mark Regulation, *see* above.

[43] *See* Arts. 52 (1) and 53 (1) of the Codifying Community Trade Mark Regulation.

[44] Similar opportunities for a proprietor of a Community trade mark still may be mentioned such as introducing a disclaimer to the disputed mark or limiting list of goods or services in respect of whom that mark is registered in order to avoid grounds for its invalidation.

[45] *See* in detail commentary to Art. 71 of the Codifying Community Trade Mark Regulation (Amendment of the regulations governing use of the mark) above.

10.3 Which Protection System to Choose?

The EU law provides two different protection systems for IGOs at the EU level: either direct (sui generis) protection system through the applicable Regulations or the protection system of a Community collective mark through the Codifying Community Trade Mark Regulation—two favoured protection forms upon which the IGO protection in recent years has been settled.[46] Due to the existence of such dual protection possibility available only for IGOs concerning agricultural products and foodstuffs, a fair question arises—which protection system would be preferable for producers and their associations? This preference should be evaluated not only from the point of view of a positive outcome in the registration procedure, but also from the subsequent protection of a protected indication. However, the right decision for each particular IGO has far-reaching and longstanding consequences as both systems exclude each other and thus it would be difficult and in most occasions impossible to shift from one protection system to another one. Therefore, it is appropriate to discuss the advantages and disadvantages of both protection systems from the point of legal and economic aspects by contrasting both systems with each other. As further it would be revealed, though the direct protection system has a wider scope of protection, there could be practical legal and economic reasons to apply for a Community collective mark instead of the former registration system.

10.3.1 Legal Regulation of Both Protection Systems at the EU Level

It would be hasty to consider that the existing possibilities for the protection of IGOs in respect of agricultural products and foodstuffs at the EU level may be examined equally for all IGOs. Rather, the most suitable general protection system should be considered and its weaknesses which may be of essence in specific cases should be identified—in any case, the choice rather must be based on a case-by case approach than on pre-formulated stereotypes.

As it was discussed above within this Part II, the direct protection system is divided in four parts, depending on the type of agricultural products and foodstuffs[47] and each type being regulated by a separate Regulation, i.e. the Quality Schemes Regulation[48] (the successor of the Foodstuffs Regulation[49]), the Spirits

[46] *See* Gangjee (2012), at p. 201.

[47] Gragnani (2012), p. 272.

[48] Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29.

[49] Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 93, 31.03.2006, pp. 12–25.

Regulation,[50] the Single CMO Regulation,[51] and the Aromatised Wines Regulation.[52] The first three Regulations provide an identical protection scope of registered IGOs consisting of four protection norms covering all possible infringing uses of registered IGOs, i.e. either a protected designation of origin (PDO) or a protected geographical indication (PGI). However, such four norms for the protection of registered IGOs at the EU level are not provided for IGOs concerning aromatised wines.[53]

A Community Collective Mark is regulated[54] by Arts. 66–74 of the Codifying Community Trade Mark Regulation,[55] the successor of the Community Trade Mark Regulation as it was discussed above within this chapter.

Art. 66 (2) of the Codifying Community Trade Mark Regulation specifically allows the registration of IGOs as Community Collective Marks by providing that signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute Community collective marks within the meaning of Art. 66 (1) of that Regulation. The protection scope of registered Community collective marks is the same as in the case of Community trade marks[56] and therefore are governed by the trade mark law.

There could be distinguished legal and economic reasons to choose either the direct protection system or Community trade mark protection system to be examined further separately.

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[50] Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54.

[51] Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 299, 16.11.2007, pp. 1–149.

[52] Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. OJ, L 149, 14.06.1991, pp. 1–9 [Aromatised Wines Regulation].

[53] Arts. 6, 8 (5), and 10a of the Aromatised Wines Regulation provide that protection of IGOs in respect of aromatised wines shall be ensured by the EU Member States according to the Art. 23 TRIPS (by which all EU Member States as World Trade Organisation Members are bound) and the national law. Therefore, it is not possible to speak about the protection norms at the EU level in respect of IGOs concerning aromatised wines in difference from other three Regulations concerning IGOs.

[54] For regulation of IGOs as Community collective marks, *see generally* Evans (2010), pp. 657–659; for brief general description of regulation on Community collective marks, *see* Tritton (2008), p. 429.

[55] Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version). OJ L 78, 24.3.2009, p. 1–42. Similar provision in almost identical wording is introduced in Art. 5 (2) of the Codifying Trade Mark Directive (Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (Codified version). OJ L 299, 8.11.2008, pp. 25–33).

[56] *See* Art. 64 (3) of the Codifying Community Trade Mark Regulation.

10.3.2 Legal Reasons

In the beginning, it shall be noted that both protection systems are based on a registration protection principle: protection becomes effective only after the registration of a particular IGO takes place. Therefore, unregistered IGOs will not be subject to any protection at the EU level contrary to certain other IP objects, namely unregistered Community designs. Similarly, as justly concluded in the legal literature, 'neither the [IGO] nor the Community collective mark permit the proprietor to control *who* can use the designation'.[57]

Still several dissimilarities may be found between both legal regimes which arise from differences between the direct protection system and specifics of the trade mark law. Thus, as justly indicated in legal literature, 'the registration of [an IGO] product as a collective mark cannot prevent it from being becoming generic. Furthermore, to be allowed the continued use of a collective mark, it must be renewed every ten years',[58] as well as it is subject to revocation for the non-use.[59] Both those aspects apply also for Community collective marks by the virtue of Art. 64 (3) of the Codifying Community Trade Mark Regulation and are their disadvantages if compared with the direct protection system providing protection for unlimited period of time, prohibition for registered IGOs turn into generic names, and no sanctions for non-use or insufficient use.

Furthermore, from the scope of protection without doubt the direct protection (sui generis) protection prevails over the registration of IGOs as Community collective marks. The direct protection system has the broadest possible scope of protection for distinctive signs, similar to the protection of Community trade marks with reputation [as provided by Art. 9 (1) (c) of the Codifying Community Trade Mark Regulation which extends also to Community collective marks[60]]. Thus, as the Swedish court recognised the registered IGO *Champagne* as a 'reputable collective mark', it ordered the cancellation of the defendant's mark CHAMPAGNE for spectacle frames in Institut National des Appellations d'Origine v Handelshuset OPEX AB (Case 99-004).[61] Another example comes from the EU where in the case *Muñoz Arraiza v OHIM* the General court upheld the decision of the Board of Appeals of OHIM by annulling the word trade mark RIOJAVINA based on a series of earlier trade marks, including a Community collective mark comprising the word *Rioja*.[62]

Yet, the scope of the protection of IGOs under applicable Regulations (except the Aromatised Wines Regulation) is broader than the protection available under

[57] Evans (2010), p. 668.

[58] Tehrani and Manap (2013), p. 73; *see* also González (2012), pp. 258–259.

[59] González (2012), p. 259.

[60] See Art. 66 (3) of the Codifying Community Trade Mark Regulation.

[61] Champagne' is protected as a reputed collective mark (2003).

[62] Case C-388/10 P Félix Muñoz Arraiza v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) [2011] ECR I-00042 – RIOJAVINA.

trade mark law even for Community collective marks with reputation. Therefore the absolute protection covers protection not only against misleading use or detriment to reputation, but any use of registered IGOs irrespective of consumer misleading, i.e. absolute protection.[63] Considering such a broad scope of protection, the direct protection system has the same rationale as protection of trade marks against dilution as academically substantiated by Frenk I. Schechter, i.e. 'the creation and retention of custom'[64] and exercise of their 'selling power'.[65]

Therefore, if protection under trade mark law for Community collective marks covers only the likelihood of confusion and in case of marks with reputation—also detriment to reputation or distinctive character, protection of registered PDOs or PGIs under the direct protection system covers not only those cases, but even extends to evocation of the registered IGO in question, for instance, it was established that the designation *Parmesan* evokes the registered IGO *Parmigiano Reggiano*.[66] Therefore, it is disputable whether it would be said that 'trade mark protection will be as broad as the protection given to GIs' under the direct protection system even if it refers to Community collective marks with reputation.[67]

Having protection scope of IGOs under direct protection system as broad as such protection is even possible, the natural and completely logical question arises whether there could be any disadvantages for such protection system at all. But it would be a hasty conclusion, considering the specific registration regulation of IGOs within the direct protection system.

The first problem relates to the situation already described by the author of these lines when due to different reasons a particular IGO does not qualify for registration or has lost its registration as it happened with the IGO *Newcastle brown ale* which lost its registration due to a transfer of its production from Newcastle to the neighbouring Gateshead.[68] Therefore, in such cases the protection of Community collective mark should be selected.

The next problem relates to the possibility of a refusal of registration either by the European Commission, reviewing the application for registration of a particular IGO, or by the CJEU if objections are filed against the publication of the application. The possibility of such objections has been proved brightly in the former experience as it was concerning such famous IGOs as *Feta*.[69] Here, it should be

[63] For discussion of the scope of protection norms under the three applicable Regulations (except the Aromatised Wines Regulation because it does not have such protection norms), *see generally* Mantrov (2012), pp. 188–194; the commentary to Art. 13 of the Quality Schemes Regulation above.

[64] Schechter (1926–1927), at p. 822.

[65] Schechter (1926–1927), at p. 819.

[66] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan.

[67] Bently and Sherman (2006), p. 897.

[68] *See* Mantrov (2012), p. 178.

[69] Joined cases C-289/96, C-293/96 and C-299/96 Kingdom of Denmark, Federal Republic of Germany and French Republic v Commission of the European Communities [1999] ECR I-01541

considered that certain risk elements arise when an application for the registration of a particular IGO is lodged with the Commission: if no national protection on a transitional basis applies for such applied IGO, there could be gaps in time for its protection in the case of refusal of its registration, allowing defence options for the possible imitators of the particular IGO.[70]

Another problem relates to the question of co-existence which may be allowed by the European Commission during the registration process and which may not only harm, but even diminish the protection scope and consequently the economic force of a particular IGO after its registration within the EU. Thus, the leading example in the co-existence situation is the registered IGO *Bayerisches Bier*: its co-existence with a similar designation—*Bavaria*—was allowed without any limitation in time or territory as provided by Art. 3 of Regulation No 1347/2001.[71] In contrast, the Codifying Community Trade Mark Regulation does not provide any co-existence between Community collective marks and other designations.

Consequently, if such co-existence is possible in the case of an IGO to be applied for registration considering its use in other EU Member States, the necessity to apply a particular IGO for the direct protection system could be questioned; instead choosing the registration of a Community collective mark where such co-existence is not envisaged should be considered.

Finally, various treatment concerning contents of the product specification of a registered IGO under both legal regimes should be considered. Thus, since the applicant for a Community collective mark must submit regulations governing its use [Art. 65 (1) of the Codifying Community Trade Mark Regulation], these regulations

> shall specify the persons authorized to use the mark, the conditions of membership of the association and, where they exist, the conditions of use of the mark including sanctions (Art. 65 (2) of the Codifying Community Trade Mark Regulation).

Therefore, contrary to the direct protection system, the Community collective mark offers greater freedom for specifying conditions for the use of the mark and inspection procedures in such way, as justly concluded, 'allowing new agricultural undertakings the opportunity to match the conditions of production to their current level of development'.[72]

– Feta I; Joined cases C-465/02 and C-466/02 *Federal Republic of Germany (C-465/02) and Kingdom of Denmark (C-466/02) v Commission of the European Communities* [2005] ECR I-09115 – Feta II.

[70] For overview of such risks, see Bently and Sherman (2006), pp. 892–894.

[71] Council Regulation (EC) No 1347/2001 of 28 June 2001 supplementing the Annex to Commission Regulation (EC) No 1107/96 on the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Council Regulation (EEC) No 2081/92. OJ, L 182, 05.07.2001, pp. 3–4. See in this regard also the CJEU judgment interpreting that Regulation (Case C-343/07 *Bavaria NV and Bavaria Italia Srl v Bayerischer Brauerbund eV* [2009] ECR I-05491 – Bavaria).

[72] Evans (2010), pp. 667–668.

Still, as there is no prohibition to supplement IGOs protected under the direct protection system with graphic symbols that cannot be registered under the direct protection system,[73] such graphic symbols may be registered as Community collective marks and used as supplementary signs to those registered IGOs. Yet, due to the reason that the direct protection system is of exclusive nature as stated above, one and the same name may not be protected simultaneously either under the direct protection system or as a Community (or national) collective mark. Consequently, the registration of those Community collective marks registered either at the national level in EU Member States or at the EU level as Community collective marks cease to exist after they are applied for registration within the direct protection system.[74]

Therefore, though IGOs enjoy broader protection under the direct protection system as justly concluded before,[75] there could be different legal reasons to opt for Community collective mark protection system instead.

10.3.3 Economic Reasons

If both protection systems of IGOs are contrasted from the economic point of view, the Community collective mark protection seems more advantageous.

The application fee for Community collective marks is EUR 1800 as currently provided by Art. 1 (1) (c) of the OHIM Fees Regulation[76]; the registration process for Community collective marks may take up to 23 months (if no problems occur during the registration process), according to the OHIM standards.[77] Therefore, a Community collective mark may be obtained within 2 years for EUR 1800.

As regards IGOs to be applied within the direct protection system, there is no time schedule for registration of such IGOs as it depends on the time necessary for the association of producers to draft and agree on a product specification for a particular IGO, subsequent reviewing (scrutinising) of its application firstly by national authorities of a respective EU Member State and then—by the European Commission. The timing of the EU phase is regulated in two applicable Regulations only[78] (except the Single CMO Regulation[79] and the Aromatised Wines Regulation) but it is subject to

[73] As correctly pointed out in the legal literature in this regard, 'EU GIs can only be *names* while marks can be any sign of being represented graphically' (González 2012, p. 259).

[74] See Bently and Sherman (2006), pp. 877–878.

[75] González (2012), p. 263.

[76] Commission Regulation (EC) No 355/2009 of 31 March 2009 amending Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs) and Regulation (EC) No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade mark. OJ, L 109, 30.04.2009, pp. 3–5.

[77] OHIM Timeliness Service Standards (2013).

[78] Art. 50 of the Quality Schemes Regulation; Art. 17 of the Spirits Regulation.

[79] Art. 118.g of the Single CMO Regulation does not provide any time limits for the EU phase.

Table 10.1 The first five registered IGOs in the year 2014 (in respect of agricultural products and foodstuffs except wines and spirits)

Name of registered IGO	Date of submission	Date of publication	Date of registration
West Country Beef (PGI) (United Kingdom)	21.12.2007	09.08.2013	15.01.2014
West Country Lamb (PGI) (United Kingdom)	21.12.2007	09.08.2013	15.01.2014
Anglesey Sea Salt/Halen Môn (PDO) (United Kingdom)	11.12.2012	10.08.2013	15.01.2014
Châtaigne d'Ardèche (France)	12.04.2011	14.08.2013	21.01.2014
Miel de Tenerife (PDO) (Spain)	24.01.2012	14.08.2013	21.01.2014

different reservations depending on a Regulation.[80] Still, such timing may be established with more or less precision concerning the phase when a particular application is submitted for review by the European Commission, considering the existing registered IGOs within the direct protection system. Thus, the first five registered IGOs (in respect of agricultural products and foodstuffs except wines and spirits) in the year 2014 with their registration timing are as shown in Table 10.1[81]

Based on the above data, it may be concluded that the registration of IGOs in the direct protection system at the moment takes 2–6 years only within the European Commission in addition to the national phase in EU Member States. Beyond any doubts, if objections are filed, additional time is required. The example of *Feta* is the leading example in this case: it was applied for registration by a letter of 21 January 1994 of the Greek Government,[82] but the CJEU adopted its second judgment approving its registration on 25 October 2005[83] thereby 11 years were required for its registration only at the EU level.

Therefore, the registration process of IGOs is lengthy first at national authorities of the respective EU Member State and later at the European Commission, involving also the CJEU in the case of objections against an IGO applied for registration. Such process is related to legal and related costs that increase expenses for registration of a particular IGO. In addition, IGOs in undeveloped rural areas, especially in Eastern Europe, may remain unregistered not only due to the mentioned problems, but also due to poor traditions for the use of IGOs. Such lack of traditions may be substantiated with the unwillingness of local and state authorities to deal with the issue of IGOs.

[80] *See* commentary of respective articles above (for Art. 50 of the Quality Schemes Regulation, *see* Sect. 6.2 above; for Art. 17 of the Spirits Regulation, *see* Sect. 7.2 above).

[81] The DOOR database (as of 22 May 2013), available at http://ec.europa.eu/agriculture/quality/door/list.html?recordStart=0&recordPerPage=10&recordEnd=10&filter.status=REGISTERED&sort.milestone=desc.

[82] Joined cases C-465/02 and C-466/02 *Federal Republic of Germany (C-465/02) and Kingdom of Denmark (C-466/02) v Commission of the European Communities* [2005] ECR I-09115 - Feta, at para. 11.

[83] Joined cases C-465/02 and C-466/02 *Federal Republic of Germany (C-465/02) and Kingdom of Denmark (C-466/02) v Commission of the European Communities* [2005] ECR I-09115 – Feta.

Finally, empirical data available concerning the number of registered IGOs within both protection systems should be mentioned.

From one side, 1997 applications regarding the registration of Community collective marks were received by the OHIM before 2013, which altogether constitutes 0.18 % of all Community trade mark applications.[84] In total 1240 of the mentioned applications were registered or 0.14 % of all registered Community trade marks.[85] Yet, no data depicting how many of these applications were filed specifically concerning IGOs are available. Still, the existing examples of Community collective marks show that even famous IGOs are registered as collective marks, for instance, *Rioja* and, moreover, protected in their capacity as collective marks as discussed above. For the sake of truth it may be admitted that the case of the registered IGO *Rioja* is specific as on the date of registration of the Community collective mark referred to above there was no registration procedure for wines applicable as it was introduced for the first time only in 2008.[86]

From the other side, so far 1,205 IGOs have been registered in respect of agricultural products and foodstuffs except wines and spirits on the basis of Quality Schemes Regulation and its predecessors as of 09 February 2014,[87] including those IGOs registered as collective marks such as *Rioja* as referred to above.

Therefore, notwithstanding the obvious advantage of the direct protection system due to its broad scope of protection, advantages of the Community collective mark protection, which would be more suitable in the case of certain IGOs, may be identified. Therefore, it is true as already stated in the literature that 'the best strategy to follow in a specific case can only be assessed on a case-by-case basis'.[88] However, as it was justly concluded previously in respect of Brazil, but which may be extended to the EU as well, '[t]he choice will depend on the specific features inherent to each of these instruments of industrial property'.[89]

Therefore, discussion in this section reveals the rationale for the existence of both protection possibilities for IGOs in respect of agricultural products and foodstuffs at the EU level: the direct protection system and Community collective mark protection. If the direct protection system may be extended also to non-agricultural products, considering conclusions made in the studies ordered by the European Commission,[90] existence of both protection possibilities will be applicable also in the case of such type of products. Significance of the analysis

[84] OHIM Statistics on Community Trade Marks, Community Designs and Appeals (2013).

[85] OHIM Statistics on Community Trade Marks, Community Designs and Appeals (2013).

[86] Council Regulation (EC) No 479/2008 on the common organisation of the market in wine, amending Regulations (EC) No 1493/1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and repealing Regulations (EEC) No 2392/86 and (EC) No 1493/1999. OJ. L 148, 06.06.2008, pp. 1–61.

[87] The DOOR database (as of 09 February 2014).

[88] González (2012), p. 263.

[89] da Silva and Peralta (2011), p. 246.

[90] Insight Consulting, REDD, OriGIn (2013).

in this section lies in distinguishing such cases when the Community collective mark protection still may prevail over the direct protection system even considering that the mentioned protection system provides a broader scope of protection than the previous one. Still, further studies are required to explore the practical influence of such conclusions by obtaining empirical data on the behaviour of the associations of producers and consequences of their decisions, selecting either the direct protection system or the Community collective mark protection.

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Chapter 11
Indirect Protection System

11.1 Introduction

As it was characterised in Chap. 5 of this book, protection of IGOs in the EU law consists of two protection systems: the direct protection system and the indirect protection system. If the first protection system is generally ensured through the applicable Regulations that are applicable without their further transposition into the national law of EU Member States, the other one is generally ensured through directives to be further transposed into the national law of EU Member States.

Likewise, in contrast to the direct protection system which covers qualified IGOs only in respect of agricultural products and foodstuffs, the indirect protection system covers IGOs in respect of any type of products, i.e. both agricultural products and foodstuffs and non-agricultural products, as well as services if such would be a case.

Consequently, if the direct protection system regulates IGOs as a unitary IP right, i.e. an IP right to be acquired at the EU level, the indirect protection system covers, from one side, registered IGOs within the direct protection system and, from the other side, IGOs protected at the national level, i.e. by national law of EU Member States. In the last case, these IGOs are considered as purely national IP rights protected within respective EU Member States.

Therefore, the indirect protection system provides twofold protection for IGOs. On the one hand, the indirect protection system provides the protection of registered IGOs within the direct protection system in addition to protection norms under the applicable Regulations. Several references to legal acts falling within the indirect protection system are made by the applicable Regulations themselves, for instance, these Regulations refer to the Labelling Directive[1] or trade mark law.[2] On the other

[1] Art. 2 (3) and Art. 12 (5) of the Quality Schemes Regulation; Art. 10 of the Spirits Regulation; Art. 118.x of the Single CMO Regulation; Art. 8 of the Aromatised Wines Regulation.

[2] Art. 14 and Art. 12 (5) of the Quality Schemes Regulation; Art. 23 of the Spirits Regulation; Art. 118.l of the Single CMO Regulation.

V. Mantrov, *EU Law on Indications of Geographical Origin*,
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hand, the indirect protection system also provides protection for those IGOs that are not covered by the direct protection system. These IGOs which are not covered by the direct protection system include national IGOs of two types: qualified IGOs in respect of non-agricultural products that are not covered by the direct protection system from the point of view of the coverage of products and simple, quality neutral IGOs.

Support of these conclusions may be found in the CJEU's jurisprudence. The leading case on interrelation between both protection systems as it was discussed previously is the *Salami Felino*[3] case. Particularly, the CJEU dealt with the issue whether the Labelling Directive may be applied in respect of a geographical designation which was not submitted to the European Commission for scrutiny under Regulation 2081/92 in force at that time (now the Quality Schemes Regulation). In this case, both Advocate-General Sharpston[4] and the CJEU[5] established that the Labelling Directive and Regulation 2081/92 (and consequently its current successor the Quality Schemes Regulation) have 'differences in the objectives' and 'in the scope of protection they provide'. However, in none of situations involving registered IGOs or IGOs applied for registration the application scope of the Labelling Directive should not be restricted concerning labelling of products bearing such IGOs.[6]

By extrapolating that conclusion, protection of IGOs within the direct protection system should not influence of their protection within the indirect protection system just because these both protection systems pursue different objectives.

The main aim for the regulation of IGOs within the indirect protection system is not specifically related to IGOs themselves contrary to the direct protection system that is established specifically to cover the protection of IGOs. Instead, the indirect protection system covers a different kind of interests, depending on a particular legal act and, by regulating these interests, these legal acts, inter alia, also cover IGOs. For instance, the interest to avoid monopolisation of IGOs by proprietors of trade marks—it would mean that the trade mark law will be one of such fields which indirectly provides protection of IGOs through the prohibition of registering trade marks solely consisting of IGOs; labelling law which relates to information to be presented on labelling of products, inter alia, bearing IGOs—it would prohibit the use of designations that would mislead as to the geographical origin of goods or services; or customs law precluding bringing into the internal market such products that are denoted by signs that would infringe an exclusive right of the IGO right-holders. As such kind of interests is approximated in certain aspects at the EU level,

[3] Case C-446/07 Alberto Severi v Regione Emilia Romagna [2009] ECR I-08041 – Salame Felino.

[4] Advocate-General Eleonor Sharpston Opinion in Case C-446/07 Alberto Severi v Regione Emilia Romagna [2009] ECR I-08041 – Salame Felino, paras. 46–49.

[5] *See* Case C-446/07 Alberto Severi v Regione Emilia Romagna [2009] ECR I-08041 – Salame Felino, para. 58.

[6] Advocate-General Eleonor Sharpston Opinion in Case C-446/07 Alberto Severi v Regione Emilia Romagna [2009] ECR I-08041 – Salame Felino, para. 49 et seq.; *See* Case C-446/07 Alberto Severi v Regione Emilia Romagna [2009] ECR I-08041 – Salame Felino, paras. 58 and 63.

they are regulated indirectly through directives, leaving transposition of the regulation into the national law within the discretion of EU Member States.

Due to the character of the regulation, the indirect protection system deals with IGOs indirectly insofar as it falls within the scope of the regulation of particular interests by a respective legal act.

Protection of these interests is ensured by a separate directive. Therefore, these directives are separately explored in the following sections of this chapter, starting with the trade mark law, continuing with labelling law, advertising law, consumer protection law, and customs law, and finishing with other legal areas where the protection of IGOs is regulated indirectly.

11.2 Trade Mark Law

In addition to the Community collective mark regulation, which supplements the direct protection system by allowing the acquisition of a unitary right in relation to IGOs,[7] the protection of IGOs is ensured through other provisions of the EU trade mark law. Such protection is based on two different situations. First, it is related to the prohibition of registering trade marks that consist of IGOs in certain cases.[8] As in this regard it is justly stated concerning trade mark law in general, it precludes 'registration of geographical indications [IGOs according to the terminology of this book — author's remark] as trade marks'.[9] Second, it permits the revocation of trade marks if their use after registration may be misleading due to their geographical character.

As regards the EU law, two legal acts that are applied in the sphere of the EU trade mark law could be distinguished, by providing protection as it is already indicated by the author of these lines in the legal literature.[10] First, it is the Codifying Community Trade Mark Regulation[11] in respect of Community trade marks. Second, it is the Codifying Community Trade Mark Directive[12] in respect of national trade marks of EU Member States.

Four types of prohibitions that may be applied cumulatively or separately, depending on the circumstances of a case, may be identified.

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[7] For the discussion of the Community collective mark regulation, *see* Chap. 10 above.

[8] Such view was previously expressed in the legal literature by the author of these lines (*see* Mantrov 2012, p. 181).

[9] Heath (2005), p. 125.

[10] See Mantrovs (2006), pp. 180–181; Mantrov (2012), p. 181.

[11] Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version) [Codifying Community Trade Mark Regulation]. OJ, L 78, 24.03.2009, pp. 1–42.

[12] Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (Codified version). OJ, L 299, 08.11.2008, pp. 25–33 [Codifying Community Trade Mark Directive].

First, a prohibition to register such designations (signs) as trade marks that solely consist of IGOs, i.e. such designations which refer to the geographical origin of goods or services in question. Such prohibition is provided in Art. 3 (1) (c) of the Codifying Community Trade Mark Directive, from one side, and Art. 7 (1) (c) of the Codifying Community Trade Mark Regulation, from the other side. As it is provided in the former legal act (and contained in almost identical wording in the latter legal act), trade marks that consist exclusively of signs or indications which may serve, in trade, to designate geographical origin of the goods or service, shall not be registered or, if registered, shall be liable to be declared invalid.

Second, a prohibition to register such designations as trade marks that might mislead consumers, inter alia, about the geographical origin of goods or services in question. Such prohibition is provided in Art. 3 (1) (g) of the Codifying Community Trade Mark Directive and also in Art. 7 (1) (g) of the Codifying Community Trade Mark Regulation in almost identical wording by providing that trade marks, which are of such a nature as to deceive the public, for instance, as to geographical origin of the goods or service, shall not be registered or, if registered, shall be liable to be declared invalid.

Third, Art. 7 (1) (j) of the Codifying Community Trade Mark Regulation provides that trade marks of wines containing or consisting of a geographical indication, identifying wines, or trade marks of spirits containing or consisting of a geographical indication, identifying spirits, with respect to such wines or spirits not having this origin shall not be registered.

Fourth, Art. 7 (1) (k) of the Codifying Community Trade Mark Regulation provides that trade marks containing or consisting of a designation of origin or a geographical indication registered in accordance with Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs in case they correspond to one of the situations covered by Art. 13 of the said Regulation and regarding the same type of product, under the condition that the application for registration of the trade mark has been submitted after the date of filing the application with the Commission for the registration of the designation of origin or geographical indication, shall not be registered.

Though the last two grounds are not provided by the Codifying Community Trade Mark Directive itself, most of EU Member States have included these grounds in their national trade mark laws. The reason for such action of EU Member States lies in the fact that they shall ensure compliance of their national trade mark law with obligations under international law, specifically Art. 23 TRIPS, and their competence to ensure the protection of registered IGOs within the EU direct protection system. Competence aspects of EU Member States for ensuring the protection of registered IGOs within the direct protection system are further explored in the last chapter of this book.

In addition to invalidation grounds mentioned above, a possibility to revoke trade marks, used after the registration thereof in a way that misleads consumers as to the nature, quality or geographical origin of the goods or services in question, is provided. These grounds for revocation of trade marks are provided both in relation

to Community trade marks[13] and national trade marks.[14] These grounds may apply in different circumstances. They could be applied in separate court proceedings during which a claim is brought on the basis of these grounds or it could be defence in infringement action or cancellation action. Though it is not usually possible to dispute an opposing trade mark (a trade mark for the protection of which a particular action or opposition is filed) in opposition proceedings, still it does not influence the possibility for an opposed trade mark's proprietor to bring a separate action to the court for revocation of an opposing trade mark if the referred to revocation grounds apply.

Additional protection of IGOs may be ensured in trade mark law through their inclusion in names of entrepreneurs, i.e. through trade names. The leading case in this situation is the *Budweiser* case (Finland)[15] where the CJEU held that if an IGO is included in a trade name then it may acquire an earlier (prior) right arising from the registration of that trade name which consequently could be used as a ground for challenging a trade mark registration. Such right may even exist if a respective IGO is not used in a particular jurisdiction (in this case—Finland) in respect of goods in question but its sole use arises from the use of a particular trade name.

11.3 Labelling Law

The labelling law[16] is one of the cornerstones for the smooth functioning of the internal market, requiring producers, importers, and retailers to use clear and true information about goods. In addition, the labelling law is one of the main elements of the common agricultural policy, requiring producers to provide certain information to consumers specifically concerning different types of agricultural products and foodstuffs.

As the labelling law requires certain true and accurate information to be displayed on the labelling of goods, it prescribes, inter alia, indication of true information about the geographical origin of goods in question. As far as such duty is provided, it concerns IGOs, namely, the prohibition of misleading the consumers by using simple, quality neutral IGOs (such as 'Made in…' or 'Produced in …') on goods.

[13] Art. 51 (1) (c) of the Codifying Community Trade Mark Regulation.

[14] Art. 12 (2) (b) of the Codifying Community Trade Mark Directive.

[15] Case C-245/02 Anheuser-Busch Inc. v Budějovický Budvar, národní podnik [2004] ECR I-10989 – Budweiser (Finland).

[16] Such view was previously expressed in the legal literature by the author of these lines (*see* Mantrov 2012, p. 182).

For a considerable period of time the EU labelling law was regulated by Directive 79/112/EEC,[17] which provided prohibition for misleading uses.[18] It was replaced in 2000 when the Labelling Directive[19] entered into force on 26 May 2000. However, the Labelling Directive shall be applicable until 13 December 2014 when it will be repealed by a completely new legislative framework established by Regulation No 1169/2011[20] (hereinafter the Food Information Directive).

From the point of view of the scope of the covered goods, legal regimes under the currently effective Labelling Directive and the Food Information Directive to be applied in the future use slightly different approaches that are already presented in their titles. From one side, the Labelling Directive applies to foodstuffs and their labelling.[21] However, the new Food Information Regulation will be applied in respect of food and information presented for food.[22]

Both of above legal acts are similar from the point of view of the legal regime that applies to IGOs.

On the one hand, Art. 1 (3) (a) of the Labelling Directive provides the legal definition of the concept 'labelling' which

> shall mean any words, particulars, trade marks, brand name, pictorial matter or symbol relating to a foodstuff and placed on any packaging, document, notice, label, ring or collar accompanying or referring to such foodstuff.

Furthermore, the Labelling Directive defines the scope for the protection of consumers in respect of labelling. Art. 2 (1) (a) (i) provides that

> the labelling and methods used must not be such as could mislead the purchaser to a material degree, particularly as to the characteristics of the foodstuff and, in particular, as to its nature, identity, properties, composition, quantity, durability, origin or provenance, method of manufacture or production.

Therefore, if a designation is used in the labelling of a particular foodstuff that could (it means that there should be mere probability, but not an actually

[17] Council Directive 79/112/EEC of 18 December 1978 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer. OJ, L 33, 08.02.1979, pp. 0001–0014.

[18] Perez (1999), p. 124.

[19] Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs [Labelling Directive]. OJ, L 109, 06.05.2000, pp. 29–42.

[20] Regulation (EU) No 1169/2011 of the European Parliament and of the Council of 25 October 2011 on the provision of food information to consumers, amending Regulations (EC) No 1924/2006 and (EC) No 1925/2006 of the European Parliament and of the Council, and repealing Commission Directive 87/250/EEC, Council Directive 90/496/EEC, Commission Directive 1999/10/EC, Directive 2000/13/EC of the European Parliament and of the Council, Commission Directives 2002/67/EC and 2008/5/EC and Commission Regulation (EC) No 608/2004 [Food Information Directive]. OJ, L 304, 22.11.2011, pp. 18–63.

[21] *See* Art. 1 of the Labelling Directive.

[22] *See* Art. 1 of the Food Information Regulation concerning subject matter and scope of this Regulation.

established misleading case) mislead consumers as to their geographical origin, it should be prohibited within the framework of the Labelling Directive.

On the other hand, the Food Information Directive provides similar obligations. Recital 29 to this Regulation states that '[t]he indication of the country of origin or of the place of provenance of a food should be provided whenever its absence is likely to mislead consumers as to the true country of origin or place of provenance of that product'.

By providing fair information practices in Art. 7, it also relates to IGOs. Thus, Art. 7 (1) (a) provides that

> [f]ood information shall not be misleading, particularly as to the characteristics of the food and, in particular, as to its nature, identity, properties, composition, quantity, durability, country of origin or place of provenance, method of manufacture or production.

Therefore, by comparing Art. 2 (1) (a) (i) of the Labelling Directive and Art. 7 (1) (a) of the Food Information Directive, one may arrive at the conclusion that the legislative framework as far as it relates to IGOs in providing information (labelling) of food products (or previously foodstuffs) will not be considerably changed when the new Food Information Directive enters into force.

11.4 Advertising Law

The advertising law also could be distinguished as one of such legal branches that falls within the indirect protection system. The advertising law as it is defined in the EU law would relate to two illegal acts, namely misleading advertising and unpermitted comparative advertising. Considering the application scope of those violations in the field of advertising law they both may apply, inter alia, to IGOs[23] to be discussed in general in this section.

Directive 2006/114/EC[24] (hereinafter the Misleading and Comparative Advertising Directive), which entered into force on 12 December 2007, has codification of Directive 84/450/EEC[25] and its subsequent amendments as its main aim.[26] Similarly as Directive 84/450/EEC which was in force previously, it governs both misleading advertising and unpermitted comparative advertising as two separate

[23] Such view was previously expressed in the legal literature by the author of these lines (*see* Mantrov 2012, p. 182).

[24] Directive 2006/114/EC of the European Parliament and of the Council concerning misleading and comparative advertising [Misleading and Comparative Advertising Directive]. OJ, L 376, 27.12.2006, pp. 21–27.

[25] Council Directive 84/450/EEC of 10 September 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising. OJ L 250, 19.9.1984, pp. 17–20.

[26] *See* Proposal for a Directive of the European Parliament and of the Council concerning misleading and comparative advertising (codified version). Brussels, 19.05.2006, COM(2006) 222 final; Point 1 of the preamble for the Misleading and Comparative Advertising Directive.

independent violations as it arises from the scope of the referred to Directive.[27] Yet, it should be taken into account that a national court of an EU Member State recently has requested interpretation from the CJEU in this question concerning the scope of the Misleading and Comparative Advertising Directive. Specifically, it asked whether the Misleading and Comparative Advertising Directive should be interpreted

> as referring to advertising that is misleading and at the same time based on unlawful comparison, or to two separate offences, each of which may be relevant in its own right, namely misleading advertising and unlawful comparative advertising.[28]

It remains to be seen what interpretation will be given by the CJEU; however, it may be expected that it will support the assumption that the Misleading and Advertising Directive regulates misleading advertising and unpermitted comparative advertising as two separate independent violations as it fully corresponds to the nature and provisions of that Directive.

The aim of the Misleading and Comparative Advertising Directive is twofold and relates to both types of the aforementioned violations in the advertising law. From the point of view of misleading advertising, the Misleading and Comparative Advertising Directive seeks to establish 'minimum and objective criteria for determining whether advertising is misleading'.[29] But, from the point of view of comparative advertising, it also seeks to establish

> [c]onditions of permitted comparative advertising, as far as the comparison is concerned, should be established' in order to determine which practices relating to comparative advertising may distort competition, be detrimental to competitors and have an adverse effect on consumer choice.[30]

If from the perspective of protection, misleading advertising may be viewed as one of the forms of unfair competition, yet specifically dealt in a separate field, namely, advertising law, it is different in the case of comparative advertising as it relates to the situation when two or more products, even involving their respective trade marks or IGOs, may be compared from different angles. In this point, the Misleading and Comparative Advertising Directive seems to define balance between comparative advertising and its interrelation with rights conferred upon IP objects if this comparison involves products bearing IP objects including IGOs. The Misleading and Comparative Advertising Directive defines such borderline itself, by providing the following test:

> 'use of another's trade mark, trade name or other distinguishing marks does not breach this exclusive right in cases where it complies with the conditions laid down by this Directive, the intended target being solely to distinguish' between them and thus to highlight differences objectively.[31]

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[27] See Art. 1 of the Misleading and Comparative Advertising Directive.

[28] Case C-651/11 Staatssecretaris van Financiën v X BV, OJ, 2012, C 73, p. 17.

[29] Point 7 of the preamble for the Misleading and Comparative Advertising Directive.

[30] Point 9 of the preamble for the Misleading and Comparative Advertising Directive.

[31] Point 15 of the preamble for the Misleading and Comparative Advertising Directive.

Though this provision explicitly does not mention IGOs, still it should be noted that it refers to 'other distinguishing marks' which, from the point of view of the indications of origin,[32] without doubt should cover IGOs as well. The validity of such conclusion is testified by the Misleading and Comparative Advertising Directive itself by explicitly referring to the Foodstuffs Regulation[33] and 'of the other Community provisions adopted in the agricultural sphere'[34] therefore covering also other applicable Regulations within the direct protection system.

Art. 2 of the Misleading and Comparative Advertising Directive provides legal definitions of concepts exploited under the mentioned Directive. In accordance with Art. 2 (a) of the Misleading and Comparative Advertising Directive, the concept 'advertising' means the making of a representation in any form in relation to trade, business, craft or profession in order to promote the supply of goods or services, including immovable property, rights and obligations. As IGOs contain a reference to the geographical origin of goods or services in question, without doubt making its representation for promoting such goods and services would constitute advertising under this Art. There is broad CJEU's jurisprudence for the interpretation of the concept 'advertising'—the last case decided by the CJEU was concerning domain names and the use of metatags in a website's metadata.[35] However, there was no case before the CJEU concerning interpretation of misleading advertising in relation to IGOs so far. Also legislative documents are of little help in this issue as they do not discuss provisions on misleading advertising from the point of view of IGOs.[36]

Legal definitions of the concepts 'misleading advertising' and 'comparative advertising' are also provided.

Thus, misleading advertising means any advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behaviour or which, for those reasons, injures or is likely to injure a competitor.[37]

As it arises from the legal definition of this concept, misleading advertising means advertising which irrespective of the character of misleading, i.e. either direct or indirect, intentionally or unintentionally, deceives or is likely to deceive

[32] For discussion of indications of origin, see Sect. 3.1 of this book.

[33] Point 12 of the preamble for the Misleading and Comparative Advertising Directive.

[34] Point 12 of the preamble for the Misleading and Comparative Advertising Directive.

[35] Case C-657/11 Belgian Electronic Sorting Technology NV v Bert Peelaers and Visys NV [2013] ECR 00000.

[36] For the Directive 84/450/EEC, *see* Proposal for a Council Directive relating to the approximation of the laws, regulations and administrative provisions of the Member states concerning misleading and unfair advertising. COM/77/724 FINAL. OJ, C 70, 21.3.1978, pp. 4–6. For the Misleading and Comparative Advertising Directive, *see* Proposal for a Directive of the European Parliament and of the Council concerning misleading and comparative advertising (codified version). Brussels, 19.05.2006, COM(2006) 222 final.

[37] Art. 2 (b) of the Misleading and Comparative Advertising Directive.

consumers. Consequently, one may arrive at the conclusion that the use of false or misleading IGOs is covered by provisions of the Misleading and Comparative Advertising Directive.

That conclusion is supported by provisions of the Directive itself.

First, it is supported by recital 12 of the preamble to the Directive, explicitly referring to the Foodstuffs Regulation. It should be noted that despite the Misleading and Comparative Advertising Directive mentions the Foodstuffs Regulation only, it does not mean that this Directive does not apply to other applicable Regulations falling within the EU direct protection system. This fact should be rather considered as negligence while drafting this Directive.

Second, it is supported by Art. 3 of the Misleading and Comparative Advertising Directive, providing criteria for determination whether a particular advertising could be considered as misleading. Thus, it provides that

> [i]n determining whether advertising is misleading, account shall be taken of all its features, and in particular of any information it contains concerning the characteristics of goods or services, such as their [..] geographical or commercial origin [..].

Therefore, it is justly concluded by Advocate-General Francis Geoffrey Jacobs that misleading advertising under the particular Directive covers, inter alia, also GIs (IGOs—according to the terminology of this book).[38]

In addition, comparative advertising means any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor.[39] The test to determine whether a particular comparative advertising should be permitted is laid down in Art. 4 of the Misleading and Comparative Advertising Directive that should be taken into account by IGO right-holders if they use comparative advertising in promotion of their products or their IGOs are involved in such a comparative advertising.

11.5 Consumer Protection Law

As the use of false and misleading IGOs involves creation of wrong impression among consumers concerning goods and services in question, i.e. misleading consumers, it involves rules on the protection of consumer rights.[40] In this regard, Directive 2005/29/EC[41] (Unfair Commercial Practices Directive) concerning unfair business-to-consumer commercial practices could be distinguished.

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[38] Advocate-General Francis Geoffrey Jacobs Opinion in Case C-312/98 *Schutzverband gegen Unwesen in der Wirtschaft eV v Warsteiner Brauerei Haus Cramer GmbH & Co. KG* [2000] ECR I-09187, paras. 27–29, 39–40, 64–65.

[39] Art. 2 (c) of the Misleading and Comparative Advertising Directive.

[40] Such view was previously expressed in the legal literature by the author of these lines (*see* Mantrov 2012, p. 183).

[41] Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and

Art. 2 of the Unfair Commercial Practices Directive contains definitions of concepts used by the Directive, including the legal definition of the concept 'unfair business-to-consumer commercial practices'. This concept means any act, omission, course of conduct or representation, commercial communication including advertising and marketing, by a trader, directly connected with the promotion, sale or supply of a product to consumers. Considering that IGOs may be included in different commercial communications presented to consumers, such as advertising and/or marketing of goods or services denoted by IGOs, it leads to the conclusion that unfair business-to-consumer commercial practices may cover, inter alia, the use of IGOs, specifically, their commercial communication to consumers.

Art. 5 of the Unfair Commercial Practices Directive distinguishes different types of unfair commercial practices including misleading commercial practices that directly involve false and misleading IGOs. Misleading commercial practices are defined in Art. 6 of the Unfair Commercial Practices Directive. It provides that one of expressions of such practices directly covers IGOs, namely Art. 6 (1) (b) of the Unfair Commercial Practices Directive provides as follows:

> [a] commercial practice shall be regarded as misleading if it contains false information and is therefore untruthful or in any way, including overall presentation, deceives or is likely to deceive the average consumer, even if the information is factually correct, in relation to one or more of the following elements, and in either case causes or is likely to cause him to take a transactional decision that he would not have taken otherwise: the main characteristics of the product, such as its [..] geographical or commercial origin.

Therefore, a commercial practice which involves the use of false and misleading IGOs shall be considered as misleading due to Art. 6 (1) (b) of the Unfair Commercial Practices Directive and consequently—an unfair business-to-consumer commercial practice. This conclusion is supported also by the fact that in accordance with provisions of Arts. 1 (3) and 2 (1) of the Labelling Directive,[42] the concept 'labelling' referred to in the provision of the Unfair Commercial Practices Directive quoted above covers any information which is delivered to consumers in whatever way concerning goods in question.

11.6 Customs Law

In order to avoid the situation that goods with designations, which infringe the rights conferred upon IP objects, including IGOs, may be brought into the internal market, the EU customs law provides customs measures, inter alia, for right-holders of such rights.[43]

amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive'). OJ L 149, 11.6.2005, pp. 22–39.

[42] For discussion of the Labelling Directive, *see* Sect. 11.3 of this book above.

[43] Such view was previously expressed in the legal literature by the author of these lines (*see* Mantrov 2012, pp. 183–184).

Customs measures are currently regulated by the recently adopted Regulation No 608/2013[44] that is fully applicable since 1 January 2014 (excluding certain provisions, which entered into force earlier or depending on introducing respective arrangements[45]). Though this Regulation continues approaches of the previous regulations concerning customs measures discussed below, still it provides different rules concerning the scope of IGOs which are covered by the Regulation if compared with the previous legislative framework.

Under the previous legislative framework, which was established by Regulation No 1383/2003[46] and its implementing Regulation No 891/2004[47] certain registered IGOs only were entitled to be covered by customs measures. From one side, they were registered IGOs at the EU level in respect of agricultural products and foodstuffs, except aromatised wines.[48] From the other side, they were qualified IGOs protected at the national level in respect of products covered by Regulation No 2081/92 and Regulation No 1493/1999,[49] i.e. agricultural goods and foodstuffs, except spirits and aromatised wines. Therefore, the previous legislative framework neither provided any legal definitions what is meant under IGOs nor it provided a broad coverage of IGOs in respect of whom those customs measures may be applied.

Currently, Regulation No 608/2013 provides a broader and clearer regulation on the scope of the covered IGOs.

At first, the latter Regulation defines that geographical indications (being one of the types of qualified IGOs) are one of IP rights covered by that Regulation.[50] Though neither this Regulation nor its proposal[51] define the concept 'a GI', still it is clear that its legal definition under Art. 22 (1) TRIPS applies. Furthermore, This Regulation states that it covers all registered IGOs[52] under four applicable Regulations by explicitly mentioning all these Regulations. Consequently, this

[44] Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003. OJ, L 181, 29.06.2013, pp. 15–34.

[45] See, in this regard, Art. 40 (2) of Regulation No 608/2013.

[46] Council Regulation (EC) No 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights. OJ, L 196, 02.08.2003, pp. 7–14.

[47] Commission Regulation (EC) No 1891/2004 of 21 October 2004 laying down provisions for the implementation of Council Regulation (EC) No 1383/2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights. OJ, L 328, 30.10.2004, pp. 16–49.

[48] Arts. 2 (2) (iv) and (v) of Regulation No 1383/2003.

[49] Art. 2 (2) (iv) of Regulation No 1383/2003.

[50] Art. 2 (1) (d) of Regulation No 608/2013.

[51] Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL concerning customs enforcement of intellectual property rights. COM/2011/0285 final.

[52] Registered IGOs undoubtedly shall be considered as GIs under Art. 22 (1) TRIPS considering the legal definition of GIs provided by Regulation 608/2013.

Regulation covers registered IGOs within the EU direct protection system.[53] In addition, it is stated that any other GI is covered 'in so far as it is established as an exclusive intellectual property right by national or Union law'.[54] It means that all IGOs protected at the national level may enjoy customs measures provided by that Regulation. Finally, such GIs, which are provided by bilateral treaties between the EU and third countries, and as such listed in these treaties, have been also covered.[55]

As it is provided by the new Regulation No 608/2013, goods whose labelling infringes IGOs covered by the Regulation shall be considered as counterfeit goods[56] and customs measures provided by this Regulation shall be applied in relation to these goods.

As regards an applicant for customs measures provided by the new Regulation No 608/2013, various provisions for different IP objects have been stated. As regards IGOs, it is provided that in the case of registered IGOs within the direct protection system, applicants could be those groups of producers that are entitled to submit an application for the registration of a particular IGO.[57] Interestingly, also operators entitled to use GIs, as well as inspection bodies or authorities competent for such GIs may be applicants for requesting customs measures. Similar provisions are provided concerning applicants for the application of customs measures in relation to national IGOs.[58]

Thereby it is ensured that a broad range of persons may be entitled to ensure the protection of IGOs through custom measures, especially national authorities that are responsible bodies in the EU law for protection of registered IGOs at the national level.[59]

Customs measures established and maintained both by the previously applicable Regulations No 1383/2003 and No 891/2004, as well as by the currently effective Regulation No 608/2013 are especially favourable for right-holders of IP objects due to the fact that by filing one application forwarded to a customs authority it is possible to ensure customs measures in all EU Member States. Though the regulation of these customs measures fall beyond the scope of this book,[60] it still shall be mentioned that the application of those customs measures may cause difficulties in separate EU Member States as it was concerning Latvia in respect of the previous legislative framework from the point of view of interrelation of the national law

[53] Arts. 2 (4) (a)–(d) of Regulation No 608/2013.

[54] Art. 2 (4) (e) of Regulation No 608/2013.

[55] Art. 2 (4) (f) of Regulation No 608/2013.

[56] *See* Art. 2 (5) of Regulation No 608/2013.

[57] *See* Art. 3 (1) (d) of Regulation No 608/2013.

[58] *See* Art. 3 (2) (b) of Regulation No 608/2013.

[59] For competence aspects of state institutions of EU Member States regarding registered IGOs, *see* the last Chap. 15 of this book below.

[60] For customs measures in respect of the previous legislative framework, *see generally* Vrins and Schneider (2006), p. 657.

with the provisions of Regulations No 1383/2003 and No 891/2004.[61] It remains to be seen whether such practical problems may arise also concerning the new Regulation No 608/2013, which may leave an impact on the extent of the protection of IP objects, including IGOs, through customs measures.

11.7 Other Directives

In addition to legal acts mentioned above, there are also other legal acts indirectly providing protection of IGOs both registered IGOs within the EU direct protection system and national IGOs protected at the national level. The Enforcement Directive[62] is one of such legal acts, relating to all IP objects and, specifically, covering IGOs[63] in accordance with the European Commission Statement.[64]

The Enforcement Directive provides different measures to be applicable in the cases involving IP objects, including cases for the protection of IGOs. These measures address the specifics of IP objects ranging from evidence preservation, provisional measures, discontinuation of infringement,[65] specifics of the collection of damages in IP cases, and collection of court expenses. The Enforcement Directive covers all IGOs protected at the EU level in such a way supplementing their protection within the EU direct protection system. In addition, it covers also IGOs protected at the national level therefore allowing their right-holders benefit from measures of the Enforcement Directive. From the point of view of the coverage of goods, the Enforcement Directive applies to all types of goods. However, considering these aspects, it is not possible to agree with the opinion that national laws of EU Member States cover all non-agricultural goods[66] as at least the Enforcement Directive to be transposed into the national level should cover also registered IGOs in respect of agricultural goods.

In addition, it is possible to mention different legal acts envisaged by applicable Regulations themselves as falling within the indirect protection system. So, Art.

[61] Merzvinskis and Uzulena (2006), p. 657.

[62] Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights [Enforcement Directive]. OJ, L 157, 30.04.2004 (corrected: OJ, L 195, 02.06.2004, pp. 16–25).

[63] Such view was previously expressed in the legal literature by the author of these lines (*see* Mantrov 2012, p. 184).

[64] Statement by the Commission concerning Article 2 of Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights. OJ, L 94, 13.04.2005, pp. 37–37.

[65] Possibility of application of the Enforcement Directive allowed to national courts to order discontinuance of infringement, as it was in Latvia where it was not possible before (*see* Mantrovs 2007, pp. 228–229).

[66] Heath (2008), p. 951.

2 (4) of the Quality Schemes Regulation mentions Directive 98/34/EC[67] concerning technical standards and in addition provides broad coverage of other legal acts by envisaging that 'the specific Union provisions relating to the placing of products on the market [..] and to food labelling' are also applicable, inter alia, in the case of the quality scheme of registered IGOs.

11.8 Conflicts Between IGOs and Trade Marks

Conflicts between IGOs and other IP objects, particularly trade marks, have become part of the modern life and they have been addressed in the legal literature already. Such conflicts arise in the EU law more and more and have been subject to evaluation by the CJEU.

In the case C-100/02,[68] the CJEU provided interpretation of Art. 6 (1) (b) of the Community Trade Mark Directive[69] in relation to the limitations of rights of the trade mark *GERRI* in the light of the IGO *KERRY SPRING*.

This dispute arose in Germany between the word trade mark *Gerri* and several figurative trade marks that contain the same word trade mark in relation to mineral water, non-alcoholic beverages, fruit-juice based drinks and lemonades owned by Gerolsteiner Brunnen, and mineral water under the IGO *Kerry Spring* imported in Germany by Putsch. Notably, the particular mineral water was manufactured and bottled in Ballyferriter in County Kerry, Ireland, by the Irish company Kerry Spring Water using water from a spring called Kerry Spring.[70]

By establishing that the IGO *Kerry Spring* was used in its abbreviated form as *Kerry*, CJERU concluded that there exists a likelihood of confusion between word designations *Gerry* and *Kerry*. In addition, the CJEU relied on the conclusion made by a referring court, which established 'a likelihood of aural confusion [..] between GERRI and KERRY since experience shows that, when ordering orally, customers shorten KERRY Spring to KERRY'.

In those circumstances the CJEU concluded that notwithstanding the likelihood of confusion, it is not a sufficient ground for trade mark infringement as provided by the Community Trade Mark Directive (now the Codifying Community Trade Mark Directive) as this Directive provides to establish that the use of the relevant IGO is contrary to honest practices, but 'it is for the national court to carry out an overall

[67] Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations. *OJ, L 204, 21.07.1998, pp. 37–48.*

[68] Case C-100/02 *Gerolsteiner Brunnen GmbH & Co. v Putsch GmbH* [2004] ECR I-00691 – Kerry Spring.

[69] Now Art. 6 (1) (b) of the Codifying Community Trade Mark Directive.

[70] See Case C-100/02 *Gerolsteiner Brunnen GmbH & Co. v Putsch GmbH* [2004] ECR I-00691 – Kerry Spring, paras. 7–11.

assessment of all the relevant circumstances'.[71] The conclusion and its wording formulated by the CJEU are notable to be quoted here:

> the mere fact that there exists a likelihood of aural confusion between a word mark registered in one Member State and an indication of geographical origin from another Member State is therefore insufficient to conclude that the use of that indication in the course of trade is not in accordance with honest practices. In a Community of 15 Member States, with great linguistic diversity, the chance that there exists some phonetic similarity between a trade mark registered in one Member State and an indication of geographical origin from another Member State is already substantial and will be even greater after the impending enlargement.[72]

In this case the CJEU is similar to Advocate-General Stix-Hackl's Opinion delivered on 10 July 2003 in which the following was pointed out

> when it is considered, pursuant to the final clause of Article 6(1) of the Trade Mark Directive, whether use had been in accordance with honest practices in industrial or commercial matters, the way in which an indication — as listed in Article 6(1)(b) of the Trade Mark Directive — is used must be taken into account. This may cover, for example, the degree of similarity of the indication with the registered mark, the degree of emphasis of the indication, including where this goes beyond what may be required under Community law, and the public perception of the indication as a trade mark.[73]

The famous dispute over the word designation 'Bud'/'Budweiser' should be considered as another example of a conflict between a trade mark and a registered IGO involved in several cases before the CJEU.[74]

As a result of such conflicts, they become subject to complicated issues both at the EU level and the national level, especially if they involve IGOs protected at the EU level either through the direct (sui generis) protection system or through the Community trade mark system. According to the discussion in the previous chapter of the book, the applicable Regulations within the direct protection system contain rules for deciding conflicts between IGOs and other IP objects, specifically trade marks. However, in the case of disputes where other IGOs are involved, national law of the EU Member States would apply.

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[71] See Case C-100/02 *Gerolsteiner Brunnen GmbH & Co. v Putsch GmbH* [2004] ECR I-00691 – Kerry Spring, paras. 25–26.

[72] See Case C-100/02 *Gerolsteiner Brunnen GmbH & Co. v Putsch GmbH* [2004] ECR I-00691 – Kerry Spring, para. 25.

[73] General-Advocate Christine Stix-Hackl's Opinion in Case C-100/02 *Gerolsteiner Brunnen GmbH & Co. v Putsch GmbH* [2004] ECR I-00691, para. 72.

[74] The last case heard by the CJEU concerning the word designation 'Bud'/'Budweiser' was in 2009 [Case T-191/07 Anheuser-Busch, Inc. v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) [2009] ECR II-00703; sustained by: Case C-214/09 P Anheuser-Busch Inc. v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) [2010] ECR I-07665].

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Chapter 12
Challenges for Further Development

After discussion of the EU law on IGOs, including applicable Regulations within the EU direct protection system and legal acts within the EU indirect protection system, it would be appropriate to finish the discussion in Part II of the book by providing a critical overview of the existing regulatory framework of the regulation of IGOs in the EU law, as well as pointing out possibilities for further development of the EU law in this field.

As it could be seen from the examination of the historical aspects of the applicable Regulations and differences of the regulation of IGOs included in these Regulations, the EU law on IGOs has been developed rather spontaneously without any common guidelines or a particular plan. Due to this situation it may be explained why IGOs concerning different groups of goods are treated differently in the EU law. If IGOs in respect of agricultural products and foodstuffs (except wines, aromatised wines, and spirits) were protected since 1992 as a unitary IP right, IGOs in respect of wines were protected much more earlier, i.e. at least since 1970.[1] However, protection of IGOs in respect of wines[2] including aromatised wines[3] as well as spirits[4] was grounded on a completely different basis—they were regulated as a part of the common agricultural policy (CAP) instead of its regulation primarily as an IP right in difference from IGOs in relation to agricultural products and foodstuffs except wines and spirits.[5] As a result, despite the recent approximation of the regulation on IGOs in respect of agricultural products and foodstuffs within the direct protection system, they still are regulated differently depending on a particular type of goods.

From the very beginning of the creation of the EU law on IGOs the central attention was paid to agricultural goods covered by the concept of agricultural

[1] For details, *see* Chap. 8 of this book above.

[2] *See* Sect. 8.1 of this book above.

[3] *See* Sect. 9.1 of this book above.

[4] *See* Sect. 7.1 of this book above.

[5] *See* Sect. 6.1 of this book above.

V. Mantrov, *EU Law on Indications of Geographical Origin*,
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products and foodstuffs. Such tendency without doubt may be easy explained because agriculture played, plays, and will play one of the leading roles in the EU economy in general and in economies of separate EU Member States particularly. This situation at the moment has considerably changed due to the recent study already mentioned in Part I of the book according to which currently there are at least 834 IGOs in respect of non-agricultural goods, urging the European Commission to propose for extension of the current scope of the direct protection system.[6]

Nonetheless, from the systematic point of view there is no reasonable explanation why IGOs in respect of non-agricultural goods are outside the direct protection system, except the fact that they clearly cannot fall within the CAP as these are not goods of the agricultural origin.

The idea to provide regulation of IGOs within the EU law as a part of the IP law instead of the regulation within the CAP should be the only way for future developments in this field. This idea, however, is not new as it was expressed two decades ago by prominent legal scholars—Prof. Friedrich-Karl Beier and Dr. iur. Roland Knaak,[7] as well as supported in legal literature by other authors.[8] Moreover, drafting of a single act which would comprise the regulation of IGOs in respect of all types of goods in the EU law becomes more and more necessary—the idea which already has been expressed by the author.[9]

The recent reform of the regulation of IGOs from 2006 to 2009 and its continuation by harmonising the regulation of IGOs in respect of agricultural goods and foodstuffs (except wines, aromatised wines, and spirits) with the regulation on traditional specialties guaranteed in one single act, i.e. the Quality Schemes Regulation,[10] shows that the idea for a single act for all IGOs could be implemented in practice. In addition, such harmonisation of the regulation of IGOs in the field of agricultural goods and foodstuffs (except aromatised wines) has already taken place, yet this regulation has been included in different Regulations. Therefore, recent developments in the field of the regulation of IGOs in the EU law shows that the idea for a single act covering the regulation of IGOs may be implemented if there would be a political will of the European legislator.

Another problem, which arises from the discussion in previous chapters of the book, lies in the fact of multiple and dramatic changes in the applicable legal regime for the regulation of IGOs during the last 15 years. Those who suffer from these changes are not only all EU consumers and stakeholders, but especially rightholders of IGOs. Changes in the applicable protection framework in respect of IGOs have led to the situation that the existing protection norms providing absolute

[6] Insight Consulting, REDD, OriGIn (2013), Annex III. For details, *see* Chap. 3 of this book above.

[7] Beier and Knaak (1994), p. 38.

[8] *See* Mantrov (2012), pp. 198–199.

[9] Mantrov (2012), pp. 198–199.

[10] Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29 [Quality Schemes Regulation].

protection for registered IGOs are applicable only from the moment when a particular regulation entered into force. It was dealt by the CJEU in *Bavaria II* where the CJEU concluded that it shall be applied that legislative framework which was in force when a dispute arose.[11] In a result, it was applied the initial text of Regulation 2081/92[12] which referred to a priority to be established on the date when a particular IGO was registered[13] but not when it was applied for registration as it is in accordance with the existing legal framework.

Similar problem exists in the case of IGOs in respect of wine sector products and spirits as they enjoy absolute protection from 2008 onwards when such kind of protection was introduced by Regulation No 479/2008[14] and the Spirits Regulation.[15] Previously, protection against misleading use only was available.[16] Therefore, contrary to right-holders of IGOs in respect of agricultural products other than wines, aromatised wines, and spirits, absolute protection of IGOs in respect of wines and spirits is available for right-holders of the IGOs in the EU law only since the year 2008. However, in respect of aromatised wines, absolute protection for IGOs is still not available as their protection is continued to be based on the Aromatised Wines Regulation.[17]

For the sake of truth it shall be mentioned that Art. 23 TRIPS provides absolute protection for right-holders of IGOs in respect of wines and spirits, yet this protection is subject to exceptions laid down in Art. 24 TRIPS which in most occasions prevent the application of Art. 23 TRIPS even in the case of EU Member States. It should be noted that although the EU itself as well as all 28 EU Member

[11] Case C-120/08 *Bavaria NV v Bayerischer Brauerbund eV* [2010] ECR I-13393 – Bavaria II.

[12] Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 208, 24.07.1992, pp. 1–8.

[13] Case C-120/08 *Bavaria NV v Bayerischer Brauerbund eV* [2010] ECR I-13393 – Bavaria II, paras. 64–68.

[14] Council Regulation (EC) No 479/2008 of 29 April 2008 on the common organisation of the market in wine, amending Regulations (EC) No 1493/1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and repealing Regulations (EEC) No 2392/86 and (EC) No 1493/1999. OJ, L 148, 06.06.2008, pp. 1–61.

[15] Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54 [Spirits Regulation].

[16] *See*, for instance, Arts. 47–48 of Regulation No 1493/99 (Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine. OJ, L 179, 14.07.1999, pp. 1–84); Art. 30 of Regulation 753/2002 (Commission Regulation (EC) No 753/2002 of 29 April 2002 laying down certain rules for applying Council Regulation (EC) No 1493/1999 as regards the description, designation, presentation and protection of certain wine sector products. OJ, L 118, 04.05.2002, pp. 1–54).

[17] Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. OJ, L 149, 14.06.1991, pp. 1–9 [Aromatised Wines Regulation].

States are bound by the TRIPS, Art. 23 TRIPS does not produce the direct effect.[18] Consequently, it cannot be relied upon before national courts of EU Member States.

As a result, discussion of the regulation of IGOs either within the common agricultural policy or within the IP policy within EU law may not be viewed purely from the regulatory framework only. The rationale for harmonisation of the regulation on IGOs in EU law is actually based on the protection of right-holders of IGOs and consumers. Therefore, until right-holders of all IGOs in respect of different types of goods are entitled to claim absolute protection of those IGOs, it is hasty to admit the success of the regulation of IGOs in the EU law.

It should be noted that the criticism of the regulation of IGOs in respect of its scattering depending on a type of goods arises from differences of the regulation and lack of coverage of IGOs in respect of non-agricultural goods. However, this criticism does not relate to the very fact of the existence of specific rules for the regulation of IGOs, depending on the type of goods if reasonable grounds exist. In this regard, it should be taken into account that the regulation of IGOs in the EU law is not the only field where distinction between agricultural goods and non-agricultural goods exists.

For instance, a distinction between food products and non-food products exists also in the field of the labelling law as it was discussed previously, as well as in product safety. Neither the currently effective General Product Safety Directive[19] nor the new directive on general product safety[20] clearly mentions such distinction; however, it excludes certain types of products,[21] including food products.[22] Such distinction arises also from the documents of the European Commission by using the concept 'manufactured non-food consumer products'.[23]

If in the case of product safety there is a reasonable argument why the regulation of food safety should differ from safety for non-food products due to the specifics of

[18] Opinion 1/94 Competence of the Community to conclude international agreements concerning services and the protection of intellectual property – Article 228 (6) of the EC Treaty [1994] ECR I-05267.

[19] Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety. *OJ. L 11, 15.01.2002, pp. 4–17.*

[20] Proposal for a Regulation of the European Parliament and of the Council on consumer product safety and repealing Council Directive 87/357/EEC and Directive 2001/95/EC. COM/2013/078 final. Available at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0078:FIN:EN:PDF.

[21] See points 5 and 12 of the preamble and Arts. 1 (2) and 2 (a) of the General product safety Directive; Art. 2 (4) of the new directive (Proposal for a Regulation of the European Parliament and of the Council on consumer product safety and repealing Council Directive 87/357/EEC and Directive 2001/95/EC, p. 12).

[22] See Art. 2 (3) of the new product safety directive (Proposal for a Regulation of the European Parliament and of the Council on consumer product safety and repealing Council Directive 87/357/EEC and Directive 2001/95/EC, p. 12).

[23] Proposal for a Regulation of the European Parliament and of the Council on consumer product safety and repealing Council Directive 87/357/EEC and Directive 2001/95/EC, pp. 2–4 (explanatory memorandum).

safety requirements of both groups, in the case of IGOs, however, such distinction at the regulatory level in general is not appropriate that is testified by inappropriate differences between applicable Regulations discussed in Part II above.

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Part III
Impact on National Law of European Union Member States

Chapter 13
Interrelation Between European Union Protection and National Protection

13.1 Introduction

In addition to registration requirements, registration procedure, and the protection of registered IGOs, namely PDOs and PGIs,[1] as well as protected indications of origin (within the Aromatised Wines Regulation), the EU law on IGOs also includes the regulation of other aspects. Competence of state institutions of EU Member States to ensure the observance of the regulation of IGOs as it is provided in the EU law[2] or interrelation with other EU legal acts relating to IGOs already discussed in Part II of this book should be mentioned among such aspects.

Nevertheless, the last aspect, i.e. interrelation between the direct and indirect protection systems and national protection systems, should be considered from the point of view of two perspectives, i.e. from the regulatory perspective and the harmonisation perspective.

From the regulatory perspective, it is an interrelation between the EU direct protection system, from one side, and the EU indirect protection system, from the other side, with the national law of EU Member States. This interrelation is aimed to identify aspects that may be regulated in the national law by EU Member States according to their own discretion. It inevitably leads to the discussion of the issue whether both EU direct and indirect protection systems should be considered as exhaustive, influencing the extent for such national regulation.

From the harmonisation perspective, which is a logical continuation of the previous perspective, this covers un-approximated issues by both EU direct and indirect protection systems that are consequently left for EU Member States to fill them out, especially concerning the different kinds of liability for infringements of IGOs registered at the EU level within the EU direct protection system.

[1] It should be noted that PDOs are only possible to register within the Foodstuffs Regulation and the Single CMO Regulation (agricultural products and foodstuffs except spirits and aromatised wines).

[2] This aspect would be further examined in the last chapter of this book.

V. Mantrov, *EU Law on Indications of Geographical Origin*, 307
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The first perspective will be further reviewed in this chapter, but the other one—in the next chapter.

The interrelation between both the EU direct and indirect protection system for IGOs, from one side, and the national law of EU Member States, from the other side, has a significant meaning as it shows the boundaries of the national law of EU Member States on regulation of IGOs and the liability of EU Member States concerning protection of registered IGOs within their jurisdictions. The example of the *Parmesan* case[3] is a useful example in this discussion: though a breach of the PDO *Parmigiano Reggiano* from the part of a German merchant was established, Germany was not held liable for discontinuation of the infringement due to the lack of competence for combatting such use.[4] Yet, these boundaries are not clearly defined in the EU law; still, they could be identified due to CJEU's developments—the aim of discussion in the following sections of this chapter.

13.2 Direct Protection System

As it was discussed previously, the EU direct protection system is governed by a set of Regulations, which should not be neither transposed into the national law nor covered by any similar regulation in the national law of EU Member States. However, two mutually related questions arise from the point of view of the interrelation of the direct protection system with the national systems of EU Member States for the protection of IGOs. First, whether the direct protection system covers not only registered IGOs at the EU level, but also those IGOs in respect of agricultural products and foodstuffs that are not applied for registration at the EU level. Second, whether the direct protection system may be supplemented with regulation at the national level and, if yes, to what extent it may be done.

13.2.1 Provisions of the Applicable Regulations and Their Interpretation

The applicable Regulations do not provide any useful guidelines for answering both thee questions, except references to other EU legislative acts, falling within the EU indirect protection system, discussed in the previous chapter. Therefore, the applicable Regulations themselves hardly may be considered as such source, which may provide any clarity in this question. It is not coincidence that the CJEU's interpretation has been welcomed to fill this gap and such interpretation was provided

[3] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan.

[4] For details, *see* Chap. 5 of this book above.

several years ago in the famous *Budweiser II* case,[5] one of cases in the longstanding debate over the use of the word designation *Bud* in respect of beer. The topicality of this interpretation also arises from the very fact that there were expressed opposite views in this question by prominent legal scholars therefore this interpretation should finish this heated and long-running debate.[6] It should be noted that not only the legal question, i.e. interpretation of the extent of the direct protection system as a whole was at the stake, but the actual availability of national protection for these IGOs in respect of agricultural products and foodstuffs that have not been applied for registration at the EU level at all. In other words, it may be reduced to a question whether these IGOs may be even protected at the national level at all.

13.2.2 CJEU Judgment in Budweiser II *Case*

Interrelation between the EU direct protection system and the protection of IGOs at the national level ensured by EU Member States was dealt by the CJEU in the *Budweiser II* case the meaning of which in the EU law in general and the EU law on IGOs particularly could be hardly overestimated. By interpreting the Foodstuffs Regulation,[7] the CJEU established that protection for qualified IGOs provided by this Regulation in respect of agricultural products and foodstuffs, except wines and spirits, is of an exhaustive nature, precluding national law for the protection of such IGOs. Due to this reason, this CJEU judgement without doubt shall be considered as one of milestones both in interpreting the boundaries of the direct protection system and providing for the development of the EU law on IGOs as a separate sub-branch of law and the EU intellectual property law in general. The impact of the CJEU's judgement mentioned above is linked with the issue whose importance also can be hardly overrated: the CJEU made its interpretation on the issue whether the national systems of EU Member States for protection of qualified IGOs may co-exist with the EU direct protection system in respect of agricultural products and foodstuffs.[8]

However, the *Budweiser II* case was important not only for the development of the EU law in the IP field, but also for understanding the doctrine of 'pre-emption'[9] as the first express reference to the doctrine, as it is argued by legal commentators,

[5] Case 478/07 Budějovický Budvar, národní podniek v Rudolf Ammersin GmbH [2009] ECR I-07721 – Budweiser II. The judgement in this case in part of answers given by the CJEU published also in legal journals [*see* (2010) 41 IIC 742–743].

[6] *See* footnote 20 below.

[7] Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs [Foodstuffs Regulation]. OJ, L 93, 31.03.2006, pp. 12–25.

[8] However, in case of goods other than agricultural goods, for instance industrial goods, IGOs are protected directly by the national laws of the EU Member States subject to relevant directives.

[9] *See generally* Cremona (2011), pp. 244–251; Arena (2012).

occurred only as late as February 2009 in Advocate-General Colomer's Opinion in the *Budweiser II* case.[10]

Despite the importance of the CJEU's judgment in the *Budweiser II* case, little discussion is available of its impact on the IP regulation in the EU law not only from the point of view of the critical evaluation of the CJEU's reasoning given in this judgment, but also from the systematic point of view of the current state of development of the EU law on IGOs. Both these aspects will be discussed further on in this section.

It should be noted that due to the subject-matter of this section, discussion of the CJEU's judgment in the *Budweiser II* case is limited to its answer given to the second question posed in that case before the CJEU by a national court,[11] namely, whether the direct protection system introduced and maintained by the Foodstuffs Regulation is exhaustive by its nature throughout the EU. Due to this limitation, the discussion is also not intended to focus on the more than one century on-going dispute over the rights pertaining to the word designations *Bud* and *Budweiser* or relationships between Anheuser-Busch and related companies from one side, and *Budějovický Budvar*, from another side, in countless jurisdictions[12] including EU[13] and supra-national dispute resolution bodies like the European Court of Human Rights[14] and WTO Dispute Settlement Panel.[15]

In the beginning, the situation which existed before the *Budweiser II* case will be examined, afterwards—the CJEU's reasoning in this case will be discussed, followed by the provision of a critical assessment of the CJEU's reasoning and finally the impact and problems arising from this judgment will be discussed.

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[10] Arena (2012), p. 4, 6, 80.

[11] The CJEU was asked two questions in the *Budweiser II* case. The first question not reviewed here concerned the application of the bilateral international treaty on protection of qualified IGOs between two current EU Member States, namely, Czech Republic and Austria, concluded before their accession to the EU. For the status of international treaties in the EU law *see*, for instance, Rosas (2011), p. 1304.

[12] *See*, for instance, Barry (1998), pp. 320–323; Smith, pp. 1252–1256; Terpstra (2004), pp. 480–483; O'Connor (2004), pp. 577–588; Advocate-General Ruiz-Jarabo Colomer's Opinion in case C-478/07 Budějovický Budvar, národní podniek v Rudolf Ammersin GmbH [2009] ECR I-07721 – Budweiser II, paras. 23–33; Chronopoulos (2011), pp. 561–563.

[13] *See* Joined cases T-53/04 to T-56/04, T-58/04 and T-59/04 Budějovický Budvar, národní podnik v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) [2007] ECR II-00057 – word mark 'Budweiser'; Joined cases T-57/04 and T-71/04 Budějovický Budvar, národní podnik (T-57/04) and Anheuser-Busch, Inc. (T-71/04) v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) [2007] II-01829 – figurative trade mark 'Budweiser'; Case C-245/02 Anheuser-Busch Inc. v Budějovický Budvar, národní podnik [2004] ECR I-10989 – Budweiser (Finland); Case C-216/01 Budéjovický Budvar, národní podnik v Rudolf Ammersin GmbH [2003] ECR I-13617 – Budweiser I (Austria).

[14] For details, *see* Beiter (2008), pp. 714–721. For the summary of the Portugal case which triggered this litigation in the European Court of Human Rights, *see* Monteverde (2012), pp. 293–295.

[15] For details, *see* Evans (2006), pp. 595–602.

13.2.3 *Situation Before* Budweiser II *Case*

Before the *Budweiser II* case there were sufficient grounds to consider that qualified IGOs not applied for registration within the applicable Regulations i.e., the Foodstuffs Regulation[16] (now—the Quality Schemes Regulation[17]), the Spirits Regulation[18] and Regulation 1493/99[19] effective at that time (now—the Single CMO Regulation[20]), could exist outside the framework of these Regulations. Consequently, these IGOs could be protected at the national level by EU Member States and function completely outside the direct protection system. This was especially because of the fact that until 2008 IGOs in respect of wine and spirits were not be subject to registration procedure as it did not exist except recognition of IGOs for those types of goods. Such recognition was testified by the European Commission, which regularly published the list of qualified IGOs protected under the applicable Regulations though publishing of qualified IGOs under the Foodstuffs Regulation was not necessary as the register for registered IGOs under the Foodstuffs Regulation (now—the Quality Schemes Regulation) was established. There was also little understanding about whether such system of the protection of IGOs within the EU law was exhaustive in its nature as it was assumed that such system did not exclude national protection of IGOs not applied for registration, especially under the Foodstuffs Regulation, having provided registration procedure already at that time. As a result, opinions of legal scholars were divided in those who supported the exclusive nature of the EU direct protection system and those who claimed the opposite view.[21]

[16] Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 93, 31.03.2006, pp. 12–25 [Foodstuffs Regulation].

[17] Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29 [Quality Schemes Regulation].

[18] Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labeling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54 [Spirits Regulation].

[19] Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine. OJ, L 179, 14.07.1999, pp. 1–84.

[20] Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organization of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 299, 16.11.2007, pp. 1–149 [Single CMO Regulation].

[21] As admitted by General-Advocate Colomer, there were presented to the CJEU in the Budweiser II case 'more than 10 writers who have argued in favour of the principle that the Community system of qualified geographical indications applies preclusively. There are also numerous opposite views' (Advocate-General Ruiz-Jarabo Colomer's Opinion in case C-478/07 Budějovický Budvar, národní podniek v Rudolf Ammersin GmbH [2009] ECR I-07721 – Budweiser II, para. 95 and footnote 52 inserted there).

For the sake of truth, it shall be noted that the CJEU never considered before whether qualified IGOs shall be subject to EU measures on an exclusive basis[22] instead ruling only regarding the simple, quality neutral IGOs so far, notably in the *Exportur* case.[23]

This situation obviously changed after the regulation of qualified IGOs in respect of wines and spirits was re-considered by adopting the relevant regulations in 2008, namely Regulation No 479/2008[24] and Regulation No 491/2009[25] as well as the Spirits Regulation, and introducing a similar registration system and the same protection norms as in the case of the Foodstuffs Regulation.[26] At that point, the CJEU provided its preliminary ruling in the *Budweiser II* case when it was faced with the direct question brought before it on the exhaustive nature of the Foodstuffs Regulation.

13.2.4 CJEU's Reasoning in Budweiser II *Case*

At the beginning of its reasoning, the CJEU made three preliminary points concerning its previous judgment in the *Budweiser I* case,[27] arguing that it was adopted in the legal situation which was different from the present case. The CJEU, first, referred to the fact that the word designation *Bud* is protected as a qualified IGO, i.e., 'as a designation of origin' falling within the scope of the Foodstuffs Regulation; second, the judgment in the *Budweiser I* case was delivered when the Czech Republic had not joined the EU; and, third, that the Lisbon Agreement[28] does not apply to Austria as it is not a part of this Agreement.[29]

Afterwards, the CJEU made the conclusion that the word designation *Bud* neither was applied for registration according to the Foodstuffs Regulation nor

[22] Advocate-General Ruiz-Jarabo Colomer's Opinion in case C-478/07 Budějovický Budvar, národní podniek v Rudolf Ammersin GmbH [2009] ECR I-07721 – Budweiser II, para. 115.

[23] Case C-3/91 Exportur SA v LOR SA and Confiserie du Tech SA [1992] ECR I-05529 – Exportur.

[24] Council Regulation (EC) No 479/2008 of 29 April 2008 on the common organisation of the market in wine, amending Regulations (EC) No 1493/1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and repealing Regulations (EEC) No 2392/86 and (EC) No 1493/1999. OJ, L 148, 06.06.2008, pp. 1–61.

[25] Council Regulation (EC) No 491/2009 of 25 May 2009 amending Regulation (EC) No 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 154, 17.06.2009, pp. 1–56.

[26] For details, *see* Chap. 7 above.

[27] Case C-216/01 Budéjovický Budvar, národní podnik v Rudolf Ammersin GmbH [2003] ECR I-13617 – Budweiser I (Austria).

[28] Lisbon Agreement for the Protection of Appellations of Origin and their International Registration. Available at: http://www.wipo.int/lisbon/en/legal_texts/lisbon_agreement.html.

[29] Case 478/07, at paras. 96–103.

under transitional arrangements of accession.[30] This conclusion is true as registered IGOs under the Foodstuffs Regulation actually were 'Budejovicke pivo', 'Ceskobudejovicke pivo' and 'Budějovický měšťanský var'.[31] Therefore, as it could be seen from these three registered IGOs, none of them by no means applied to the word designation *Bud*, if it is taken separately.

Further the CJEU went on to answer the question whether the Foodstuffs Regulation is 'exhaustive in nature so that it precluded such national protection', including protection under bilateral instruments.[32]

By referring to 'the uniform approach' for the protection of qualified IGOs as it was stated in the preamble to the Foodstuffs Regulation and its predecessor Regulation No 2081/92[33] and 'the common agricultural policy' which served as the basis for the adoption of the Foodstuffs Regulation being both identified as the essential features of the Foodstuffs Regulation,[34] the CJEU proceeded further with two arguments.

First, if the national protection for qualified IGOs would be maintained it 'could meet less strict requirements' than provided in the Foodstuffs Regulation. As a result of such situation 'the risk is that assurance of quality [..] could not be guaranteed' and 'jeopardising the aim of fair competition [..] and would be able to harm rights which ought to be reserved for producers who have made a genuine effort to improve quality in order to be able to use a geographical indication registered under that regulation [the Foodstuffs Regulation — author's remark]'.[35]

Second, by referring to Advocate-General Ruiz-Jarabo Colomer's Opinion,[36] the CJEU observed '[t]hat risk of damage to the central aim of ensuring the quality of the agricultural products concerned is all the more important since [..] unlike in the case of trade marks, no Community measure has been adopted in tandem, harmonising any national systems'.[37] The CJEU further emphasised that '[t]he conclusion must be drawn that the aim of Regulation No 510/2006 is not to establish alongside national rules which may continue to exist, an additional system of protection for qualified geographical indications, like, for example, that

[30] Case 478/07, at para. 104 (by further analysed also in paras. 121–128).

[31] Commission Regulation (EC) No 1107/96 of 12 June 1996 on the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Council Regulation (EEC) No 2081/92 was amended as follows: '[t]he names "Budeˇjovicke pivo", "Cˇeskobudeˇjovicke pivo" and "Budějovický měšťanský var" shall be registered as protected geographical indications (PGI) and listed in the Annex in accordance with specifications submitted to the Commission. This is without prejudice to any beer trademark or other rights existing in the European Union on the date of accession.'

[32] Case 478/07, paras. 105–106.

[33] Respectively, Recitals 7 and 6 of both Regulations.

[34] Case 478/07, paras. 107–111.

[35] Case 478/07, at para. 112.

[36] Advocate-General Ruiz-Jarabo Colomer's Opinion in case C-478/07 Budějovický Budvar, národní podniek v Rudolf Ammersin GmbH [2009] ECR I-07721 – Budweiser II.

[37] Case 478/07, para. 113.

introduced by Council Regulation [..] on the Community trade mark [..], but to provide a uniform and exhaustive system of protection for such indications'.

Further, the CJEU referred to 'a number of characteristics of the system of protection' envisaged by the Foodstuffs Regulation and its predecessor Regulation No 2081/92[38] which 'also support the view that that system is exhaustive in nature'.[39] Characteristics were of two kinds.

First, the registration system under the Foodstuffs Regulation and its predecessor 'based on powers shared between the Member State concerned and the Commission' unlike 'other Community systems for the protection of industrial and commercial property rights such as trade mark rights and plant variety rights'.

Second, because of 'transitional arrangements for existing national designations' through the so-called 'simplified registration procedure' envisaged by Art. 17 of Regulation No 2081/92 and later envisaged also in transitional arrangements of accession. Based on the existence of both transitional procedures the CJEU concluded that '[t]hose particular systems and, especially, the express authorisation granted, on certain conditions, to the Member States to maintain, on a transitional basis, the national protection of existing qualified geographical indications would be difficult to understand if the Community system of protection of such indications were not exhaustive in nature, implying that the Member States retained in any event an unlimited capacity to maintain such national rights'.[40]

Finally, in paragraph 129 of the judgment, the CJEU gave an answer to the second question establishing that 'the Community system of protection laid down by Regulation No 510/2006 is exhaustive in nature, with the result that that regulation precludes the application of a system of protection laid down by agreements between two Member States, such as the bilateral instruments at issue, [..] despite the fact that no application for registration of that designation of origin has been made in accordance with that regulation'. This conclusion was affirmed in the subsequent CJEU practice, namely, in the *Bavaria* II case.[41]

13.2.5 Assessment

There are objective reasons to be sceptical towards the legal reasoning given by the CJEU to support the opinion that the Foodstuffs Regulation is 'exhaustive in nature'.

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[38] Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 208, 24.07.1992, pp. 1–8.

[39] Case 478/07, para. 115.

[40] Case 478/07, para. 128.

[41] Case C-120/08 *Bavaria NV v Bayerischer Brauerbund eV* [2010] ECR I-13393 – Bavaria II, para. 46.

First of all, the CJEU reasoning is based not so much on the provisions of the Foodstuffs Regulation itself, but on the assumptions, first, what risks 'could' exist in the case of an opposite scenario, i.e., if the applicable Foodstuffs Regulation would not be 'exhaustive in nature', and, second, comparison with the effective EU law providing unitary IP rights such as trade mark law and plant varieties rights.[42]

The first issue is closely related to the fact about which the CJEU remained silent, i.e. EU Member States are those that shall ensure protection of registered IGOs within the direct protection system. It forms the logical trap for the CJEU's reasoning: if there is 'the risk [..] that assurance of quality [..] could not be guaranteed' by EU Member States while maintaining national protection for qualified IGOs, the straightforward question arises why there is no such risk when the same EU Member States would maintain EU protection of registered qualified IGOs provided under the Foodstuffs Regulation.

Moreover, by rejecting the national protection systems of the Member States in respect of qualified IGOs, the CJEU in a way returned to the concept of the exclusive character for the EU law in the IP field in a similar way as it was defined in the *HAG I* case and later overturned in the *HAG II* case, which was confirmed in subsequent CJEU judgements.[43]

As it was discussed in Sects. 5.2 and 5.3 above, 40 years ago in its famous judgment in the *HAG I* case[44] the CJEU declared that the national IP systems of EU Member States shall be limited by the freedom of free movement of goods. This approach was re-considered[45] later in the *HAG II* case[46] by stating that restriction of the freedom of free movement of goods by national IP systems of EU Member States is justified by Art. 36 TFEU[47] (in its current title). This approach was in force so far, inter alia, in respect of IGOs as one of the IP objects.

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[42] And obviously the design law providing also for a unitary right, i.e. Regulation No 2002/6 [Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs. OJ, L 3, 05.01.2002, pp. 1–24].

[43] For details, *see* Chap. 5 above.

[44] Case C 192-73 *Van Zuylen frères v Hag AG* [1974] ECR-00731 – HAG I (by ruling that prohibition for the marketing in one Member State of a product legally bearing a trade mark in another Member State for the sole reason that an identical trade mark, having the same origin, exists in the first state, is incompatible with the provisions for the free movement of goods within the common market).

[45] It was expressis verbis mentioned by the CJEU itself (*see* Case C 10/89 *SA CNL-SUCAL NV v HAG GF AG* [1990] ECR-03711 – HAG II, para. 10).

[46] Case C 10/89 *SA CNL-SUCAL NV v HAG GF AG* [1990] ECR-03711 – HAG II (by ruling that the EU law do not preclude national legislation from allowing an undertaking which is the proprietor of a trade mark in a Member State to oppose the importation from another Member State of similar goods lawfully bearing in the latter State an identical trade mark or one which is liable to be confused with the protected mark, even if the mark under which the goods in dispute are imported originally belonged to a subsidiary of the undertaking which opposes the importation and was acquired by a third undertaking following the expropriation of that subsidiary).

[47] The Treaty on the Functioning of the European Union (consolidated version) [the TFEU]. OJ, C 83, 30.03.2010, pp. 47–199.

Likewise, the argument exploited by the CJEU that the national protection system 'could meet less strict requirements' than provided by the Foodstuffs Regulation should be evaluated critically. Though the protection of registered IGOs is provided by the Foodstuffs Regulation on the basis of their registration by the European Commission, EU Member States themselves are obliged to ensure their protection through national authorities. Therefore, if protection ensured by national authorities 'could meet less strict requirements' (as it was characterised by the CJEU) by applying the national law envisaging protection of IGOs, a logical question arises how this conclusion may be compatible with a quite opposite conclusion also made by the CJEU that national authorities are good enough to ensure the protection of registered IGOs in accordance with the Foodstuffs Regulation. Though there are differences between protection norms of IGOs at the national level and those envisaged by the Foodstuffs Regulation, still they will be applied by national authorities, taking into account the risk that national authorities in different EU Member States could apply one and the same protection norms of IGOs envisaged by the Foodstuffs Regulation differently. This risk is especially important due to the fact that protection norms included in the Foodstuffs Regulation and other Regulations are not supported by legal definitions of the terms mentioned in these norms.[48]

On the other hand, comparison with IP objects protected as unitary rights at the EU level carried out by the CJEU and its conclusion that they are protected through both regulations and directives does not go to the straightforward conclusion that in the absence of directives in the field of IGOs national systems of IGOs do not exist at all. Rather it means that the protection of IGOs at the national level is not harmonized. In the result, national protection systems of IGOs vary among EU Member States from the passing off protection up to sui generis protection existing since the early history of IGOs[49] and supported by such global international treaties as the Paris Convention and the TRIPS.

Likewise, the 'tandem' of both a regulation and a directive adopted in the case of several IP objects in the EU law, noticed by Advocate-General Colomer and supported by the CJEU, leads to a completely opposite conclusion than made both by Advocate-General Colomer and the CJEU. If such directive had not been adopted, for instance, concerning trade marks in the EU law, it would not automatically lead to the conclusion that the EU trade mark system is 'exhaustive in nature', but rather that the trade mark law is not harmonized within the EU. Moreover, notwithstanding the fact whether such directive is adopted or not, the Community trade mark system is regarded as voluntary, in other words, it is apt to trade mark proprietors to apply their trade marks for registration as Community trade marks in order to obtain protection 'in every Member State' which will have no impact on relevant national trade marks continued to be protected at the national level. Such

[48] Except the concept 'evocation' which was interpreted in the CJEU's practice (for details, *see* the commentary of Art. 13 of the Quality Schemes Regulation, Sect. 6.2 above).

[49] For protection models of IGOs, *see* Sect. 3.3 above.

voluntary system for the protection of IGOs should be admitted also in respect of the Foodstuffs Regulation and two other Regulations, namely the Spirits Regulation and the Single CMO Regulation. Therefore, comparison with the trade mark regulation in the EU law leads to completely other conclusions than those made by Advocate-General Colomer and the CJEU.

Moreover, another CJEU's argument to substantiate the exhaustive nature of the Foodstuffs Regulation lies in the concept of common agricultural policy, which neither was ever adopted nor followed for the protection of qualified IGOs.

As it was correctly noted by the CJEU, as well as Advocate-General in this case, it is true that the Foodstuffs Regulation and its predecessor Regulation No 2081/92 were adopted on the basis of Art. 37 of the TFEU, i.e., on the basis of the common agricultural policy. However, the common framework for the regulation of IGOs within the common agricultural policy never existed. First, it is testified by the fact that regulatory approaches for the regulation of IGOs in respect of different types of agricultural goods are different preventing to speak about any common agricultural policy providing common regulation of IGOs. Second, different Regulations within the direct protection system were adopted on a different basis. Though the Foodstuffs Regulation, as well as the Single CMO Regulation[50] and the Aromatised Wines Regulation[51] were adopted on the basis of Art. 37 TFEU, at the same time the Spirits Regulation, containing rules concerning the IGOs in respect of spirits, was adopted on the basis of Art. 95 TEC (now Art. 114 TFEU),[52] i.e. on the basis of the internal market regulation regulated under Art. 14 TEC (now Art. 26 TFEU). In addition, the Quality Schemes Regulation which repealed and replaced the Foodstuffs Regulation is based on Art. 118 (1) TFEU, i.e. uniform protection of IP in the internal market.[53] Due to these reasons, it would be prematurely to argue about the common agricultural policy as the basis for the regulation of IGOs at the EU level.

Although the preamble to the Foodstuffs Regulation expressis verbis refers to 'uniform approach' and protection to be obtained 'in every Member State' by registration of IGOs within this Regulation, these provisions themselves may not lead to the conclusion that such system as provided by the Foodstuffs Regulation is 'exhaustive in nature'. Each regulation adopted by EU institutions lies in the fact to provide 'uniform approach' for matters which fall within the competence of the EU in general. Therefore, a reference to such 'uniform approach' is nothing, but repetition of this truth. Moreover, the wording 'in every Member State' is also nothing more but a common phrase indicating that a respective regulation will be enforceable in all EU Member States. Therefore, these expressions reflected in the preamble to the Foodstuffs Regulation may not serve as a substantiation of the exhaustive nature of the Foodstuffs Regulation.

[50] *See* Sect. 8.1 of this book above.

[51] See Sect. 9.1 of this book above.

[52] See Sect. 7.1 of this book above.

[53] See Sect. 6.1 of this book above.

As regards the CJEU's referral in its reasoning (to substantiate its doctrine on the exhaustive nature of the Foodstuffs Regulation) to transitional measures provided by the Foodstuffs Regulation to maintain national protection during the registration procedure of a particular IGO, the aim of those transitional measures seems to be opposite to what has been defined by the CJEU. When a particular IGO is applied for registration in the procedure provided by the Foodstuffs Regulation, it is placed in a paradoxical situation. From one side, the IGO undergoes the registration procedure provided by the Foodstuffs Regulation, which could take several years, but, from the other side, the protection envisaged by the Foodstuffs Regulation does not apply to this IGO yet, because the registration procedure is not accomplished. At the same time, since this IGO is applied for registration, the particular EU Member State cannot maintain national protection as the national law cannot regulate the same issues as regulations in the EU law. Therefore, the main aim for envisaging transitional measures providing national protection on the transitional basis becomes obvious: it is to legitimate national protection for an IGO applied for registration within the Foodstuffs Regulation during its registration procedure in order to avoid the situation when such IGOs are left without any protection at all.

This conclusion is supported by a similar regulation on transitional national protection which was applicable due to accession of ten EU Member States as of 1 May 2004:

> [t]he national protection of geographical indications and designations of origin within the meaning of Regulation (EEC) No 2081/92 existing in the [new MS] on 30 April 2004 may be upheld by those MS until 31 October 2004. Where an application for registration under Regulation (EEC) No 2081/92 is forwarded to the Commission by 31 October 2004, such protection may be upheld until a decision has been taken in accordance with Article 6 of that Regulation (Art. 1 of Regulation No 918/2004[54]).

Therefore, similarly as it was provided by Art. 17 of the Foodstuffs Regulation, the main rationale for providing such transitional national protection for IGOs to be applied for registration by those ten new EU Member States lies in the fact to avoid any such time period when they are left without any protection neither at the EU level nor at the national level (for reasons described above).

This aspect of the transitional national protection for IGOs applied for registration within the Foodstuffs Regulation was neither addressed nor considered by the CJEU.

The conclusions of the CJEU in its judgment in the discussed *Budweiser II* case are controversial from the legal point of view by using more legislative and political approach than legal approach. As it is justly stated in this regard in the literature, '[t]

[54] Commission Regulation (EC) No 918/2004 of 29 April 2004 introducing transitional arrangements for the protection of geographical indications and designations of origin for agricultural products and foodstuffs in connection with the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia. OJ, L 163, 30.04.2004, pp. 88–89.

he main rationale provided by the CJEU for this decision has a prevalent political, rather than judicial, nature'.[55]

There are grounds not only to question the CJEU reasoning in *the Budweiser II* case, but also to critically evaluate issues which were not clarified by the CJEU, but leave serious impact on the existing legal practice.

13.2.6 Scope of the CJEU Judgment

In the beginning, it is necessary to define the scope of the CJEU conclusions in the *Budweiser II* case which was left open by the CJEU.

Scope of Exhaustive Nature The scope of exhaustive nature may be reviewed from two perspectives: first, from the perspective of the scope of legal acts covered and, second, goods covered to be reviewed further separately.

Scope of Covered Regulations Though the CJEU judgement in the *Budweiser II* case expressis verbis relates to the interpretation of the Foodstuffs Regulation, it may be admitted that the conclusions made by the CJEU discussed above should relate not only to the Foodstuffs Regulation, but also extend to other three applicable Regulations providing registration and protection of the IGOs within the direct protection system,[56] namely the Spirits Regulation,[57] the Single CMO Regulation,[58] and the Aromatised Wines Regulation.

Such conclusion is supported by the wording of the last bilateral international treaty concluded by the EU[59] with third country,[60] namely, Georgia, for the reciprocal protection of IGOs.[61] Art. 2 (2) of this international treaty defines established IGOs (in wording of this treaty—geographical indications) on the part

[55] Gragnani (2012), p. 280.

[56] For the direct protection system, *see* Sect. 5.5 above.

[57] Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labeling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54.

[58] Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organization of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 299, 16.11.2007, pp. 1–149.

[59] Council Decision of 14 February 2012 on the conclusion of the Agreement between the European Union and Georgia on protection of geographical indications of agricultural products and foodstuffs. OJ, L 93, 30.03.2012, pp. 1–2.

[60] For international treaties concluded by the EU with third countries for the protection of IGOs, *see* Mantrov (2012), pp. 175–176.

[61] Agreement between the European Union and Georgia on protection of geographical indications of agricultural products and foodstuffs. OJ, L 93, 30.03.2012, pp. 3–140. This treaty entered into force on 1 April 2012 (Notice concerning the entry into force of the Agreement between the

of the EU by referring to all three applicable Regulations mentioned above, inter alia, in the previous paragraph. In addition, the qualified IGOs protected under the applicable Regulations included in Annexes to the treaty with Georgia, namely: Annex III contains qualified IGOs in respect of agricultural products and foodstuffs other than wines, spirit drinks and aromatised wines of the European Union to be protected in Georgia; Part A of Annex IV—wines (including 18 names of Georgia); Part B—spirit drinks; Part C—aromatised wines.

Here, it is not less important to note that Art. 2 (2) and Part C of Annex IV to that international treaty between the EU and Georgia contain a reference to IGOs (geographical denominations) concerning aromatised wines, namely Regulation No 1601/91,[62] consisting of four such names.[63] Therefore, the exhaustive nature of the regulation of IGOs at the EU level covers not only the Foodstuffs Regulation, but also other three applicable Regulations within the direct protection system.

Scope of Covered Goods Furthermore, the *Budweiser II* case and consequently the CJEU's conclusions are limited to the agricultural products and foodstuffs, including wine sector products, spirit drinks, and aromatised wines (as it was concluded above, the Budweiser II case covers the entire direct protection system), but does not relate to other types of products, namely industrial goods and handicraft goods. Consequently, IGOs in respect of non-agricultural products of products are left untouched by CJEU in the Budweiser II case and they are regulated solely by the national protection systems of EU Member States subject to general EU measures through indirect protection system of IGOs.[64] Therefore, the conclusion that '[t]he Court decided that EC law was exhaustive in respect of appellations for beer'[65] would be true only in case of qualified IGOs for beer due to the fact that the CJEU judgment in the *Budweiser II* case covers not only beer, but also other agricultural products falling within the scope of the direct protection system.

Scope of Covered IGOs Finally, the concept of exhaustive nature relates to qualified IGOs only, but it does not cover simple, quality neutral IGOs irrespective of goods in respect of which they apply and qualified IGOs referring to non-agricultural goods.

European Union and Georgia on protection of geographical indications of agricultural products and foodstuffs. OJ, L 164, 23.06.2012, pp. 0001–0001).

[62] Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. OJ, L 149, 14.6.1991, pp. 1–9.

[63] After Croatia acceded the EU the fifth name was added to this list, namely Samoborski bermet (Part 4 Agriculture of the Annex III of the Act of Accession of Croatia to the European Union. OJ, L 112, 24.04.2012, pp. 10–110).

[64] For the EU indirect protection system of IGOs, *see* Chap. 11 above.

[65] Gervais (2010), p. 101.

13.2.7 Impact and Related Problems

There are grounds not only to question the CJEU reasoning as argued above, but also issues which were not clarified by the CJEU but that leave a serious impact on the understanding of the effective EU law.

Impact on Community Collective Marks First, by its conclusion that the Foodstuffs Regulation (and consequently this applies to other three applicable Regulations within the direct protection system) provides the exhaustive system of protection, the CJEU restricted the scope of the application of the Codifying Community Trade Mark Regulation. If before the *Budweiser II* case the Community collective trade marks were applied for registration in respect of all IGOs except those registered in the applicable Regulations, from now on only those IGOs may be applied for registration as Community collective trade marks which are not qualified IGOs, i.e., only simple, quality neutral IGOs in respect of agricultural goods. Therefore, the qualified IGOs for agricultural goods and foodstuffs are outside the scope of the application of the Community collective trade mark regulation. In addition, it remains unclear what to do with the existing Community collective trade marks containing qualified IGOs—whether they shall be subject for cancellation proceedings or their registration may remain untouched.

Interrelation with Other International Treaties (the Lisbon Agreement) Moreover, the CJEU did not go into details and explain how its conclusion about the exhaustive character of the Foodstuffs Regulation is compatible with the obligations of certain EU Member States under the Lisbon Agreement. The appellation of origin within the meaning of the Lisbon Agreement shall be considered as qualified IGOs and the Member States shall protect registered names under this Agreement within their national law systems if they adhered to this Agreement. However, if appellations of origin are not applied for registration under the Foodstuffs Regulation, they shall not be protected under the national law systems of those EU Member States; if they are not protected under the national law systems, it leads to the infringement of the Lisbon Agreement. This incompatibility between the conclusion about the 'exclusive character in nature' of the Foodstuffs Regulation and the obligations under the Lisbon Agreement for certain Member States and how it can be overcome was not addressed by the CJEU though the Lisbon Agreement was discussed in the CJEU judgement in the *Budweiser II* case.

Impact on National Laws Likewise, the CJEU conclusion of the exhaustive nature has twofold impact on the national laws of EU Member States of the EU protecting IGOs at their national law.

First, qualified IGOs not registered or not being applied for registration by EU Member States in respect of agricultural goods and foodstuffs shall been abandoned. As a result, national protection systems of qualified IGOs in respect of agricultural products and foodstuffs have ceased to exist.

Second, EU Member States shall not provide any national regulation for the protection of qualified IGOs in respect of agricultural products and foodstuffs at all by either amending existing regulation if it was adopted concerning those IGOs or refraining from the adoption of such regulation in the future.

As it is correctly stated in the legal literature in this regard, 'the Court of Justice has held that Community legislation in this matter is exhaustive and that consequently the Member States no longer have the competence to recognise geographical indications [IGOs in the terminology of this book – author's remark]'.[66] Here, it turns to the concept of 'pre-emption' of the EU law on the protection of qualified IGOs as it was pointed out above.

So far, no such limitations have been introduced in EU Member States providing sui generis regulation for the protection of simple, quality neutral IGOs, namely Germany, Latvia, and Lithuania. The same could be concluded in respect of Scandinavian countries such as Denmark, Sweden, and Finland, protecting IGOs through combating unfair marketing practices and not providing any limitations concerning the exhaustive nature of the applicable Regulations.

Moreover, the CJEU's approach on the exclusive nature of the applicable Regulations has straightforward impact on EU Member States, providing for additional protection of qualified IGOs through their registration as in their case such registration shall be abandoned. Such national protection through registration exists in Estonia,[67] Bulgaria,[68] Romania,[69] Czech Republic,[70] Slovakia,[71] Poland,[72]

[66] Geiger et al. (2010), p. 153.

[67] [Estonian] Geographical Indication Protection Act; RT I 1999, 102, 907, as amended. Available at http://www.legaltext.ee/en/andmebaas/ava.asp?m=022.

[68] Закон за Марките и Географските Означения ДВ. бр.81 от 14 Септември 1999 г. [Law on Trademarks and Geographical Indications]. Available at http://www1.bpo.bg/images/stories/laws/mgi_law2010.pdf. In Bulgaria, the concept of geographical indications comprises two varieties of IGOs, namely, appellation of origin (corresponding to the same concept as defined by the Lisbon Agreement) and designation of origin (corresponding to the legal definition of geographical indications as provided by the Art. 22 (1) TRIPS) (see Art. 51 of the Bulgarian Law on Trademarks and Geographical Indications referred to in the beginning of this footnote).

[69] Romanian Law on Marks and Geographical Indications. Available at http://www.osim.ro/index3_files/laws/law/trademark/mareng.htm.

[70] Act No. 452/2001 Coll. of 29 November 2001 on the Protection of Designations of Origin and Geographical Indications and on the Amendment to the Act on Consumer Protection. Available at http://www.upv.cz/en/legislation/national/codes.html.

[71] The Act No. 469/2003 Coll. on Designations of origin for products and geographical indications for products. Available at http://www.indprop.gov.sk/swift_data/source/pdf/legislation/pravo_03469.pdf. See Považanova, Slovak Republic: Recent Developments concerning intellectual property law. IP value 2005: Building and enforcing intellectual property value. London: Global Whitepage, 2004, p. 286.

[72] Title III, Part II "Geographical indications" of the Industrial Property Law. Available at http://www.wipo.int/wipolex/en/text.jsp?file_id=194986; Regulation of the Prime Minister of 25 April 2002 on filing and processing geographical indication applications. Available at *uprp.pl/rozne/ip_law_amend/regulation-gis.doc*. For protection of IGOs in Poland, *see* Polish Patent Office,

Croatia,[73] Portugal,[74] Slovenia,[75] and Hungary.[76] However, no limitations of the scope of these national laws were provided by these countries with some exceptions, for instance, Croatia envisaged that the national provisions 'shall not apply to products and services in such part in which the system of protection and the exercise of rights to use a geographical indication and a designation of origin are governed by special regulations'[77] obviously covering also EU regulation on IGOs. Similar situation exists also in Estonia: Art. 1 (1) of the Estonian Geographical Indication Protection Act envisages that this Act regulates the legal protection of geographical indications used to designate goods and services of natural, agricultural, handicraft or industrial origin, except the geographical indications and designations of origin for agricultural products, foodstuffs and alcoholic beverages protected at the Community level.

Since the *Budweiser II* case, national protection systems of EU Member States in respect of qualified IGOs for agricultural products and foodstuffs shall not be maintained anymore and shall be either abolished or amended so that they do not cover qualified IGOs in respect of agricultural products and foodstuffs. It applies also in case if they are protected without any registration at the legislative level, for instance, in the case of Germany, Latvia, or Lithuania, or on the basis of the case law as it is in the case of the UK. Otherwise, respective EU Member States will be in the position of the infringement of the applicable Regulations.

In addition, IGOs already registered and complying with this criterion, i.e. they are qualified IGOs in respect of agricultural products and foodstuffs cannot be maintained from now on and shall be excluded from the relevant national register.

Impact on IP System of the EU So far, as it was stated above, there were grounds to consider that the EU and national intellectual property systems have been coexisting without excluding each other. In the case of trade marks, designs, plant variety rights, and recently also patents, protection at the EU level by providing respectively for Community trade marks, registered and unregistered Community designs, Community plant variety rights and European patents with unitary effect is established. For copyright and related rights, regulation is provided through directives. IGOs were protected through different mutually unrelated

Geographical Indications for Foodstuffs, Spirits and Wines. Available at www.mpsr.sk/politikakvality/download.php?873.

[73] Act on Geographical Indications and Designations of Origin of Products and Services. Available (with respective amendments) at http://www.dziv.hr/files/File/eng/zakon_zemljopisne_ENG.pdf.

[74] Chapter VIII of the Title II "Appellations of origin and Geographical Indications" of the Portugal Industrial Property Code. Available at http://www.marcasepatentes.pt/files/collections/eng_US/1/Industrial%20Property%20Code%20%28Searchable%20PDF%29.pdf.

[75] http://www.uil-sipo.si/sipo/addition/resources/legislation/legislation-slovenia/.

[76] http://www.hipo.gov.hu/English/foldrajzi_arujelzo/jogforras_faru/.

[77] The Art. 1 (2) of the Croatian Act on Geographical Indications and Designations of Origin of Products and Services.

directives by different principles within the indirect protection system in conjuncture with the possibility to register them as Community collective marks. Finally, a general enforcement scheme for all intellectual property objects by providing their regulation in the Enforcement Directive was introduced.

However, since the CJEU judgment in the *Budweiser II* case, IP regulation in the EU law was spoiled, as a unitary right of the exclusive character was introduced within the direct protection system, namely, qualified IGOs, which shall enjoy protection only by virtue of the EU law and national protection for these IGOs shall not be maintained by EU Member States. This clearly introduces distinction in the common protection system of IP in the EU law and therefore, from now on it is not possible to speak about uniform rules for the protection of intellectual property within the EU law.[78]

By summarising discussion in this section, despite the fact that the CJEU judgment provides for far-reaching conclusions for the future development of IGOs and IP in general, it is still poorly discussed in the legal literature. Therefore, further studies are necessary in this question.

13.3 Indirect Protection System

Previously, it was discussed[79] that the indirect protection system is primarily governed by directives to be transposed into the national law of EU Member States. Therefore, the scope of these directives influences the extent to which national legislators may legislate. However, it would be hasty to consider that this conclusion means that all issues relating to IGOs have been harmonised at the level of the EU indirect protection system. Due to the scope of the directives mainly relating to consumer protection, implementation of protection is in the hands of EU Member States, specifically—their national administrative institutions and national courts. Therefore, not so much norms of directives themselves, but national legislators and national courts of EU Member States define these boundaries, without doubt—in line with requirements set out by the directives.

The extent of relationship between the EU indirect protection system and the national law of EU Member States may be characterised from two points of view.

First, relationship between the EU indirect protection system and the national law of EU Member States. As the EU indirect protection system consists of several legal acts covering different subject-matters and interests, the extent of their transposition depends either on a particular legal act or subject-matter. For instance, in the case of consumer rights protection Art. 169 (4) TFEU provides that EU

[78] For the effective system of acquiring an exclusive right for IP objects at the EU level, see Mantrov (2012).

[79] *See* Chap. 11 above.

Member States may adopt any legal rules which are stricter than those provided under the EU law.

Second, it is relationship between the EU indirect protection system and the national law of EU Member States from the point of view of un-harmonised aspects. From this perspective, there are no obstacles for EU Member States to legislate outside the effective legal acts falling within the EU indirect protection system.

As it was pointed out in Chap. 11 of the book, the EU indirect protection system covers both IGOs applied for registration or registered within the EU direct protection system, i.e. qualified IGOs for agricultural products and foodstuffs, and other IGOs, i.e. qualified IGOs for non-agricultural products and simple, quality neutral IGOs for all types of goods. Consequently, the scope of both perspectives characterised in this section covers all IGOs irrespective of their type (i.e. either qualified IGOs or simple, quality neutral IGOs) and the type of goods in respect of whom they apply (agricultural goods or non-agricultural goods).

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Chapter 14
Liability Aspects

14.1 Introduction

One of the main (if not central) issues in the IP in general and in the law on IGOs particularly relates to liability aspects for the breaches of an exclusive right of a particular IP object. Liability issues for infringements of an exclusive right of IGOs are subject to regulation both at the EU level and at the national level of EU Member States yet in different extents. However, due to the scope of this book, discussion of liability issues is limited to EU Member States, yet without doubt one may assume that general principles governing the respective issues are similar to other jurisdictions as well.

The EU law provides regulation of liability for infringements of IGOs both within the direct and indirect protection systems. As far as it relates to the EU direct protection system, protection norms of registered IGOs discussed in Chaps. 6–9 of this book cover discontinuation of an infringement but do not cover other issues such as procedural remedies like provisional measures, calculation and collection of damages, and other similar issues. However, these issues are dealt within the EU indirect protection system through directives to be transposed into the national law of EU Member States, especially it is relevant to mention the Enforcement Directive. Therefore, liability issues reflected both in the EU direct and indirect protection systems influence liability for IGOs imposed under the national law of EU Member States. In such a way, as the EU law stands now, liability arising from infringements of an exclusive right of IGOs is primarily subject to the national law of EU Member States with an exception of registered IGOs as far as it relates to discontinuation of those infringements.

This chapter would examine liability issues arising both from the EU law and national law of EU Member States. As it would be revealed in this chapter, approaches for regulation of these liability issues are different among EU Member States, which is a result of the existing disparities in the internal market for imposing liability for infringements of an exclusive right of an IGO (and without doubt of other IP objects as well). These disparities relate also to the nature of

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liability for those infringements. Though the majority of EU Member States (if not all) provides civil and criminal liability for infringements of IGOs, there are also such EU Member States that provide also administrative liability. Due to these reasons, all three types of liability, namely civil liability, administrative liability, and criminal liability, arising from infringements of an exclusive right of an IGO will be discussed separately in the next sections as far as they are addressed in the EU law in conjuncture with the national law of EU Member States.

14.2 Civil Liability Aspects

14.2.1 Overview

Civil liability for infringement of IP rights lies within non-contractual obligations, described either as tort in the common law system or delict in the continental Europe legal system reflecting different legal cultures.[1] In this way, IP rights are justly characterised as 'a separate area of tort [or delict — the author's remark] law'.[2] As an infringement claim for protection of IGOs shall be governed by delict (tort) law, it allows more sophisticated approaches to be exploited in view of the specifics of infringements of IP objects, for instance, in calculation of damages as provided by special provisions of IP law such as a licentiate criterion.[3]

Civil liability for infringements of exclusive rights pertaining to IGOs mainly is based on those civil liability measures which are available for any right-holder of IP objects.

Still, several aspects arising from the civil liability for infringements of an exclusive right of an IGO to be discussed further in this section could be distinguished. First, civil procedural aspects may be identified arising from the specifics of IP objects and exclusive rights conferred upon them. These aspects usually are similar to all IP objects, including IGOs, and will be examined from the point of view of IGOs. Second, aspects relating to preconditions for the collection of damages, particularly calculation of damages and causation between an infringement and amount of damages could be identified as usually the fault and the illegal activity are presumed from the very fact of an infringement.

Yet, the nature of violations of exclusive character of IGOs is influenced by specifics of the law on IGOs. This section will explore civil liability arising from infringements of exclusive rights of IGOs commencing with the applicable law for such infringements.

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[1] *See* van Dam (2013), pp. 4–5.

[2] van Dam (2013), at p. 168.

[3] Art. 13 of the Enforcement Directive [Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights (OJ, L 157, 30.04.2004; OJ, L 195, 02.06.2004, pp. 16–25)].

14.2.2 Applicable Law

From the regulatory point of view, applicable law concerning infringements of exclusive rights of IGOs may be viewed from two perspectives.

First, an infringement committed in an EU Member State by persons domiciled in the same EU Member State. As this situation is not covered by the application sphere of international private law, specifically by the Rome II Regulation providing the applicable law for non-contractual obligations,[4] the national law of a particular EU Member State applies. In general, as it is admitted by the Rome II Regulation itself, the principle of the *lex loci delicti commissi* is the basic solution for the applicable law for non-contractual obligations, i.e. delicts (torts) in virtually all EU Member States,[5] i.e. the law of a country where the infringement was committed.

Second, an infringement which is committed in an EU Member State by persons (an infringer and right-holders of IGOs) domiciled in different EU Member States. In this situation, international private law applies in accordance with the Rome II Regulation. Though the Rome II Regulation contains principle of *lex loci damni*, i.e. the law of the country in which the damage occurs, as a general rule,[6] it provides specific regulation on the applicable law for infringements of IP rights. Thus, Art. 8 (1) of the Rome II Regulation, which concerns the applicable law for infringements of IP rights envisages the principle of *lex loci protectionis*, i.e. the law of the country for which protection is claimed.[7] Therefore, this principle for establishing the applicable law applies also to IGOs as they are also among the IP objects. However, this conclusion relates only to the applicable law concerning infringements of national IGOs due to its Art. 8 (2) of the Rome II Regulation. This provision provides that

> [i]n the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall [..] be the law of the country in which the act of infringement was committed,

I.e. the principle of *lex loci delicti commissi* mentioned above. As registered IGOs within the EU direct protection system shall be treated as unitary rights, the provision covers, inter alia, also these IGOs.[8]

In addition, the interrelation between Art. 8 and Art. 6 of the Rome II Regulation should be clarified from the point of view of IGOs as the latter provides a specific regulation for the applicable law, inter alia, concerning unfair competition. It

[4] Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II) [Rome II Regulation]. OJ, L 199, 31.07.2007, pp. 40–49.

[5] *See* Recital 15 of the Rome II Regulation.

[6] *See* Recital 16 and Art. 4 (1) of the Rome II Regulation.

[7] *See generally* Stone (2010), pp. 402–403.

[8] Yet, different commentators of the Rome II Regulation do not mention registered IGOs within the scope of application of Art. 8 (2) (*see* Stone 2010, pp. 402–403).

should be recalled that separate EU Member States, such as Germany or Latvia (as well as the UK concerning *passing off*), as well as international treaties such as Art. 10bis of the Paris Convention (for all IGOs) and Art. 22 (2) TRIPS (for qualified IGOs) provide that IGOs are protected through the unfair competition law. Consequently, a question may arise whether infringements of IGOs shall be regulated under Art. 6 or Art. 8 of the Rome II Regulation which both provide slightly different principles for the regulation of the applicable law, i.e. either the principle of *lex loci delicti commissi* under Art. 6 or the principle of *lex loci protectionis* pursuant to Art. 8 of the Rome II Regulation. Answer to this question should be decided based on the nature of IGOs: as they are treated as an independent IP object both at the international and the national level,[9] Art. 8 should be therefore applied for infringements of IGOs irrespective of protection of IGOs based on principles of unfair competition law. Consequently, the fact that their protection may be enforced through the unfair competition law does not alter functioning of IGOs as an IP object which is therefore covered by Art. 8, not by Art. 6. However, both these Articles may be applied in case of IGOs depending on a characterisation of subject-matter of a dispute:

> the application of Art. 8 Rome II [Regulation] versus Art. 6(1) Rome II [Regulation] depends on the basis, *i.e.* the subject-matter of the claim: if the subject-matter is the infringement of a geographical indication or designation of origin as an intellectual property right, *i.e.* by unauthorised use or by using imitations, Art. 8 will determine the law governing the infringement action [reference omitted]; if the subject-matter is the misrepresentation in relation to the geographical origin, [..] Art. 6 will determine the law applicable to this act [..]. Furthermore, [..] gaps in the system of intellectual property rights in relation to geographical indications and designations of origin may be filled by unfair competition law in which case the law for such claims is determined by Art. 6(1) Rome II [Regulation].[10]

14.2.3 Civil Procedural Aspects

Civil procedural regulation allows bringing claims for combatting IP infringements in general and infringements of IGOs particularly. There could be general civil procedural regulation which *mutatis mutandis* applies to IGOs. However, a special legal regulation for civil procedural aspects in the case of IGOs could be envisaged either dealing with them separately or within the special regulation attributable to all IP objects. Particularly, such special civil procedural regulation mainly relates to two questions.

First, it relates to jurisdiction issues governing a court in which a claim for the protection of IGOs shall be raised. EU Member States usually do not provide a special regulation on jurisdiction of cases of infringements IGOs as they are heard

[9] See Sect. 3.1 above.

[10] Illmer (2011), pp. 156–157.

by courts that hear IP cases. However, there could be exceptions, for instance, the Latvian law provides a special regulation on IGOs envisaging a court that will hear disputes on IGOs as a first instance court. Thus, according to Art. 43 (2) of the Latvian Trade Mark Law,[11] a claim for the protection of IGOs may be filed in Riga Regional Court as a first instance court. Yet, it is in certain contradiction with Art. 25 (1) (3) of the Latvian Civil Procedure Law,[12] pointing out to any regional court which should hear such cases. Due to the fact that special norms prevail over the general norms (*lex specialis derogat lex generalis*) the former regulation should prevail.

Second, it governs a list of persons entitled to initiate such claim. German and Latvian examples are notable in this regard.

In Germany, a list of persons, who may file a claim for the protection of IGOs, has been provided. As in this regard Art. 128 (1) of the German Trade Mark Law and Art. 8 (3) of the German Unfair Competition Law provides, such claim may be brought by every competitor (in this case—producers of goods entitled to use a particular IGO); associations of producers; and consumer protection entities.

From the Latvian perspective, such list has been established as well. In accordance with Art. 43 (2) of the Latvian Trade Mark Law, an action to enjoin the unlawful use of an indication of geographical origin may be brought in the Riga Regional Court by any interested persons, including professional associations, and associations of manufacturers, traders or providers of services, whose articles of association provide for the protection of the economic interests of their associates (members), as well as by organisations and authorities whose purpose, under their articles of association, is the protection of the rights of consumers.

Comparing the aforementioned provisions defined in the German and Latvian trade mark laws, it may be concluded that contrary to Germany where the list of persons is governed by the German Unfair Competition Law to which the German Trade Mark Law points out, but liability is ensured on the basis of the German Trade Mark Law, the Latvian example is opposite: the list of persons is provided in the Latvian Trade Mark Law, however, liability is imposed according to the law on repression of unfair competition, i.e. Art. 18 of the Latvian Competition Law.

Provisional measures applicable in IP infringements and harmonised by the Enforcement Directive have considerable meaning for the protection of IP objects in general and IGOs particularly. Though the task of the book does not include the discussion of the Enforcement Directive in general, specific reservations should be made in respect of the Enforcement Directive concerning specific aspects in relation to IGOs.

Notably, Art. 13 of the Enforcement Directive provides for different means for the calculation of damages, including the licentiate criterion. Moreover, certain EU Member States have transposed this norm specifically in relation to IGOs, for

[11] Law 'On trade marks and indications of geographical origin' [Latvian Trade Mark Law]. Available in English at www.vvc.lv.

[12] Civil Procedure Law. Available in English at www.vvc.lv.

instance, by supplementing protection possibilities for IGOs.[13] For instance, Art. 43 (3) of the Latvian Trade Mark Law provides that

> [t]he court may impose the same legal defences in matters regarding the suspension of the unlawful use of indications of geographical origin, as those provided for in cases of the unlawful use of trade marks.

However, it should be noted that the licentiate criterion cannot be applied in the case of IGOs as there is no possibility to calculate the licence fee due to a simple reason: IGOs may not be licenced.[14] Therefore, by transposing Art. 13 of the Enforcement Directive into the Latvian law, the Latvian legislator failed to make any reservation for the scope of application of the licentiate criterion by excluding its use in respect of IGOs.

14.2.4 Regulation as One of Delict Liability Models

As it was discussed previously, misleading use of IGOs shall constitute an act of unfair competition especially due to the regulation included in Art. 10bis of the Paris Convention which covers all simple, quality neutral IGOs. Regulation of the repression of unfair competition developed in EU Member States on the basis of regulation of delicts (torts) in civil codifications[15] therefore, as it is justly indicated in legal literature, law of unfair competition has roots in the broad field of delicts.[16] As it was noted by Prof. *Friedrich-Karl Beier* in this regard,[17] creation of modern unfair competition law should be related to the French court system of the first half of the nineteenth century that developed general delict regulation based on Art. 1382 of the French Civil Code.[18] This article, which is included in chapter "On delicts and quasi-delicts" provides general delict regulation covering therefore infringements of IGOs. Specifically, it envisages that 'any act of man, which causes damages to another, shall oblige the person by whose fault it occurred to repair it'.[19]

[13] Annotation of the Latvian draft law Amendments to the Law "On Trade Marks and Indications of Geographical Origin". Available in Latvian at http://titania.saeima.lv/LIVS/SaeimaLIVS.nsf/0/78396D48FC321B64C225722F004C33CE?OpenDocument.

[14] For details, *see* Sect. 3.1 of this book above.

[15] It should be noted that protection of IGOs in common law countries such as the UK developed on the basis of passing-off which cannot be considered as analogue to unfair competition (for substantiation, *see* Sect. 3.3 of this book above).

[16] Kaufmann (1986), p. 9.

[17] Beier (1996), p. I/A/16.

[18] The French Civil Code is used in its translation available in the following source: Французский гражданский кодекс (2004).

[19] Французский гражданский кодекс (2004), p. 745.

Consequently, as it is pointed out in legal literature, protection against unfair competition in France is grounded on the general delict norm, which is included in Art. 1382 of the French Civil Code.[20]

On the other hand, after the adoption of the German Civil Code (Bürgerliches Gesetzbuch or BGB in its abbreviated form) in Germany, the German Supreme Federal Court applied Art. 823 and the subsequent provisions in relation to delict regulation.[21] Such possibility is testified by the wording of Art. 823 (1) of the German Civil Code which provides that

> [a] person who, intentionally or negligently, unlawfully injures the life, body, health, freedom, property or another right of another person is liable to make compensation to the other party for the damage arising from this.[22]

The fact that damage from IP infringements may be grounded on Art. 823 BGB is testified already in German practice already in 1904.[23]

At the same time, the German Unfair Competition Law[24] which was adopted on 3 June 2004 and entered into force on 8 July 2004 is based on the idea that it contains a specific regulation for unfair competition liability if compared with the general regulation of delicts included in the German BGB from which principles not covered by the German Unfair Competition Law are derived.[25]

Similarly as in France and Germany, civil liability for infringements of unfair competition prohibition which, inter alia, covers infringements of IGOs, also in other countries is based on the regulation of civil liability for delicts (non-contractual liability) to be applied for liability of those persons who have infringed exclusive right of IGOs.

For instance, Art. 1635 (1) of the Latvian Civil Law[26] provides that

> [e]very delict, that is, every wrongful act *per se,* as a result of which harm has been caused (also moral injury), shall give the person who suffered the harm therefrom the right to claim satisfaction from the infringer, insofar as he or she may be held at fault for such act.

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[20] Truskaite (2009), p. 13.

[21] Beier (1996), p. I/A/16.

[22] Bürgerliches Gesetzbuch in der Fassung der Bekanntmachung vom 2. Januar 2002 (BGBl. I S. 42, 2909; 2003 I S. 738), das zuletzt durch Artikel 1 des Gesetzes vom 24. Juli 2010 (BGBl. I S. 977) geändert worden ist [German Civil Code]. Available in English at http://bundesrecht.juris.de/bundesrecht/bgb/gesamt.pdf.

[23] Reichsgericht (Fourth Civil Senate) 27 February 1904 RGZ 58, 24 cited after B. S. Markesinis, H. Unberath, *The German Law of Torts: A Comparative Treatise*, 4th ed. (Hart Publishing, Oxford and Portland, Oregon 2002), 372–376.

[24] Gesetz gegen den unlauteren Wettbewerb in der Fassung der Bekanntmachung vom 3. März 2010 (BGBl. I S. 254) [German Unfair Competition Law]. Available at in English at http://bundesrecht.juris.de/uwg_2004/.

[25] Henning-Bodewig (2005), pp. 421–422.

[26] The Civil Law of the Republic of Latvia of 1937 [The Latvian Civil Law]. Its English translation available at http://likumi.lv/doc.php?id=90220.

As regards interpretation of this provision, it is pointed out in Latvian legal literature that Art. 1635 of the Latvian Civil Law envisages civil liability for delicts,[27] i.e. breach of civil rights other than contractual breach.[28] Therefore, this Art. covers, inter alia, IGOs whose infringements shall be admitted as one of delict liability models. From the point of view of IGOs, a victim in the meaning of Art. 1635 of the Latvian Civil Law is every interested person in relation to the particular IGO or a proprietor of a national collective mark or a Community collective mark if that IGO was registered as any of those marks. Also infringements of IGOs should be considered as activities of unfair competition by virtue of Art. 18 of the Latvian Competition Law and Art. 43 (1) of the Latvian Trade Mark Law.

14.2.5 Specifics of Preconditions for Civil Liability

Traditionally preconditions of the civil liability in the case of IP infringements including IGOs should be considered an illegal activity, amount of damages, fault, and causal link between the former two elements. As it was stated by legal commentators in respect of Art. 823 BGB, but which may be extrapolated to civil liability for delicts in general, the following requirements must be satisfied for establishing civil liability: violation of rights or interests; this interference must be unlawful; it must be culpable; there must be a causal link between the defendant's conduct and the plaintiff's harm.[29]

Fault as one of the civil liability preconditions is subject to different understanding and regulation among EU Member States.[30] For instance, in Latvia there is a discussion whether fault shall be considered as one of civil liability preconditions at all instead arguing for justifications of illegal activity[31] supported also in the Latvian court practice.[32] On the other hand, in France the fault is still considered as one of the civil liability preconditions,[33] except certain legal areas involving strict liability, for instance, motor insurance, in which fault shall not be considered. As in this regard it was stated in legal literature,

> [c]ivil law systems generally have a unified action in tort based on fault, though they recognize special cases of strict liability. At common law, to prevail, the plaintiff must

[27] Balodis (2007), pp. 79, 135; Bitāns (1997), p. 117; Bitāns (2000), p. 625; Torgāns (2000), pp. 142–143.

[28] Balodis (2007), p. 79; Bitāns (1997), p. 117; Torgāns (2000), p. 142.

[29] Markesinis and Unberath (2002), p. 43.

[30] For different requirements for liability based on fault, *see* van Dam (2013), pp. 136–137.

[31] Kārkliņš (2005); Torgāns (2005); Torgāns (2006), pp. 209–210.

[32] Judgement of the Civil Case Department of the Senate for the Supreme Court of the Republic of Latvia dated 02 April 2008 in case SKC-143 in *Latvijas Republikas Augstākās tiesas Senāta Civillietu departamenta spriedumi un lēmumi 2008* (Tiesu namu aģentūra, Rīga 2009), 243–249.

[33] Benhamou (2009), pp. 126, 128–129.

> bring the facts of his [or her] case within a list of recognised torts. In both systems, however, jurists analyze the plaintiff's conduct by asking whether he [or her] was at fault for acting intentionally or negligently or liable because his [or her] action was one that gives rise to strict liability.[34]

However, the scope of preconditions of the civil liability for IP infringements including infringements of IGOs does not include fault of a liable person due to the specifics of IP infringements.

Infringing use of an IGO constitutes infringement of exclusive right of an IGO in question and therefore in such case fault of an infringer would be presumed, i.e. it will be established by the fact of an infringement. The approach of the majority of EU Member States is expressed by the following reference to French practice. Though fault, as it was indicated above, is one of the preconditions of civil liability also in France, yet fault of an infringer is 'established automatically' in IP infringements[35]; as it is indicated in this regard in the French legal literature, 'an infringement of intellectual property rights being a fault that engages the civil liability of the author'[36] and 'demonstrating a fault on the infringer's part other than the act of infringement is not necessary for a civil liability action for infringement'.[37]

Non-fault liability for IP infringements also covering infringements of IGOs is also admitted by the Enforcement Directive. Art. 6 of the Enforcement Directive in conjunction with Point 6 of its preamble envisages the alternative calculation of compensation (damages) in the case of IP infringements by distinguishing acts committed 'unintentionally and without negligence' however it does not provide any exemption from the duty to so provide compensation, i.e. to cover damages, in the case of IP infringements, also including infringements of IGOs.

Consequently, it is not necessary to establish fault of an infringer as one of the civil liability preconditions in the case of infringements of IGOs.

14.2.6 Specifics of Calculation of Damages

Civil codifications of different EU Member States usually provide a regulation for the calculation of the amount of damages. Such regulation usually distinguishes between damages for contractual breaches and non-contractual breaches involving different criteria for the evaluation of the amount of damages.

Despite the regulation, it usually cannot solve one of the most complicated issues, if not the most complicated one, in the application of civil liability for IP infringements in general and infringements of IGOs particularly, which lies in the problem calculating the amount of damages. The essence of this problem relates to

[34] Gordley (2006), p. 157.

[35] Benhamou (2009), pp. 126 and 129.

[36] Galloux (2000), p. 174, note 502 Cited after Benhamou (2009), p. 152.

[37] Siiriainien (2002), pp. 91 et seq., 94 Cited after Benhamou (2009), p. 152.

the evaluation of damages suffered by a right-holder of an IGO due to infringement of exclusive right of the IGO: whether profit of an infringer should be taken into account; whether unearned profits of interested persons should be taken into account; or whether the harm, caused to a particular IGO due to its infringement, should be taken into account.

These problematic issues are solved differently in different EU Member States, usually developing approaches for the calculation of damages within their court practice, which is relevant even in the case of continental European countries.

The currently effective EU law provides certain guidelines for the calculation of damages in the case of IP infringements. The Enforcement Directive which applies for infringements of all IGOs, irrespective of whether they are protected at the EU level or at the national level, provides different measures applicable in the case of IP infringements. One of such measures relates to the calculation of damages which is provided in Art. 13 of the Enforcement Directive and covers not only lost profits and a lump sum but also the so-called licentiate criterion.

Consequently, EU Member States may choose appropriate models for the calculation of damages for infringements of IGOs both at the regulatory level by adopting the relevant legislation or at the court practice level by interpreting the relevant national norms on the calculation of damages in the light of those possibilities provided by Art. 13 of the Enforcement Directive.

However, not all possibilities provided by Art. 13 of the Enforcement Directive for the calculation of the amount of damages may be used in the case of IGOs. It was neglected, for instance, by the Latvian legislator when Art. 13 of the Enforcement Directive was transposed into the Latvian law and provided that the licentiate criterion could be used also in the case of IGOs[38] disregarding the fact that they may not be licensed at all.

However, considering that Art. 13 of the Enforcement Directive applies to IGOs in respect of which the licentiate criterion may not be used, the possibility of applying the licentiate criterion in the case of IGOs is justly questioned in the legal literature.[39] Therefore, it is appropriate to consider, as it was revealed in the legal literature, whether it would be possible to apply the measures envisaged by the Enforcement Directive in the case of IGOs as in their case any licensing is excluded.[40]

[38] *See* Art. 43 (3) of the Latvian Trade Mark Law.

[39] Heath (2005), p. 130.

[40] Heath (2005), p. 130.

14.3 Administrative Liability Aspects

Administrative liability is one of the forms of liability that could be imposed for the breach of statutory provisions. The administrative law traditionally forms a part of the public law.[41] It covers, as it was put by Prof. Sir William Wade and Christopher Forsyth, 'the law relating to the control of governmental power'[42] and concerns 'relations between the administration (governments) and private individuals'.[43]

Administrative liability to a large extent is based on the principles of criminal law, yet it is applied in cases when no such harm has occurred as in the case of criminal law and such liability is imposed by state institutions. As the protection of IP objects in general and IGOs particularly is regulated statutorily, violations of these statutory protection norms may be considered as a statutory violation and subject to liability imposed by state institutions of EU Member States themselves irrespective of any activities undertaken by right-holders of IGOs. As far as state institutions of EU Member States may execute their competence in the field of protection of IGOs, these state institutions may ensure compliance of the use of IGOs with the legislative framework of the direct protection system through administrative liability.

Therefore, it is not a coincidence that administrative liability could be considered as one of the possibilities to be applied against infringers of exclusive rights conferred upon IP objects. However, contrary to civil liability where liability serves to protect private interests, i.e. an exclusive right of right-holders of IGOs, administrative liability (similarly as criminal liability discussed below) protects public interest to preserve legal order in a particular jurisdiction. As a result, penalties imposed under the administrative liability (similarly as in the case of criminal law, except a victim's claim for compensation within a criminal case) are collected in favour of a state.

This section is devoted to the administrative law of EU Member States and does not affect the administrative law concerning EU institutions[44] sometimes referred to as the EU administrative law.[45]

Application of administrative liability within the EU for infringements of IGOs depends on a particular EU Member State.[46] In general, three different approaches for the application of administrative liability among EU Member States could be

[41] Seerden (2007b), p. 1.

[42] Wade and Forsyth (2000), p. 4.

[43] Seerden (2007b), p. 1.

[44] This is the reason why administrative law in the EU and in separate EU Member States is separated (see Seerden 2007a, pp. 1, 401).

[45] For the scope of the EU administrative law and phases of its evolution, *see* Harlow (2011), pp. 439–464.

[46] For comparative study of administrative liability in certain EU Member States, *see* Seerden (2007a), pp. 401–419.

distinguished, because not all EU Member States have imposed administrative liability for IP infringements or imposed it in a different extent.

First, administrative liability for infringements of IGOs is envisaged, yet it is usually carried out in respect of qualified IGOs. For instance, Bulgaria provided administrative liability for incorrect use or counterfeiting of the registered GI, as well as the use by a person, who is not registered as a user.[47] Or in France where the French Consumer Code[48] provides administrative actions[49] for the protection of appellations of origins[50] being considered as qualified IGOs within the scope of this Code.[51]

Second, opposite to the first approach, specifically administrative liability concerning IGOs is not envisaged at all. For instance, Latvia does not envisage administrative liability for infringements of IGOs. It should be noted that it was possible to impose administrative liability for unfair competition activities including IGOs in Latvia earlier. However, administrative liability is not available any more since the Law "Amendments to the Latvian Administrative Violations Code"[52] entered into force on 15 April 2005 as it excluded Section 166.26 from the Latvian Administrative Violations Code,[53] which specifically provided administrative liability for unfair competition activities.

Third, administrative liability is envisaged for the breach of statutory obligations during the review of IGO infringement cases by state institutions of EU Member States. Therefore, such approach does not provide administrative liability for infringements of IGOs themselves. In such situations, administrative liability usually would relate to competence issues of national authorities for the protection of registered IGOs within the EU direct protection system.

Germany is a notable example concerning this approach as the German Trade Mark Law[54] provides administrative liability[55]; however, it does not cover any illegal use of IP objects, including IGOs. Art. 145 (2) of the German Trade Mark Law provides that national authorities liable for the supervision, monitoring and

[47] O'Connor (2004), p. 334.

[48] Code de la consummation [the French Consumer Code]. Available in English at www.legifrance.gouv.fr/content/download/1960/13727/. . ./Code_29.pdf.

[49] For general overview of administrative law in France, *see* Auby and Cluzel-Métayer (2007), pp. 61–92.

[50] Arts. L115-2 till L115-7 of the French Consumer Code.

[51] *See* Art. L115-1 of the French Consumer Code.

[52] Amendments to the Latvian Administrative Offences Code of 17 March 2005. Latvijas Vēstnesis, No 52 (3210), 01.04.2005. Available in Latvian in http://likumi.lv/doc.php?id=104826.

[53] Latvian Administrative Offences Code. Ziņotājs, No 51, 20.12.1984. Available in English at http://likumi.lv/doc.php?id=89648.

[54] Gesetz über den Schutz von Marken und sonstigen Kennzeichen vom 25. Oktober 1994 (BGBl. I S. 3082; 1995 I S. 156; 1996 I S. 682) [German Trade Mark Law]. Available in English at http://www.gesetze-im-internet.de/englisch_markeng/.

[55] For general overview of administrative law in Germany, *see* Schröder (2007), pp. 93–153.

controls required in accordance with the Foodstuffs Regulation[56] (now the Quality Schemes Regulation[57]) may impose fines if anyone intentionally or negligently performs any of the following activities:

a) refuses to permit entry to business premises, land, sales facilities or means of transport or their inspection,
b) does not present the agricultural products or foodstuffs to be inspected in such a way that the inspection can be carried out properly,
c) does not provide the necessary assistance in the inspection,
d) does not permit samples to be taken,
e) does not submit corporate documents, or not in their entirety, or does not permit them to be examined, or
f) does not provide information, or does not do so correctly, or not completely [..].

Therefore, as it could be observed from the quote above, main rationale of Art. 145 (2) of the German Trade Mark Law is not to provide administrative liability for infringements of IGOs and other IP objects in general, but to provide liability for not obeying the request of state authorities to comply with applicable regulation governing the use of IGOs.

Similarly, in Italy the Legislative Decree No 297/2004 introduced administrative liability with penalty of EUR 50,000 to be applied to manufacturers in the cases of counterfeiting, unauthorised use of duly-registered PDOs and PGIs, or use of false or misleading information about the source, origin, nature or essential qualities of foods.[58]

14.4 Criminal Liability Aspects

Criminal liability has been one of the traditional types of liability for infringements of IP rights, including infringements of IGOs. The concept of combating infringements of IP in general and IGOs particularly by criminal liability has rooted in national practices of different countries, including EU Member States. Explanation of such attitude lies in the fact that there is no international treaty which provides any legal regulation or a duty for its contracting countries to establish criminal liability in the case of infringements of IGOs, including EU founding agreements.

From the position of international treaties concerning the protection of IP, agreement has been reached only upon one international treaty, providing such liability in a limited extent, i.e. the TRIPS.

[56] Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 93, 31.03.2006, pp. 12–25 [Foodstuffs Regulation].

[57] Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29 [Quality Schemes Regulation].

[58] Ministry for Economic Development, The counterfeiting in the food sector: Consumer guide, 4. Available at http://www.uibm.gov.it/attachments/no_to_fake_food.pdf.

Art. 61 TRIPS provides that WTO Members should provide criminal liability for 'wilful trademark counterfeiting or copyright piracy on a commercial scale': as it could be seen from the very wording of this Art., it does not expressis verbis provide for a duty to establish criminal liability for infringements of IGOs.

Therefore, as far as Art. 61 TRIPS is discussed from the point of view of IGOs, only relevant provision is a reservation that '[WTO] Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights' covering, inter alia, also infringements of IGOs. As there is no certain obligation to provide criminal liability for infringements of IGOs, the WTO Member States are not bound to impose such liability in the certain extent and they are free to choose any appropriate way for dealing with this liability. However, it does not mean that there is a clear regulation in the case of both objects specifically mentioned in Art. 61 TRIPS, namely trade marks and copyright. It is because of that fact that this Art. does not define the scope of criminal liability to be imposed by WTO Members and its extent for infringements of the particular IP objects. This problem already arose in a dispute before the WTO panel while reviewing the USA complaint against China regarding the fulfilment of its obligations under Art. 61 TRIPS.[59]

Such situation in relation to criminal liability for infringements of IGOs could not be solved by the Anti-Counterfeiting Trade Agreement (ACTA),[60] negotiated among different WTO Members, including the EU. Though Section 4 (Arts. 23–26) of the ACTA provides criminal enforcement with a more detailed scope of the relevant obligation, compared to Art. 61 TRIPS, still it deals with objects that are covered in Art. 61 TRIPS, i.e. trade marks and copyright, and does not extend this liability to other IP objects, including IGOs.[61]

Nonetheless, as the ACTA was not approved by its signatory countries including the EU where it was rejected by the European Parliament[62] and consequently did not enter into force, no binding legal obligations may be imposed even in relation to trade marks and copyright.

In addition, it should be noted that there was an initiative of the European Commission to legislate on criminal liability for IP infringements,[63] yet it was an unsuccessful attempt and, recently, this initiative was revoked by the European Commission itself.[64] As the criminal measures fall within the shared competences

[59] *See* Report of the Panel of the World Trade Organization (2005).

[60] Available at http://register.consilium.europa.eu/pdf/en/11/st12/st12196.en11.pdf.

[61] Art. 23 (1) ACTA provides that each Party shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright or related rights piracy on a commercial scale. That scope of application of this and subsequent provisions in the case of criminal liability is not supplemented by any other rules as it was in the case of Art. 61 TRIPS.

[62] *See* European Parliament rejects ACTA, Press release, 04-07-2012, 13:09. Available at http://www.europarl.europa.eu/news/en/news-room/content/20120703IPR48247/html/European-Parliament-rejects-ACTA.

[63] Proposal for a European Parliament and Council Directive on criminal measures aimed at ensuring the enforcement of intellectual property rights, COM (2005) 276/1.

[64] Withdrawal of Obsolete Commission Proposals, OJ, 18.09.2010, pp. 7–11.

between the EU and EU Member States,[65] EU Member States may continue to legislate further unless a respective EU legal act is finally adopted.

As regards criminal liability for infringements of IGOs,[66] EU Member States may be grouped by using different criteria, the main of which being a legislative method, requirements for establishing criminal liability, and the amount of penalties to be imposed.

14.4.1 Legislative Method

EU Member States have different legislative methods by providing criminal liability for IP infringements in general and for infringements of IGOs particularly. There are certain EU Member States that provide regulation for criminal liability in special codifications, but there are such EU Member States that provide criminal liability in separate laws governing separate intellectual property objects, in this case—in a separate legal act providing regulation on IGOs.

Latvia is an example of the first type of EU Member States, providing criminal liability in its criminal law codification. Art. 206 of the Latvian Criminal Law[67] provides criminal liability for a person who commits illegal using of, inter alia, other distinguishing designations for goods or services, if substantial harm has been caused thereby to interests protected by law of a person. Though this Art. does not explicitly provide the legal definition of 'other distinguishing designations for goods or services', it still covers also IGOs as they are one of types of indications of origin.[68]

Germany, however, is an example of the second type of EU Member States as the German Trade Mark Law provides criminal liability for infringements of IGOs. Art. 144 (1) of the German Trade Mark Law is solely dedicated to the criminal liability of IGOs providing that the use of IGOs contrary to the requirements set out in Art. 127 of that Law 'shall be punished with up to two years' of imprisonment or with 'a criminal fine'. In addition, Art. 144 (2) of the German Trade Mark Law provides that the same punishment shall be imposed on anyone who uses infringing designation contrary to the protection norms envisaged in Art. 13 (1) of the

[65] *See*, for instance, the position of the European Commission concerning ACTA European Commission (2012).

[66] The application of criminal liability by EU Member States for infringements of IGOs is testified at least by disputes heard before the CJEU (*see* Joined cases C-321/94, C-322/94, C-323/94, C-324/94 *Criminal proceedings against Jacques Pistre (C-321/94), Michèle Barthes (C-322/94), Yves Milhau (C-323/94) and Didier Oberti (C-324/94)* [1997] ECR I-02343 – Pistre; Case C-315/88 *Criminal proceedings against Angelo Bagli Pennacchiotti* [1990] ECR I-01323; Case C-16/83 *Criminal proceedings against Karl Prantl* [1984] ECR I-01299 – Karl Prantl).

[67] The Criminal Law [The Latvian Criminal Law]. Latvijas Vēstnesis, No 199/200 (1260/1261), 08.07.1998. Available in English at http://likumi.lv/doc.php?id=88966.

[68] For discussion of indications of origin in detail, *see* Sect. 3.1 above.

Foodstuffs Regulation. Interestingly, illegal use of IGOs under other applicable Regulations within the direct protection system is not criminalised in Germany.

France, however, applies a different approach: though criminal liability for infringements of IP objects is provided in the French Intellectual Property Code, except appellations of origins, criminal liability for infringements of appellations of origin is provided by a separate chapter of the French Consumer Code[69] in conjunction with a specific provision of the respective Code, envisaging particular penalties.[70]

14.4.2 Requirements for Establishing Criminal Liability

Criminal liability may be imposed only if certain requirements take place which are unified among countries in general such as the objective criterion involving criminalised illegal activity and reaching of the necessary age and the subjective criterion involving attitude against an activity in question, i.e. intent. However, in the case of IGOs, there could be different approaches among EU Member States.

From one side, there are EU Member States, providing criminal liability just on the basis of intent. For instance, in France the French Consumer Code provides that 'anyone who has either affixed or displayed, by means of any addition, excision, or alteration whatsoever, on natural or manufactured products intended for sale, of appellations d'origine that said person knows to be inaccurate' shall be called to criminal liability for infringements of IGOs.[71]

Other EU Member States are not so strict in respect of criminalising infringements of IGOs and usually provide criminal liability only if these infringements are committed on a commercial scale or if 'substantial harm has been caused thereby to interests protected by law of a person' (except if it has been committed by a group or in a large scale) as it is in Latvia.[72]

On the other hand, there are such few EU Member States that impose criminal liability just based on the fact of the infringement of IGOs, without the necessity to establish the intent of accused persons. Italy is a good illustration for the exploitation of such approach, yet it is limited to agricultural goods. Art. 517-ter of the Italian Criminal Code provides as follows:

1. Whoever infringes or alters the geographic indications or designations of origin of foodstuffs shall receive a prison sentence of up two years and a fine of up to euro 20.000.
2. Whoever introduces into the country, holds for sale, puts on sale making an offer directly to consumers or places in circulation the goods bearing the infringed indications or designations for the purposes of making profit from them shall receive the same punishment

Another example of Italy's approach on the issue of criminal liability for infringements of IGOs relates to the criminalisation of incorrect use of the word

[69] *See* Arts. L115-16 till L115-18 of the French Consumer Code.

[70] Arts. L115-16 and L. 213-1 of the French Consumer Code.

[71] Art. L115-16 (1) of the French Consumer Code.

[72] Art. 206 of the Latvian Criminal Law.

designation 'Made in Italy'.[73] Such criminal liability is based on Art. 517 of the Italian Criminal Law[74] which punishes

> whoever sells or puts into commerce original works or industrial goods bearing foreign or domestic names, marks or distinctive signs able to deceive the buyer regarding the provenance, origin or quality of the work or product.

Therefore, a different attitude among EU Member States from the point of view of imposing criminal liability should be taken into account both from the protection point of view and from the harmonisation point of view of criminal liability for IP infringements in the EU law.

14.4.3 Amount of Penalties

Third difference among EU Member States for the application of criminal liability arises from the different amount of penalties. These penalties vary significantly from different terms of imprisonment up to different amount of fines.

For instance, criminal liability in Germany may be imposed by up to 2 years' imprisonment or with a criminal fine for all violations of national IGOs[75] and registered IGOs under the Foodstuffs Regulation.[76] At the same time, France provides penalty as 2 years imprisonment and a fine of EUR 37,500[77] with a possibility to double the penalty in certain cases.[78] Similarly as in France, Latvia provides the imprisonment up to 2 years and fines,[79] except if a violation has been committed by a group or in a large scale when the term of imprisonment may reach 6 years.[80]

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[73] *See generally* Ferretti (2007), pp. 244–250.

[74] Ferretti (2007), at p. 244.

[75] Art. 144 (1) of the German Trade Mark Law.

[76] Art. 144 (2) of the German Trade Mark Law.

[77] Art. L213-1 of the French Consumer Code.

[78] Art. L213-2 of the French Consumer Code.

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Chapter 15
Competence Aspects of Responsible State Institutions

15.1 Introduction

One of the specific features of the law on IGOs relates to the fact that competence of state institutions of EU Member States for prosecution of the infringements of IGOs is envisaged within their jurisdictions. Therefore, in the case of IGOs, their infringements will be prosecuted both by right-holders of IGOs and state institutions of EU Member States. Considering these both prosecution possibilities, right-holders of IGOs have a choice either to prosecute infringements of IGOs themselves, i.e. bringing a case to a court if out-of-court settlement procedures were not successful or were not even chosen, or to apply to a state institution having competence to prosecute infringements of IGOs. It should be noted that irrespective of any objective (such as lack of any remedies available for this state institution) or subjective (reluctance to prosecute such infringements) reasons, state institutions shall be liable to prosecute the infringements that already were subject to state liability evaluation in the CJEU jurisprudence in *Parmesan*.[1]

Comparison with Competence of State Institutions in the Case of Other IP Objects Competence of state institutions to combat any infringements of IGOs is actually not unique in IP law in general. This is due to the fact that state competence also in the case of other IP objects is provided, yet without causing any state liability as it is in the case of the EU law, which is testified by the *Parmesan* case discussed in detail below. For instance, in the case of trade marks it may be provided that a respective patent office (or similar state institution) may refuse a trade mark not only in the case of absolute non-registrability grounds,[2] but also in other cases, for instance, if a trade mark applied for registration infringes the rights of a well-known mark. Another example relates to the full expertise of patents and, though rarely practised in different countries, designs precluding registration on

[1] Discussed in detail below (*see* Sect. 15.2).

[2] *See* Sect. 15.3.2 below.

V. Mantrov, *EU Law on Indications of Geographical Origin*,
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granting an exclusive right for patents and designs that do not correspond to objective registration criteria. Also, in the case of IP objects, criminal liability is provided, based on what right-holders of IP objects may claim damages, including a claim for compensation. Therefore, it may not be considered that competence of state institutions in the case of IGOs is something unusual in the IP law. Rather, it would be possible to distinguish a broad scope of such competence in the law of IGOs, which is different in the case of other IP objects.

Concept of State Institutions It would be also appropriate to discuss the scope of the concept 'state institutions' in the case of competence in the law of IGOs. From the perspective of the EU law as it stands now,[3] the concept covers administrative institutions of EU Member States designed to have competence in the field of IGOs. It is irrelevant whether these institutions may bring a claim to a court or order discontinuation of an infringement, the main issue lies in the fact whether they are able to effectively combat infringement of IGOs.

Sources of Competence Aspects of State Institutions in the Law of IGOs In the case of EU Member States, their competence in the field of IGOs is regulated in the international law through the Paris Convention, the TRIPS, and the EU law.

As this book in general and this chapter particularly deals primarily with the EU law and the EU, being a WTO Member, has undertaken obligations under the TRIPS and consequently under the Paris Convention,[4] an overview of the competence under both legal regimes should be analysed as well.

The Paris Convention The Paris Convention provides national competence for combatting false and misleading use of IGOs. Its Art. 10.bis (1) provides that the Member States of the Paris Convention 'are bound to assure to nationals of such countries effective protection against unfair competition'. As it is argued by Prof. Bodenhausen, this paragraph that 'merely contains an obligation for the Member States' to assure such protection does not mean that it is necessary to impose special legislation if the current one is already sufficient to ensure such kind of protection'.[5] As choice of a protection model of IGOs is in the hands of each Member State of the Paris Union itself,[6] the scope of protection varies from one Member State to another Member State.

The TRIPS The competence of the members of the WTO is expressed in Art. 22 (2) TRIPS by introducing the same approach as it was indicated in the Paris Convention. However, Art. 23 TRIPS provides enhanced protection for GIs in respect of wines and spirits, providing additional grounds for protection on the part of the WTO members. However, they are bound to act for the protection of

[3] Criminal measures for IP infringements are not harmonised in EU law at all; civil liability for IP infringements is harmonised in the limited extent.

[4] Particularly, it is due to Art. 1 (2) and Art. 22 (2) TRIPS.

[5] Bodenhausen (1968), p. 143.

[6] For protection models, *see generally* Sect. 3.3 above.

IGOs under Art. 22 or 23 insofar as derogations from their protection which are set out by Art. 24 do not apply.

EU Law The EU law provides competence aspects of state institutions of EU Member States to ensure that the regulation for the protection of IGOs is observed within their jurisdictions. This competence arises both from the EU direct and indirect protection systems; however, the extent of such supervision differs, especially considering that this competence under the direct protection system is specifically envisaged for IGOs only. Therefore, both protection systems should be discussed separately in further sections.

15.2 Direct Protection System

The competence of state institutions is envisaged in all four applicable Regulations; however, the extent of regulation of that competence differs among all these Regulations. The example of the Quality Schemes Regulation[7] is notable to examine it in this section.

15.2.1 The Quality Schemes Regulation

The competence aspects are covered by Chapter I of Title V of the Quality Schemes Regulation (Arts. 35–40), relating to two quality schemes[8]: registered IGOs as PDOs and PGIs and traditional specialties guaranteed (TSG).[9] In addition, separate provisions also apply for registered IGOs such as Art. 46 and Art. 13 (3) (only in respect of registered IGOs).

In accordance with Art. 36 of the Quality Schemes Regulation, the competence of national authorities is ensured through Regulation No 882/2004.[10] Thus, Art. 36 (1) of the Quality Schemes Regulation provides that EU Member States must designate a competent authority which would be responsible for the performance of the relevant checks, i.e. EU Member States

[7] Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29 [Quality Schemes Regulation].

[8] *See* Art. 35 of the Quality Schemes Regulation.

[9] Competence aspects concerning TSGs will not be further reviewed due to the scope of the present book.

[10] Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules. OJ, L 165, 30.4.2004, pp. 1–141.

> shall designate the competent authority or authorities responsible for official controls carried out to verify compliance with the legal requirements related to the quality schemes established by this Regulation.

These competent authorities must ensure official checks as they are defined under Art. 36 (3), i.e. verification that a product complies with the corresponding product specification (further dealt in Art. 37) and monitoring of the use of registered names to describe the product placed on the market, according to protection norms included in Art. 13 for registered IGOs (further dealt in Art. 38). Therefore, the aims of competence may be characterised as twofold. First, it covers registered IGOs by ensuring that products denoted by those IGOs comply with the respective product specifications. Thereby the national authorities of EU Member States are responsible for the compliance of registered IGOs with their specification. Second, it relates to the protection of IGOs against use, prohibited under Art. 13 of the Quality Schemes Regulation. The CJEU judgment in respect of *Parmesan* is the leading case in this situation, though it dealt with the regulation included in the Foodstuffs Regulation,[11] the predecessor of the Quality Schemes Regulation, not the regulation on competence of state institutions of EU Member States in general. Yet, approaches exploited by the CJEU leave an impact on the entire understanding of competence of national authorities over registered IGOs.

15.2.2 The CJEU Jurisprudence: Parmesan

The CJEU jurisprudence on national authorities' competence and its limits started with its judgment in the *Parmesan* case.[12] From the current point of view it remains the only case in which the competence regulation of the national authorities of EU Member States as it is provided by the EU direct protection system was tested.

In *Parmesan*, the competence issue evaluated by the CJEU in addition to the interpretation of the concept 'evocation' discussed in the previous part of this book,[13] was related to the situation whether German authorities should act to discontinue the use of infringing trade mark *Cambozola*. The applicable legal regime was Art. 10 of Regulation No 2081/92,[14] effective at the time when the European Commission brought Germany before the CJEU.

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[11] Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 93, 31.03.2006, pp. 12–25 [Foodstuffs Regulation].

[12] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan.

[13] Chapter 5 and Sect. 6.2 above.

[14] Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 208, 24.07.1992, pp. 1–8.

On the one hand, Art. 10 (1) of Regulation No 2081/92 provided that 'the Member States shall ensure that inspection structures are in place not later than six months after its entry into force'. The CJEU established that in accordance with this paragraph EU Member States were 'therefore obliged to create such structures'.[15] On the other hand, Art. 10 (4) of that Regulation provided that '[i]f a designated inspection authority and/or private body in a Member State establishes that an agricultural product or a foodstuff bearing a protected name of origin in that Member State does not meet the criteria of the specification, they shall take the steps necessary to ensure that this Regulation is complied with [..]'. This provision was interpreted narrowly by the CJEU by holding that it 'indicates that the designated inspection authority and/or private body in a Member State is that of the Member State from which the PDO comes'.[16] As the registered IGO came from Italy, it was its, not Germany's, responsibility to act.[17]

The European Commission learned from this case and in a subsequent regulation, namely the Quality Schemes Regulation discussed above, provided a different legislative framework for the competence of EU Member States by referring to 'steps that should be taken' from the side of EU Member States for the protection of registered IGOs. Therefore, if Germany was subject to the legislative framework that is currently applicable, it definitely should be held liable for not taking these steps to discontinue the imitation of registered IGO *Parmesan*. Yet, that learning does not apply to competence of state institutions of EU Member States for IGOs in respect of wines and spirits to be discussed further.

15.2.3 The Single CMO Regulation

The Single CMO Regulation provides similar regulation on the competence of state institutions of EU Member States, specifically in its Art. 118.m (4) and Art. 118.o in conjuncture with Art. 118.p. The most important provision is included in Art. 118.m (4) which provides that EU Member States shall take the steps necessary to stop the unlawful use of protected designations of origin (i.e. PDOs) and protected geographical indications (i.e. PGIs) as referred to in Art. 118.m (2), i.e. contains any of the four protection norms indicated in the latter provision. Therefore, EU Member States are obliged to take all necessary activities irrespective of whether they are of administrative or juridical character to prohibit the use of designations which

[15] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan.

[16] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan.

[17] Case C-132/05 *Commission of the European Communities v Federal Republic of Germany* [2008] ECR I-00957 – Parmesan.

involve one of the situations referred to in Art. 118.m (1) containing the four protection norms of PDOs and PGIs.

15.2.4 The Spirits Regulation

The Spirits Regulation provides an almost identical regulation in its Art. 22 as Art. 118.p of the Single CMO Regulation concerning the verification of compliance with specifications by state institutions of EU Member States, particularly Art. 22 (1) provides that EU Member States shall be responsible for the control of spirit drinks. They shall take the measures necessary to ensure compliance with the provisions of this Regulation and in particular they shall designate the competent authority or authorities responsible for controls in respect of the obligations established by this Regulation in accordance with Regulation (EC) No. 882/2004. However, different to the Quality Schemes Regulation and the Single CMO Regulation, the Spirits Regulation does not provide any provision requiring to 'take the steps necessary to stop the unlawful use' of registered IGOs either PDOs or PGIs. Such a situation would be more beneficial for infringers of registered IGOs as state institutions of EU Member States are not required to take any measures to prohibit infringing the uses of IGOs. Such a conclusion is testified by the CJEU in the *Parmesan* case where the similar regulation included in Regulation No. 2081/92 was a basis for the CJEU to refuse establishing the duty of Germany to stop the use of the infringing designation *Parmesan* as discussed above.

15.2.5 The Aromatised Wines Regulation

The regulation of the competence of state institutions of EU Member states in the Aromatised Wines Regulation is similar to the Spirits Regulation as discussed above. So, Art. 9 (1) of the Aromatised Wines Regulation provides that EU Member States shall take the measures necessary to ensure that Community provisions relating to aromatised wines, aromatised wine-based drinks and aromatised wine-product cocktails are complied with. They shall appoint one or more agencies to monitor compliance with these provisions. Therefore, similarly as in the case of the Spirits Regulation, the inactivity of EU Member States to stop the use of designations infringing registered IGOs may not lead to the failure of any duty of EU Member States under EU law.

15.3 Indirect Protection System

The obligation of national authorities to ensure the observance of rules envisaged by directives within the indirect protection system is set out in directives themselves. Similarly as in the case of the EU direct protection system, EU Member States are free to decide which institutions shall have competence and to decide on the measures to be chosen to ensure this obligation. Also, similarly as in the case of the EU direct protection system, as this obligation covers the interests whose protection is a subject-matter of the respective directive, it applies to IGOs as far as it relates to the infringement of IGOs from the perspective of the subject-matter.

Before the discussion of the respective legal framework, it should be noted that there could be cases when this competence is not envisaged as, for instance, in the case of the Community collective mark protection system if IGOs are registered as Community collective marks and consequently protected under the system. Reasons for such attitude have been already discussed above.

Contrary to the competence of EU Member States within the direct protection system in which it may be handled by one authority, competence of the national authorities within the indirect protection system should involve and actually involves different national authorities. It may be explained by the fact that different national authorities deal with different legal areas within the indirect protection system.

These legal areas were already discussed in Chap. 11 of this book, therefore an overview of the competence of national authorities concerning these legal areas will be covered in this section.

15.3.1 Trade Mark Law

The EU trade mark law provides for competence of national authorities of EU Member States both for administrative procedures and court procedures.

As it is provided by the Codifying Community Trade Mark Regulation,[18] in addition to the OHIM[19] specially designed national courts of EU Member States (the so-called Community trade mark courts[20]) are competent to hear disputes over Community trade marks including Community collective marks.[21] By hearing

[18] Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version) [Codifying Community Trade Mark Regulation]. OJ, L 78, 24.03.2009, pp. 1–42.

[19] For development of agency model like the OHIM in EU administrative law, see Craig (2012), pp. 144–147.

[20] Established pursuant to Art. 91 of the Community Trade Mark Regulation (Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark. OJ, L 11, 14.01.1994, pp. 1–36 [Community Trade Mark Regulation]). Now it is Art. 95 of the Codifying Community Trade Mark Regulation.

[21] See Arts. 106–111 of the Codifying Community Trade Mark Regulation.

those disputes Community trade mark courts shall invalidate those Community trade marks that involve improper use of IGOs, namely in four cases already mentioned under Chap. 11. For the sake of clarity they will be stated also here:

1. trade marks which consist exclusively of signs or indications which may serve, in trade, to designate geographical origin of the goods or service[22];
2. Art. provides that also trade marks, which are of such nature as to deceive the public, for instance as to geographical origin of the goods or service, may not be registered[23];
3. trade marks for wines which contain or consist of a geographical indication, identifying wines or for spirits which contain or consist of a geographical indication, identifying spirits with respect to such wines or spirits not having that origin[24];
4. trade marks that contain or consist of a designation of origin or a geographical indication registered in accordance with Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs if they correspond to one of the situations covered by Article 13 of the referred to Regulation and regarding the same type of product, under the condition that the application for registration of the trade mark has been submitted after the date of filing with the Commission of the application for registration of the designation of origin or geographical indication.[25]

Similar provisions as in the first two grounds[26] for the invalidation of national trade marks stated above in relation to the Codifying Community Trade Mark Regulation are included in the Codifying Community Trade Mark Directive[27] in almost an identical wording. In addition, most EU Member States provide also the other two grounds in their national law, i.e. in relation to qualified IGOs in respect of wines and spirits in such a way complying with obligations under Art. 23 TRIPS or registered IGOs within the EU direct protection system.

As regards the application of the fourth ground mentioned above, conclusions that were made by the CJEU in respect of the OHIM may be extended also to the national authorities. By providing interpretation of Art. 142 of the Community

[22] Art. 7 (1) (c) of the Codifying Community Trade Mark Regulation.

[23] Art. 7 (1) (g) of the Codifying Community Trade Mark Regulation.

[24] Art. 7 (1) (j) of the Codifying Community Trade Mark Regulation.

[25] Art. 7 (1) (k) of the Codifying Community Trade Mark Regulation.

[26] Art. 3 (1) (c) and (g) of the Codifying Community Trade Mark Directive. However, it is permitted for EU Member States to allow registration of collective marks, guarantee marks, and certification marks (*see* Art. 15 (2) of the Codifying Community Trade Mark Directive).

[27] Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (Codified version). OJ, L 299, 08.11.2008, pp. 25–33 [Codifying Community Trade Mark Directive].

Trade Mark Regulation (corresponds to the regulation included in Art. 164 of the Codifying Community Trade Mark Regulation), the CJEU concluded that

> OHIM must refuse to register any mark which is covered by one of the situations described in Article 13 of Regulation No 2081/92 [afterwards Art. 13 of the Foodstuffs Regulation; now Art. 13 of the Quality Schemes Regulation - author's remark] and, if the mark has already been registered, must declare that registration to be invalid.[28]

A similar conclusion may be drawn also in respect of the obligations of national authorities when trade marks, which cover one of situations described in Art. 13 of the Quality Schemes Regulation, are applied for registration or even registered. Moreover, due to the similarity of the regulation of competence in the Quality Schemes Regulation, from one side, and, the Spirits Regulation[29] and the Single CMO Regulation,[30] from the other side, national authorities have such obligation also in respect of IGOs applied for the relevant two Regulations.

Another competence aspect relates to the revocation of such Community trade mark which, as a result of the use made of it by the proprietor is liable to mislead the public, particularly as to the nature, quality or geographical origin of the goods or services.[31] The revocation of a trade mark does not usually involve state administrative institutions; therefore the revocation of a Community trade mark is usually proceeded by the European trade mark courts in EU Member States in those cases.

Those invalidation grounds are dealt by national authorities competent to review the applications for registration of national trade marks, i.e. national patent offices, as well as their appellate bodies competent to hear disputes either over registered trade marks in opposition proceedings or refusals for registration of trade marks in appeal proceedings. In addition, competence of national courts, hearing claims on invalidation of national trade marks, has been established.

Similar grounds as in the case of Community trade marks for the revocation of registered national trade marks liable for misleading as to the geographical origin of goods or services in question are also provided.[32] However, contrary to the Codifying Community Trade Mark Regulation where such competence is provided for Community trade mark courts in relation to Community trade marks, the Codifying Community Trade Mark Directive confers this competence upon national courts of EU Member States.

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[28] Case T-291/03 Consorzio per la tutela del formaggio Grana Padano v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) [2007] ECR II-03081 – Grana Padano II, para. 56.

[29] Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54 [Spirits Regulation].

[30] Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 299, 16.11.2007, pp. 1–149 [Single CMO Regulation].

[31] Art. 51 (1) (c) of the Codifying Community Trade Mark Regulation.

[32] Art. 12 (2) (b) of the Codifying Community Trade Mark Directive.

15.3.2 Labelling Law

As it was discussed in Chap. 11 of this book above, the use of IGOs shall be subject to labelling requirements. In the case of agricultural products and foodstuffs, the Labelling Directive[33] applies until 13 December 2014 when it will be repealed by the new Regulation No 1169/2011[34] (Food Information Directive). The former legal act, i.e. the Labelling Directive, provides competence aspects of state institutions of EU Member States in the field of IGOs. Namely, Art. 16 (1) of the Labelling Directive provides that EU 'Member States shall ensure that the sale is prohibited within their own territories of foodstuffs for which the particulars provided for in Article 3 and Article 4(2) do not appear in a language easily understood by the consumer'. However, the Food Information Regulation does not provide such competence as it is provided by Regulation No 882/2004 instead. It is expressis verbis indicated in recital 52 to the preamble of the Food Information Regulation, stating that EU Member States should carry out official controls in order to enforce compliance with this Regulation in accordance with Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules.

15.3.3 Advertising Law

Art. 5 (1) of the Advertising Directive provides for the competence of EU Member States:

> Member States shall ensure that adequate and effective means exist to combat misleading advertising and enforce compliance with the provisions on comparative advertising in the interests of traders and competitors.

Such means are defined further in provisions of Art. 5, as well as Art. 7, which provides for necessities to ensure furnishing of available evidence.

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[33] Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs. OJ, L 109, 06.05.2000, pp. 29–42.

[34] Regulation (EU) No 1169/2011 of the European Parliament and of the Council of 25 October 2011 on the provision of food information to consumers, amending Regulations (EC) No 1924/2006 and (EC) No 1925/2006 of the European Parliament and of the Council, and repealing Commission Directive 87/250/EEC, Council Directive 90/496/EEC, Commission Directive 1999/10/EC, Directive 2000/13/EC of the European Parliament and of the Council, Commission Directives 2002/67/EC and 2008/5/EC and Commission Regulation (EC) No 608/2004. OJ, L 304, 22.11.2011, pp. 18–63.

15.3.4 Consumer Protection Law

Similarly, as in the case of the Advertising Directive, the Unfair Practices Directive provides the competence of national authorities of EU Member States. Thus, Art. 11 (1) provides that

> [the EU] Member States shall ensure that adequate and effective means exist to combat unfair commercial practices in order to enforce compliance with the provisions of this Directive in the interest of consumers.

Subsequent provisions included in Art. 11 of the Unfair Practices Directive provide means that should be available for such national authorities. This Art. should be read in conjunction with Art. 12 of this Directive, providing the necessity to ensure furnishing of evidence by national authorities. However, contrary to the Advertising Directive, the Unfair Practices Directive provides competence of national authorities to impose respective penalties.

15.3.5 Customs Law

Regulation No 608/2013 concerns customs enforcement of intellectual property rights[35] and, inter alia, covers IGOs protected both at the EU level and at the national level as it was already discussed in Sect. 11.5 of the book.

This Regulation provides competence for the national customs authorities of EU Member States in terms of ensuring customs measures in respect of rights conferred upon IP objects, including IGOs.

Thus, Art. 5 of Regulation No 608/2013 provides general regulation for the competence of national customs authorities envisaging that

> [e]ach [EU] Member State shall designate the customs department competent to receive and process applications ("competent customs department"). The Member State shall inform the Commission accordingly and the Commission shall make public a list of competent customs departments designated by the Member States.

By receiving and processing these applications, i.e. national applications and Union applications for the protection of IGOs as distinguished by Arts. 3 (2) and 3 (3) of the referred to Regulation, national customs authorities may adopt the relevant decisions concerning these applications, i.e. whether to request to supply missing information[36] or grant or reject these applications.[37] In the case of granting a national application, national customs authorities are obliged to take action for the

[35] Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003. *OJ, L 181, 29.06.2013, pp. 15–34*.

[36] Art. 7 of the Regulation No 608/2013.

[37] Arts. 9 and 10 of the Regulation No 608/2013.

protection of IGOs if infringing goods appear in the relevant customs zone and such actions shall be conducted during the time period specified in its decision, which shall be up to 1 year with rights of extension.[38] It shall be, however, noted that national customs authorities may even take the relevant actions before the grant of an application in the case of perishable goods[39] that is especially relevant to IGOs as they may be attached to such type of goods considering the large quantity of IGOs protected for agricultural goods and foodstuffs.

Actions to be carried out by national customs authorities are regulated in Chapter III of Regulation No 608/2013, relating to the suspension of the release or detention of goods suspected of infringing an IP right, in this case—rights conferred upon IGOs, and their consequent destruction. Nevertheless, exercise of the competence of national customs authorities is not unlimited; however, their liability shall be dealt by the national law as it arises from the very beginning of the wording of Art. 27 of the referred to Regulation. Finally, the competence of national customs authorities relates to exchange of information, from one side, between authorities with the European Commission, and, from the other side, among each other in relation to applications and detentions as it is regulated in Chapter V of Regulation No 608/2013.

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[38] See Arts. 11–12 of the Regulation No 608/2013.

[39] Art. 18 of the Regulation No 608/2013. It should be noted that the concept ‘perishable goods’ is defined by Art. 2 (20) of that Regulation providing that perishable goods means goods considered by customs authorities to deteriorate by being kept for up to 20 days from the date of their suspension of release or detention.

Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29 [Quality Schemes Regulation]

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