Trade Marks, Country Names

And Misappropriation of National Identity

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Abstract

Country names function like biometric data that help consumers identify not only the authenticity of the source of goods and services in the global market place, but their perceived reputation for quality. The practice of co-branding with country names to heighten the distinctiveness of local brands, as well as their adoption as marks for unconnected goods and services has left consumers confused and States disgruntled.

Historically, an unfair competition prevention approach has been adopted vis-à-vis international IP protection of official names of states. This paper considers the extent to which broader issues of sovereignty and nation branding have not been given due credence in the debate on the legitimate use of country names in trade.

It is argued that there has been a paradigm shift in the significance of country names in international commerce, which has prompted discussion on the need for increased IP protection to embrace nation brands as a unique genus of property, rather than mere descriptors of origin or indications of quality.

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The significance of country names

“Who am I?” The universal question that every person asks in an attempt to understand his national identity and cultural DNA. More and more there is evidence of traders making an emotive appeal to consumers to purchase goods and services based on their national pride, or indeed to patronise goods and services from a foreign country because of their well-known reputation for quality. Coca-Cola’s marketing campaign in Switzerland which boasts an image of the Swiss cross on the bottle cap accompanied by the words “Made in Switzerland”, is a case in point.¹

When branding products with country names, the moral compass guiding the management of industrial property has been “Thou shalt not lie”. ² Article 6ter of the Paris Convention³ has clearly incorporated this perspective by providing for the protection of national emblems and like indicators from a heraldic point of view. As a corollary, Article 10 implements safeguards against unfair competition.⁴ However, there is no specific mention of the protection of the official names of states. The TRIPS Agreement,⁵ is also silent on this question but it does

¹ Coca-Cola was invented in the USA in 1886, and came to Switzerland in 1936. The company asserts that today, it is the top-selling soft drink in Switzerland. Possibly because 95% of the ingredients needed to make the beverage are sourced from Swiss suppliers. See http://www.coke.ch/fr/article-2/
buttress the earlier Madrid Agreement⁶ on the protection to be extended to appellations of origin and geographical indications and the Lisbon Agreement for the Protection of Appellations of Origin.⁷

The conundrum as illustrated in the current dispute between Iceland, the UK supermarket chain, and Iceland the country.⁸ Since registering its trademark in the UK in 1970, Iceland the undertaking, has successfully defended its exclusive right to use the mark; even against Iceland the nation state, founded in 1944. But is the private property right held by the owners of the trade mark “Iceland” omnipotent? Can a trade mark right effectively fetter the presumably sovereign right of the State of Iceland to use its own country name, and by extension to disbar non-State actors from using it, if such use takes unfair advantage or is otherwise disparaging to national identity? Two current events have the potential to impact the outcome of this debate: the ongoing multi-lateral discussions on the protection of country names at World Intellectual Property Organisation (WIPO) Standing Committee on Trademarks, Designs and Geographical Indications (SCT); and Switzerland’s adoption of the so called “Swissness” law to protect the use of its country name in trade.

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⁷ Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (Stockholm Revision, 1967 and amended 1979) 923 UNTS 205
The distinctiveness of a country name and all the cultural and qualitative values that it evokes, imbue it with undeniable marketing value. In the absence of international consensus on the extent of IP protection to be afforded to country names, do these current events signal a paradigm shift away from the view that country names are geographic commons, towards a concept of country names as intellectual property assets? Arguably, the existing international IP framework does not go far enough to provide the level of protection that names of States deserve. A more innovative approach is needed to balance the opposing interests of entrepreneurs seeking to co-brand their goods and services with country names, consumers who want reliable information about those goods and services, and States who support leveraging their national identity as long as this is done in accordance with honest practices.

**Country name – IP morphology**

The designation of products based on their geographic origin such as Ceylon tea, Greek swords, Champagne sparkling wine, predates the Paris convention. The inclusion of protection for indications of source in the Paris convention is likely attributable to an adoption of the “terroir” doctrine and an acquiescence that there is an inextricable link between “place” and “authenticity”, thus a pragmatic way in which to distinguish products. There was a deliberate

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design to leave the protection of country names out of the Paris Convention. Four distinct currents ebbed their way through the negotiations of the Convention.

The first period stretched between 1897-1925. At the 1897 Brussels reunion, Great Britain tabled a proposal to introduce an exception to Article 6 *telle quelle* ("as is") rule. That is, a general rule of non-registration of geographic names except where an exclusive right to use it was disclaimed, and such registration did not prejudice the protection warranted to the indication of origin.¹² Favourable consideration was also given to a general rule of non-registration of armorial bearings and decorations save that registration was permissible where authorization was obtained from the competent authority. Then in 1991 at the Washington reunion, a resolve was made to retain a requirement that foreign applicants first register in their country of origin before seeking registration *telle quelle*. Refusal or invalidity of a mark was possible if third party rights were adversely affected in the country where registration is sought, the mark is not or has not acquired distinctiveness, it incorporated the unauthorized use of insignias of sovereignty, or was contrary to morality and public order.

The second period extended over 1925-1978. The notion that objects of insignias of sovereignty should be precisely determined was conceptualised at 1925 Hague reunion. It was proposed that each contracting State should be required to elaborate a list of insignias of sovereignty for which they seek protection and give notice to the international bureau, the World Intellectual Property

Organisation (WIPO). This period is characterised by the consensus arrived at in 1967 with the Stockholm Act.

The third period was ushered in by former WIPO Director General, Dr Arpad Bogsch, who in 1979 drafted Basic Proposals\textsuperscript{13} for the diplomatic conference on the revision of Paris, outlining an alternative draft of Article 6ter to include a proviso to refuse or to invalidate the registration, and to prohibit by appropriate measures the use of official names of the countries of the Union as marks. This came about as a result of the deliberations of a WIPO working group on special interests to developing countries. This is of particular significance as many of the developing countries under consideration were newly independent States still grappling with their new found national identity and the intellectual property implications of sovereignty. Hence it was unsurprising that in 1982 at the WIPO Diplomatic Conference for the revision of the Paris convention that it was resolved that official names of states be excluded from Article 6ter. Instead it was recommended that protection of country names be implemented under Article 10 by way of unfair competition. Then in 1992 at the 19th session of the Paris Assembly guidelines for interpretation of Article 6ter were adopted to include international intergovernmental organisations.\textsuperscript{14}

\textsuperscript{13} PR/DC/3 and PR/DC/4, Basic Proposals for the Diplomatic Conference on the Revision of the Paris Convention, reprinted in WIPO Industrial Property Report, November, 1979, pp 249-251.

The fourth and continuing period was piloted by the Jamaican delegation who in 2008 at the 40th session of the Paris Assembly put forward a proposal that the protection of country names be included in the genus of protectable insignias of sovereignty under Article 6ter (1)(a) on the premise that there was a need for heightened protection of country names against improper registration as trade marks. The justification offered in support of this proposal was that those States who had made a significant investment in nation branding strategies would be unduly and unfairly prejudiced if preventive measures were not taken.

This spurred Member States to enjoin WIPO to conduct a study on the protection of country names in 2013. In a sensible manoeuvre to avoid the quantum leap required to secure a revision of the Paris Convention, the Jamaica Delegation recanted from its earlier proposal to amend Article 6ter (1) (a) and put forward a Revised Proposal in 2014, which can best be summarised as an attempt to solicit international agreement on harmonised best practises when determining whether to accept or refuse an application to register a trade mark where it incorporates the official name of a Member State.

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15 SCT/21/6: June 22 to June 26, 2009, Proposal by Jamaica for Protection of Official Names of States Against Registration and Use as Trade Marks

16 The Jamaica proposal was supported by developing and developed countries, including Switzerland. See SCT/27/5 and SCT/27/5 Corr.: Information on Cases and Case Studies Relevant to the Protection of Names of States and on Nation Branding Schemes, 2012.

17 SCT/29/5 Revised Study on the Protection of Country Names, July 8, 2013, pp 1-37; and SCT/30/4 Revised Draft Reference Document on The Protection of Country Names Against Registration And Use As Trademarks, August 12, 2013

18 SCT/32/2
The vibrant debate that ensued prompted WIPO’s SCT at its 33rd session in March 2015 to host a Side Event on the protection of country names. On November 23, 2015 at WIPO SCT’s 34th session, this was followed up by the adoption of a Revised Draft Reference Document on the Protection of Country Names Against Registration and Use As Trademarks - SCT/34/2 PROV. 2. In an effort to rationalise the disparate results of the document, the SCT Chair requested the Secretariat prepare a new document based on SCT/34/2 PROV for discussion at its 35th session under this agenda item, identifying different practices and approaches, and existing areas of convergence regarding the protection of country names.

On October 17, 2016 at its 36th session, the SCT discussed the Jamaica proposal in conjunction with the Revised Draft Reference Document on the Protection of Country Names, and considered approaches and possible areas of convergence. It was agreed that the SCT should continue to work on distilling the areas of convergence, inclusive of examples from Member States.

**Country name – A distinctive sign**

Economists assert that country names can function as a brand. A “nation brand” serves as an indicator of origin, and is pregnant with economic value when used in commerce, either on its

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20 SCT/34/2 PROV. 2 accessible at [http://www.wipo.int/edocs/mdocs/sct/en/sct_34/sct_34_2_prov_2.pdf](http://www.wipo.int/edocs/mdocs/sct/en/sct_34/sct_34_2_prov_2.pdf)
21 SCT/36/35/4
own or when used in conjunction with other signs as part of a co-branding strategy.\textsuperscript{23} From this perspective the country name can be said to be a signal to the public that there is a relationship between the nation brand and the products and services in respect of which it is being used.\textsuperscript{24} Further, like traditional brands, the value of a nation brand can be calculated.\textsuperscript{25}

It is simple enough to articulate how brands mirror the image of intellectual property: both are intangible property rights; they correspond to goods and services; their core function is to communicate information to the public about the goods and service to which they relate; and they can be used as effective tools to influence consumer behaviour. They are distinguishable on two main points: a brand is not fixed, and given its direct correlation with public perception, it can enjoy periods of positive symbolism and negative stigma. Unlike brands, IP assets can be precisely determined by looking at the register.\textsuperscript{26}

However, categorising a country name as an intellectual property good is problematic. In classic trade mark parlance, a country name, being a sign, is capable of graphic representation and of being characterised as distinctive.\textsuperscript{27} This presumes that there are no absolute grounds on which


\textsuperscript{24} Anholt, S – ‘Brands Beyond Business’, The Brands Lecture, 25 May, 2005, 1-16. Accessible at\url{www.britishbrandsgroup.org.uk/upload/File/Lecture-5.pdf}. According to Anholt’s nation branding theory the brand is the context in which a message is received; it is not the message.

\textsuperscript{25} \url{www.bestglobalbrands.com}; \url{www.interbrands.com}

\textsuperscript{26} Tan, David ‘Differentiating between brand and trade mark, \textit{City Chain v Louis Vuitton Malletier’}, Singapore Journal of Legal Studies [2010] 202-210

\textsuperscript{27} Ladas, Stephen ‘Patents, Trademarks, and Related Rights – National and International Protection’ (1975) Harvard University Press, Volumes I, II and III.
the national IP office reviewing the application will refuse the mark. That is, it must be established that the mark is not a common geographic term, as was considered in *Windsurfing Chiemsee*[^29], or otherwise a descriptive term as seen in *Jamaica Lottery v Supreme Ventures*[^30] and *Chocosuisse v Cadbury*,[^31] and that registration is not contrary to morality and public order. Then there is the matter of ownership of the country name and entitlement to the register mark.[^32]

In *Monaco v OHIM*[^33] it was determined that the principality of Monaco had locus standi to register the mark “Monaco”. But, in relation to relative grounds of refusal, it was held that the Principality did not have an exclusive right to register or use its country name. Consequently, its application was partially refused for specific classes of goods as there were pre-existing proprietors of the word mark “Monaco” on the register. Arguably, the first registration of “Monaco” by an entity other than the Principality should not have been granted, as the primordial significance of “nation state” rendered registration contrary to morality and public order.

The official name of a State is unlike any other geographic name. Despite precedents involving Alaska[^34] and Brazil[^35], it is difficult to rationalise why “Old Jamaica” qualifies for registration in

[^29]: [2000] 2 WLR 205
[^30]: Civil Appeal No. 133 of 2001
[^31]: [1999] RPC 826
[^32]: Forrest, Heather, ‘Protection of Geographic Names in International Law and Domain name System Policy’, Kluwer Law International, (2013). pp 339. Forrest debates the view that States are not seized of a sovereign right to control the exploitation of their country name, particularly in the sphere of domain names.
[^33]: Case T-197/13, [2015] ECR 1-20
[^34]: Mineralbrunnen Rhön-Sprudel Egon Schindel GmbH v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) - Schwarzbräu (ALASKA), T-225/08, Judgment of the Court of First Instance (Eighth Chamber) of 8 July 2009 and on Appeal C-365, 366/09. Here invalidity proceedings considered Community trade mark rules re the Community figurative mark ALASKA on relative to absolute ground for refusal, lack of distinctive character based on Article 7(1)(c) of Regulation (EC) No 40/94 (now Article 7(1)(c) of Regulation (EC) No 207/2009).
[^35]: OHIM, First Board of Appeal, 6 Feb 2013, the application by Allied Domecq Spirits & Wine Limited
class 32 in the UK and the EU, when the beverages have no real connection with Jamaica. Similarly a Croatian proprietor was permitted to register the word “Jamaica” combined with an image of a coconut tree in class 32. If the public policy being advanced is to avoid consumer confusion, there can be no justification for enabling an undertaking with no nexus to a country to free ride on that country’s nation brand and national identity. Clearly there is confusion if the message simply is not true. The likelihood of harm to the reputation of the country name “Jamaica” as a hall mark of quality for beverages – rum in particular, is significant. What is the probative value of adding the word “old” or a coconut tree device to the country name to bolster the distinctiveness of the mark? Seemingly none, as the word mark “Jamaica” simplicitur is also registered in classes 3 and 42 by Proctor and Gamble. To add insult to injury, a Croatian proprietor was even allowed to register the word mark “Jamnica” in the well-known font used by the Jamaica Tourist Board – in class 32 of course. Trade mark systems based on territoriality and operative consumer confusion in a given country, cannot protect all country names equally.

(ex parte), to register the mark “Brasil” in classes 32 and 33 (whisky) was refused. Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (as amended on September 28, 1979). Note classification list accessible at http://www.wipo.int/classifications/nice/en/index.html

UK registration: UK 00001296889. EU Reference #: 08-05858.

UK registration: UK WE00001205678. EU Reference #: 1205678

The case of “Toggo” involved an opposition by Disney against Barilla’s CTM application no.6523724 to register “Togo” for foodstuffs including cocoa and coffee. The successful opposition R1095/2010-4 on 28 march, 2011 was based on the conceptual similarity of the marks. No mention was made of the fact that the word mark is the official name of a State, whose main export crops are cocoa and coffee. See Von Bomhard’s comments in “Protection of Country Names and Nation Branding – A Legal Practitioner’s perspective”, 2015, accessible at http://www.wipo.int/edocs/mdocs/sct/en/sct_33/sct_side_event_presentation_2.pdf

See also “NORWEGIAN GETAWAY”: General Court, 23 Jan 2014, T-513/12 (ex parte) NCL Corporation Ltd. (Miami, Florida) v. OHIM, Cl. 39; “PASSIONATELY SWISS”: General Court, 15 Dec 2011, T-377/09, Mövenpick Holding v OHIM (ex parte), CTM application for cl. 16, 35, 41, 43, 44 refused; and “SWISS CONCEPT” Board of Appeal, 28 Oct 2014, R1577/2014-4, refusal confirmed for cl 14, 18, 25.

WE00000930673

This might explain why EU Community marks were allowed for “Fiji” in relation to semiconductor technology (2010), alcoholic beverages (2002), mineral water (2001); “Seychelles” in relation to building materials (2009), clothing (2007), cosmetics (2008); and “Togo” in relation to foodstuffs including coffee and cocoa (2008).
The recent decision of the German Bundesgerichtshof\(^{43}\) evinces support for a strict approach when considering the use of country names. Here it was decided that “condoms - made in Germany” means made in Germany, literally. Repackaging in Germany in observance of German quality control standards inadequate. Similarly, in *Fage v Chobani*\(^{44}\) it was held that Greek yogurt can only be made in Greece, even if Greek producers of feta import their milk. Nevertheless, at WIPO SCT’s Side Event on Nation Branding in March 2015, Verena Von Bomhard reported that there were 2064 marks with the word mark “Italy” in the EU whose owners are not in Italy.\(^{45}\) It can therefore be deduced that trade mark distinctiveness in the EU is unpredictable to the extent that the registration of country names is not strictly speaking prohibited.\(^{46}\)

The more poignant issue is whether trade mark registration of a country name is an unwitting acquiescence that it is in fact no different from other marks and should be subject to the same rules. The intention to use trade mark registration as a shield to protect country names, though noble, is fraught with difficulties. One the one hand, all the advantages would inure to the benefit of the State designated proprietor - exclusivity of use for as long as registration is renewed; protection against dilution by burring and tarnishment; as well as unfair competition\(^{47}\) (or passing off).\(^{48}\) However, the mark would continue to be susceptible to genericide, aspersions of

\(^{43}\) 27 November 2014 (I ZR 16/14)

\(^{44}\) [2013] EWHC 630

\(^{45}\) See her presentation accessible at http://www.wipo.int/edocs/mdocs/sct/en/sct_33/sct_side_event.presentation_2.pdf


\(^{48}\) Note the “classic trinity” test of passing off laid down by Lord Oliver in *Rickett & Coleman v. Borden* [1991] 1 WLR 491
invalidity, and oppositions by new entrants for non-use where the State cannot show sufficient evidence of trading in every single class of goods and services under the Nice Classification.

**Country name – Indication of origin**

The brand function of the country name is to serve as a conduit of messages to the public about the source of origin and quality of the goods and services to which it is attached. Purchasing decisions are thus predicated on the reliability of the reputation and the predictability of the quality. Appellations of origin and geographical indications in particular, are two excellent intellectual property regimes that can effectively protect a country name when used in conjunction with specific goods. The examples of Café de Colombia and Jamaica Rum come readily to mind. However, not every indication of source is an Appellation of Origin or Geographic Indication. The rigorous formalities associated with registration of appellations of origin and geographical indications, automatically narrow the scope of goods and services that can benefit from protection under these regimes. This is because these regimes are founded on

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49 See “THE SPIRIT OF CUBA”, a registration in class 33 for rum and rum-based alcoholic beverages, as well as classes 35 and 42 was deemed invalid by the General Court, 24 June 2014, T-207/13, in the case of 1872 Holdings vof v/ OHIM, Havana Club International SA.  
54 Blakeney Michael, The Protection of Geographical Indications Law and Practice (Edward Elgar 2014) pp 1-473
the concept of “terroir” whereby the raw materials and the means of production emanate from a specific geographic location. Further, the solution offered by these regimes remain out of reach for countries with insufficient funds to finance the elevated cost of registration, to undertake the pecuniary burden of renewal fees and to prioritise the allocation of significant resources to police infractions.

The mischief presented by country names is that, historically they have been viewed as “geographic commons”. Geographic names are akin to bar codes that help consumers identify the source of goods and services. The term “geographic commons” is here being coined to mean that geographic names should be free for all traders to use, provided they do so legitimately and fairly. Perhaps, the better view is that they should not be monopolized in the course of trade by individual undertakings unless the requirements of sovereignty so dictate or international IP law so permits. But this must be weighed against the fact that not all geographic names are signposts of origin. For example, there are multiple descriptive uses of the country name “Jamaica”: “Jamaica Kincaid” is an Antiguan-American novelist (born May 25, 1949), and “Flor de Jamaica” is the Mexican nomenclature for a red flowering plant used to make a spicy drink, also consumed in Jamaica where it is popularly known as “sorrel”. The issue

is even more complex as “Jamaica” is also the name of another geographic location - Jamaica Queens, New York, USA. However, there is only one nation state “Jamaica”, with a singular national identity, whose nation brand is characterised by excellence in the cultural and creative industries, built on the worldwide allure of reggae music, Rasta and extraordinary athletes.  

A geographic name can be used fancifully as is the case with “amazon.com” and it can also be used suggestively like a Jamaican restaurant in Brixton. More common place, is the use of geographic names as a trade mark like “Jamaica” for a restaurant / bar in Spain, or their association with a brand as part of a co-branding strategy like “Swissair”. The unresolved issue to be grappled with is how can States systematically avoid the misappropriation and wrongful exploitation of their sovereign State’s identity in commerce? What is needed is a mechanism that can guarantee protection based on authenticity. That is, a system which acknowledges that in modern global trade, a country name has two pivotal functions – the communication of source of goods for consumer protection, and the communication of reputation of quality to promote fair competition between producers. This can only be achieved and sustained by safeguarding the country’s nation brand on economic as well as moral grounds. Accordingly, a balanced approach is needed to accommodate the fluid cohabitation of registered of trademarks, appellations of


EU IPO refused this application for class 43, filing number EU013684981. The UK IPO also refused it.


Bollier, David ‘Brand name Bullies – The Quest to Own and Control Culture’, 2005, John Wiley & Sons.
origin, GI$^{64}$ and country of origin labelling (COOL provisions).$^{65}$ This should be informed by the adjacent debate on whether or not to allow the registration of GIs as trade marks, $^{66}$ in particular for unrelated goods and services, $^{67}$ and how to determine priority to use it. $^{68}$

**Country name – National identity**

In summary, the international IP framework evinces a well-entrenched negative right of protection against unfair competition.$^{69}$ Consequently, official names of states and their derivatives benefit from protection against trademark registration in many contracting Member States of the Paris Union. Indications of origin are protected by collective marks and certification marks; sources of origin are protected by appellations of origin and geographical indications. Insignias of sovereignty, though delimited in Article 6ter as flags, emblems, armorial bearings from a heraldic point of view, are nevertheless interpreted by some countries as including country names.$^{70}$ What is manifest from the pending Iceland law suit, is that this level of protection is inadequate to address misappropriation of a State’s national identity through trade

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$^{65}$ Hoffstetter, Matthieu ‘Face au “Swiss Made”, quels labels chez nos voisins?’, Le Matin 07/06/2013


$^{67}$ Note the application to register “Darjeeling” for underwear in Case t-624/13 Tea board v OHIM [2015]; Contrast the decision in respect of “Basmati” in Case t-136/14 Tilda Riceland private limited v OHIM [2015].


$^{69}$ Article 10 of the Paris Convention

$^{70}$ SCT/ 29/5 Rev. Study on the Protection of Country Names, July 8, 2013, pp 1-37.
mark registration. However, in developing IP protection, altering the subject-matter of protection is risky business as this is likely to cede way to uncertainty.

If a country name is a symbol of a nation’s identity, can country name protection be assimilated to personality rights? It depends. The answer to this must hinge on the temporal context. At the time when developing countries were considering whether or not to include the protection of country names into the Paris Convention, the notion of the economic relevance of sovereignty and national identity was nascent at best. The novelty of nation branding and how it can be leveraged in commerce is a very new phenomenon. Switzerland has spent centuries building its reputation and goodwill as innovators and manufacturers of high end quality goods. The acquired distinctiveness of the country name Swiss is in no small measure due to the success of local industries turned global giants; namely watch making, banking and chocolate. Indeed, recent studies attest that manufacturers can demand, and consumers are willing to pay significantly more for products labelled “Made in Switzerland”. The findings also suggest that

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77 Breiding, R James, Swiss Made, Profile Books Limited (2013), pp 1-388
the “Swiss made” label has the potential to increase the value of a product of up to 20% domestically and abroad; the added value can go up as much as 50% for luxury goods; and 60% of Swiss questioned said they were prepared to pay more than double the price for agricultural products made in Switzerland.  

To safeguard the economic advantage that businesses enjoy by co-branding with the country name Swiss, and to eliminate its illegitimate use on goods and service that have no connection whatsoever with Switzerland, the Swiss government resolved to pass a law to protect its country name when used in trade. This sui generis “Swissness” model, has been promulgated, and will come into force on January 1, 2017. “Swissness” is tantamount to a new species of geographic trade mark, in that it represents a coalescence of the old laws on the protection of trade marks and indications of source, the protection of the coat of arms and other public insignia and the specialised ordinances for “Swiss Made” watches and cosmetics. This is complimented by an Ordinance for agricultural foods stuffs as well as an Ordinance establishing a register of Appellations of Origin and Geographical Indications for non-agricultural products.

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79 Ibid.
82 The Federal Act on the Protection of Public Coat of Arms and Other Public Signs of 1931 and The Swissness Legislation, 21 June, 2013, which amends the Federal Act on the Protection of Public Coat of Arms and Other Public Signs 1931
83 The Watch Ordinance governing the use of the appellation “Switzerland” or “Swiss” for watches of December 23, 1971; The Revised Ordinance for Watches of June 17, 2016; and The “Swiss Made” Ordinance for Cosmetics of November 23, 2017
The fundamental principle of Swissness is that “If it says ‘Switzerland’ on the outside then Switzerland should be on the inside too”. There are two key features of the Swiss model. Firstly, Swissness is administered centrally through the work of the Swiss Federal Intellectual Property Institute (IGE). This is important because a focal point for policy development, legislative implementation, regulation and monitoring is critical to its success of the new law. Secondly, after a lengthy period of consultations with stakeholders, mandatory industry specific quotas of Swissitude were determined. So for industrial products at least 60% of the production cost must be expended in Switzerland. This includes the cost of research and development, manufacture and assembly, legal certification and compliance with industry regulations. A significant stage of manufacture must be carried out in Switzerland.

In respect of agricultural products, at least 80% of the weight of the raw materials used must come from Switzerland; 100% for natural products such as dairy products, plants, mineral water, meat. The determination of Swissness for Milk, eggs, leather and wool will be based on the place where the animals were kept; meat will be based on the principal location where the animals were reared; plants will be based on the place of harvest including a distance 10 kilometres outside the boundary. In respect of Swiss services, a company can offer Swiss services as long as its headquarters and an actual administrative centre is located in Switzerland. In respect of cosmetics, a minimum of 60% of the manufacturing costs must arise in Switzerland, and at least 80% of the research, development and production costs. Although not all parties got the quota

they wanted, the end result was a compromise that was scrupulously debated and ultimately agreed.\textsuperscript{87} This proved to be the only practical way to address divergent interests and thus augers well for flexibility in the application of the law.

A number of exceptions were also agreed. Products not available in Switzerland such as cocoa and diamonds are excluded from the calculation of Swiss made food products. Raw materials that make up no more than 20\% of the product are excluded from the calculation.\textsuperscript{88} The Swiss cross is currently only permitted to be used for Swiss services, but, it will be available for use on all Swiss products in the future.\textsuperscript{89} The Swiss coat of arms is to be used exclusively by the confederation. However, prior long standing use of the coat of arms by companies as part of their logo to label Swiss goods and services will be permitted exceptionally where authorization is given.

The eccentricity of Swissness is that the country name remains a geographic common for all persons legitimately entitled to use it. “Swiss” is not a registered mark. Use of the Swiss label in commerce is voluntary, no permission is required to do so, and there is no attendant cost. There are no administrative hurdles to commence using the label but be ready to show proof of compliance with the legislative criteria for Swissness if sued. Businesses will benefit from a 2

\textsuperscript{87} Strobel, Eva-Maria, ““Swissness”- Difficult way towards a protection of “Swiss made””, (2013) Eur Food & Feed L. Rev 209, pp 213-216


year grace period from the date of entry into force on January 1, 2017 to dispense with old stock that is non-compliant. The criteria that must be fulfilled in order to use the “Swiss Made” label is not mandatory for GIs registered prior to the entry into force of the Swissness law.

The Swissness model is thus a bespoke regulatory response to the thorny issue of trade marks, country names and misappropriation of national identity. It represents a paradigm shift away from geographic commons towards a property right, as illustrated below.

Figure 1

Endowed with the tenets of a positive IP right – “Swiss” is owned by the Swiss collectively, use of the mark is exclusively reserved for goods and services that meet de jure eligibility criteria without the need for de facto authorisation. Further, breach of the provisions is punishable by civil and criminal sanction.

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The novel feature of the model is the shared responsibility of policing the brand between the State and private sector stakeholders with a direct business interest.91 Examples of this partnership in action can be seen in the BelSwiss Bank case,92 involving a Belarusian owned and operated bank that marketed itself using Swiss iconography. The diplomatic struggle experienced in resolving the cessation of the use of the Swiss name and its insignias of sovereignty underscores the need for external partnerships to reinforce the effectiveness of Swissness.93 This fact is not lost on the Swiss government. Indeed, Switzerland is signatory to numerous bilateral agreements related to protection of its country name; notably the bilateral agreement signed between Switzerland and Jamaica.94 This Agreement reflects a TRIPS plus95 level of protection in so far as country names and other geographic names not currently protected under establish IP regimes, are listed as the subject matter of protection. The Swiss/EU Bilateral agreement also provides support but is not as expansive in its scope, nor as explicit in its intention.96

**Swissness - Expected outcomes**

The IGE has espoused their perspective on what it anticipates Swissness will accomplish.97

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91 Chocosuisse Union Des Fabricants Suisses De Chocolat, Kraft Jacobs Suchard (Schweiz) Ag, Chocoladefabriken Lindt & Sprüngli (Schweiz) Ag v Cadbury Limited [1997] EWHC 360 (Pat)
94 http://www.jipo.gov.jm/?q=node/162
97 https://www.ige.ch/fileadmin/user_upload/Swissness/e/Swissness_Background_and_Objectives.pdf
Namely, when consumers pay more for a product labelled Swiss on the outside, they can rely on Switzerland being on the inside too.\textsuperscript{98} It is expected that Swissness will auger well for the repatriation of jobs to Switzerland, and the demand for local raw materials. The cost of compliance will not be cheap as paying Swiss labour is less cost effective than outsourcing labour intensive tasks, and sourcing raw materials locally is more expensive than importing cheap substitutes.

Whilst this will be a tough decision for some small businesses to make, research intensive industries will be able to offset the significant research and development cost to retain the Swiss label. For others, like food giant Nestlé, who do not rely on co-branding with the Swiss label to attain commercial success, Swissness might have little or no impact. What is more, Nestlé is such a well-known Swiss company, it already benefits from the Swiss umbrella nation brand.

Although this would also be true of companies like Rolex and Phillipe Patek, the watch industry must be considered as a stand-alone case, rather than the rule.\textsuperscript{99} An inability to meet the rigid standards stipulated by the Watch Ordinances would surely signal the death knell of their reputation, goodwill and business.\textsuperscript{100}

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Related Debates

The Swiss franc is a strong currency. By imposing an obligation on Swiss manufacturers who wish to retain the Swiss label to use local raw materials and labour, which is more expensive and at times inadequate in supply, Swissness could have the effect of driving up the price of Swiss products and negatively impacting exports.101 Conversely, given consumer expectations that Swiss goods and services cost more because they are superior,102 this may not make a difference to the disciples of “Swiss Made” products. Provided Swissness does not prove to be a detracting force to harmonised trade relations with the EU, Switzerland’s biggest and most important trading partner, a decline in the patronage of price sensitive consumers with below average sensibility for luxury, is a minor casualty.103

Conclusion

In today’s global market place, access to a wide range of goods and services from all over the world is possible with the click of a mouse. Consequently, the ability of a country name to function like biometric data, guaranteeing authenticity as well as quality of products, is of heightened importance to companies, consumers and States.

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102 Luc-Oliver Erard, “Ne bradez pas la ‘suisssitude’, FRC Magazine, Octobere 2010, N0 32 at page 3
Swissness signals a new paradigm for amplified protection of country names, but it will only be as effective as the international recognition and reciprocity it receives. Undoubtedly, Swissness will ignite the hopes of developed and developing countries alike, about the prosperous fate of their own nation brand if managed appropriately.  

104 Goodbye to country names that glitter like gold on foreign trade marks made of torque. Hello sui generis IP protection of country names.

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