



International Trademark Association  
Representing the Trademark Community since 1878

Alan C. Drewsen  
Executive Director

December 7, 2005

Mr. Zhang Xiangchen  
Director General, Department of WTO Affairs  
Ministry of Commerce of the People's Republic of China  
No. 2 Dong Chang'an Avenue  
Beijing 100731, China

**Re: WTO Ministerial Conference Negotiations on Geographical Indications**

Dear Mr. Zhang:

In view of the upcoming WTO Ministerial Conference negotiations on Geographical Indications, the International Trademark Association (INTA)<sup>1</sup> calls on China's urgent attention to the trademark community's interests. The outcome of the negotiations on the establishment of a Multilateral System of Notification and Registration of Geographical Indications (GIs) for Wines and Spirits pursuant to TRIPS Article 23 (4) and on whether or not TRIPS Article 23(4) protection should be extended to products other than wines and spirits will have great impact on trademarks and branding in general.

While INTA supports the protection of geographical indications as an intellectual property right, INTA also firmly advocates that such protection must not prejudice other existing intellectual property rights, including trademarks. Harmonious co-existence of geographical indications and trademarks is possible as long as conflicts between these rights continue to be resolved pursuant to the well-established intellectual property principles of territoriality, exclusivity and priority, as recently recognized by the WTO Panel Decision WT/DS174 on the EC Council Regulation 2081/92 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs.

INTA supports the establishment of a multilateral system of GI protection for wines and spirits that would espouse the principles of territoriality, exclusivity and priority as explained in the **attached position paper**. INTA believes that a new multilateral system for geographical indications should not deviate from the experience gained under the other intellectual property systems of protection such as the Patent Cooperation Treaty or the Madrid System for the International Protection of Marks. In line with systems

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<sup>1</sup> INTA serves as the voice of trademark owners before the WTO Secretariat and its Member States. INTA is a 127-year-old not-for-profit organization comprising more than 4,800 member companies and firms from more than 180 countries. It is the largest organization in the world dedicated solely to the interests of trademark owners. The membership of INTA, which crosses all industry lines and includes manufacturers, licensing entities and retailers, values the essential role that trademarks play in promoting effective commerce, protecting the interests of consumers, and encouraging free and fair competition.

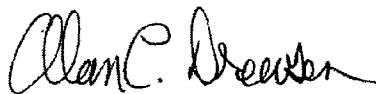
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facilitating the international protection of other intellectual property rights, namely patents and trademarks, the ultimate decision on the protection of a geographical indication must rest with the competent authorities of the participating states. Legal remedies must be available for the users of generic terms and the owners of prior intellectual property rights. INTA believes that anything else would be incompatible with the TRIPS Agreement.

Given numerous disagreements in establishing a multilateral system of protection for wines and spirits and the lack of a common understanding of what constitutes a geographical indication, INTA strongly believes that extending TRIPS Article 23 type protection to products other than wines and spirits is premature. It is important to remember that many trademarks include geographical terms that are not necessarily geographical indications. Granting absolute protection to all geographical indications will undoubtedly introduce major changes to the international intellectual property system. Before any such changes are made, it is necessary that serious and thorough discussions take place at the international level regarding the practical impact of extending TRIPS Article 23 type protection on both businesses and consumers worldwide.

Thank you in advance for your attention.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan C. Drewson". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Cc.: National Intellectual Property Strategies Office, China  
China Trademark Office, State Administration for Industry & Commerce



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## **Establishment of a Multilateral System of Notification and the Registration of Geographical Indications for Wines and Spirits pursuant to TRIPS Article 23 (4)**

The International Trademark Association<sup>1</sup> (INTA) has closely followed the ongoing negotiations within the World Trade Organization's (WTO) Council for Trade-Related Aspects of Intellectual Property Rights on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits. INTA acknowledges the report of the "discussions on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits: compilation of issues and points" (TN/IP/W/7) of 18 February 2003 and the Chairman's report on the 5th Special Session of the Council for TRIPS (TN/IP/5) of 28 February 2003.

INTA notes that the Chairman recalls that the Special Session has a mandate to negotiate the establishment of a multilateral system by the Fifth Session of the Ministerial Conference. INTA would like to raise a number of substantive issues in the framework of the ongoing discussions and negotiations and to propose for consideration a possible alternative to the proposals now before the Special Session.

### **INTA General Position**

INTA welcomes the negotiations on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits. INTA recognizes that geographical indications are important intellectual property rights (IPR) to be protected as any other intellectual property rights, e.g. trademarks, patents and copyrights. INTA contributed to the discussions on the protection of geographical indications for several years and is currently running a major educational campaign through publications and conferences in many WTO member states.

While INTA clearly supports the protection of geographical indications, INTA also firmly advocates that such protection must not prejudice other existing intellectual

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<sup>1</sup> INTA is a 127-year-old not-for-profit membership organization dedicated to the support and advancement of trademarks and related intellectual property concepts as essential elements of trade and commerce. INTA counts over 4800 members in 180 countries. INTA members are interested in the development of clear and consistent principles of trademark and unfair competition laws around the world. INTA has been an official non-governmental observer to the World Intellectual Property Organization (WIPO) since 1979, and actively participates in all WIPO trademark-related proposals. INTA has influenced WIPO trademark initiatives, such as the Trademark Law Treaty, and is active in other international arenas including the Asia Pacific Economic Cooperation Forum (APEC), the Association of Southeast Asian Nations (ASEAN), the European Union and the World Trade Organization (WTO).

property rights, including trademarks. INTA is convinced that it is possible to achieve a harmonious co-existence of protection systems for geographical indications and other intellectual property rights, including trademarks. Conflicts between these rights should be resolved pursuant to the well-established intellectual property principles of territoriality, exclusivity and priority, as recently recognized in the WTO Panel Decision WT/DS174 regarding the EC Council Regulation 2081/92 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs.

INTA has gained experience through educational sessions on geographical indications, and believes that the establishment of a multilateral system is premature. Many member states are in the middle of the implementation of the provisions of the TRIPS Agreement on geographical indications and are starting to become familiar with geographical indications and their protection. So problems and conflicts resulting from the introduction of a new system for IPR protection are appearing only now. Those problems should be carefully analysed before introducing a new system, even though such system is meant to facilitate the protection of geographical indications.

INTA is also aware of the strict negotiating schedule of the TRIPS Council. Therefore, INTA believes that it is timely to raise a number of substantive issues concerning the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits (the System) and to offer for the TRIPS Council's consideration element on which the System could be based.

### **Current Models for a Multilateral System**

INTA believes that the necessary point of departure for a discussion on the establishment of the System must be the fact that geographical indications are recognized as a type of intellectual property pursuant to TRIPS Article 1 (2).

As such, geographical indications stand on equal footing with all other categories of intellectual property that are subject of Section 1 through 7 of Part II of the TRIPS Agreement. Geographical indications are also recognized as private rights (para 4 of the Preamble) which does not exclude, however, that these private rights may be held by an association, a collective or a public entity and used by several users. Because of the recognition of geographical indications as intellectual property rights under the TRIPS Agreement, geographical indications are neither inferior nor superior to any other type of intellectual property, such as patents and trademarks.

As any other IPR, geographical indications could be administered by a system of protection similar to other systems of IPR protection. INTA recommends getting guidance from these existing systems: the Patent Cooperation Treaty and the Madrid System for the International Registration of Marks.

***The Patent Cooperation Treaty (PCT):*** The PCT makes it possible to seek patent protection for an invention simultaneously in a number of countries by filing an international patent application with one designated patent office. Only one office will carry out the initial search on whether the patent application meets the patent require-

ments of novelty and of inventive step. Such filing system saves applicants significant costs and maintains the priority in the designated countries at the same time. The patent application will, however, be examined in each of the designated countries pursuant to their national law. At this stage, third parties may object to the patent application, which means that the protection of third party rights rests entirely with the individual contracting parties.

***The Madrid System (MS):*** The Madrid System facilitates the protection of trademarks as it leads to trademark protection in several designated countries through a single registration. After having applying for a national trademark registration, the applicant may file a request for an international registration with the national trademark office where the basic application was filed. The national office will transmit the request to WIPO. If WIPO finds that the international application complies with the requirements under the MA it registers that the international application complies with the requirements under the MS, it registers the mark in the international register and publishes it in the WIPO Gazette. After the trademark is published, it extends to all countries designated by the applicant in the international application. Each designated country has the right to refuse protection of the international registration in its territory based on the grounds stated in Article 6 *quinquies* of the Paris Convention. Furthermore, any third party claiming a prior right in a designated country may challenge the trademark registrations on grounds of this prior right in opposition proceedings (where available) and/or court proceedings (all countries).

***Key Features for the GI Multilateral System:*** From the PCT and the MS models, INTA extracts a number of important features and conditions that would facilitate the registration and notification of any intellectual property right in the framework of a system of IPR protection:

- The international notification/registration should be based on the existence of national protection.
- The notification should be facilitated through an international body.
- The examination whether the intellectual property right at issue meets the protection requirements or not, should be carried out in the country where protection is sought.
- Third parties may be able to challenge the application and/or registration before the national offices and/or national courts in the country where protection is sought.

**Resolution of Conflicts: Territoriality, Priority, Exclusivity**

INTA firmly believes that the System – if introduced in the near future – should be built on the experience gained under the PCT and the MS. The analysis above shows that these systems are built on and fully compatible with the principles of territoriality, as well as priority and exclusivity, when it comes to possible conflicts with third party rights. They also provide for legal remedies for owners of prior rights, which is

in line with the requirements of Part III of the TRIPS Agreement. INTA believes that these principles are highly adequate for the establishment of the System as shown by the following two examples.

***The “Veracruz” Appellation of Origin:*** Under the Lisbon Agreement for the Protection of Appellations of Origin and their international registration, Mexico had applied for the appellation of origin "Veracruz" for coffee recognizing the high quality and outstanding reputation of coffee beans from the Veracruz region. While most member states of the Lisbon Agreement accepted this appellation of origin, Portugal refused the protection. The reason for such refusal was that Portuguese consumers would believe that "Veracruz" comes from Brazil rather than the Mexican region of Veracruz. The reason for this perception is historic. "Veracruz" was also the Portuguese name for Brazil at the time when Brazil was still a Portuguese colony. Since Brazil is also known for its high quality coffee, Portuguese consumers would most likely associate a "Veracruz" coffee with Brazil rather than Mexico. It is obvious that this consideration applies mainly if not only to Portugal. It was therefore most adequate to examine the protectability of the appellation of origin at issue in the country of protection (Portugal) and not at the level of the notifying international body, here WIPO.

***The “Budweiser” Appellation of Origin:*** Another example is the refusal of appellation of origin no. 49 under the Lisbon Agreement containing the word "Budweiser". Among other states this appellation of origin was refused by Mexico. The reason for the refusal was that the alleged appellation of origin was identical to the famous trademark for beer, BUDWEISER. Under such circumstances, the appellation of origin conflicted with the validly registered prior trademark right of a third party and was misleading to consumers who would associate the use of the word "Budweiser" with the well-known beer.

These examples illustrate that national offices and courts are in the best position to undertake an IPR priority examination because the question of priority of an IPR registration will differ from one country to another and prior IPR will not be registered in all countries where protection of the conflicting geographical indication is sought.

#### **Pitfalls of a Binding Multilateral System**

While INTA supports a System where the geographical indication is examined at member state level and can be challenged at member state level, INTA opposes the establishment of a multilateral system that would lead to binding protection in all member states. Such a system, apparently favored by some delegations, would severely prejudice the continued use of generic terms grandfathered under TRIPS Article 24 (6) and prior trademark rights, the exclusivity of which is mandatory under TRIPS Article 16.

Such a System would be prejudicial because of the diverse usage and status of certain terms. For example, a particular term can be a geographical indication in one country, a trademark in another and a generic term in a third country. The word "Pils" or "Pil-

sen" for beer may serve as an example. The designation is still protected as an appellation of origin under the Lisbon Agreement. It is a generic term in many Member States of the European Union, such as Germany, Denmark and Sweden and PILSEN has for decades been the best selling beer brand and registered trademark in Uruguay.

There is a clear interest of users of generic terms to prevent the registration of a geographical indication in a country where this term is generic and there is an identical interest of the owner of a prior trademark to defend the exclusivity of the prior trademark granted under TRIPS Article 16 in countries where the trademark was validly registered in good faith prior to the geographical indication.

Under a PCT/MS-like system, users of a generic term and the owners of prior trademarks alike will be able to seek legal protection before the national offices and/or the national courts. Those courts are usually trained and familiar with conflicts of intellectual property rights and best placed to examine whether a designation constitutes a generic term or conflicts with a prior IPR.

Under a binding System, established at the level of an international organization such as the WTO, private parties will not have standing before such a body. Users of a generic terms and owners of prior IPR would have to bring an opposition proceeding (provided that such ground for objection exists under the System) in all countries where their rights are jeopardised by geographical indications registrations.

Experience under the Lisbon Agreement has clearly shown that governments are very reluctant to spend their scarce resources for the cause of third country nationals wishing to defend either a prior right or their export market where they wish to be able to continue the use of a generic term.

In particular, for smaller or medium sized companies, the costs of persuading a government to take up its case to the WTO will be prohibitive. A trademark owner who owns a trademark registration conflicting with a geographical indication in 50 countries would have to persuade the government of 50 countries to raise an objection with the WTO in order to defend the exclusivity of the prior trademark. The costs involved in such exercise will considerably exceed the costs of filing opposition proceedings or a cancellation action before all national courts. Furthermore, in many cases, the trademark owner will not succeed in persuading a government to raise an objection on its behalf, since such an objection may conflict with the specific government's interests in the protection of its own geographical indications.

The situation will be worse for users of generic terms. Such users use these terms on export markets. The market share of one particular company is often limited. Hence, the costs for persuading several governments to take up the third country exporter's case to the WTO will in most cases be prohibitive.

### **Conclusion**

INTA believes that a new multilateral System for geographical indications should not deviate from the experience gained under the PCT and MS. In line with systems fa-

cilitating the international protection of other intellectual property rights, namely patents and trademarks, the ultimate decision on the protection of a geographical indication must rest with the competent authorities of the participating states. Legal remedies must be available for the users of generic terms and, in particular, the owners of prior intellectual property rights. INTA believes that anything else would be incompatible with Part III of the TRIPS Agreement.

INTA therefore recommends that the System should follow a Madrid-like or PCT-like approach and include the following key elements:

- Notification/registration through an international body to the participating states.
- *Ex officio* examination of protectability in the country of protection.
- Refusal/opposition on the basis of prior (trademark) rights.
- Availability of a challenge of the registration to the national courts.

A System built on these concepts will facilitate the protection of geographical indications such as the Madrid System facilitates the protection of trademarks and the PCT facilitates the protection of patents. At the same time it will recognize that geographical indications are what they are deemed to be under TRIPS, an intellectual property right, the importance and value of which equals trademarks and patents.