



**OPENING STATEMENT BY THE REPRESENTATIVE OF THE
INTERNATIONAL TRADEMARK ASSOCIATION (INTA)
TO THE DIPLOMATIC CONFERENCE FOR THE ADOPTION OF A NEW ACT
OF THE LISBON AGREEMENT ON APPELLATIONS OF ORIGIN AND THEIR
INTERNATIONAL REGISTRATION**

Thank you Chair.

On behalf of the International Trademark Association (INTA), allow me first of all to congratulate you on your election as President of this Diplomatic Conference. We look forward to a positive outcome of the Conference and pledge our full cooperation with you in working to that end, in the same constructive spirit that has guided INTA's involvement in the Lisbon Agreement revision process to date.

Our congratulations go also to the other Officers of the Conference.

INTA is a not-for-profit association of trademark owners and professionals from more than 190 countries throughout the world. Representing the trademark community since 1878, our Association is dedicated to the support and advancement of trademarks and related intellectual property as elements of fair and effective commerce, and consumer protection. INTA's membership includes over 6,500 corporate members and professional firms spanning all fields of commerce and industry. Altogether, the Association's member organizations represent some 30,000 trademark professionals and include brand owners from enterprises of all sizes, law firms and nonprofits.

INTA supports all forms of branding and is fully convinced of the importance and value of geographical indications for the promotion and marketing of products, particularly in the agricultural and foodstuffs sectors, of producers from all nations, including and in particular developing nations.

At the same time, the Association also firmly advocates that the protection granted to geographical indications must not prejudice other existing intellectual property rights, including trademarks.

INTA believes that it is possible to achieve harmonious co-existence of protection systems for geographical indications and that conflicts between geographical indications and other intellectual property rights, including trademarks, should be resolved on the basis of the well-established intellectual property principles of territoriality, exclusivity and priority.

For many years, INTA has taken an active role in international discussions regarding the protection of geographical indications. In connection with the negotiations at the World Trade Organization (WTO) concerning the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits, INTA developed a concept for a filing and registration system modelled on the Madrid system for the international registration of marks and on the Patent Cooperation Treaty.

At WIPO, INTA has actively and constructively participated in the work of the Working Group on the Development of the Lisbon System since the first session of the Working Group in March 2009.

INTA's active participation in the work of the Working Group was guided by the hope that it would lead to an inclusive and balanced registration system, open to all geographical indication protection systems (including trademark-based systems) and providing for appropriate safeguards for prior rights.

We observe, however, that there remain a number of provisions (or alternative provisions) in the Basic Proposal that are not conducive to such an inclusive approach and that would make it very difficult, if not impossible, for countries relying on trademarks in order to protect geographical indications to join the proposed new Act.

Besides, the Basic Proposal contains draft provisions (or alternatives) that would or could seriously prejudice trademark owners' rights, all the more so that the proposed new Act significantly expands the scope of the Lisbon Agreement by including therein a new subject matter of protection (geographical indications) with a significantly broader definition. This will result in a considerably larger zone of potential conflicts between trademarks and geographical indications.

Allow me briefly to mention, provisions of the Basic Proposal that are a source of particular concern for trademark owners and/or that would, in our view, constitute obstacles for countries with trademark-based protection systems to join the proposed new Act of the Lisbon Agreement, thereby defeating what we consider should be a major objective of this Diplomatic Conference.

Those provisions include Article 11(1)(a) on the content of protection; Alternative A of Article 13(1) regarding safeguards in respect of prior rights; Article 16(2) relating to negotiations with a view to the withdrawal of a refusal of protection; the caveat in footnote 4 to Article 17 which raises doubts as to the extent to which marks are effectively shielded against the effects of that Article; Alternative B of Article 19(1) to the extent that it limits the grounds for invalidation; the wording of Article 8(1) concerning the dependency of the international registration on continued protection in the contracting party of origin; Article 12 to the extent that it would run counter the territoriality principle and would not take into account, in

particular, use requirements under contracting parties' law; and certain variants of Article 7 on fees.

Detailed comments on those provisions and a few others appear below in this written statement.

DRAFT PROVISIONS POSING SPECIFIC PROBLEMS FOR TRADEMARK OWNERS

A. Article 11 – Scope of Protection

In general, INTA has concerns about the breadth of the scope of protection proposed in Article 11(1), in particular in Alternative A, and the vagueness of several of the concepts contained therein (e.g. the term "evocation") which are of uncertain meaning and application and difficult to reconcile with concepts of trademark law.

Moreover, Article 11(1)(a)(i) might be read as a presumption of deception or confusion for any use of the registered appellation of origin or geographical indication on goods of the same kind. We do not consider such presumption, which reverses the burden of proof and, in fact, does not exist in the current text of Article 3 of the Lisbon Agreement, as justified since there may be uses that do not affect the legitimate interests of the holder in any way and therefore require no prohibition. Under the current Lisbon Agreement, there is no clause stipulating that any use for goods of the same kind is impermissible; protection is given against "usurpation and imitation". Further provisions should therefore be added in this alternative to clarify the conditions for an infringement in respect of goods of the same kind.

We suggest that it would be more appropriate to apply a scope of protection as closely in line as possible with the standards of trademark law – likelihood of confusion and the special protection for well-known marks – which would, on the one hand, ensure that geographical indications are protected against misleading and abusive use and, on the other, offer a far higher degree of predictability and legal certainty. Such standards are amply tested in practice and courts and trademark offices are very familiar with them. This would also be a step towards an inclusive system, open to countries that protect geographical indications through trademark systems.

We note that the proposed Alternative B of Article 11(1)(a) would allow for greater inclusiveness than the standards suggested in Alternative A. However even with respect to Alternative B INTA has doubts as to whether the proposed standard of protection is appropriate.

Alternative B appears to be modeled upon Article 16(3) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), which relates to the protection of well-known marks. This does not appear to be an appropriate standard of protection for all geographical indications eligible for protection under the proposed new Act. The standard of Article 16(3) TRIPS applies to a sub-set of trademarks, i.e. those with a high reputation. The degree of reputation of geographical indications protected under the proposed new Act will vary, and it would therefore not appear appropriate to apply the same scope of protection to world famous indications and to those known only in a limited sector.

Paragraph 3 allows for declarations concerning the content of protection. In principle INTA welcomes this option as it allows for greater inclusiveness of the system. Of the proposed alternatives, D allows the greatest degree of flexibility and would be the most straightforward to apply, although the language of the proposed scope of protection, which is in line with option B of paragraph 1(a) and likewise reflects the wording of Article 16(3) TRIPS, raises concerns similar to those noted above in relation to the relative standards of protection to be afforded to well-known marks on the one hand and those with more limited reputation on the other.

INTA welcomes the second sentence in the suggested footnote 2 of Article 11 as a contribution to greater legal certainty as to the actual subject of protection, which should in any case not extend to elements that are generic even in the contracting party of origin. We suggest, however, that the first sentence of the footnote be framed more clearly and, to avoid ambiguity, that it should state that the protection under the sub-paragraph at issue does not extend to the element that is generic in the contracting party of origin.

B. Article 13(1) – Safeguards in respect of prior trademarks

While INTA welcomes the inclusion of a clause providing for safeguards in respect of other rights, including trademark rights, we have concerns about the wording suggested in paragraph 1, alternative A. This may be understood to impose undue limitations on the continued right of existence of prior trademarks and thus raises concerns under the TRIPS Agreement and under fundamental rights guarantees for the protection of private property.

INTA considers paragraph (1), alternative B to be by far the more appropriate alternative to ensure respect for prior trademark rights and compliance with existing obligations under the TRIPS Agreement. INTA reiterates its position, voiced on many previous occasions (see, in particular, the Resolution of 24 September 1997 of the Board of Directors of INTA, available on the INTA website at www.inta.org) that conflicts between trademarks and geographical indications be resolved on the basis of the principle of "first in time, first in right", along with the principles of exclusivity and territoriality.

Regarding alternative A, we have concerns with the passage from "taking into account" to the end of the paragraph. This could be read as establishing limitations on the right to the continued existence of a prior trademark which would be incompatible with Article 16 TRIPS.

Alternative A provides that the protection of a registered appellation of origin or geographical indication in a contracting party shall not prejudice the eligibility for, or the validity of, the registration of the prior trademark, or the right to use the prior trademark, "taking into account the legitimate interests of the owner of the trademark as well as those of the beneficiaries of the rights in respect of the appellation of origin or the geographical indication and provided that the public is not misled".

The reference to "legitimate interests" may suggest that there might be situations in which the weighing of interests could lead to the continued use and permanence of a trademark registration no longer being permissible, even where the rights to such trademark were acquired prior to the protection of the appellation of origin or geographical indication in the jurisdiction at issue. This would be contrary to Article 16 TRIPS and to the protection of trademarks as property rights under international human rights standards. (On the recognition of trademarks as protected property, see the judgment of the European Court of Human Rights of 11 January 2007 in case 73049/01 – Anheuser-Busch Inc. v. Portugal).

We understand that the language in question in alternative A was included bearing in mind Article 17 TRIPS. However, the context of this article is quite different. Article 17 TRIPS deals with "limited exceptions" to the rights conferred by a trademark, such as fair use of descriptive terms. However the language in alternative A goes far beyond establishing "limited exceptions" and appears to put in question the very right to continued existence of a prior trademark. This raises serious concerns as to the compatibility of the suggested clause with the TRIPS Agreement.

The requirement that the "public is not misled" in the final line of alternative A raises further concerns. Clearly, where a trademark in itself misleads the public in a specific jurisdiction, its cancellation should be possible. However the language of alternative A does not make it clear that this limitation can only apply if the trademark in itself is misleading in the jurisdiction concerned. The wording is therefore open to the interpretation that, where the coexistence of a trademark and a geographical indication could lead to confusion, the right for the trademark to continue to exist could be put in doubt even if the trademark has priority in time and should therefore prevail.

Therefore, in alternative A, the passage from "taking into account" to the end of the paragraph ("is not misled") should be deleted.

C. Article 15(3) – Obligation to provide opportunity to request notification of a refusal

INTA welcomes the introduction of an obligation for contracting parties to provide a reasonable opportunity for interested third parties to request the competent authority to notify a refusal. It would, however, be far preferable to include robust provisions requiring contracting parties to provide for opposition procedures.

D. Article 16 – Withdrawal of Refusal

INTA has concerns about the proposed paragraph 2 of Article 16 relating to negotiations for the possible withdrawal of a refusal. INTA fails to see the need for such a provision since states are generally entitled under public international law to enter into negotiations of this kind in any event. Furthermore, INTA is concerned about the message that this provision may convey as it suggests that such negotiations are usually an appropriate tool in the context of a refusal. This should not be the case since the competent authority should notify a refusal because its national law, and possibly third party rights (but not diplomatic considerations) require it to do so. In particular, INTA notes that negotiations between the country of origin and the country of protection would be highly inappropriate where private rights of nationals of third countries are involved.

E. Article 17 – Prior Use

INTA notes – and welcomes – the fact that Article 17 is considered generally not to be applicable to prior trademarks. However, INTA has concerns about the caveat in footnote 4 which raises doubts as to the extent to which prior marks are effectively shielded against the effects of that Article. We therefore suggest the deletion of the passage from "unless the prior trademark" to the end of the footnote. Furthermore, we note that it may generally be preferable, in the interests of greater inclusiveness of the system, to leave contracting parties the freedom to allow for legitimate prior use to continue (even if not based on prior trademark rights) rather than to provide for phase-out.

F. Article 19(1) – Grounds for Invalidation

While INTA welcomes the fact that alternatives A and B both specifically refer to prior rights as a possible basis for invalidation, it is concerned that alternative B might be interpreted as a limitation of the grounds for invalidation to just two specific scenarios. INTA submits that, in line with the current Lisbon system, no limitation should be imposed on the grounds for invalidation. This is particularly important in view of the proposed broad scope of protection for GIs under Article 11 which makes it difficult for potentially affected parties to predict the circumstances in which a conflict could arise.

As with every intellectual property right, a geographical indication should only enjoy continued protection if it actually meets the protection requirement in the specific territory at hand, and the free availability of terms for use by traders should not be curtailed by terms that should never have been protected and/or that no longer deserve protection. It would be excessive, and contrary to constitutional law requirements in many countries, to draw from a failure to notify a refusal (i.e. an administrative silence) a permanent protection even where the protection requirements had not been fulfilled. The Competent Authority may not have had the necessary information or resources necessary comprehensively to assess within the one-year period whether protection should be granted in respect of a given geographical indication or appellation of origin. Moreover wrong information may have been provided or wrong conclusions may have been drawn from the file. There should be a possibility for such errors to be corrected in the jurisdiction concerned, just as it is possible, e.g. under the Madrid system, to invalidate the territorial extension of an international trademark registration even though no refusal has been notified within the applicable time period.

As regards alternative B, it would appear that the passage beginning "when the protection granted..." in item (i) should be deleted as the conditions specified (a successful challenge and a final court decision) are conditions for recordal rather than for a declaration of invalidation. Furthermore, the meaning and scope of item (ii) appear unclear.

Finally, we note that, from the perspective of invalidation proceedings, the practice to specify the beneficiaries in a merely generic manner rather than to require the indication of a specific legal entity can create difficulties for enforcement. It would be desirable to require, in the context of Article 5 and Rule 5, the indication of the specific rights holder rather than to permit a collective designation as currently foreseen in draft Rule 5(2)(iii).

G. Article 8 - Period of Validity of International Registrations

Article 8 of the proposed new Act establishes the dependency of international registrations on protection in the contracting party of origin (paragraph 1) and an obligation on the part of the competent authority of the contracting party of origin to request the cancellation of an international registration where the denomination or indication is no longer protected in the contracting party of origin.

The wording of Article 8(1) may give rise to misunderstanding as to the potential effects of the failure of the competent authority to file a request for cancellation and, thus, on the extent to which a registration for a given term as an appellation of origin or geographical indication may still represent an obstacle for the use and registration of trademarks even though the term is no longer protected in the contracting party of origin. It would be more logical and more effective (bearing in mind that failure by the competent authority to comply with its obligation to

request cancellation of the international registration should not prejudice third parties) to stipulate at the outset that the protection "shall cease" once the indication at issue is no longer protected in the contracting party of origin. INTA considers this to be preferable to the somewhat complicated and potentially misleading language beginning with the words "on the understanding" in the present draft.

**DRAFT PROVISIONS CONSTITUTING SPECIFIC OBSTACLES
FOR COUNTRIES WITH TRADEMARK-BASED GEOGRAPHICAL
INDICATION PROTECTION SYSTEMS TO JOIN THE NEW ACT OF
THE LISBON AGREEMENT**

INTA considers that the various issues of concern for trademark owners discussed in Section 1 above makes the proposed new system incompatible with the concepts of trademark law and therefore creates hurdles for the accession to the system of those countries that protect geographical indications through trademark-based systems rather than sui generis systems.

In addition, we note that the Basic Proposal includes a range of further provisions likely to create obstacles for countries relying on trademark-based systems to join the new system. These are highlighted below.

A. Article 5(2) and (3), and Rule 5(2)(a)(iii) – Filing of the Application

The provisions of Article 5 and Rule 5(2)(a)(iii) suggest that the identification of a concrete owner is not necessary and that a collective designation of the beneficiaries is possible. This is incompatible with a conception of geographical indications as private property rights. Specifically for trademark-based systems, the identification of a concrete rights holder will generally be an indispensable element in permitting the assertion of rights deriving from a registration. A possible solution would be to define the applicant as the entity in the name of which the protection is granted in the contracting party of origin.

B. Article 7(3) and (5) – Maintenance Fees and Individual Fees

Financial sustainability of the system and an appropriate coverage of the costs for examination, similar to the system applicable for trademarks, will also be a key factor in making the new system inclusive. In this sense, INTA welcomes the options set forth in Article 7(3) Alternative A and Article 7(5) Alternative A as well as the reference to Article 7(5) in Article 29(4).

C. Article 8(3) – Effect of Non-Payment of Maintenance Fee

INTA supports the automatic cancellation in case of a non-payment of the maintenance fee as foreseen in Article 8(3).

D. Article 12 – Protection Against Becoming Generic

If Article 12 were understood as prohibiting a contracting party from determining that a term has become generic in its territory, according to the circumstances prevailing in its territory, as long as the said term is protected in the contracting party of origin, it would clearly run counter to the territoriality principle. This clause also appears to be difficult to reconcile with the requirements for the right holders to use and take action to maintain their rights, which are fundamental for trademark-based systems.

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