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## Geographical Indications and WTO Negotiations

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### Summary

The issue of expanding intellectual property protections for geographical indications for wines, spirits, and agricultural products is being debated in the World Trade Organization (WTO). Geographical indications are important in international trade because they are commercially valuable. Some European and developing countries want to establish tougher restrictions and limits on the use of geographical names for products, while the United States and associated countries argue that the existing level of protection of such terms is adequate. Decisions about the future scope of protection of geographical indications will be made as the current (Doha) round of multilateral trade negotiations continues. Congress is monitoring the negotiations and their potential impacts on U.S. producers. This report will be updated as events warrant.

### What Are Geographical Indications?

The Uruguay Round Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) defines geographical indications as “indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.”<sup>1</sup> The term is most often, although not exclusively, applied to wines, spirits, and agricultural products. Examples of geographical indications are Roquefort cheese, Idaho potatoes, Champagne, or Tuscan olive oil.

### Why Are Geographical Indications Important?

Geographical indications protect consumers from the use of deceptive or misleading labels. They also provide consumers with choices among products and with information on which to base their choices. Producers benefit because geographical indications give

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<sup>1</sup> Article 22.1 of the TRIPS Agreement. See *Section 3: Geographical Indications* of the TRIPS Agreement [[http://www.wto.org/english/docs\\_e/legal\\_e/27-trips\\_04b\\_e.htm#3](http://www.wto.org/english/docs_e/legal_e/27-trips_04b_e.htm#3)] for full text.

them recognition for the distinctiveness of their products in the market. They are thus commercially valuable. As intellectual property, geographical indications are eligible for relief from acts of infringement and/or unfair competition.<sup>2</sup> The use of geographical indications for wines and dairy products particularly, which some countries consider to be protected intellectual property, and others consider to be generic or semi-generic terms, has become a contentious international trade issue.

## **What Does the Trips Agreement Say About the Protection of Geographical Indications?**

The TRIPS Agreement provides two levels of protection for geographical indications and lists exceptions to TRIPS rules for their protection.

TRIPS provides *general standards of protection for all geographical indications*. WTO members must provide the legal means for interested parties to prevent the misleading or deceptive use of these terms and other forms of unfair competition. WTO members must refuse or invalidate the registration of a misleading trademark which contains or consists of a geographical indication, if a member's legislation so permits or at the request of an interested party.

TRIPS provides *additional protection for geographical indications for wines and spirits*. WTO member countries must provide the legal means for interested parties to prevent misuse of a geographical indication of wines and spirits even where such use does not mislead the public. No exception is granted even if the true origin of the goods is indicated, the geographical indication is used in translation, or is accompanied by expressions such as "kind," "type," "style," "imitation," or the like. The registration of a misleading trademark for wines or spirits must be refused or invalidated. To facilitate the protection of geographical indications for wines, WTO members agreed to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those members participating in the system.

*Exceptions to the protection of geographical indications* include: where a term has been used for at least 10 years prior to April 15, 1994, or in good faith if prior to that date; where a term is also subject to good faith trademark rights; where a term has significance as a personal name; and where a term has become identified with the common name for a good or service.

## **Why Was Protection of Geographical Indications Included in the Trips Agreement?**

During the Uruguay Round multilateral negotiations (1986-1994), the European Union (EU) and Switzerland made proposals for a higher level of protection for geographical indications than provided in existing international agreements. They also

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<sup>2</sup> Eleanor K. Meltzer, "What You Need to Know About Geographical Indications and Trademarks", *Virginia Lawyer*, June/July 2002, pp. 18-23.

proposed a multilateral registry for geographical indications.<sup>3</sup> The EU/Swiss proposal would have eliminated most of the exceptions in Article 24 which permit the use, for example, of such names as Chablis, Burgundy, or Champagne based on prior or good faith use. The United States, on the other hand, while pressing for strong intellectual property protections in general, proposed more limited protections for geographical indications.<sup>4</sup> The United States proposed simply (1) that member countries would protect geographical indications of any products through registration of certification or collective marks (see below), and (2) that appellations of origin of wines that had not become generic names would be guaranteed protection against misleading use.

The resulting TRIPS provisions for geographical indications represented a compromise between these two positions and postponed debate over a multilateral registry for wines and spirits and over extending higher protections to agricultural geographical indications. The TRIPS compromise on protection of geographical indications reflects more the EU's expansive proposals than the United States' more modest ones.

## **How Are Geographical Indications Protected in the United States?<sup>5</sup>**

In the United States, geographical indications are protected under the U.S. Trademark Act (15 U.S.C. 1051 et seq.). Section 4 of the Trademark Act (15 U.S.C. 1054) provides for the registration of "certification marks including indications of regional origin." The kinds of certification marks recognized in the Trademark Act include marks that certify that goods or services originate in a specific geographic region. These would be the kinds of marks most likely viewed as geographical indications under TRIPS.<sup>6</sup> Parties asserting rights to use a geographical indication can obtain formal protection via use of the trademark system through registration as a certification mark.<sup>7</sup> The U.S. system for recognition for geographic indications applies equally to foreign geographic indications. An example is U.S. Registration No. 571,798 ("ROQUEFORT") for that French cheese. Other means also would be available to protect geographical indications (see footnote 5 for details).

The North American Free Trade Agreement (NAFTA) provides protection for some specific geographical indications by recognizing that Bourbon Whiskey, Tennessee

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<sup>3</sup> WTO, *Draft Agreement on TRIPS*: Communication from the EC (MTN.GNG/NG11/W/68), March 29, 1990 and *Draft Agreement to the GATT on the Protection of TRIPS*: Communication from Switzerland (MTN/GNG/NG11/W/73), May 14, 1990.

<sup>4</sup> WTO, *Draft Agreement on TRIPS*: Communication from the United States, (MTN.GNG/NG11/W/70), May 1, 1990.

<sup>5</sup> For details on the protection of geographical indications in the United States, see *Information on the System for Protection of Geographical Indications in the United States of America*, World Trade Organization, Council for Trade-Related Aspects of Intellectual Property Rights: Communication of the Permanent Mission of the United States (IP/C/W/76/Add.10), September 19, 1997.

<sup>6</sup> Meltzer, *op. cit.*, p. 21.

<sup>7</sup> Meltzer, *op. cit.*, p. 20.

Whiskey, Canadian Whiskey, Tequila, and Mezcal are “distinctive products” in the NAFTA countries where they are produced (NAFTA, Chapter 3, Annex 313). The so-called D’Amato amendment (Section 910 of P.L. 105-32) provides authority for the use of “semi-generic” names of wines if the true place of origin also is indicated.<sup>8</sup> (This use is a main point of contention in both multilateral and bilateral negotiations with the EU.)

## **What GI Issues Are Being Debated in the Doha Round?**

Two issues concerning geographical indications are under consideration in the Doha Development Agenda: negotiations concerning a multilateral registry for wine and spirits; and debate over extending additional protections for agricultural geographical indications.

### **(1) Negotiating a Multilateral Registry for Wine and Spirits**

The Ministerial declaration launching the Doha round of multilateral trade negotiations established the fifth WTO Ministerial Conference (September 10-14, 2003 in Cancun, Mexico) as the deadline for completing negotiations for a multilateral system of notification and registration.<sup>9</sup>

In the negotiations, the EU has proposed a multilateral system of notification and registration that would create obligations for WTO member countries to grant exclusive rights for individual geographic indications, rather than allow interested parties to apply for protection according to a country’s national legal procedures.<sup>10</sup> Participation would be voluntary, but the multilateral registry would have mandatory effect, so that notification of a geographical indication by one country creates a presumption that it must be protected everywhere. Under the EU proposal, a country would be required to grant exclusive rights to producers in the notifying country, unless it successfully challenged the notification in WTO dispute settlement.

The EU lists among the advantages of a registry with mandatory effect the following. It would provide information to members about which geographical indications are protected in each member’s territory. It would make operational the protections extended to geographical indications for wines and spirits provided in TRIPS Article 23, without requiring members to enact new legislation or administrative procedures. It would provide transparency and legal certainty to international trade in wine and spirits.

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<sup>8</sup> Names treated as semi-generic are Angelica, Burgundy, Claret, Chablis, Champagne, Chianti, Malaga, Marsala, Madeira, Moselle, Port, Rhine Wine or Hock, Sauterne, Haut Sauterne, Sherry and Tokay.

<sup>9</sup> Article 18 of World Trade Organization, Ministerial Conference, Fourth Session, November 9-14, *Ministerial Declaration* (WT/MIN(01)/DEC/1) adopted 14 November 2001.

<sup>10</sup> World Trade Organization, Council for Trade-related Aspects of Intellectual Property Rights, *Implementation of Article 23.4 of the TRIPS Agreement Relating to the Establishment of a Multilateral System of Notification and Registration of Geographic Indications: Communication from the European Communities and their member States* (IP/C/W/107 and IP/C/W/107/Rev.1), July 28, 1998 and June 22, 2000.

The United States, Japan, Chile, Canada, New Zealand, Australia and others have all expressed concern about a registry with mandatory effect on grounds that it would lead to new and costly administrative burdens and legal obligations. They see the proposed multilateral registry as a clearing house for information about the protection of specific geographical indications in each country. Applications for protection of geographical indications would be made through existing legal procedures in a WTO member country.

While multilateral negotiations have been underway, the United States and the EU have been negotiating a bilateral wine agreement. A principal EU objective is to secure an end to U.S. use of “semi-generic” names for wines (see footnote 5). The EU is also seeking protection for what it calls traditional terms applied to wines such as “tawny” or “ruby red”, among others. A principal U.S. objective is to gain acceptance by the EU of U.S. wine-making practices. Because the EU only permits wine made in accordance with its regulations to be sold in the EU, a substantial amount of U.S. wine is blocked from that market. Australia and, more recently, Canada have concluded bilateral wine agreements with the EU which contain mutual recognition of wine making practices and agreement by Australia and Canada to phase out the use of the generic names still permitted under U.S. law.

## **(2) Extending Additional Protection to Geographical Indications for Agricultural Products**

The second issue under debate in the TRIPS Council is that of extending the protection of geographical indications provided for in Article 23 of the TRIPS Agreement to products other than wines and spirits. This and other so-called implementation issues of importance to developing countries were to have been addressed by the end of 2002, but were not.

Proposals to extend protection accorded wines and spirits to other agricultural products have been made by the EU<sup>11</sup> and by a group of European and developing countries.<sup>12</sup> Additional protection for geographical indications of agricultural products is viewed as a corollary of efforts to liberalize agricultural trade and to promote trade of goods with higher added value. For example, the EU explicitly links extending protection for geographical indications to its strategy to promote the development of quality agricultural products.<sup>13</sup> Proponents also argue that increased protection would bring more effective protection of consumers. Negotiations on this issue are taking place in the TRIPS Council, but the EU has linked reaching agreement on geographical indications to its willingness to deal with the agricultural negotiating issues of market access, domestic support, and export subsidies.

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<sup>11</sup> The EU’s revised proposal for a registry of geographical indications, IP/C/W/107/Rev.1 applies not only to wines and spirits but also to agricultural products.

<sup>12</sup> World Trade Organization, Council for Trade-Related Aspects of Intellectual Property Rights, *Proposal from Bulgaria, Cuba, The Czech Republic, Egypt, Iceland, India, Jamaica, Kenya, Liechtenstein, Mauritius, Nigeria, Pakistan, Slovenia, Sri Lanka, Switzerland, Turkey, and Venezuela*, IP/C/W/247/Rev. 1, May 17, 2002.

<sup>13</sup> John Baize, “EU’s New Farm Policy Signals the Way on Quality”, *World Perspectives*, pp. 4-5, July 2, 2003.

Conversely, the United States and a number of other countries argue that the existing level of protection provided by TRIPS enables countries to maintain access to existing markets; maintains ongoing access to trade opportunities in new and emerging markets; provides adequate protection to producers and consumers; and does not impose new administrative costs and legal obligations on members.<sup>14</sup> Additional costs cited by the United States include potential for consumer confusion (from re-naming and re-labeling products), potential producer conflicts within the WTO, and a heightened risk of WTO disputes.

The debate over extending protection for geographical indications of agricultural products is reflected in the U.S. request for consultations (the first step in WTO dispute settlement) with the EU on EU regulations for the protection of geographical indications for wines and spirits (Community Regulation 1493/99) and for other agricultural products (Community Regulation 2081/92). The U.S. request, which has been joined by Australia, argues that the EU regulations violate the TRIPS Agreement (Article 22) by requiring specific bilateral agreements, rather than recourse to national legal systems, before according recognition to other countries' registered geographical indications. Commentators have suggested that this possible challenge to EU regulations anticipates that EU enlargement to include 10 central and eastern European countries could create additional problems for U.S. registered trademark owners vis-a-vis EU protected geographical names.<sup>15</sup> A case in point is the U.S.-owned Budweiser beer trademark which, although registered in a number of EU countries, could come into question if the Czech Republic registers and claims the name Budweiser, even in translation, as a protected geographical indication in the EU.

## Outlook and Congressional Role

Decisions about geographical indications will be on the agenda of the WTO Ministerial Conference in Cancun. The Chairman of the Agriculture negotiating group has identified geographical indications for agricultural products as an unresolved issue.<sup>16</sup> Congress is closely monitoring the Doha negotiations; the House Agriculture Committee has scheduled oversight hearings on the protection of geographical indications for agricultural products. Should negotiations result in agreements that require changes in U.S. law covering geographical indications, Congress would take up legislation to implement such an agreement under expedited (fast track) procedures established in the Trade Act of 2002 (P.L. 107-210).

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<sup>14</sup> World Trade Organization, Council for Trade-Related Aspects of Intellectual Property Rights, *Extension of the Protection of Geographical Indications for Wines and Spirits to Geographical Indications for all Products: Potential Costs and Implications*. Communication from Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay, and the United States (IP/C/W/28, June 20, 2001).

<sup>15</sup> "U.S. Pressures EU over Geographic Names, Trademark Fight Looms", *Inside U.S. Trade*, April 11, 2003.

<sup>16</sup> World Trade Organization, Committee on Agriculture, Special Session, *Negotiations on Agriculture: Report by the Chairman to the TNC*, (TN/AG/10), July 7, 2003.

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