

THE EUROPEAN COMMISSION
PAPER ON GEOGRAPHICAL INDICATIONS (GIS) IN THE EU - U.S. TRANSATLANTIC
TRADE AND INVESTMENT PARTNERSHIP

This concept paper sets out elements regarding the objectives of the European Union in TTIP negotiations in the area of Geographical Indications with regard to (1) foodstuffs other than wine and spirits, (2) wine and (3) spirits.

1. Foodstuffs other than wine and spirits

1.1 GIs in legislations of the Parties

The EU approach

The EU has developed specific (*sui generis*) systems to register and protect Geographical Indications for agricultural products and foodstuffs, wine, spirits and aromatised wines. These systems are built around the following main elements:

- a public register listing GIs protected in the territory, open to domestic and foreign GIs;
- an administrative process verifying that geographical indication identifies a good as originating in a territory, region or locality, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin;
- a requirement that a registered name shall correspond to a specific product or products for which a product specification is laid down, which can only be amended by due administrative process;
- An enhanced (article 23 TRIPS-type) level of protection;
- Coexistence between GIs and prior trademarks
- The enforcement of such a protection by appropriate administrative action by public authorities.

The U.S. approach

With regard to other foodstuffs than wine and spirits, the EU understands that the protection of GIs in the U.S. is assured through the Trademark (TM) regime (Lanham Act). Domestic or foreign foodstuff names need to be registered via the U.S. TM regime, mainly as "Certification marks", a particular type of TM under the Lanham Act used by a person other than its owner to certify the regional origins and quality of a product.

1.2 Framing the issues: the perceived shortcomings of the U.S. system

EU stakeholders, when asked to provide inputs in the framework of TTIP submissions, listed a number of obstacles in the current U.S. system of protection perceived as preventing EU GIs to be adequately and effectively protected in the U.S., and notably:

- The level of protection, notably for agricultural products and foodstuffs, is lower than for wines and spirits.
- Costs of registration under the TM regime: many EU GIs associations do not have the

financial resources to cover costs associated with the registration under U.S. TM system and perceive those costs as disproportionate in light of the "insufficient" protection provided by the system.

- Absence of enforcement by administrative action: the TM holder must control its TM on the market and prevent/challenge abuses and oppose registrations. This entails high costs for the GIs owners, which may become prohibitive notably for less known names and smaller GI associations. In addition, this absence/inability to appropriately or in a timely way challenge abused names by third parties is an element that may lead authorities to consider that the names have acquired a generic status on the U.S. territory.
- Some EU GIs face the issue of prior TMs, when same or similar names have been already registered as trademarks (or as part of a composite mark) by a third party with no genuine link with a GI. This problem is made more acute by the use of *disclaimers* by which an applicant, provided that he/she does not claim any exclusive right on the geographical (non-distinctive) elements of the requested trademark, can easily secure the registration of a geographical name. In this respect, descriptive geographical indications are registered as trademarks.
- Several EU GIs cannot be protected because their respective names (or part of them) are considered in the US to have acquired an alleged generic nature (sometimes because of the absence of timely challenging of abused uses on the U.S. territory for the reasons mentioned above).

1.3 Substantive objectives

In the view of the EU, the starting point for the discussion is the recognition by both sides that the issue at stake on Geographical Indications is not the concept in itself: both the EU and the US recognise GIs and both the EU and the US promote protection of their respective GIs. What is at stake is not a question of principle, but the achievement of key substantive objectives that would guarantee an appropriate protection of EU (and US) Geographical Indications, including:

- A. Rules guaranteeing an appropriate level of protection for EU Geographical Indications;
- B. Administrative enforcement against misuse of EU Geographical Indications.
- C. Establishment of list(s) of GI names, to be protected directly through the agreement at the level and with the type of enforcement foreseen in the agreement. This list could include EU and U.S. GI names (EU names are attached in Annex I). The nature of this list is an open one i.e. parties by consensus can amend the initial list after the entry into force of the agreement as to insert new names.
- D. Specific arrangements in case of specific GI names.

1.4 Legal avenues available in the U.S. system other than Trademark legislation

It is proposed to begin identifying, on the basis of the specific shortcomings identified with regard to the protection of the Geographical Indications, possible ways that would enhance such protection, notably starting from an analysis of available legal instruments in the U.S. legislation.

Since the U.S. TM legislation does not appear to guarantee the protection sought by the EU, other legal avenues which are available in U.S. should also be explored.

Specific provisions in the U.S. system that appear of interest in order to achieve the objectives mentioned in the previous chapter are:

A. Standards of identity. Several agencies (Food and Drug Administration/FDA, U.S. Department of Agriculture/USDA, Alcohol and Tobacco Tax and Trade Bureau /TTB) can enact standards of identity establishing the characteristics of products and which can be accompanied by geographic names. Those standards might result either from individual applications or from commitments attached to free trade agreements, where distinctive products of the parties are identified and agreed to be given protection (the U.S. has done this in some of its FTAs). U.S. agencies also appear to have the legal power to enforce these requirements and ensure the respect of these standards, including the capacity to issue injunctions and fees for the mislabelled products.

B. Labelling requirements established by the Food and Drug Administration (FDA). FDA has set rules about what names can be used for which products and what information should be on the label of these products. Labelling standards often include mandatory and optional ingredients, just like standards of identity.

C. Protection by the Federal Trade Commission (FTC) **against fraud and false advertising.** This includes the misuse of Trademarks/labels other than those managed by the USDA (organic), FDA (standards of identity) or the TTB (wines and spirits).

The objective would be to examine how the provisions identified above, possibly in combination with the use of the U.S. TM system, would allow ensuring three key objectives: a) increased level of protection; b) administrative enforcement; c) reversal of the burden of proof from GIs holders to the misusing third parties.

Beside the abovementioned provisions, the statutory **fair use defense** provided for in the Lanham Act and its requirements - as set out by the US Supreme Court in the *Micro Color* case (543 US 111 (2004)) - could also be examined to address issues related to specific GI names, and its potential for allowing co-existence under certain conditions.

This analysis would then also permit to identify possible modifications that could be undertaken to these instruments pursuant to the TTIP Agreement that would ensure an appropriate protection for EU Geographical Indications.

2. Wine

The EU and the U.S. concluded in 2006 a bilateral agreement on "trade in wine". The agreement includes under Article 7 a specific provision on "*Names of origin*" guaranteeing the protection of

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wine names of the EU and of the U.S. included in specific annexes. The agreement also provides appropriate procedures in case of modification, deletion or introduction of new wine names.

The 2006 agreement, however, also includes under Article 6 a specific provision applicable to a list of 17 EU wine names included in Annex II of the agreement: *Burgundy, Chablis, Champagne, Chianti, Claret, Haut Sauterne, Hock, Madeira, Malaga, Marsala, Moselle, Port, Retsina, Rhine, Sauterne, Sherry and Tokay.*

These EU wine names, unlike all the other names protected through the agreement on the basis of Article 7, are not guaranteed exclusive protection in the U.S. territory. These names can still be used for wines not originating in the EU if the name was used on bottles for which the specific label (COLA) was approved before 10 March 2006, date of signature of the EU- U.S. wine agreement.

The 2006 agreement provides under Article 10 that the parties should have started further negotiations, within 90 days from the entry into force of the agreement (i.e. from 10 June 2006). However, the mandated negotiations of Article 10 did not achieve any result.

The EU considers that the 17 names covered by the provision of Article 6 of the Agreement and listed in Annex II of the Agreement are all well recognised wine names of EU origin for which the TTIP agreement must recognise exclusive protection on the U.S. territory.

3. Spirits

The EU and the U.S. concluded in 1994 a bilateral agreement on the "mutual recognition of distilled spirits and spirit drinks". The agreement guarantees the protection of 6 EU spirits names and 2 U.S. spirits names.

Under the TTIP, an extension of the list of EU and U.S. spirits names bilaterally protected should be considered. The TTIP should include a specific provision with an updated list of EU and U.S. protected spirits names (integrating also the list of the 1994 bilateral agreement).

The list of the EU spirits names to be protected through TTIP includes:

- List of spirits names protected under the 1994 agreement (6 names): *Scotch Whisky, Irish Whiskey/Irish Whisky, Cognac, Armagnac, Calvados, Brandy de Jerez.*
- A list of additional 22 EU spirits names, laid down in Annex II of this non-paper

4. Conclusions

The EU looks forward to pursuing with the US the means to achieve, as an integral part of the TTIP, the substantive objectives on GIs set out in this Concept Paper. Better protection of EU and US GIs will benefit producers of quality products on both sides of the Atlantic, and not least small and medium sized enterprises.