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The Protection of Geographical Indications

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Introduction

1. In order to understand the system of protecting geographical indications in general, and appellations of origin in particular, one should first examine their function and nature. In their most general connotation, geographical indications serve as a marker of origin for goods. In the most simple terms, this could be an indication such as "Made in England". Already here, one could distinguish direct and indirect indications. While the above quoted "Made in England" is a direct indication, marking goods with, e.g., the British flag may well be an indirect indication, as it does not directly state an origin, yet may well bear such connotation to possible customers of the respective goods. In that sense, indirect indications can be of an infinite variety and would be defined by the perception of the relevant public. Other examples may be the indications of cheeses such as "Mozzarella" (from Italy), "Feta" (from Greece) or "Camembert" (from France).

2. Apart from direct and indirect indications, geographical indications as a general concept can be further broken down into indications of origin in general which may primarily serve for the benefit of consumers in order to prevent deception with regard to the geographical origin of a product, and "appellations of origin" which, apart from indicating an origin, would also serve as a guarantee of certain characteristics of the produced goods, supervised in one way or another. These indications of origin in the narrower sense would thereby imply and guarantee qualities of a certain region or locality rather than a whole country. The distinction is important as it is used in the Lisbon Agreement on the Protection of Appellations of Origin. The qualities associated with these products may either be natural or man-made. "Appellations of origin" in the most narrow sense, however, would only apply to those indications for products deriving their natural qualities from the soil and climate, in other words, agricultural products. Thus, in the widest sense, a geographical indication may be "Made in England", in a narrower sense "Sheffield Steel" (indicating or even guaranteeing steel processed with a certain know-how or in a certain way), and, finally, "Shetland wool" (a product which derives its natural characteristics from the soil and climate).

3. Not unlike trade marks, geographical indications serve a double purpose. Protection of customers and consumers against wrong or misleading indications on the one side, and protecting the well-earned good-will of those being entitled to use the geographical indication on the other. Proprietary protection may also come in two forms. Protection may be obtained either by registration or based on goodwill only. The former approach has been taken by, e.g., France, while the latter has dominated in the United Kingdom and Germany. Apart from this form of "positive" protection, "negative" protection can be obtained in most countries under the law of trade marks: registration of a geographical indication as a trade mark is prohibited in most cases and considered an *ex officio* obstacle to registration.

4. Closer to proprietary protection under *sui generis* legislation than merely protection against unfair competition are systems that protect geographical indications as collective trade marks. This solution combines the advantage of simplicity with the guarantee that the mark cannot be transferred at will. A number of countries are unwilling to set up a *sui generis* system of proprietary protection for geographical indications, yet still want to make sure that protection can be obtained by an act of registration rather than only through the courts. Trade mark protection as such does not offer a feasible solution for protecting geographical indications. For one, trade marks are usually held by one individual or undertaking only, while geographical indications may usually be used by a number of people. In addition, scrapping the requirement of transferring a

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trade mark only with the related business establishment now allows for a transfer to a business that is completely unrelated even in geographical terms. Yet severing the geographical origin from the mark is not a feasible solution if this very origin is meant to be protected.

5. On an international and comparative level, one should note that the protection of geographical indications is far less harmonised than other fields of intellectual property law such as patents or trade marks. In some cases, a distinction is made between direct and indirect indications, between geographical indications in the broad sense and appellations of origin. Protection may be based on the general rules of protection against unfair competition, on specific rules based on these principles, on trade mark law, on specific legislation protecting geographical indications or appellations of origin as proprietary rights, or on international, regional or bilateral treaties. Some countries allow or even require the registration of geographical indications, while such registration is alien to other systems.

6. Particularly in countries without a registration system, geographical indications often have to struggle against becoming generic, not completely unlike the case of overly-famous marks. For trade marks, this has been the case with "Aspirin", "Jeep", or "Xerox" in some countries. In the case of geographical indications, one only needs to think of such indications as "hamburger" to realise that the geographical name only confers the meaning of a certain quality or method of production without, however, indicating an origin. Annoyingly for international commerce, the perception of which indications confer an origin and which a production method or quality differ. In many countries, "Champagne" indicates a sparkling wine coming from the Champagne region of France. In other countries, however, it merely indicates a white wine which is sparkling. These differences in perception also mark differences in the level of protection. To the extent that geographical indications are protected against methods of unfair competition, protection can be granted only to the extent that the public is actually misled about the origin. If this is not the case, because the public does not associate a certain indication with a geographical origin, unfair competition protection does not help. Here, only a system of proprietary protection of geographical indications by way of international registration or mutual recognition can be of use.

7. From a doctrinal point of view, it is not easy to decide if geographical indications are proprietary rights such as trade marks. Arguments favouring such a view are the limited and definable number of persons entitled to use of the indications (all those inhabiting a certain area and meeting certain standards of quality or their products), and, under some national jurisdictions or international agreements, the protection of such indications even in the absence of any sharp practice such as passing-off, confusion or bad faith. Arguments against such a view are in particular the fact that geographical indications can neither be licensed nor transferred.

8. The protection of foreign geographical indications is normally based on domestic law. This is not different from other intellectual property rights such as patents or trade marks, where the principle is even enshrined in Arts. 4, 6^{ter} Paris Convention. Just as in the case of the Madrid Agreement for Trade Marks, there are exceptions to this rule where international agreements so decide, namely in the case of the Lisbon Agreement.

9. The form of protecting geographical indications often, yet not always, determines enforcement. In the case of *sui generis* protection, it is fairly clear that each of those entitled to use the appellation should be allowed standing to sue, in addition to the association as such. If geographical indications are protected by way of collective marks, the mark is usually held by an association that is certainly entitled to sue, to what extent this also holds true for the association's members would depend on domestic law. Domestic law also determines standing under unfair competition law. Usually the aggrieved entrepreneur is allowed standing, and in some cases also business or consumer association. What offers the most efficient protection is difficult to say. Yet, giving associations a standing to sue may also assure enforcement in cases where individual entrepreneurs lack sufficient interest, as they would not sue on their own behalf, but on behalf of all other owners entitled to use the indication. A midway solution would be to appoint one manufacturer, who then sues in his own name, but in fact on behalf of all.

10. The economic significance of protecting geographical indications is enormous. While both on a national and international level, calls for protection initiated amongst wine-growing industries in southern Europe, interest in the commercial use of geographical indications now goes far beyond this group. While on an international and regional level, rules for protection geographical indications still attach most importance to wines and spirits, developing countries show an increasing interest in gaining market access for their products by using geographical indications such as Basmati Rice, Jasmine Rice, or the like. The use of geographical indications may also offer promising perspectives for marketing and sale of herbal medicine or cosmetics originating in tropical or semi-tropical countries. Calls for an increased protection of geographical indications by way of international agreements have also been voiced by developing countries and less subject to the conflicts between developed and developing countries that can be detected in the case of patent protection.

II. International Agreements

International agreements covering geographical indications have not always been uniform in their approach towards the subject. In some cases, protection is awarded against confusing or misleading use, while in others a system of proprietary protection has been established.

1. The Paris Convention

The Paris Convention, already in its original version of 1883, listed geographical indications as one form of industrial property which is protected. This at least ensured that the principle of national treatment specified in Art. 2 Paris Convention would apply. A definition of a geographical indication was not provided, although Art. 1 refers to "indications of source or appellations of origin", thereby indicating a broad definition of the subject matter. The protection provided for in Art. 10 is rather odd. While in the course of negotiations, an absolute prohibition of false indications of origin was proposed, this met with opposition. It was subsequently changed to cases where the false indication of origin was used as a trade name of a fictitious character or used with fraudulent intention.¹ Art. 10 reads as follows:

"The provisions of the preceding article shall be applicable to any product bearing falsely as an indication of origin the name of a locality or of a determined country, when the indication is joined to a fictitious commercial name or a name borrowed with fraudulent intention.

There shall be in any case recognised as an interested party, whether it be a natural or juristic person, any producer, manufacturer or trader of such product either in the locality falsely indicated as place of origin or in the region where such locality is situated or in the country falsely indicated."

A case that might clarify this obscure wording could be the use of "Swiss Chalet" for chocolate manufactured in England. Such use was ultimately found impermissible by the English Appeal Court, yet based on (proprietary) interests of Swiss chocolate manufacturers.² But Art. 10 Paris Convention is confined to "false" indications, not "misleading" ones. The sanctions provided in Art. 9 include seizure upon importation, prohibition of importation, or seizure within the country. These remedies have not proved very efficient.³

No sooner had the Paris Convention came into force, attempts were made to strengthen the protection of geographical indications. Amendments of Art. 10 at the Rome Conference in 1886 were never ratified by the member states, and only concerned minor clarifications. Further reaching were the proposals made at the Madrid Conference 1890. A number of countries were determined to conclude a separate arrangement for protecting indications of origin beyond what was stipulated in Art. 10 Paris Convention. Varying proposals were tabled. One of these sought to clarify that indications which had become generic or descriptive should be excluded from protection. Portugal wanted the opposite: in cases where the reputation of an indication was based on the special conditions of soil and climate, any imitation should be prohibited, even though the indication had become generic. The French proposal sought to limit this provision to products of the vine. While the mechanisms for enforcement were basically those as provided for in Art. 9 Paris Convention, the Madrid Arrangement Concerning the Prevention of False or Misleading Indications of Source 1890 went beyond the Paris Convention in one important respect: while indications were excluded from the Arrangement that in the domestic context were deemed descriptive or generic, no such exclusion was to be applied to appellations of wine and wine-related products. The difference is important because it demonstrates how the Madrid Arrangement serves as the bridge between the Paris Convention, with its recognition of geographical indications without proprietary protection, and the Lisbon Arrangement, that is solely based on the concept of proprietary rights for appellations of origin.

Both the Paris Convention (at the Hague Conference in 1925) and the Madrid Arrangement (at the Revision Conference in London 1934) were complemented by provisions to repress acts of unfair competition. The Hague Revision Conference in its Art. 10^{bis} introduced protection against passing-off into the Convention, and the London Revision Conference 1934 rendered the Madrid Arrangement not only applicable to "false" indications, but also "misleading" ones.

¹ The history is provided by Ladas, *Patents, Trademarks and Related Rights*, Cambridge, Mass. 1975, 1577/1578.

² *Chocosuisse v. Cadbury*, English Court of Appeal, [1999] R.P.C. 826.

³ Albrecht Krieger, *Der internationale Schutz von geographischen Bezeichnungen aus deutscher Sicht*, GRUR Int. 1984, 71, 72.

2. The Madrid Arrangement⁴

The structure of the Madrid Arrangement (with a membership of 33 states as of 2001) is thus as follows:

All goods bearing false or deceptive indications related to a member state of the Arrangement shall be seized upon importation;

Each country is free to refuse protection for those indications that have become generic or descriptive for certain types of goods in that particular country;

The above rule (2) does not apply for indications relating to wine or wine products. These have to be protected as indications of origin although the general public might regard them as generic or descriptive.

The Arrangement also protects against the use of false or misleading "indirect" indications,⁵ or false or misleading indications with such additions as "system", "type", or the like.⁶

Whether or not an indication is generic has to be decided by "the tribunals of each country", Art. 4 Madrid Arrangement.

The Madrid Arrangement is an interesting combination of unfair competition concepts ("misleading use") and proprietary protection (*false* use may often but not always be misleading). While originally, the Agreement was only concerned with the importation of goods bearing false or misleading indications, this has subsequently been broadened by Art. 3^{bis} to include "the use, in connection with the sale or display or offering for sale of any goods, of all indications in the nature of publicity capable of deceiving the public as to the source of the goods, and appearing on signs, advertisements, invoices, wine lists, business letters or papers or any other commercial indication."

As distinct from the Lisbon Agreement, discussed below, protection against false or misleading indications is clearly a domestic concept that has to be decided not upon protection in the country of origin, but the country of importation, use or sale. This may lead to situations where the product is regarded as a geographical indication in the country of use, but not in the country of origin.

Thus, the Madrid Arrangement leaves to the courts of each country to decide if and to what extent a geographical indication has become generic. This, however, does not apply to wines and spirits. Already here, we can see a distinction between those indications for wines and spirits and others. This distinction is maintained in many bilateral agreements, and in the TRIPs Agreement.

Membership to the Arrangement is mostly limited to European countries: members are Egypt, Algeria, Brazil, Bulgaria, Germany, Dominican Republic, France, Ireland, Israel, Italy, Japan, Cuba, Lebanon, Liechtenstein, Morocco, Monaco, New Zealand, Poland, Portugal, San Marino, Sweden, Switzerland, Slovakian Republic, Spain, Sri Lanka, Syria, Czech Republic, Tunisia, Turkey, Hungary, and the United Kingdom (31 members as of 1 January 1999).

3. The Lisbon Agreement⁷

In contrast to the Madrid Arrangement, the Lisbon Agreement for the protection of appellations of origin and their international registration 1958 follows a different route in the mechanism of protecting appellations of origin in the most narrow sense discussed above, that is, geographical denominations of a country, region or locality designating a product the quality and characteristics of which are exclusively or essentially due to the geographical location. Not only this narrow definition, but also the system of protection follows the French approach not dissimilar to the one adopted by the Madrid Agreement on the International Protection of Trade Marks. Protection is essentially dependant upon registration and recognition of an indication in the home country, while registrations are published in an international register. Similar to the Madrid Agreement on the International Protection of Trade Marks, there is very little discretion of other countries to deny protection of a valid registration. Rather, there is a period of one year to object to a certain registration, while thereafter no

⁴ Madrid Arrangement for the Repression of False or Deceptive Indications of Source on Goods, 14 April 1891, as revised on 2 June 1911, 6 November 1925, 2 June 1934, and 31 October 1958, text available at <http://clea.wipo.int>.

⁵ An example would be the decision of the Japanese Patent Office to refuse registration of the mark "Loreley" for wine products which bore no relation to Germany: Japanese Patent Office, 23 October 1991, 24 IIC 409 [1993].

⁶ In almost all bilateral agreements on the protection of geographical indications, provisions can be found indicating that "diluting" an indication by additions such as "type", "method", etc., is not permissible.

⁷ Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration of 31 October 1958, revised on 14 July 1967 and 28 September 1979. Text available at <http://wipo.int/treaties/registration/lisbon>.

grounds for refusal may be raised. The Lisbon Agreement therefore only protects indications which are held protectable in their home countries that thereby effectively decides on which indications are protectable. As distinct from the Madrid Arrangement, the courts of the country where protection is sought have no jurisdiction over the protectability of an indication. The system is notable insofar as it has been used both for European legislation of protecting geographical indications in general, and those for wines in particular, and also because bilateral agreements on the protection of geographical indications follow the same pattern.

The basic features of the Lisbon Agreement are the following:

International protection depends on protection in the home country;

Rejection of an international registration in any member country can only be effected within one year from the international registration date;

An appellation which has been granted protection (in other words, which has not been contested) cannot, in that country, be deemed to have become generic, as long as it is protected as an appellation of origin in the country of origin;

Protection shall be granted against any act of usurpation or imitation even if the true origin of the product is indicated;

Prior use of an appellation by a third party may continue for an interim period not exceeding two years;

New members to the agreement have one year to declare which appellations of origin already internationally registered cannot find protection in their home country.

While it is clear that prior rights of third parties in itself cannot form a basis of rejection, countries may object to those indications that in their jurisdiction have become generic terms.

Some of these principles deserve further explanation.

(1) Applications for protecting an appellation can only be made by a member state of the agreement, not an individual or organisation. The application has to meet certain formal requirements such as application date, applying country, who is entitled to use the appellation, the product and product classification for which the appellation is used, the area of production and the provisions on which domestic registration is based. Those entitled to protection do not have to be specified individually, otherwise sometimes a few hundred names would have to be submitted. Rather, it is sufficient that those entitled to protection are identifiable. This is also consistent with Executive Provisions Art. 5 (4) which requires a re-registration in cases of modifications relating to the country of origin, the owners, the appellation or the product to which it applies.

(2) A definition of the term "appellation of origin" is provided in Art. 2 as the "geographical name of a country, region or locality, which serves to designate a product originating therein, whose quality and characteristics are due exclusively or essentially to the geographical environment, including natural and human factors". However, the definition is silent as to the question of whether the *official* name of the place has to be used, or if also translations or variances are registrable. In order to obtain a sufficient level of protection, the latter interpretation is to be preferred. Thus, if Sri Lanka were to become a member, it should be able to protect the appellation "Ceylon Tea" despite the fact that the official name of the country is different. Registration of translations is necessary where a place is known under different names and different languages, e.g., "Firenze" in Italian, "Florenz" in German, and "Florence" in English. The best known example is "Budweiser", where the town is nowadays called Ceske Budejovice, while recognition and goodwill overwhelmingly rests with the old German name "Budweis".

(3) A number of geographical indications are either viewed as generic terms or are in danger of being regarded as such. The Madrid Arrangement only protected wines and spirits against the danger of becoming generic. Art. 6 Lisbon Agreement takes this further and clearly states that a registered and unopposed appellation "may not be considered having become generic for as long as it is protected as an appellation of origin in the country of origin". Despite this clear wording, there is an Italian decision that seems to indicate the opposite.⁸

(4) Once an appellation has been internationally registered and not been opposed by a member state within one year, the courts have only very limited grounds for denying protection to this appellation. In particular, they may no longer refuse protection on the grounds that the appellation is or has become generic (see above), that the appellation should not have been registered in the first place or that it conflicts with third party rights. There are conflicting decisions in this regard, however. The preferable interpretation was rendered by the Israeli Supreme Court which held that:

"1. It is the principle of the Lisbon Agreement that its members mutually recognize and honor the property rights reserved, provided that such rights have been recognized by the states and are duly registered. Such protection in

⁸ Italian Supreme Court, 3 April 1996, [1998] European Trademark Reports 169 – "Pilsen Urquell".

favor of a foreign state is absolute and exclusive with the only exception provided for the Sec. 5(3) of the agreement, which allows the declaration that a specific appellation of origin cannot be protected. The reasons for this can be that the alleged appellation is only an indication of provenance of that the person claiming protection is not entitled to use it.

2. The only reason to strike out the registration of a foreign appellation of origin is that the appellation is no longer protected in the country of origin or has ceased to be protected there."⁹

Other courts have come to a different conclusion, though. The Milan Appeal Court in a decision of 1 December 2000 thought it appropriate to rule on the question of whether an appellation registered under the Lisbon Agreement indeed met the criteria of protection.¹⁰

(5) Art. 5(6) Lisbon Agreement requires cessation of use for indications conflicting with the registered appellation of origin. The provision thus concerns the conflict between trade marks or other indications similar to the appellation of origin and used by third parties prior to registration. The provision reads as follows:

"If an appellation which has been granted protection in a given country pursuant to notification of its international registration has already been used by third parties in that country from a date prior to such notification, the competent office of the said country shall have the right to grant to such third parties a period not exceeding two years to terminate such use, on condition that it advise the International Bureau accordingly during the three months following the expiration of the period of one year provided for in § (3) above."

This seems to indicate that after the period of one year which every country has to determine the validity of the application, third parties will have to cease use of conflicting indications at least two years later. Whether this requires conflicting trade marks to be cancelled,¹¹ or if it leaves rights already acquired undisturbed,¹² is not clear.

The Lisbon Agreement currently has 20 member states: Algeria, Bulgaria, Burkina Faso, Congo, Costa Rica, Cuba, Czech Republic, France, Gabon, Italy, Hungary, Israel, Italy, Mexico, Portugal, Republic of Moldova, Slovakia, Togo, Tunisia, and Yugoslavia (as of 15 January 2002).

Membership to the Lisbon Agreement has remained limited in particular due to the narrow definition of appellations of origin. The agreement fails to protect indications that are of a geographical nature, yet in principle could also be produced elsewhere.

4. The TRIPs Agreement¹³

The United States, keen to improve the international protection of intellectual property rights within the framework of a world trade agreement, showed little interest in the issue of geographical indications, as little was to be gained for U.S. industry in this respect. The current provisions in Arts. 22-24 are largely a result of proposals from the European Union and Switzerland. Yet in view of the different interests involved, the TRIPs provisions are highly convoluted, difficult to read and marked by far-reaching exemptions. Similar to the Madrid Arrangement, the TRIPs Agreement makes a distinction between ordinary indications and those used for wines and spirits. The latter enjoy increased protection under Art. 23. Art. 22(1) 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." This definition is much broader than the one used in the Lisbon Agreement and also applies to industrial or artisan products that enjoy a particular reputation due to manufacturing know-how, e.g., Meissen Porcelain, Salzburger Mozartkugeln or Sheffield Steel.

The following features of protection are noteworthy:

Protection of geographical indications is non proprietary in principle and granted only against use "which misleads the public as to the geographical origin of the good". The perception of the general public in the country where protection is sought is thus relevant for protection. In this respect, protection follows the system introduced by the Madrid Arrangement. To the

⁹ Israeli Supreme Court, 13 December 1992, 25 IIC 589 [1994] – "Budweiser II".

¹⁰ Milan Appeal Court, 1 December 2000, *Rivista di Diritto Industriale* 2001, Part II, 113 – "Budweiser II". The decision is not yet final.

¹¹ In the affirmative Devlétain, *Revue internationale de la propriété industrielle (RIPIA)* 1976, 178.

¹² Ladas, *Patents, Trademarks and Related Rights*, Cambridge, Mass. 1975, 1604/05.

¹³ For an in-depth analysis of the TRIPs Agreement and geographical indications, see Knaak, *TRIPs and Geographical Indications*, in: Beier/Schricker (eds.), *From GATT to TRIPs*, Weinheim 1996, 117.

extent that the public in a certain country does regard a geographical indication as generic, no misconception can occur. Another ground for refusing protection would be the fact that the geographical indication is not protected as such in its home country, Art. 24(9).

Protection beyond misconception or unfair competition is only granted to wines and spirits. Here, protection has to be granted even though this would not give rise to confusion. An exception to this provision is provided in Art. 24(4) for prior users in good faith, or in the absence of good faith for prior use of at least 10 years preceding the conclusion of the TRIPs Agreement.

The TRIPs Agreement attaches considerable consideration to the problem of trade marks conflicting with geographical indications. According to Art. 22(3), trade marks which contain or consist of geographical indications, the use of which is misleading as to the true place of origin of the goods, have to be refused or invalidated. If use of the trade mark is for wines and spirits, the mark has to be refused or invalidated, even in the absence of misconception, Art. 23(2). Again, an exception is provided for trade marks that have been applied for or registered in good faith or have been acquired through use in good faith prior to the TRIPs Agreement taking effect, Art. 24(5). Member states may further limit requests for invalidation of a trade mark to a period of five years, provided registration has not been effected in bad faith, Art. 24(7).

Finally, Art. 24(6) provides for the "Champagne" exception. Members are not obliged to protect a geographical indication (be it for wines or other goods) "for which the relevant indication is identical with the term customary in common language as the common name for such goods or services in the territory of that member." In other words, if Champagne is used as a generic term for sparkling wine in a member state, this member state is not obliged to protect Champagne as a geographical indication. Other examples might include "Pils" for a certain type of beer or "Dresdner Stollen" for a certain type of Christmas cake.

By and large, the TRIPs Agreement follows the principles and limits of protection laid down by the Madrid Arrangement: protection against misleading use and confined to indications that have not become generic. What goes beyond the Madrid Arrangement are the detailed rules on the conflict between trade marks and geographical indications, and the obligation "to enter into negotiations aimed at increasing the protection of individual geographical indications", including a general review after two years and further negotiations in the Council for Trade Related Aspects of Intellectual Property Rights (Arts. 23(4), 24(1), (2)).

After the conclusion of the TRIPs Agreement, a number of efforts have been made to expand protection for geographical indications:

The proposal tabled by the European Union centres around a register for geographical indications administered by the WTO Secretariat. Member states would be responsible for supplying geographical indications to the Secretariat, and protection would become automatic in other member states unless objections were raised within one year. The procedure thereby closely resembles the one under the Lisbon Agreement. Proposals by the U.S. and Japan also called for an international register, yet without any binding effect on WTO member states.¹⁴

Calls for an increased protection of geographical indications on an international level have also been voiced by the Czech Republic (better protection for beer),¹⁵ Slovenia ("Lipizzaner Horses"), India ("Basmati Rice"), and Thailand ("Jasmine Rice").

As yet, no solution is in sight that would find a majority among WTO member states.

III. Bilateral and Regional Agreements for Geographical Indications

Bilateral agreements in the field of intellectual property rights are rather uncommon thanks to the large membership in the Paris and Berne Conventions with their principle of national treatment. National treatment in contrast to reciprocity does not allow for a different treatment of nationals and foreigners, thus leaving no room for bilateral agreements based on reciprocity. Bilateral agreements over patents or trade marks were concluded only by countries not members to the Paris or Berne Conventions, e.g., Taiwan. Geographical indications is the only field of IP where bilateral agreements are comparatively numerous. Bilateral agreements were deemed necessary to ensure reciprocal protection on the basis of proprietary rights rather than protection against misconceptions in trade. The latter caused legal uncertainty and frustration in cases where

¹⁴ Reported in World Intellectual Property Report May 2000, 157.

¹⁵ Reported in World Intellectual Property Report, January 2000, 7.

indications from other countries were used with the blessings of the courts.¹⁶ Domestic protection of geographical indications based on schemes for registration and proprietary protection were only gradually introduced, the first being the French law on the protection of appellations of origin of 1919. The first multilateral agreement that established reciprocal protection of each country's geographical indications was the Versailles Treaty of 1919 which required Austria, Hungary, Bulgaria and Germany to grant absolute protection to French appellations of origin. Subsequently, France concluded similar treaties with: Finland, Norway, Czechoslovakia, Poland, Latvia, Belgium and Luxembourg. These treaties often covered only a couple of appellations of particular importance. E.g., the French-Swiss agreement of 1928 concerned the two appellations "Cognac" and "Armagnac". In an exchange of letters between the French and U.S. authorities in December 1970/January 1971, France agreed to prohibit the sale and export of products bearing the appellation "Bourbon" and "Bourbon Whiskey" unless these originated in the U.S., while the U.S. agreed to prohibit the use of the appellations "Cognac", "Armagnac" and "Calvados" for products not originating in France. The importance of bilateral treaties in the field of geographical indications is also acknowledged by Art. 24(1) TRIPs Agreement.¹⁷

Regional rules for the protection of geographical indications can be found in particular for the European Community. Also in the European Community, a difference is made between the protection of wines and spirits, and of other geographical indications. Appellations of origin for wines are protected by Council Regulation 823/87,¹⁸ for spirits by Council Regulation 1576/89.¹⁹ Both Regulations aim at maintaining minimum quality standards, demarcation of production areas, stipulation of varieties to be grown in each member state, and rules on labelling wines and spirits. The core of the regulations are lists of wines and spirits compiled by all member states that are mutually binding. The immensely detailed rules on demarcation of appellations, vine varieties and rules of origin, protection goes far beyond what would be necessary to avoid consumer deception. While it is certainly useful to prescribe that wines labelled as coming from a certain geographical area have to contain at least 80% of grapes from this region, it is hardly necessary to prescribe which vines may be planted in a certain area, and to prescribe which indications may be used. This might well stymie experiments in new varieties and new cuvees. For that reason, it is questionable whether this model should be followed.

Two regulations of a more general nature were enacted to protect geographical indications and designations of origin for agricultural products and foodstuffs.²⁰

The preamble of Regulation 2081/92 states that

"consumers must, in order to be able to make the best choice, be given clear and succinct information regarding the origin of the product;..the desire to protect agricultural products or foodstuffs which have an identifiable origin has led certain Member States to introduce "registered designations of origin"..whereas a framework of Community rules on protection will permit the development of geographical indications and designations of origin since, by providing a more uniform approach, such a framework will ensure fair competition between the producers of products bearing such indications, and enhance the credibility of the products in the consumers' eyes.."

The guiding principles of the regulation are these:

Scope of protection concerns designations of origin (characteristics due to a particular geographical environment with geographical or human factors) and geographical indications (characteristics due to geography only).

Scope of protection limited to certain agricultural products and foodstuffs listed in the appendix to the regulation.

Protection by way of registration through competent national authorities.

No protection of names that have become generic²¹.

Setting minimum standards ("specification"²²) products must comply with in order to be eligible to bear a geographical indication.

¹⁶ Mostly because such indications were held generic or descriptive. "Pilsen" was held to be a generic term for beer: German Imperial Supreme Court, 19 April 1912, 79 RGZ 250; "Camembert" was held generic in France: Appeal Court Orleans, Gazette du Palais 1926 (I), 595; Dijon Mustard was held generic in France: Appeal Court Paris, Propriété Industrielle 1929, 215; Cognac was held generic in Italy: Milan Appeal Court, no date, Propriété Industrielle 1901, 189; Vichy Water was held generic in Italy: Court of Turin, 14 July 1900, Propriété Industrielle 1901, 191; Port was held generic in England: reported in Propriété Industrielle 1908, 104; Sherry could be sold with additions such as "British Sherry" or "Australian Sherry": *Vine Products v. Mackenzie*, English High Court, 27 November 1967, [1969] RPC 1.

¹⁷ This is interesting insofar as Art. 4 TRIPs Agreement appears to discourage bilateral agreements by insisting on a most favoured nation.

¹⁸ Regulation 823/87 of 16 March 1987, O.J.L 84/24 of 1987.

¹⁹ Council Regulation 1576/89 of 29 May 1989, O.J.L 160/1 of 1989.

²⁰ Council Regulations 2081/92 and 2082/92 of 14 July 1992, EC O.J.L 208/1 of 24 July 1992.

²¹ This is the case when products lawfully labelled with this indication originate from various Member States without indicating a certain origin: European Court of Justice, 16 March 1999, GRUR Int. 1999, 532 - "Feta".

²² Once a specification has been submitted for a certain indication, the name of the indication may not be altered by national law without proper notification of the European authorities: European Court of Justice, 9 June 1998, 30 IIC 661 - "Fromagerie Chiciak".

Possibility of objections from other Member States within six months.

It should be noted that the concept of registering indications of origin was a concept only some European nations did subscribe to prior the above Regulation. The relationship between systems of national protection and the above Regulation is the following:

National laws can provide an additional protection at least of those products that are not mentioned in the above regulation, of products in the application phase, or of indications outside the scope of the regulation (e.g. indirect indications²³).

National laws can protect indications under bilateral treaties²⁴.

National courts are bound by the regulation only to the extent that the origin of goods is concerned, not additional factors that concern the distribution if such factors are immaterial for the quality of such products²⁵.

The EC, in turn, has concluded a number of bilateral agreements on protecting appellations of origin with, *inter alia*, Bulgaria, Hungary, Romania, Morocco, Tunisia, South Africa, and Australia. All these bilateral agreements follow the principle of reciprocal protection of geographical indications for wines, yet do not cover other products. As distinct from the Lisbon Agreement, in these bilateral agreements both parties agree in advance on a list of geographical indications mutually protected. Accordingly, subsequent opposition by private parties may not be raised, and the number of protected geographical indications may only be broadened by mutual consent and subsequent amendment. Transitional periods facilitate the phasing out of indications incorrectly used by either member state.

Most of these bilateral or regional agreements also contain rules about geographical indications and conflicting trade marks. This issue is dealt with below under (IV).

IV. Domestic Rules for Protecting Geographical Indications

It has already been mentioned above that domestic protection of geographical indications can either be granted as a protection against misconceptions in trade and thus be based on principles of unfair competition law, or be of proprietary nature. The TRIPs Agreement allows both forms of protection, and only stipulates certain requirements for a conflict between geographical indications and trade marks. This can be called a defensive protection, as it does not allow others to extend proprietary rights over geographical indications, without giving positive rights of excluding third parties, however. The problem is discussed under (1), while some details for non-proprietary protection are provided under (2), and for proprietary protection under (3). Finally, (4) concerns the conflict between geographical indications and prior trade mark rights obtained by third parties.

1. Protection Against Proprietary Use by Third Parties

One danger for geographical indications is the registration as a trade mark by third parties and its subsequent use in a way that might be deemed misleading. This problem is dealt with Art. 22(3) TRIPs Agreement:

"A member shall, *ex officio* if its legislation so permits or at the request of an interested party, refuse or invalidate the registration of a trade mark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trade mark for such goods in that member is of such a nature as to mislead the public as to the true place of origin".

Protection against registration as a trade mark serves a double purpose. Registration by those not entitled to use the geographical indication would lead to misconceptions. If, however, registration is attempted by those who are actually entitled to use the indication, such application has to be rejected because the mark would lack distinction and be merely descriptive. The following example might serve the case. Recently, the U.S. Patent and Trademark Office rejected the application of the term "TOSCANA" as a trade mark for goods identified as "furniture".²⁶ In this case, the furniture for which the trade mark was meant to be used had never seen the Tuscan sun. The rejection was thus based on the following reasons:

The primary significance of the mark was a generally-known geographic place, and

²³ Affirmed by the ECJ with respect to the indirect indication "Warsteiner" for beer: Referral by the German Supreme Court, 2 July 1998, GRUR Int. 1999, 70 - "Warsteiner I"; European Court of Justice, 7 November 2000, 32 IIC 430 [2001].

²⁴ European Court of Justice, 10 November 1992, 25 IIC 73 [1994] - "Turron".

²⁵ Consorzio del Prosciutto di Parma v. ASDA Stores, English High Court, 30 January 1998, F.S.R. 1998, 697.

²⁶ U.S. Patent and Trademark Office, 17 August 2001, 60 USPQ 2d 1511.

Purchasers would be likely to believe that the applicant's goods originate in or are connected with the geographic place identified by the mark, that is, they would erroneously make a goods/place association. A different result could only be reached in cases where the mark was not primarily geographic, where the geographic meaning was obscure, minor, remote, or not likely to be connected with the goods.

On the other hand, even if the goods had indeed originated in Tuscany, the trade mark would still have lacked distinctiveness, as it would only describe the origin: Descriptive marks are as unregistrable as are misleading ones.

Similar decisions have been rendered in other countries, although the standard varies according to the degree of misconception required to reject a registration.

German courts took a very strict stance against the registration of geographical names for products, and one decision indeed held that place names were not open to registration at all, as there was a public interest in such place names not being monopolised even though they were not renowned for the manufacture of certain goods.²⁷ This was later modified in a case where the place was well-known and indeed protected as an appellation of origin for wines, yet would not be understood by the general public as an indication of origin for fruit juice. In the case at issue, a German manufacturer of fruit juice wanted to register the term "Capri Sonne" for a drink containing orange juice. The court held that the public, although familiar with the island of Capri as a tourist destination, could hardly imagine that a sufficient number of oranges could be planted there to sustain production. In addition, while the place was protected as an appellation of origin for Italian wines under the German-Italian Wine Agreement of 23 July 1963, there was no similarity between wine and fruit juice.²⁸

Also the English courts have taken a fairly strict stance when it comes to the registration of geographical names as trade marks:

"The registration of geographical names and surnames presents considerable difficulties for applicants. In view of the legitimate needs of other traders either resident in the place named or having the same surname as that propounded for a trade mark monopoly. It is obvious that the word 'York', for example, is not adapted to distinguish, nor is it capable of distinguishing, between one manufacturer or trader in the city of York and another in the same city who may wish to describe his goods by reference to his place of business. ... The applicant's difficulties are increased by the fact that I must consider not simply the present likelihood of their trespassing on the inherent right of others to use the name but must also take into account the possibility of someone wishing to use it in the future. Still, the court allowed the registration of 'York' for containers due to secondary meaning."²⁹

The European Court of Justice takes the following approach: according to the EC Trade Mark Directive 1989,³⁰ "not only the registration of those geographical indications as prohibited that indicate places associated by the relevant circles in trade with the respective goods, but also those geographical indications that might be used by the entrepreneurs concerned as an indication of origin for the relevant goods in the future." The latter at least applies if "it can be reasonably expected that such an indication can be used as a geographical indication of those goods according to the understanding of these relevant circles". Finally, the connection between the relevant goods and the geographical location does not necessarily depend upon the goods being actually manufactured in this place.³¹

Noblesse oblige. Even once registered, trade marks conferring an origin may not be used in a way misleading to the public. In the case at issue, decided by the European Court of Justice, a German brewery had registered the trade mark "Warsteiner" for "beer of Pilsner style". Warstein, in fact, is a small German town where the brewery and trade mark owner had been located since 1753. In 1990, the trade mark owner acquired another brewery a number of miles away, and labelled the beer brewed there also as "Warsteiner", with the addition "brewed and bottled in our new Paderborn brewery". The German courts found this misleading under the Unfair Competition Prevention Act and ordered cessation. The European Court of Justice upheld this decision.³²

2. Protection Against Misleading Use

The protection of geographical indications started with the protection against misleading use. In order to determine what exactly is misleading, the above-mentioned principles under trade mark law serve as a useful guideline. However, some

²⁷ German Supreme Court, 14 January 1963, GRUR 1963, 469 – "Nola".

²⁸ German Supreme Court, 30 June 1983, GRUR 1983, 768 – "Capri Sonne".

²⁹ English High Court, 29 July 1980, [1981] Fleet Street Reports 33, in re: York Trade Mark.

³⁰ Directive 89/104 EC of 21 December 1988, O.J.L 40/1 of 11 February 1989.

³¹ European Court of Justice, 4 May 1999, GRUR Int. 1999, 727 – "Chiemsee" (German version).

³² European Court of Justice, 7 November 2000, 32 IIC 430 [2001] – "Warsteiner".

differences should be noted. For one, trade mark protection of geographical indications is not only denied in cases of misleading, but also in cases of descriptive use. This is understandable, as a descriptive trade mark cannot confer an origin. On the other hand, the use (rather than registration) of a descriptive indication does not cause confusion nor is it misleading in any way. Further, trade mark law is not only concerned with actual, but also with potential conflicts. Registration can be denied not only if the place is currently not associated with certain goods or services, but also if this could be the case in the future. Finally, public interest might require denying proprietary protection by registration for one single enterprise, where (non-misleading) use in commerce is completely permissible. In fact, the argument that registration of a geographical indication should be denied because other undertakings might have a legitimate interest in using this indication already presumes that such use by other undertakings is lawful.

In common law countries, plaintiffs generally have to show that use of an indication is not only potentially misleading, but also that the requirements of passing-off are fulfilled. This puts a considerable burden on the owner of a geographical indication. In the well-known Spanish "Champagne" case, the English High Court affirmed that there was confusion by the public and misrepresentation on the side of the defendant:

"At any rate since 1927 the Champagne Viticole district has been strictly limited by law, and only certain vineyards are allowed in France to use the name 'Champagne'. Wines produced from these vineyards are sold under the name 'Champagne'. The wine is a naturally sparkling wine made from grapes produced in the Champagne district by a process of double fermentation which requires a considerable amount of care.

Champagne is a French word, and it is wrong if not dishonest to apply it to anything but the product of Champagne, the area around Reims in France. Others must call themselves sparkling Moselle, sparkling California white, or what they please.

The defendant's wine therefore is not champagne, and it is untruthful to describe it as such. Not only is it untruthful, but if it was so described deliberately with the object of acquiring sales through the reputation of the world famous and true champagne, it is dishonest to call Spanish wine by the name. ... There is thus, in my view a considerable body of evidence that persons whose life or education has not taught them much about the nature and production of wine, but who from time to time want to purchase champagne as the wine with the great reputation, are likely to be misled by the description 'Spanish Champagne'."³³

The passing-off action cannot be used, however, unless the plaintiff shows that his good will has been damaged.³⁴

3. Proprietary Protection

An example of proprietary protection of appellations of origin would be the French Code de la Consommation of 1992 in Sec. L115-5-4, introduced by legislation of 2 July 1990, that provides for the following:

"A geographical indication that explicitly or implicitly constitutes an appellation of origin, may not be used on any identical or similar product... It may neither be used for different goods or services if the reputation of the appellation of origin would be exploited or weakened".

The general rules for appellations of origin are defined by Sec. L721-1 Intellectual Property Code that refers to Sec. L115-1 of the Code de la Consommation. According to this provision, "Appellations of origin may indicate a country, region or locality capable of marking a product originating therefrom whose characteristics or qualities are caused by the geographical location under the influence of natural or human factors."

French legislation thus provides absolute protection against use for identical or similar goods, and relative protection against the use on dissimilar goods if this may lead to undue exploitation or dilution.

It should be noted that the French Code de la Consommation protects both against registration and use, while the German and English trade mark laws only protect against the registration of geographical indications. Prevention of use has to be argued, in Germany, under the Unfair Competition Act, and, in England, under the rules of passing-off (as above under 3.).

³³ *Bollinger v. Costa Brava*, English High Court, 16 December 1960, [1961] RPC 116, 127. See also *Bollinger v. Costa Brava*, English High Court, 13 November 1959, [1960] RPC 16.

³⁴ E.g., *Chocosuisse v. Cadbury*, English High Court, [1998] 41 IPR 1; English Court of Appeal [1999] R.P.C. 826.

4. Conflicts Between Geographical Indications and Previously Used Trade Marks

To the extent that geographical indications prior to their protection have been used or even registered by third parties makes it necessary to find appropriate rules on how to solve this inherent conflict once the geographical indication becomes protected. It has been mentioned above that the Lisbon Agreement in Art. 5(6) grants a maximum period of two years to cease the use of conflicting indications. The Lisbon Agreement does not mention registered rights, though, and leaves this important question open.³⁵ On the other hand, the EC Wine Regulation of 1989³⁶ solves the conflict in Art. 40(3) by granting the owner of registered marks that conflict with appellations of origin a grace period up to 31 December 2002. Only thereafter would further use be prohibited. However, even before this period, the trade mark owner cannot object to the use of the mark as an appellation of origin. Unlike the Lisbon Agreement, the conflict between a registered mark and a protected appellation of origin is directly regulated. The Regulation's preamble also leaves little doubt that in the end of the day, a conflicting trade mark has to be surrendered. This is different in the EC Regulation on Geographical Indications of Agricultural Products, etc. of 1992³⁷ that in Art. 14(2) allows a continued use of a previously registered mark as long as there are no grounds for cancellation under the Trade Mark Directive.³⁸ Accordingly, Regulation 2081/92 permits the continued use of a registered mark conflicting with a geographical indication where the mark was registered in good faith and does not give rise to confusions as to the origin, Art. 14(2) Regulation. Both questions have to be determined by the national courts³⁹.

In cases where a geographical indication is used for goods different from those for which the indication is known, protection may be obtained under principles similar to the ones applied to well-known marks if the indication has indeed reached such status.

In the French Champagne case,⁴⁰ the defendant, Yves St. Laurent, had registered "Champagne" for perfumes. The plaintiffs, champagne makers, requested cessation of use and deletion from the register. The court in applying both Sec. L115-5 Code de la Consommation and Sec. L713-5 of the Code de la Propriété Intellectuelle (protection of well-known marks beyond the scope of similarity) reached the conclusion that

"In adopting the name Champagne for marketing a new luxury perfume, and in choosing a get-up resembling the characteristic cork of champagne bottles, and finally in exploiting the image and the association with champagne taste and the pleasure it evokes for purposes of marketing, the defendants wanted to create an attractive effect vested in the goodwill of the appellation Champagne. Already in doing so, the defendants in an action based on parasitic exploitation of goodwill, have abused the reputation that only the producers and merchants of champagne are entitled to use for commercialising a wine with the respective appellation of origin."

While the court found a possible confusion unlikely, it held that the undue exploitation of goodwill with the consequence of dilution had clearly been proven by the plaintiffs. In similar fashion as the English court, the French court also referred to the EC regulations concerning the proper labelling of wines and the protection of geographical indications in order to justify its conclusions. The comment by Dulian stresses that the case was indeed the first one to apply Sec. L115-5 of the Code de la Consommation.

This decision, certainly correct in interpretation of both domestic and European rules on protecting geographical indications, stands in marked contrast to the "Chateau d'Yquem" decision rendered later.⁴¹ While the Paris court at first instance (18 February 1993) reached about the same conclusion as in the Champagne case, the Supreme Court made short shrift of the plaintiff's arguments:

"The appeal has to be allowed, because it is not well founded in law. The trade mark 'Chateau d'Yquem' for products in classes 3, 14 and 25 may not be cancelled for reasons of the exceptional reputation of the mark 'Chateau d'Yquem' used for wines. The lower court's decision was based on the exceptional reputation of the prior mark. Yet, neither are the products by the later mark identical or similar to the protected wines under the mark 'Chateau d'Yquem', nor is the defendant guilty of an exploitation of the reputation of the mark 'Chateau d'Yquem'."

Conflicts between geographical indications and trade marks are thus not easily solved. At least the French "Champagne" decision indicates that the rules developed for well-known trade marks can also be applied to geographical indications.

³⁵ According to Ladas, Patents, Trademarks and Related Rights, Cambridge, Mass. 1975, 1605, "A treaty itself cannot affect private rights, and in any case, it would be up to the courts rather than the administration to resolve a conflict between the attempted international registration of an appellation of origin and pre-existing private rights".

³⁶ Regulation No. 2392/89 of 24 July 1989, EC O.J.L 232/13 of 9 August 1989.

³⁷ Regulation No. 2081/92 of 14 July 1992, EC O.J.L 208/1 of 24 July 1992.

³⁸ Directive No. 89/104 of 21 December 1988, EC O.J.L 40/1 of 11 February 1989.

³⁹ European Court of Justice, 4 March 1999, GRUR Int. 1999, 443 - "Gorgonzola/Camborzola". Already German Supreme Court, 16 December 1993, GRUR Int. 1994, 310 - "Mozzarella".

⁴⁰ Paris Court of Appeals, 15 December 1993, La Semaine Juridique 1994, 22229 (p. 105).

⁴¹ French Supreme Court, 30 May 1995, Annales de la Propriété Industrielle 1995, 227.

V. Protection of Geographical Indications in Japan

Japan is not a member to the Lisbon Agreement for the Protection of Geographical Indications. Nor does it provide for their registration, unlike most countries of Southern Europe. Instead, protection against misleading or incorrect use is effected by the following statutes.⁴²

1. Trade Mark Law

There is no register of geographical indications, and trade marks that indicate in a general way the origin, or location of origin, of goods or services are not registrable under Sec. 3 (1)(iii) Trade Mark Act. In other words, the indication of origin of goods is unregistrable because it would be descriptive and thereby non-distinctive. This, however, would not exclude the registration of goods or services bearing no relation to the particular location in question, unless such a trade mark would be deemed confusing as to the origin of goods or services. Therefore, it might well be possible to register the trade mark "Hollywood" for cosmetic products (it might not be for films, though), but even this was found confusing by the Tokyo High Court.⁴³ Under Sec. 4(1)(xv) Trade Mark Act, confusion as to origin is not confined to trade marks which actually feature a particular location. Instead, it is sufficient if the general public associates a certain name with a particular origin. Because the registration of the Italian name "*Tanino Crisci*" for clothing carried the aura of Italian design, particularly because there was an Italian manufacturer of that name making leather goods, the court found that there was confusion as to origin⁴⁴. In general, therefore, trade mark law does not provide for effective remedies in cases where a mark does not directly use a denomination of origin, but suggests an association with an origin the goods or services have no connection with.

2. Unfair Competition Prevention Law

Apart from the cases defined in Secs. 9 and 10 (use of a foreign flag, state emblem or name of an international organisation), protection against false or misleading indications of origin⁴⁵ is not very different from protection against other forms of misleading indications. The distinction can only be explained historically by the fact that Japan subscribed to the Paris Convention and the Madrid Agreement at different dates. Indications which are misleading as to origin are also a punishable offence under Sec. 13.

Owing to the requirement of proof that the alleged culprit has damaged a competitor's business by misleadingly indicating goods or services, cases under the Unfair Competition Prevention Act have been rare. One criminal prosecution concerned the indication "England, London, Manchester" (in English) for domestic garments.⁴⁶ Another criminal prosecution concerned the indication "Diamonds imported from Belgium", when this was not in fact the case.⁴⁷ A civil action concerned the indication "LV Paris", use of which was successfully objected to by the Louis Vuitton Company.⁴⁸

A more recent case is a perfect example of the shortcomings of the Unfair Competition Prevention Act's provisions for protection against misleading indications. While both parties were engaged in the business of selling hairpins, the defendant at the point of sale had used a number of foreign flags which could give the impression that the hairpins in question came from one of the countries concerned. In fact, the products in the defendant's so-called "pin of the world collection" were all domestically made. While the court⁴⁹ affirmed the danger of misinterpretation by consumers and even found that the plaintiff, insofar as he was in the same business as the defendant, had a legal interest in the defendant's business being conducted according to the rules of fairness, nevertheless had to dismiss the claim for damages. Although the plaintiff could prove a loss in sales, it could not be established that but for the misleading flying of flags, the defendant's customers would have turned to the plaintiff's products. Accordingly, only the request for injunctive relief was granted, legal costs being equally split

⁴² A short overview is provided by Matsuo/Okuyama, 43/5 AIPPI Japanese Edition 50 [1998].

⁴³ Tokyo High Court, 29 June 1967, reprinted in *Doi Digest* (1971), 36 – "Hollywood".

⁴⁴ Tokyo High Court, 12 December 1996, 1596 Hanrei Jihō 102 [1997] – "*Tanino Crisci*". According to the decision's reasoning, a general confusion as to origin (consumers believing that the goods come from Italy) is not sufficient. Rather, it has to be shown that confusion occurs with regard to a particular enterprise. The reasoning is similar to the one adopted in the "*Dorothee Bis*" decision by Kobe District Court, 21 December 1982, 14-3 *Mutaishū* 813 [1982]; not quite for the same reason, but with a similar line of argument, the order of the Trappist monks obtained revocation of the trade mark "*Trappistin no saka*" because consumers might be misled as the origin of the biscuits sold under this trade mark. The reason for revocation in this case was the deliberate use of the mark for goods or services other than those the mark was registered for, in effect leading to confusion (Sec. 51(1) TMA): Tokyo High Court, 18 July 1996, 1580 Hanrei Jihō 131 [1996] = 461 Hanrei Hyōron 200 with comment by Nuno: "*Trappistine*". Any sort of geographical indication of the word "Tivoli" as a theme park in Copenhagen was (wrongly)denied by Kobe District Court, 27 August 1997, 48 *Chizai Kanri* 1067 [1998] – "*Tivoli*" with comment by S. Kato.

⁴⁵ Before the 1994 Revision of the UCA, the law made a distinction between false (Sec. 1(1)(iii)) and misleading indications (Sec. 1(1)(iv)).

⁴⁶ Tokyo High Court, 29 July 1974, 6-7 *Keihan Geppō* 814 [1974] – "English Garment".

⁴⁷ Tokyo High Court, 23 May 1978, 10-4/5 *Keihan Geppō* 857 [1978] – "Belgian Diamonds".

⁴⁸ Tokyo District Court, 23 December 1983, 519 *Hanrei Times* 259 [1984] – "LV Paris".

⁴⁹ Osaka District Court, 26 September 1996, 1604 *Hanrei Jihō* 129 [1997] – "Hairpin".

between plaintiff and defendant. Given the sheer impossibility of proving that the defendant's gains are the plaintiff's losses in a market with several competitors, there can be little economic incentive to sue in the first place.

As distinct from the strict interpretation under trade mark law, a suit under unfair competition prevention law can also succeed in cases where consumers are misled as to the origin of goods in general, without having to show that the misconception relates to a specific enterprise.

3. Free Gifts and Trade Misrepresentations Act

While administratively misleading indications as to the origin of goods are already actionable under the general prohibition of misleading indications under Sec. 4 Free Gifts and Trade Misrepresentations Act, the Fair Trade Commission has issued a special guideline on them.⁵⁰

According to the Fair Trade Commission Directive, indications might be misleading as to the origin of goods, if the name of a foreign country, foreign location or foreign flag is used; or the name of a foreign entrepreneur or designer is used, or the indication partly or completely consists of foreign (e.g., Roman) characters, or if Japanese characters are used when the goods are of foreign origin.

The Directive applies both to domestically and foreign-made goods which might be passed off as goods of a different origin. The Directive exempts generally accepted descriptions of a certain type ("French Bread") or quality ("100 per cent wool", "stainless steel").

Because some countries' products enjoy a better reputation than those of others, cases of misleading indications as to origin are quite frequent. While European countries enjoy a very good reputation, particularly in fashion design, household appliances coming from Asian countries such as Hong Kong, China, Korea or Taiwan will probably sell better if passed off as Japanese. Every year, about 10 informal warnings are issued concerning misleading indications of origin.⁵¹ So far, most cases concern clothing, as in the cases of Japanese-made jeans being labelled as "Made in U.S.A.",⁵² Korean-made goods being passed off as "domestically made",⁵³ or scarves produced by an affiliated company in Hong Kong being passed off as being made in Japan or even France.⁵⁴

The more Japanese companies set up assembly plants outside Japan for the production of household appliances, the more difficult certainly it becomes to define what may be labelled as made in Japan or made abroad. Under the Fair Trade Commission's rules, goods with different components may have to indicate more than one origin, such as "designed in Italy, made in Korea". The mere assembly of pre-fabricated goods is insufficient to qualify for the indication "made in". While it is permissible for an importer to attach his name to the goods, he may not do so in such a way as to obscure the indication of origin.⁵⁵ However, most of the cases decided so far by the Fair Trade Commission have been straightforward.⁵⁶

Since Japan has never been able to claim famous geographical indications of the "Champagne" type, and in the case of sake, very strict control was exercised by agricultural co-operatives, the issue of protecting geographical indications has never become very prominent. In this context it is worth noting that unlike United States or Australia, Japan produces very little wine, and therefore there has been little temptation to use European indications in the first place.

⁵⁰ Fair Trade Commission Directive 34 of 16 October 1973, plus Administrative Guidelines of the same date. Both directives are reprinted in the Appendix.

⁵¹ Estimated according to 501 Kōsei Torihiki 60 [1992]. In 1996 there were 11 warnings, in 1997 just 7: 575 Kōsei Torihiki 17 [1998].

⁵² FTC, formal warning as of 22 March 1972, 6 KTIH 103.

⁵³ FTC, formal warning as of 24 December 1987, 16 KTIH 51.

⁵⁴ FTC, formal warning as of 17 March 1990, 17 KTIH 27.

⁵⁵ In the FTC's formal decision of 5 August 1992, 19 KTIH 3, the importer of Taiwanese batteries had re-labelled them in such a way that ordinary consumers could no longer understand that they came from Taiwan.

⁵⁶ In a decision of 1 July 1994, an importer of clothing had simply removed the labels indicating that it was made in Korea, Hong Kong or China, respectively, and substituted his own name: reported in [1996] Nenji Hōkoku (Annual Report) 243. On page 245, a case was reported where leather goods were advertised as "Italy Fashion", accompanied by a photograph of an Italian villa. In fact, the goods came from Taiwan.

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