



## Geographical indications in jeopardy

Geographical indications of Indian origin such as 'Basmati' rice and 'Darjeeling' tea continue to remain open to being wrongfully exploited internationally. **Kasturi Das** looks at the issue in depth.



**April 2004** - The protection of Geographical Indications (GIs) has, over the years, emerged as one of the most contentious intellectual property right (IPR) issues in the realm of the World Trade Organisation (WTO). It is an issue, which is still generating significant controversies, the outcome of which involves enormous significance for a country like India, which has in its possession a number of world renowned GIs including 'Darjeeling' and 'Basmati'.

GIs generally refer to any indication that identifies a good as originating from a particular place, where a given quality, reputation or other characteristics of the good are essentially attributable to its geographical origin. GIs need not always be geographical names (such as, name of a town, a region or a country) to designate the origin of the goods to which they are attached, but may consist of symbols as well. For instance, 'Champagne' is a geographical name that denominates the sparkling wine produced in the Champagne district of France, but, 'Basmati' is a symbol which stands for some particular varieties of slender, long-grained, aromatic rice produced in the Greater Punjab region, now divided between India and Pakistan.

Like trademarks or commercial names, GIs are also an IPR used to identify products and to develop their reputation and goodwill, which in turn help them fetch premium prices in the national and international markets. However, in case of GIs, the ownership of the rights belongs to a 'community' or a 'group of people' rather than to an individual or a corporate or non-corporate firm as is the case with other IPRs. GIs are designed to reward goodwill and reputation created or built up by a group of producers over many years or even centuries.

Given the huge commercial implications of GIs, it is quite obvious that the legal protection of this IPR would play a significant role in commercial relations both at the national as well as at the international level. Without such protection GIs run the risk of being wrongfully used. Commercial entities could misappropriate the benefits emanating from the goodwill associated with these appellations, by way of misleading the consumers. Such unfair business practices not only result in huge loss of revenue for the genuine right-holders of the GIs concerned but can also hamper the goodwill and reputation associated with those indications over the longer run.

In order to rule out any misappropriation of GIs and to exploit fully the commercial potential of this IPR, it is of utmost importance that –

- countries ensure adequate protection for their own GIs at the national level; and
- effective protection is granted for all GIs at the international level.

### Protection of GIs under TRIPS

At the international level, prior to the advent of the TRIPS Agreement of the WTO in 1994 there was no multilateral agreement dealing with the protection of GIs as such, though, some international treaties like the Paris Convention, the Madrid Agreement and the Lisbon Agreement did contain provisions on the protection of related concepts like 'Indications of source' or 'Appellations of origin'. However, given the restricted scope of protection afforded by them and the limited number of signatory states, none of these treaties could render any real impact on the global protection of these appellations.

In this backdrop, the advent of the TRIPS Agreement undoubtedly constituted an important step forward for the international protection of GIs. Because, first, it provided the 'minimum' standards of protection for GIs (along with all other IPRs), which as many as 146 (as of now) member countries of the WTO were bound to comply with in their respective national legislations and second, it was supported by a strong dispute settlement mechanism under the WTO system, which could ensure the enforcement of such legal provisions.

Given such a legally binding status, the TRIPS Agreement did have the potential to ensure effective protection for GIs. Regrettably, however, even with the TRIPS Agreement in place, the current status of international protection for all GIs, except those designating wines and spirits, is far from adequate. Though the TRIPS Agreement contains a single, identical definition for all GIs, irrespective of product categories, it mandates a two level system of protection for GIs - (i) the general or basic protection applicable to GIs associated with all products in general (under Article 22) and (ii) the additional ('absolute') protection applicable only for the GIs denominating wines and spirits (under Article 23).

Article 22 of TRIPS merely stipulates the general standards of protection that must be available for all GIs against deceptive or misleading business practices and other acts of unfair competition. The second clause of this article provides that in respect of geographical indications, members shall provide the legal means for interested parties to

prevent the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good. It further prohibits any use, which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention (1967).

In stark contrast with Article 22, Article 23 of TRIPS stipulates an additional protection only for the GIs designating wines and spirits, which requires member countries to prevent any abusive application of such GIs irrespective of whether the consumers are misled or whether it constitutes an act of unfair competition. Under Article 23.1, using a GI identifying wines/spirits for wines/spirits not originating in the place indicated by the GI concerned is prohibited, even where the true origin of the wine/spirit concerned is indicated and/or a translation is used and/or the indication is accompanied by expressions such as "kind", "type", "style", "imitation" or the like. Competitors, not producing in the geographical region purported in a GI associated with wines or spirits are also not allowed to use such an indication in their trademarks (Article 23.2). In contrast, the refusal or invalidation of registration of a trademark for any other goods (than wines and spirits), on similar ground, is conditional on the 'misleading test' (Article 22.3). To facilitate the protection of GIs for wines and spirits, Article 23.4 further provides for negotiations for the establishment of a multilateral system of notification and registration for such GIs.

The additional level of protection under Article 23, however, is subject to certain exceptions and concessions (contained in Article 24) which recognise the so-called 'acquired rights' prior to TRIPS, such as:

- use in good faith or use of more than ten years standing (Article 24.4);
- rights acquired through trademarks (Article 24.5 and Article 24.7);
- existence of generic names or the use of the names of a grape variety with a geographical significance (Article 24.6); and
- patronymic geographical names (Article 24.8).

These exceptions are open to bilateral or multilateral negotiations, leaving members free to conclude agreements to phase out such prior rights.

### **Insufficiency of the general protection of Article 22**

Unlike the 'absolute' and unconditional protection of Article 23 reserved exclusively for the GIs designating wines and spirits, in order for any other GI to get protection under Article 22, the undue use of it has to mislead the public as to the geographical origin of the product or must constitute an act of unfair competition. This requirement of the so-called 'misleading test', which can, at best be regarded as suitable in preventing unfair competition or consumer protection regulations, fails to provide a sufficient intellectual property protection for the legitimate users of a GI. It does not prevent a producer from using a GI for his product, even if it does not originate in the territory purported, as long as the product's true origin is indicated on the label.

For instance, a tea producer from say, Kenya may use the world famous appellation 'Darjeeling' on the package of his tea with the aim of free-riding on the renown associated with it and still claim that he is not 'misleading' the public simply by mentioning the true origin of his product somewhere in the package, even if it is done in a manner which is likely to go unnoticed by the buyers. Thus Article 22 allows misappropriation of renowned GIs without violating the law.

Furthermore, in stark contrast with Article 23, Article 22 does not prevent the use of GIs in translation or with accompaniment of expressions such as "style", "type", "kind", "imitation" or the like. For instance, even if someone in Punjab makes a sparkling wine with taste and texture identical with those of 'Champagne' wine of France, Article 23 does not permit him to sell his product as 'Champagne from Punjab' or 'Champagne-type wine from Punjab' etc. Since, such effective shield does not exist, under Article 22, for GIs not designating wines or spirits, India cannot prevent, say, a Texas-based company from selling rice produced in America as 'traditional basmati style' or 'American basmati'.

The allowance of such use, however, puts the GI concerned at risk of becoming a 'generic name' over time. The term 'generic name' denotes the name of a good which, although relates to the place or the region where the good was originally produced or manufactured, has lost its original meaning and has become the common name of such goods and serves as a designation for or indication of the kind, nature, type or other property or characteristic of the goods. Geographical names such as 'french' fries or 'bermuda' shorts are examples of some such generic names. Since their respective right holders did not take initiatives to protect them by regulating production and by delimiting the area of production they have overtime lost their claim as GIs and have become the common names for particular categories of goods which, need no longer come only from France or Bermuda respectively.

The requirement of the 'misleading test' also leads to legal uncertainty regarding the protection and enforcement of an individual GI at the international level. This is because; it is up to the national courts and national administrative authorities to decide whether the public is being misled by a particular abuse of a GI and to enforce their decisions. Since, such judgments are bound to differ from country to country, the very provision of the 'misleading test' leaves room for legal uncertainty and inconsistent decisions. This is not the case with GIs designating wines and spirits because Article 23 protection is not conditional on such 'misleading test'.

The net result of this discriminatory approach that excepting the GIs denominating wines and spirits, all other GIs including those of Indian origin, still run the risk of being wrongfully exploited in the international arena.

Another disadvantage of the 'misleading test' is that, it is up to the plaintiff to prove to the judicial or administrative authorities that the public has been misled. No such burden of proof has been put on the producer (the plaintiff) in the domain of GIs designating wines or spirits.

The net result of this discriminatory approach adopted by TRIPS is that, excepting the GIs denominating wines and spirits, all other GIs, including those of Indian origin, still run the risk of being wrongfully exploited in the international arena.

### **Historical reasons behind the TRIPS provisions**

It is an anomaly that while in case of none of the other fields of IPRs, different levels of protection is granted by the TRIPS Agreement according to product categories, such a differentiation has been made in case of GIs, in spite of the fact that GIs stand on an equal footing with any other IPR. Also, there are no logical or legal reasons, which could justify the discriminatory treatment between GIs associated with wines or spirits and those for other products. The geographical origin, from a commercial point of view, has the same importance for all products. In fact, very often, the trade value of GIs for products other than wines and spirits is observed to be even higher than a specific GI designating a wine or a spirit.

The discriminatory approach towards GIs can only be explained in the light of the negotiating history of the TRIPS Agreement. This was an issue on which there was a major North-North divide all through the Uruguay Round negotiations. The TRIPS provisions on GIs are basically the result of trade-offs, which were specific to the circumstances prevailing at the time of the Uruguay Round negotiations, in particular, the Brussels Ministerial Conference (1990). This was, to some extent, due to the link at that time between the negotiations on GIs and the negotiations on agriculture. Given this link, the higher level of protection for wines and spirits was granted solely for the political reason of persuading the European Union (EU) to join consensus on the Uruguay Round package, in spite of strong opposition on part of many other countries.

Article 24 of TRIPS is the direct outcome of difficult negotiation between a number of wine-producing participants, notably in the EU, that wished to protect the indications for wines and spirits fully, on the one hand and others that were afraid that it might affect rights more or less considered to be 'acquired rights' in certain appellations, on the other. The result of the negotiations was only partly satisfactory for both sides, because, though protection was granted, it was done not exactly in the way proposed by the former group. Similarly, while safeguards for 'acquired rights' were included, it was neither complete nor permanent.

The only feasible option not blocking the negotiation was thus to agree to further talks. Hence, Article 24.1 provided that "Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23". Moreover, since safeguards for 'acquired rights' were included in Article 24, negotiators clearly indicated in Article 24.1 that (a) those safeguards should not be used to impede negotiations, and that (b) in the context of such negotiations, the continued applicability of the safeguards should be possible for individual indications. This is consistent with the establishment of a registration system, as has been proposed for wines and spirits under Article 23.4 of TRIPS, where each individual indication entered in the registry might have to be negotiated. The negotiation on the establishment of a multilateral system of notification and registration of GIs for wines and spirits has been going on in the TRIPS Council since July 1997.

### **Protection of GIs in India**

Although, an effective protection for GIs was of considerable importance for a country like India, which was richly endowed with natural and agricultural products and which already had in its possession renowned geographical names such as 'Darjeeling'(tea), 'Alphonso' (mango), 'Basmati' (rice), etc., there was no separate legislation on GIs until the enactment of 'The Geographical Indications of Goods (Registration and Protection) Act, 1999' (henceforth the GI Act).

It would, however, be incorrect to suppose that prior to the enactment of this legislation there was no legal mechanism to thwart the unfair use of GIs in India. In fact, there were three ways in which the then-existing Indian laws could have been utilised for this purpose:

under the consumer protection acts;♣  
through the passing-off♣ actions in courts; and  
through certification marks.♣

Such legal provisions, however, were far from adequate to provide effective protection for the precious GIs of our country. This becomes evident from the manner in which innumerable foreign companies and traders have been found to be free-riding on the goodwill and reputation associated with such renowned geographical names, for years.

For instance, tea produced in countries like Kenya, Sri Lanka, have often been passed off around the world as 'Darjeeling tea', which originally denotes the fine aromatic produce of the high-altitude areas of North-Bengal, from where it derives the name. Corporations in France and the US have been producing rice based on 'Basmati' varieties in those countries, and registering trademarks that refer to 'Basmati', thereby seeking to gain from this renowned geographical name. The US-patent on 'Basmati Rice Lines and Grains' granted to Texas based Rice Tec Inc, which triggered a lot of controversy in the recent past, is a glaring example of wrongful exploitation of a renowned GI from India. So on and so forth.

It is in such a scenario, that the GI Act was enacted formulated as part of the exercise in the country to set in place national intellectual property laws in compliance with India's obligations under the TRIPS Agreement. Under this Act, which has come into force with effect from 15th September 2003, the Central Government has established the 'Geographical Indications Registry' with all India jurisdiction at Chennai, where the right holders can register their respective GIs. After a GI is registered any person claiming to be the producer of the good designated by the registered GI can file an application for registration as an authorised user. The GI Act is to be administered by the Controller General of Patents, Designs and Trade Marks- who is the Registrar of Geographical Indications.

It is interesting to notice that though Article 23 of TRIPS affords a higher level of protection to GIs denominating wines and spirits only, the corresponding provisions in the Indian Act do not restrict themselves to wines and spirits alone. Rather it has been left in the discretion of the Central Government to decide which goods or classes of goods should be granted such a higher level of protection. This discrepancy has deliberately been maintained by the Indian lawmakers with the aim of ensuring the 'absolute' protection of Article 23 for the GIs associated with products of India's export interest.

It should be noted here that since the TRIPS Agreement merely stipulates the 'minimum' standards of protection that the member countries of the WTO are obliged to afford for any IPR, India is free to extend the ambit of the 'absolute' protection to cover products other than wines and spirits, to the extent that it is not in contravention of the provisions of TRIPS.

Now that the Act has been operationalised, legitimate users of each and every geographical denomination, which is entitled to obtain protection as a 'registered' GI under this Act, should go all out to ensure the 'absolute' level of protection for their respective GIs without any further delay. This is the necessary condition that needs to be fulfilled in the domestic front to protect the prized GIs of the country from any future IPR-theft in the international arena. Because, according to Article 24.9 of TRIPS, member countries do not have any obligation whatsoever to protect the GIs, which are not so protected in their respective countries of origin.

The sufficient condition, however, is definitely an extension of the 'absolute' level of protection, currently afforded by TRIPS only to GIs designating wines and spirits, to cover all other GIs. Because, in its current status, the TRIPS Agreement does not impose any obligation on the member countries of the WTO to ensure the 'absolute' protection for the GIs of Indian origin in their respective countries. However, as discussed above, without such 'absolute' protection, these appellations cannot be safeguarded completely in the international front.

### **The current scenario at the WTO**

Convinced of the vulnerability of the GIs of our country in the international arena, India, along with a host of other like-minded countries (including the EU, Bulgaria, China, the Czech Republic, Hungary, Liechtenstein, Kenya, Mauritius, Nigeria, Pakistan, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand and Turkey etc.) has been fighting at the WTO for quite some time now, for an extension of the ambit of Article 23 (henceforth 'extension') to cover products other than wines and spirits as well.

These countries question the basis of such a differential treatment to products other than wines and spirits and points out the inadequacy of Article 22, which allows competitors, not belonging to the geographical region purported by a GI, to easily 'usurp' a GI and free-ride on its reputation without leaving any scope for the legitimate right holders to prevent such misappropriation as long as the true origin of the product is mentioned. According to them, producers of any good and not only those of wines or spirits have a legitimate interest in protecting their respective GIs from such exploitation. Hence, they demand that the all GIs, irrespective of the product category, should be afforded protection both under Article 22 and Article 23 of TRIPS, which are complementary to each other.

However, countries like the United States, Australia, New Zealand, Canada, Argentina, Chile, Guatemala, Uruguay etc. are strongly opposed to the 'extension'. This group argues that the existing (Article 22) level of protection is

adequate, and that providing enhanced protection would be expensive. Furthermore, they perceive a better protection of GIs as a barrier to trade because, in their view, ensuring better protection of GIs would close markets or affect the producers' activities since certain products would have to be relabeled. They also reject the 'usurping' accusation put forward by the proponents of the 'extension'.

This group argues that the existing (Article 22) level of protection is adequate, and that providing enhanced protection would be expensive. Furthermore, they perceive a better protection of GIs as a barrier to trade because, in their view, ensuring better protection of GIs would close markets or affect the producers' activities since certain products would have to be relabeled. They also reject the 'usurping' accusation (put forward by the proponents of the 'extension'), particularly, when migrants have taken the methods of making the products and the names with them to their new homes. For this reason, the debate has very often been described as one between the 'Old World' and the 'New World'. It is to be noted here that the debate on 'extension' cuts across the traditional 'North'-'South' dividing lines existing in case of most of the IPR-related issues in the TRIPS Council.

The issue of 'extension' was a part of the discussions in the fourth Ministerial Conference of the WTO at Doha (held in November 2001), which marked the beginning of a new round of trade talks called 'the Doha Round'. In particular, paragraph 18 of the Doha Declaration notes that the "...issues related to the extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits will be addressed in the Council for TRIPS pursuant to paragraph 12 of this declaration".

Notably, Paragraph 12 of the Doha Declaration declares that the negotiations on outstanding 'implementation issues' shall be an integral part of the Doha work programme. It further states that (a) those issues, on which the Doha Declaration provides a specific negotiating mandate, shall be addressed under that mandate, whereas, (b) the other outstanding implementation issues shall be addressed as a matter of priority by the relevant WTO bodies, which shall report to the Trade Negotiations Committee (TNC) by the end of 2002 for appropriate action.

The member countries participating in the on-going debate in the TRIPS Council on the issue of 'extension' have failed to reach any consensus even on the question of whether Paragraph 12 of the Doha Declaration provides a mandate for negotiations on this matter. Many developing and European countries (such as India, Bulgaria, Czech Republic, EU, Hungary, Liechtenstein, Kenya, Pakistan, Slovenia, Sri Lanka, Switzerland, Thailand, Turkey etc.) have argued that the so-called outstanding implementation issues are already part of the negotiation and its package of results. Others maintain that these issues can only become negotiating subjects if the TNC decides to include them in the talks — and so far it has not done so. Thus the TRIPS Council discussions are still stalled on this issue.

The complications have been further accumulated by the attempt of countries like the EU, Switzerland and Bulgaria to link movement on 'extension' to negotiations on agriculture. They feel that any progress in this aspect of GIs would make it easier for them to agree to a significant deal in agriculture. As a result of this profound divide, the TRIPS Council could not submit a report to the TNC, by the end of 2002, on "appropriate action" as mandated by paragraph 12 of the Doha Declaration. No progress has been observed on this issue even in the fifth ministerial conference of the WTO, which ended in a failure in September last year at Cancun, Mexico.

### **Concluding observations**

It should be acknowledged that the establishment of a national system of protection under the purview of the GI Act, which provides scope for securing the 'absolute' protection for the GIs of India at the national level, is an important step forward in the right direction. Some of the appellations, which could be registered under the new Act are 'Darjeeling' (tea), 'Basmati' (rice), 'Alphonso' (mango), 'Malabar' (pepper), 'Pashmina' (wool shawls), 'Assam' (tea), 'Chanderi' (saris), 'Sambhalpur' (cottons), 'Coorg' (coffee), 'Mysore' (silks), 'Kerala' (spices), 'Kancheevaram' (silks), 'Nilgiri' (tea), so on and so forth.

It is surprising, however, that apart from 'Darjeeling' and 'Basmati', the producers of none of these products seem to be pro-active enough in asserting the GI status attached to their products, even though many of these products have already developed a reputation in the international markets. With the legal mechanism in place, the time is now ripe for the legitimate users of each and every GI of Indian origin to come forward in securing the 'absolute' protection for their respective GIs at the national level.

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Coming to the international level, at a time when further trade liberalisation is being striven for under the purview of the WTO, it seems to be a natural corollary, particularly in relation to the negotiations going on in the field of agriculture, that members should be able to reap fully the advantages emanating from their GIs, while competing in the liberalized global markets. This can only be ensured by granting them an effective armour against erosion of their GIs, by way of 'extension' of the ambit of Article 23 to cover all products.

Considering the current deadlock in the TRIPS Council it seems highly doubtful that the debate will be resolved sometime in the near future. What is beyond any doubt however, is that, given the staunch opposition expressed by

the United States on the issue, it is not going to be an easy game for the proponents of the 'extension' to win. Nevertheless, India, along with the like-minded countries, should leave no stones unturned to ensure an effective protection for its GIs. What is at stake is not only the goodwill and reputation attached to the precious GIs of our country, but also the huge commercial and trade implications associated with them. □

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