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ANNEX A-1

**COMMENTS BY AUSTRALIA
ON THE REQUEST BY THE EUROPEAN COMMUNITIES
FOR A PRELIMINARY RULING REGARDING
THE PANEL'S JURISDICTION UNDER ARTICLE 6.2 OF THE DSU**

(15 March 2004)

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TABLE OF CASES REFERRED TO IN THIS REQUEST

Short Title	Full Title
<i>US – Carbon Steel</i>	<i>United States – Countervailing Duties on Certain Corrosion-Resistant Carbon Steel Flat Products from Germany</i> , Report of the Appellate Body, WT/DS213/AB/R.
<i>EC – Bananas</i>	<i>European Communities – Regime for the Importation, Sale and Distribution of Bananas</i> , Report of the Appellate Body, WT/DS27/AB/R.
<i>Guatemala – Cement I</i>	<i>Guatemala – Anti-Dumping Investigation Regarding Portland Cement from Mexico</i> , Report of the Appellate Body, WT/DS60/AB/R.
<i>Korea – Dairy</i>	<i>Korea – Definitive Safeguard Measure on Imports of Certain Dairy Products</i> , Report of the Appellate Body, WT/DS98/AB/R.
<i>Thailand – H-Beams</i>	<i>Thailand – Anti-Dumping Duties on Angles, Shapes and Sections of Iron or Non-Alloy Steel and H-Beams from Poland</i> , Report of the Appellate Body, WT/DS122/AB/R.
<i>Canada – Wheat</i>	<i>Canada – Measures Relating to Exports of Wheat and Treatment of Imported Grain</i> , Preliminary Ruling of the Panel, WT/DS276/12.

I. INTRODUCTION

1. The EC has requested that the Panel issue a preliminary ruling that Australia's request for the establishment of a panel does not meet the requirements of Article 6.2 of the *Understanding on the Rules and Procedures Governing the Settlement of Disputes* (the "DSU"). Arguments put forward by the EC in support of its request are without merit. Australia has explicitly identified the specific measure at issue and provided a brief summary of the legal basis of the complaint sufficient to present the problem clearly. Consequently, Australia's request for the establishment of a panel in this dispute fully complies with the requirements of DSU Article 6.2. Australia submits that, in the circumstances of this dispute, the EC is effectively asking the Panel to find that DSU Article 6.2 requires a complaining party to provide a summary of its legal argument in its panel establishment request. Such a finding would not be consistent with the terms of DSU Article 6.2 being given their ordinary meaning in light of the object and purpose of the DSU.

II. THE REQUIREMENTS OF DSU ARTICLE 6.2

2. DSU Article 6.2 requires, in relevant part, that the request for the establishment of a panel "identify the specific measures at issue and provide a brief summary of the legal basis of the complaint sufficient to present the problem clearly".

3. In *US – Carbon Steel*, the Appellate Body recapped and clarified its previous findings in relation to DSU Article 6.2. The Appellate Body said in that dispute:

125. There are ... two distinct requirements, namely identification of *the specific measures at issue*, and the provision of a *brief summary of the legal basis of the complaint* (or the *claims*). Together, they comprise the "matter referred to the DSB", which forms the basis for a panel's terms of reference under Article 7.1 of the DSU.^[...]

126. The requirements of precision in the request for the establishment of a panel flow from the two essential purposes of the terms of reference. First, the terms of reference define the scope of the dispute. Secondly, the terms of reference, and the request for the establishment of a panel on which they are based, serve the *due process* objective of notifying the parties and third parties of the nature of a complainant's case.^[...] When faced with an issue relating to the scope of its terms of reference, a panel must scrutinize carefully the request for establishment of a panel "to ensure its compliance with both the letter and the spirit of Article 6.2 of the DSU".^[...]

127. ... [C]ompliance with the requirements of Article 6.2 must be demonstrated on the face of the request for the establishment of a panel. Defects in the request for the establishment of a panel cannot be "cured" in the subsequent submissions of the parties during the panel proceedings.^[...] Nevertheless, in considering the sufficiency of a panel request, submissions and statements made during the course of the panel proceedings, in particular the first written submission of the complaining party, may be consulted in order to confirm the meaning of the words used in the panel request and as part of the assessment of whether the ability of the respondent to defend itself was prejudiced.^[...] Moreover, compliance with the requirements of Article 6.2 must be determined on the merits of each case, having considered the panel request as a whole, and in the light of attendant circumstances.^[...]

...

130. ... [A]lthough the listing of treaty provisions allegedly violated is always a *necessary* "minimum prerequisite" for compliance with Article 6.2, whether such a listing is *sufficient* to constitute a "brief summary of the legal basis of the complaint sufficient to present the problem clearly" within the meaning of Article 6.2 will depend on the circumstances of each case, and in particular on the extent to which mere reference to a treaty provision sheds light on the nature of the obligation at issue.^[...] ...¹ (*emphases in original*)

4. Notwithstanding that the EC has cited several potentially relevant statements by the Appellate Body from *EC – Bananas*, *Guatemala – Cement I*, *Korea – Dairy*, *Thailand – H-Beams* and *US – Carbon Steel*,² the EC's choice of Appellate Body statements is selective. In particular, nowhere in its submission does the EC cite the full text of the Appellate Body's statement at paragraph 127, or the statement at paragraph 130, of *US – Carbon Steel*.

5. The relevant requirements for compliance are encapsulated in the statement by the Appellate Body: "... compliance with the requirements of Article 6.2 must be demonstrated on the face of the request for the establishment of a panel. ... [C]ompliance ... must be determined on the merits of each case, having considered the panel request as a whole, and in the light of attendant circumstances"³ (*emphasis added*).

III. AUSTRALIA'S PANEL REQUEST IDENTIFIES THE "SPECIFIC MEASURE AT ISSUE" AS REQUIRED BY DSU ARTICLE 6.2

6. DSU Article 6.2 requires that the request for establishment of a panel "identify the specific measures at issue". The Panel in *Canada – Wheat* has stated that the ordinary meaning of the phrase "identify the specific measures at issue" is "to establish the identity of the precise measures at issue".⁴

7. Australia's panel establishment request establishes the identity of the precise measure at issue in this dispute, and therefore conforms to the requirements of DSU Article 6.2. As set out in the fourth paragraph of Australia's request, the specific measure at issue is composed of three principal elements: (1) Council Regulation No. 2081/92 itself; (2) any amendments to that Regulation; and (3) related implementing and enforcement measures. That all three elements constitute the specific measure at issue is confirmed by the second sentence in that paragraph: "[t]he EC measure lays down and implements rules on the protection of designations of origin and geographical indications for agricultural products and foodstuffs, excluding wines and spirits". This statement is in fact an adaptation of Article 1.1 of Regulation No. 2081/92, a copy of the current version of which has been provided by the EC as Exhibit EC-1.

A. REGULATION NO. 2081/92

8. Australia agrees that what can be considered a "specific measure" will depend on the circumstances of the particular case, and in particular on the characteristics of the measure in question.⁵

9. Here, a legislative instrument establishes an integrated regulatory framework to govern a defined package of issues. Thus, nomination of that instrument alone is in this dispute sufficient to establish the identity of the specific measure at issue within the meaning of DSU Article 6.2 and to

¹ *US – Carbon Steel*, paragraphs 125-130.

² EC Request for a Preliminary Ruling, paragraphs 7-13.

³ *US – Carbon Steel*, paragraph 127.

⁴ *Canada – Wheat*, paragraph 14.

⁵ EC Request for a Preliminary Ruling, paragraph 17.

encompass all of the provisions of that legislative instrument within the scope of the specific measure at issue. The complexity of a legislative instrument does not preclude the nomination of that instrument as such or of the regime which it governs as the specific measure at issue within the meaning of DSU Article 6.2. Indeed, the EC itself acknowledges that "name, number, or date of adoption of the act" can identify the "specific measure at issue".⁶

10. Regulation No. 2081/92 is not a circumstance where identifying a legislative instrument is not sufficient. It is not a "miscellaneous issues" legislative instrument covering a broad range of activities. Neither is it a legislative instrument establishing a regulatory framework governing a range of measures intended to be applied in the context of a broad spectrum of activities. If it established a comprehensive tax regime, for example, it is possible that a complaining party's failure to identify the specific provision(s) could legitimately be said in some circumstances not to establish the precise identity of the measure at issue.

11. The EC itself does not seem to have considered that DSU Article 6.2 requires explicit linkages between the detailed provisions of the measure(s) at issue and the provisions of the WTO Agreement in its own panel establishment requests. For example, the EC's panel requests in *US – Anti-Dumping Act of 1916*⁷, *US – FSC*⁸, *Indonesia – Autos*⁹ and *Canada – Autos*¹⁰ did not make such linkages.

12. The EC argues that "[t]he unspecific reference to 'Regulation 2081/92' made in the Panel requests does not permit the EC to understand which specific aspects among those covered by Regulation 2081/92 the complainants intend to raise in the context of the present proceedings".¹¹ However, to apply DSU Article 6.2 in a way that requires explicit linkages between the detailed provisions of the measure at issue and the provisions of the WTO Agreement in a panel establishment request could have a range of immediate potential effects. It could preclude claims based on the general design and architecture of a measure, such as national treatment claims based on arguments of systemic bias. Complaining parties could be required to provide a summary of their legal arguments in the panel establishment request in the event of a claim based on a measure's design and architecture, and possibly in respect of other claims, else the linkages could be argued not to have been sufficiently identified. Moreover, in such a case, a failure to identify even one provision of the measure in the panel establishment request could void the panel's mandate, an outcome which Australia considers would be totally at odds with the intent of the DSU generally and of Article 6.2 in particular. The EC's argument is not sustainable given that DSU Article 6.2 requires that panel establishment request provide a "brief summary of the legal basis of the complaint sufficient to present the problem clearly", not a summary of the legal argument.

B. ANY AMENDMENTS TO REGULATION NO. 2081/92

13. As the EC has not challenged the inclusion of amendments to Regulation No. 2081/92 in the specific measure at issue, Australia assumes the EC does not dispute that they form part of the specific measure at issue.

⁶ EC Request for a Preliminary Ruling, paragraph 17.

⁷ *United States – Anti-Dumping Act of 1916*, Request for the Establishment of a Panel by the European Communities, WT/DS136/2.

⁸ *United States – Tax Treatment for "Foreign Sales Corporations"*, Request for the Establishment of a Panel by the European Communities, WT/DS108/2.

⁹ *Indonesia – Certain Measures Affecting the Automobile Industry*, Request for the Establishment of a Panel by the European Communities, WT/DS54/6.

¹⁰ *Canada – Certain Measures Affecting the Automotive Industry*, Request for the Establishment of a Panel by the European Communities, WT/DS142/2.

¹¹ EC Request for a Preliminary Ruling, paragraph 22.

C. RELATED IMPLEMENTING AND ENFORCEMENT MEASURES

14. Read in context, the phrase "related implementing and enforcement measures" is specific. It clearly and precisely identifies actions connected to the implementation and enforcement of Regulation No. 2081/92 as being part of the measure at issue in this dispute.

15. The phrase brings within the scope of this dispute any actions – whether regulatory, administrative or judicial – for which Regulation No. 2081/92 constitutes the legislative basis, that is, any measures which are applied within the legal framework of Regulation No. 2081/92. The EC's isolated analysis of the word "related" is misleading.¹² As the EC itself concedes,¹³ the phrase "enforcement and implementing measures" narrows the measures at issue to those that implement and/or enforce Regulation No. 2081/92.

16. Neither DSU Article 6.2 – nor any other provision of the DSU – limits the number of actions that may constitute the measure(s) at issue. The fact that there are by now 640 geographical indications or designations of origin registered under Regulation No. 2081/92,¹⁴ or that implementation and enforcement may occur through a mix of legislative or administrative means at Community and Member State level or for some aspects through judicial review,¹⁵ does not preclude those actions forming part of the specific measure at issue in this dispute.

17. By arguing that the phrase "related implementing and enforcement measures", read in the context of Australia's panel establishment request in this dispute, is not sufficiently specific, the EC is effectively asking the Panel to find that DSU Article 6.2 requires a complaining party: to provide a "statement of available evidence" in the sense of Articles 4.2 and 7.2 of the *Agreement on Subsidies and Countervailing Measures*; to provide a list of exhibits; and/or to inform the EC – through the panel establishment request – whether Australia is intending to pursue legal argument based on all elements of the measure. DSU Article 6.2 requires none of these things.

18. Australia notes that the EC itself has on a number of occasions considered that similar language was sufficiently specific to identify the precise measures at issue, for example, "any other implementing measures",¹⁶ "other relevant documents",¹⁷ "any implementing measures thereof and all other related measures",¹⁸ "any implementing decrees and other regulations",¹⁹ and "any implementing measures taken thereunder".²⁰

D. CONCLUSION

19. The specific measure at issue is composed of Council Regulation No. 2081/92, any amendments to that Regulation, and related implementing and enforcement measures. Australia

¹² EC Request for a Preliminary Ruling, paragraph 28.

¹³ EC Request for a Preliminary Ruling, paragraphs 29-32.

¹⁴ EC Request for a Preliminary Ruling, paragraph 32.

¹⁵ EC Request for a Preliminary Ruling, paragraph 30.

¹⁶ *Canada – Certain Measures Affecting the Automotive Industry*, Request for the Establishment of a Panel by the European Communities, WT/DS142/2.

¹⁷ *United States – Definitive Safeguard Measures on Imports of Certain Steel Products*, Request for the Establishment of a Panel by the European Communities, WT/DS248/12.

¹⁸ *United States – Tariff Increases on Products from the European Communities*, Request for the Establishment of a Panel by the European Communities, WT/DS39/2.

¹⁹ *Korea – Measures Affecting Trade in Commercial Vessels*, Request for the Establishment of a Panel by the European Communities, WT/DS273/2.

²⁰ *Indonesia – Certain Measures Affecting the Automobile Industry*, Request for the Establishment of a Panel by the European Communities, WT/DS54/6.

submits that EC arguments that Australia's identification of the specific measure at issue in this dispute is insufficiently specific are without merit and do not provide a basis for a finding by the Panel that Australia has not identified the specific measure at issue.

IV. AUSTRALIA'S PANEL REQUEST PROVIDES "A BRIEF SUMMARY OF THE LEGAL BASIS OF THE COMPLAINT SUFFICIENT TO PRESENT THE PROBLEM CLEARLY" AS REQUIRED BY DSU ARTICLE 6.2

20. The Appellate Body has said:

... whether ... a listing [*of treaty provisions allegedly violated*] is sufficient to constitute a "brief summary of the legal basis of the complaint sufficient to present the problem clearly" within the meaning of Article 6.2 will depend on the circumstances of each case, and in particular on the extent to which mere reference to a treaty provision sheds light on the nature of the obligation at issue.²¹ ...²¹

21. The EC has characterised this and other relevant Appellate Body statements as "the identification of the treaty provisions alleged to have been violated is a necessary, but not a sufficient condition under Article 6.2 DSU"²² (*emphasis in original*). This is not an accurate characterisation of the relevant Appellate Body statements because it suggests that such identification is always insufficient. In fact, as the above quotation demonstrates, the Appellate Body has said that whether such identification is sufficient will depend on the circumstances of the case.

22. The issue before the Panel is whether Australia's request for the establishment of a panel provides "a brief summary of the legal basis of the complaint sufficient to present the problem clearly" as required by DSU Article 6.2. "Basis" is defined as "the foundation" and "[a] thing on which anything is constructed and by which its constitution or operation is determined; ... a determining principle; a set of underlying or agreed principles".²³ Thus, DSU Article 6.2 requires that a request for the establishment of a panel set out the legal principles that underpin the complaint sufficient to present the problem clearly.

23. The six claims set out in Australia's panel establishment request provide a brief summary of the legal basis of the complaint sufficient to present the problem clearly. Notwithstanding that those claims might restate the essential elements of the relevant provisions of the WTO Agreement, that reference is sufficient in this dispute to shed light on the nature of the obligations at issue in relation to the specific measure at issue.

A. THE LEGAL BASES OF AUSTRALIA'S CLAIMS ARE CLEAR

24. The EC alleges that Australia's use of the term "and/or" makes unclear the legal bases of Australia's claim in relation to Articles 41 and 42 of the *TRIPS Agreement*. The expression "and/or" in fact applies to all of the provisions cited. This is not idiomatic Australian linguistic usage. Australia notes, for example, the usage of "and/or" in the context of three or more options in a number of WTO panel and Appellate Body reports.²⁴ Thus, consistent with common linguistic usage of the

²¹ *US – Carbon Steel*, paragraph 130.

²² EC Request for a Preliminary Ruling, paragraph 37.

²³ *The New Shorter Oxford English Dictionary*, Ed Lesley Brown, Clarendon Press, Oxford, 1993, Vol. 1, page 188.

²⁴ For example: *EC – Measures Affecting Asbestos and Asbestos-Containing Products*, Report of the Panel, WT/DS135/R, paragraph 3.83; *Argentina – Safeguard Measures on Imports of Footwear*, Report of the Panel, WT/DS121/R, paragraph 8.298; *Argentina – Measures Affecting the Export of Bovine Hides and the Import of Finished Leather*, Report of the Panel, WT/DS155/R, paragraphs 2.43, 8.138 and 11.6; *Canada –*

expression "and/or", Australia's claim is that the EC measure diminishes, or lessens, the legal protection for trademarks under the *TRIPS Agreement*, contrary to the provisions cited, considered individually and collectively.²⁵ The use of the expression "and/or", understood in its common usage, does not make the legal bases of Australia's claim unclear.

25. The EC also alleges that the legal bases of Australia's claim in relation to Articles 10, 10*bis* and 10*ter* of the Paris Convention, in conjunction with Article 2 of the *TRIPS Agreement*, are unclear.²⁶ The EC argues that these provisions of the Paris Convention are complex, being divided into various subparagraphs and imposing numerous distinct obligations. Irrespective of the accuracy of the EC's portrayal of those provisions, Australia's claim is that the EC measure diminishes the legal protection for trademarks under the *TRIPS Agreement*, contrary to the cited provisions. Thus, Australia's claim is that the EC measure diminishes the legal protection for trademarks under the *TRIPS Agreement*, contrary to all aspects of those cited provisions. The EC has not offered any argument as to why this can not or should not be clearly understood from the claim.

B. AUSTRALIA'S CLAIMS SATISFY THE LEGAL STANDARD ESTABLISHED BY DSU ARTICLE 6.2

26. The EC seems to be alleging in relation to Australia's claim concerning the legal protection for trademarks under the *TRIPS Agreement* that Australia has not provided "a meaningful description of the claim".²⁷ However, DSU Article 6.2 does not require such a description: it requires a "brief summary of the legal basis of the complaint sufficient to present the problem clearly". In the circumstances of the present dispute, Australia's statement that the EC measure diminishes the protection for trademarks under the *TRIPS Agreement* contrary to the cited provisions meets this requirement. Australia has clearly set out the legal principle underpinning its claim as required by DSU Article 6.2.

27. Similarly, DSU Article 6.2 does not require Australia to set out in its panel establishment request precisely how it believes the EC measure violates fundamental national treatment and most favoured nation principles under GATT 1994, the *TRIPS Agreement* and the *TBT Agreement*.²⁸ The obligation on Australia is to provide a brief summary of the legal basis, or the legal principles, of the complaint sufficient to present the problem clearly, which Australia has done. It is not credible that the language used in Australia's panel establishment request does not provide to the EC a brief summary of the fundamental principles of national treatment and most favoured nation sufficient to present the problem clearly.

28. Equally, DSU Article 6.2 does not require Australia to set out in its panel establishment request precisely how it believes the EC measure has been prepared, adopted and/or applied with the effect of creating unnecessary obstacles to trade contrary to Article 2.2 of the *TBT Agreement*.²⁹ Australia notes, however, that the EC is also effectively alleging that Australia has provided too much information because Australia has informed the EC of its intention to demonstrate that the EC measure is inconsistent with provisions of the TBT Agreement.³⁰ Whether Point 1 of Annex 1 to the

Certain Measures Affecting the Automotive Industry, Report of the Panel, WT/DS139/R, WT/DS142/R, paragraph 6.1022; *EC – Anti-Dumping Duties on Malleable Cast Iron Tube or Pipe Fittings from Brazil*, Report of the Panel, WT/DS219/R, paragraph 7.335; and *US – Definitive Safeguard Measures on Imports of Certain Steel Products*, Report of the Appellate Body, WT/DS248/AB/R & others, paragraph 484.

²⁵ Australia notes that the EC seems to have understood the usage of the expression "and/or" in relation to Australia's claims under Article 2 of the *TBT Agreement*.

²⁶ EC Request for a Preliminary Ruling, paragraph 58.

²⁷ EC Request for a Preliminary Ruling, paragraph 61, referring to paragraphs 46-48.

²⁸ EC Request for a Preliminary Ruling, paragraph 61, referring to paragraphs 44-45, and paragraphs 62-64.

²⁹ EC Request for a Preliminary Ruling, paragraph 62.

³⁰ EC Request for a Preliminary Ruling, paragraph 63.

TBT Agreement "impose[s] any obligations which could have been violated by the EC" ³¹ will of course be for the Panel to determine as part of its consideration of the substantive aspects of the dispute in response to arguments put forward by Australia and the EC.

29. In relation to Australia's claims under TRIPS Articles 22.2³², and 63.1 and 63.3³³, Australia notes that the EC does not allege that it is unable to comprehend the legal basis of the complaint, that is, the legal principles at issue in the claims, from the information provided. Rather, it alleges that "the claim is not comprehensible", ³⁴ and "Australia fails to explain in which way Regulation 2081/92 is not applied in a transparent way". ³⁵ DSU Article 6.2 requires that Australia's panel establishment request "provide a brief summary of the legal basis of the complaint sufficient to present the problem clearly". This Australia has done.

C. DSU ARTICLE 6.2 DOES NOT REQUIRE A COMPLAINING PARTY TO INCLUDE A SUMMARY OF ITS LEGAL ARGUMENT IN ITS PANEL ESTABLISHMENT REQUEST

30. The EC has put forward many arguments in support of its Request for a Preliminary Ruling. In every case, however, the conclusion seems inescapable that these arguments are motivated by the EC's desire to have the Panel find that DSU Article 6.2 requires that a complaining party provide a summary of its legal argument in its panel establishment request.

31. DSU Article 6.2 requires that a complaining party provide a "brief summary of the legal basis of the complaint sufficient to present the problem clearly". This was confirmed by the Appellate Body when it said: "Article 6.2 of the DSU requires that the *claims*, but not the *arguments*, must all be specified sufficiently in the request for the establishment of a panel in order to allow the defending party and any third parties to know the legal basis of the complaint" (*emphasis in original*).³⁶

32. Australia submits that it has met its obligations under DSU Article 6.2. EC arguments that Australia's panel request does not provide "a brief summary of the legal basis of the complaint sufficient to present the problem clearly" are without merit and do not provide a basis for such a finding by the Panel.

V. THE EC HAS NOT SUFFERED SERIOUS PREJUDICE TO ITS ABILITY TO DEFEND ITSELF

33. Australia's request for the establishment of a panel fully complies with the requirements of DSU Article 6.2: it identifies the specific measures at issue and provides a brief summary of the legal basis of the complaint sufficient to present the problem clearly.

34. However, in the event the Panel considers that DSU Article 6.2 technically requires more information than is provided in Australia's panel establishment request, the Panel would also need to consider if it should address whether the EC's ability to defend its interests has been prejudiced.

35. Should the Panel decide to examine whether the EC's ability to defend its interests has been prejudiced, Australia recalls that in *Korea – Dairy* the Appellate Body said:

³¹ *Ibid.*

³² EC Request for a Preliminary Ruling, paragraph 61, referring to paragraph 49.

³³ EC Request for a Preliminary Ruling, paragraph 61, referring to paragraph 51.

³⁴ EC Request for a Preliminary Ruling, paragraph 49.

³⁵ EC Request for a Preliminary Ruling, paragraph 61.

³⁶ *EC – Bananas*, paragraph 143.

... we consider that whether the mere listing of the articles claimed to have been violated meets the standard of Article 6.2 must be examined on a case-by-case basis. In resolving that question, we take into account whether the ability of the respondent to defend itself was prejudiced, given the actual course of the panel proceedings, by the fact that the panel request simply listed the provisions claimed to have been violated.

...

In assessing whether the European Communities' request met the requirements of Article 6.2 of the DSU, we consider that, in view of the particular circumstances of this case and in line with the letter and spirit of Article 6.2, the European Communities' request should have been more detailed. However, Korea failed to demonstrate to us that the mere listing of the articles asserted to have been violated has prejudiced its ability to defend itself in the course of the Panel proceedings. Korea did assert that it had sustained prejudice, but offered no supporting particulars in its appellant's submission nor at the oral hearing. We, therefore, deny Korea's appeal relating to the consistency of the European Communities' request for the establishment of a panel with Article 6.2 of the DSU.³⁷

36. The EC alleges that Australia has prevented the EC from preparing its defence in a timely manner, thereby causing serious prejudice to the EC.³⁸

37. The EC argues that it is prejudiced by an alleged lack of clarity in Australia's request for the establishment of a panel. "As a defending party, the EC has a right to know what the case is which it will have to defend. This information must be contained in the Panel request" and "... the ambiguity of the Panel request is such that the EC is ... not sure of the case which the United States and Australia are bringing before the Panel. As a consequence, the EC has been seriously hampered in its efforts to prepare its defence" ³⁹ (*emphases added*).

38. The EC's argument is premised in part on statements by the Appellate Body in *Thailand – H-Beams* when the Appellate Body said in relevant part: "Article 6.2 of the DSU calls for sufficient clarity with respect to the legal basis of the complaint, that is, with respect to the 'claims' that are being asserted by the complaining party."⁴⁰ A defending party is entitled to know what case it has to answer, and what violations have been alleged so that it can begin preparing its defence. [...] ...⁴⁰

39. However, the EC argument overlooks that the Appellate Body clarified those statements in its later report in *US – Carbon Steel* when it said that "the terms of reference, and the request for the establishment of a panel on which they are based, serve the due process objective of notifying the parties and third parties of the nature of a complainant's case" ⁴¹ (*emphasis added*).

40. Further, and in any event, in *Thailand – H-Beams*, the Appellate Body referred to a responding party "[beginning to prepare] its defence"⁴² (*emphasis added*). A request for establishment of a panel pursuant to DSU Article 6.2 does not provide the basis for a responding party's preparation of its defence, as the EC asserts. Indeed, such an interpretation would render

³⁷ *Korea – Dairy*, paragraphs 127-131.

³⁸ EC Request for a Preliminary Ruling, paragraph 74.

³⁹ EC Request for a Preliminary Ruling, paragraphs 67-68.

⁴⁰ *Thailand – Anti-Dumping Duties on Angles, shapes and Sections of Iron or Non-Alloy Steel and H-Beams from Poland*, Report of the Appellate Body, WT/DS122/AB/R, paragraph 88.

⁴¹ *US – Carbon Steel*, paragraph 126.

⁴² *Thailand – H-Beams*, paragraph 88.

meaningless the provisions of the DSU, for example, Article 12.4, concerning written submissions in panel proceedings. The EC will have the opportunity to present its defence in its written and oral presentations to the Panel, for which it has been granted the maximum three week period of preparation time envisaged under the Working Procedures at Appendix 3 to the DSU. Moreover, the EC implicitly admits when it subsequently says "... the EC cannot be expected to wait for the first written submission of the complainants to start preparing its defence"⁴³ (*emphasis added*) that DSU Article 6.2 does not provide the basis for a responding party's preparation of its defence.

41. Accordingly, DSU Article 6.2 does not bestow on a responding party "a right to know what the case is which it will have to defend" or provide that "[t]his information must be contained in the Panel request".⁴⁴ Nor has the Appellate Body suggested that DSU Article 6.2 provides such a right or sets out such a requirement. The EC has had all the information that DSU Article 6.2 provides that it should have to begin preparing its defence, and has had this information since Australia's initial panel establishment request. As a consequence, the EC's argument that it is prejudiced by the lack of clarity in Australia's panel request is not sustainable.

42. The EC also argues that the alleged lack of clarity in Australia's panel request is not acceptable from the point of view of the EC's rights of due process. However, the issue for the Panel is whether Australia's panel establishment request complies with DSU Article 6.2. There is no requirement for the Panel to consider whether DSU Article 6.2 in itself provides adequate due process rights to a responding party.

43. Australia notes too the EC's statement at footnote 25 of its Request that "[t]he EC does consider it necessary, in the present case, to take a position as to whether the requirement of prejudice in Article 6.2 DSU constitutes an additional requirement to those set out in Article 6.2 DSU". Australia submits that, since Australia's panel establishment request fully complies with the requirements of DSU Article 6.2, the EC has not been prejudiced as a defendant. There is thus no need for the Panel to consider this issue in the context of this dispute. Should, however, the Panel consider it necessary to consider the issue, Australia reserves the right to put forward further argument on this issue in its First Written Submission.

44. In conclusion, the EC is clearly aware of the specific measure at issue in this dispute and the legal basis of the complaint. Australia submits that the EC's allegation that Australia has prevented the EC from preparing its defence in a timely manner, thereby causing serious prejudice to the EC, is without foundation.

VI. THE EC'S REQUEST FOR A PRELIMINARY RULING

45. As the Panel has indicated its intention to issue a preliminary ruling in response to the EC's Request, Australia does not offer any comment on procedural issues associated with the EC's Request.

VII. THE PANEL SHOULD FIND THAT AUSTRALIA'S PANEL REQUEST COMPLIES WITH DSU ARTICLE 6.2

46. EC arguments in support of its Request for a Preliminary Ruling that Australia's request for the establishment of a panel does not meet the requirements of DSU Article 6.2 are without merit. Australia's panel establishment request in this dispute fully satisfies the requirements of DSU Article 6.2 as these have been clarified by the Appellate Body, most recently in *US – Carbon Steel*. Australia has clearly identified the specific measure at issue and provided a brief summary of the legal

⁴³ EC Request for a Preliminary Ruling, paragraph 69.

⁴⁴ EC Request for a Preliminary Ruling, paragraph 67.

basis of the complaint to the standard required by DSU Article 6.2. There are thus no deficiencies in Australia's panel establishment request.

47. However, should the Panel find that Australia's panel establishment request requires more information and then decide to consider whether the EC's ability to defend itself has been prejudiced, Australia submits that the EC has not substantiated its claim that any deficiencies in the panel establishment request have resulted in serious prejudice to the EC as a defendant.

48. Accordingly, the substantive basis of the EC's Request for a Preliminary Ruling should be denied in full.

ANNEX A-2**FIRST WRITTEN SUBMISSION OF AUSTRALIA**

(23 April 2004)

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Short Title	Full Title
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<i>US – Section 337</i>	<i>United States – Section 337 of the Tariff Act of 1930</i> , GATT Panel Report, adopted 7 November 1989, BISD 36S/345
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<i>Gervais</i>	<i>The TRIPS Agreement: Drafting History and Analysis</i> , Daniel Gervais, Sweet & Maxwell, London, 1998
<i>OED</i>	<i>The New Shorter Oxford English Dictionary</i> , Ed. Lesley Brown, Clarendon Press, Oxford, 1993

I. OVERVIEW

1. This dispute concerns the regime established by the European Communities (EC) for the registration and protection of geographical indications – or GIs – for agricultural products and foodstuffs on a Community-wide basis. The dispute does not concern the registration and/or protection of GIs for wines or spirits.

2. Council Regulation (EEC) No. 2081/92 *on the protection of geographical indications and designations of origin for agricultural products and foodstuffs* ("Regulation No. 2081/92") established the regulatory framework that governs the complex EC regime. In addition to Council Regulation No. 2081/92, there is a long list of subsidiary regulations at Community level.¹ Regulation No. 2081/92 expressly requires EC Member States to perform some specific activities and authorises the Member States to perform other actions at their discretion. EC Member State national courts and the European Court of Justice enforce the protection of GIs afforded by Regulation No. 2081/92.

3. Since its adoption in 1992, Regulation No. 2081/92 itself has been substantially amended on two occasions: in 1997, relating principally to transitional issues arising from the proposed registration of geographic terms under Regulation No. 2081/92; and more extensively in 2003, in part "to guarantee that the Community registration procedure is available" to WTO Members meeting conditions of reciprocity and equivalence². Further, GIs have been continuously registered under the regime since registrations commenced in 1996.

4. The *Agreement on Trade-Related Aspects of Intellectual Property Rights* ("the *TRIPS Agreement*" or "*TRIPS*") expressly recognises geographical indications as a category of intellectual property. In this dispute, Australia is not contesting the EC's right:

- to register and/or protect GIs as intellectual property;
- to implement in its law more extensive protection for GIs than is required to be provided by the *TRIPS Agreement*;
- to limit that more extensive protection to GIs that meet a more rigorous attributive test than is required by the *TRIPS Agreement*, while protecting GIs that otherwise conform with the definition at TRIPS Article 22.1 through individual EC Member State legislation; or
- not to offer more extensive protection at the Community level to GIs which conform only to the basic definition of a GI at TRIPS Article 22.1.

5. However, the EC is providing that more extensive protection for GIs in a way that contravenes other provisions of the *TRIPS Agreement*, as well as provisions of the *General Agreement on Tariffs and Trade 1994* ("the GATT 1994" or "GATT"), of the *Agreement on Technical Barriers to Trade* ("the *TBT Agreement*" or "TBT") and, as a consequence, of the *Marrakesh Agreement Establishing the World Trade Organization* ("the *WTO Agreement*").

6. Specifically, the EC is failing to provide the level of protection of trademarks expressly required to be conferred pursuant to various provisions of the *TRIPS Agreement*, including because the EC regime:

¹ These are listed in Annex 1 to this Submission.

² Regulation No. 692/2003, preambular clause 9, Exhibit COMP-1.h.

- denies to the owner of a *registered* trademark the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion, contrary to TRIPS Article 16.1;
- denies to the owner of a *registered* trademark a presumption of a likelihood of confusion in case of use of an identical sign for identical goods, contrary to TRIPS Article 16.1;
- denies to nationals of other WTO Members effective protection against unfair competition and appropriate legal remedies to repress effectively all acts of unfair competition, contrary to TRIPS Article 2.1 incorporating Articles 10*bis*(1) and 10*ter*(1) of the *Paris Convention for the Protection of Industrial Property* ("the Paris Convention (1967)" or "Paris"); and
- denies to nationals of other WTO Members enforcement *procedures* so as to permit effective action against any act of infringement of a trademark right, and associated procedural and due process rights, contrary to TRIPS Articles 41 and 42.

7. Similarly, the EC's failure to provide at Community level the legal means for interested parties to prevent – in respect of a GI registered, or proposed to be registered, under the EC regime – misleading use or use which constitutes an act of unfair competition is contrary to TRIPS Article 22.2.

8. In relation to the registration of GIs under the regime, the EC fails to provide national treatment:

- to the products of other WTO Members, contrary to GATT Article III:4 as well as TBT Article 2.1; and
- in the protection of intellectual property, contrary to TRIPS Articles 2.1 (incorporating Paris Article 2) and 3.1.

9. Further, the EC regime comprises a technical regulation that is more restrictive than necessary to fulfil a legitimate objective, taking account of the risks non-fulfilment would create, contrary to TBT Article 2.2.

10. Australia reiterates that it is not contesting the EC's right to offer more extensive protection to GIs than is required to be offered pursuant to the *TRIPS Agreement*. However, if this right is to be exercised at the Community level, so too should the interconnected obligations be fulfilled at the Community level. Australia submits that, if the EC is to offer "one-stop" Community level registration of GIs for either EC nationals or products, it must also, for example, offer a "one-stop" Community level means: for interested parties to prevent, in respect of that GI registration, any use which constitutes an act of unfair competition within the meaning of Paris Article 10*bis*, consistent with the requirement of Paris Article 10*ter*; for trademark right holders to exercise their rights in respect of the registration of GIs under the regime; and for the registration of a GI from another WTO Member. Requiring trademark owners to initiate separate legal proceedings in up to 25 national courts to exercise the rights required to be bestowed on them under the *TRIPS Agreement* as these relate to a GI registered, or proposed to be registered, under the "one-stop" Community level EC regime is, in Australia's view, fundamentally at odds with the object and purpose of the *TRIPS Agreement*.

11. For the reasons set out in detail in this Submission, Australia submits that the Panel should find that the EC regime for the registration and protection of GIs is inconsistent with the EC's obligations pursuant to the *TRIPS Agreement*, GATT 1994, the *TBT Agreement* and the *WTO Agreement*.

II. INTRODUCTION

A. PROCEDURAL HISTORY

12. On 17 April 2003, Australia requested consultations with the EC pursuant to Article 4 of the *Understanding On Rules Governing the Settlement of Disputes* (DSU), Article XXII of the GATT 1994, Article 64 of the *TRIPS Agreement*, and Article 14 of the *TBT Agreement* relating to the protection of trademarks and to the registration and protection of geographical indications for foodstuffs and agricultural products in the EC.³ Australia's request followed an earlier similar request for consultations from the United States to the EC.⁴ Argentina, Bulgaria, Chinese Taipei, Colombia, Cyprus, Czech Republic, Hungary, Malta, Mexico, New Zealand, Romania, Slovak Republic, Slovenia, Turkey and the United States requested to be joined in the consultations requested by Australia.⁵

13. Consultations between Australia and the EC, and between the United States and the EC, were held jointly in Geneva on 27 May 2003, but failed to resolve the dispute.

14. On 21 July 2003, Australia requested the Dispute Settlement Body (DSB) to establish a panel pursuant to Articles 4.7 and 6 of the DSU, Article XXIII of GATT 1994, Article 64 of the *TRIPS Agreement* and Article 14 of the *TBT Agreement*.⁶ The United States similarly requested establishment of a panel.⁷

15. On 2 October 2003, the DSB agreed that a single panel should be established pursuant to Article 9.1 of the DSU with standard terms of reference.⁸ The terms of reference of the Panel are:

To examine, in the light of the relevant provisions of the covered agreements cited by the United States in document WT/DS174/20 and by Australia in document WT/DS290/18, the matters referred to the DSB by the United States and Australia in those documents, and to make such findings as will assist the DSB in making the recommendations or in giving the rulings provided for in those agreements.

16. Argentina, Brazil, Canada, China, Chinese Taipei, Colombia, Guatemala, India, Mexico, New Zealand, Norway, Turkey and the United States reserved rights as third parties to the dispute.

B. TERMINOLOGY USED IN THIS SUBMISSION

17. Article 1.1 of Regulation No. 2081/92 states that the Regulation "lays down rules on the protection of designations of origin and geographical indications" of specified agricultural products and foodstuffs other than wines and spirits. However, the distinction between a designation of origin and a geographical indication within the meaning of the Regulation is not germane to Australia's

³ WT/DS290/1.

⁴ WT/DS174/1 and WT/DS174/1/Add.1.

⁵ WT/DS290/11, WT/DS290/3, WT/DS290/16, WT/DS290/13, WT/DS290/5, WT/DS290/4, WT/DS290/12, WT/DS290/2, WT/DS290/10, WT/DS290/8, WT/DS290/14, WT/DS290/15, WT/DS290/7, WT/DS290/9 and WT/DS290/6 respectively.

⁶ WT/DS290/18.

⁷ WT/DS174/20.

⁸ WT/DSB/M/156, pages 6-8.

claims in this dispute. Thus, throughout this Submission, except where specifically indicated otherwise, Australia will use the expressions:

"GI" to refer to a geographical indication generally;

"EC-defined GI" to refer to both a designation of origin and a geographical indication as these are defined and used in Regulation No. 2081/92;

"TRIPS-defined GI" to refer to a geographical indication as this is defined in TRIPS Article 22.1; and

"Indication of source" to refer to an indication of source within the meaning of Paris Article 1(2). While the Paris Convention (1967) does not expressly define an indication of source, "indications of source are generally understood to include all ... signs used to indicate that a product ... originates in a given country or group of countries, region or locality".⁹ Thus, both an EC-defined GI and a TRIPS-defined GI are categories of indications of source.

18. Regulation No. 2081/92 has been amended on several occasions. Substantive amendments relevant to Australia's claims and arguments in this dispute were introduced in Council Regulations (EC) No. 535/97 of 17 March 1997¹⁰ and No. 692/2003 of 8 April 2003¹¹. To identify the appropriate version of Regulation No. 2081/92, throughout this Submission Australia will, except where indicated otherwise, use the terminology:

"Regulation No. 2081/92" to refer to the Regulation in a broad sense or in relation to provisions that have not been amended since the Regulation originally entered into force;

"Regulation No. 2081/92#1" to refer to the Regulation as originally adopted and in force from 24 July 1993;

"Regulation No. 2081/92#2" to refer to the Regulation as amended by Council Regulation (EC) No. 535/97 of 17 March 1997 with effect from 28 March 1997; and

"Regulation No. 2081/92#3" to refer to the Regulation as amended by Council Regulation (EC) No. 692/2003 of 8 April 2003 with effect from 24 April 2003.

19. Other terminology and abbreviations used in this Submission are:

"Commission" to refer to the European Commission;

"Committee of EC Member State representatives" to refer to the decision-making process established by Article 15 of Regulation No. 2081/92#1 and amended by Council Regulation (EC) No. 806/2003 of 14 April 2003 *adapting to Decision 1999/468/EC the provisions relating to committees which assist the Commission in the exercise of its implementing powers laid down in Council instruments adopted in accordance with the consultation procedure (qualified majority)*¹²;

"Official Journal" for the *Official Journal of the European Communities*; and

⁹ Bodenhausen, page 23.

¹⁰ Exhibit COMP-1.e.

¹¹ Exhibit COMP-1.h.

¹² Exhibit COMP-1.i. A copy of Council Decision 1999/468/EC of 28 June 1999 *laying down the procedures for the exercise of implementing powers conferred on the Commission* is at Exhibit COMP-8.

"Register" for the *Register of protected designations of origin and protected geographical indications* provided for by Article 6.3 of Regulation No. 2081/92.

III. FACTUAL DESCRIPTION OF THE MEASURE

A. THE MEASURE AT ISSUE

20. The measure at issue in this dispute ("the EC measure") is the EC's regime for the registration and protection of EC-defined GIs on a Community-wide basis, comprising:

- Council Regulation (EEC) No. 2081/92 of 14 July 1992 *on the protection of geographical indications and designations of origin for agricultural products and foodstuffs*;
- amendments to that Regulation;¹³ and
- actions to implement and enforce that Regulation, including:
 - Commission Regulation (EEC) No. 2037/93 of 27 July 1993 as amended;¹⁴
 - Commission Regulation (EC) No. 1107/96 of 12 June 1996 as amended;¹⁵
 - Commission Regulation (EC) No. 2400/96 of 17 December 1996 as amended;¹⁶
 - by EC Member States to implement Regulation No. 2081/92 at national level, in particular, actions by Member States to grant transitional national protection pursuant to Article 5.5 of Regulation No. 2081/92#2; and
 - judicial decisions relating to the enforcement of Regulation No. 2081/92, for example:
 - Judgment of the European Court of Justice of 16 March 1999, Joined Cases C-289/96, C-293/96 and C-299/96, concerning the registration of "Feta" (the "Feta judgment");¹⁷ and
 - Order of the Court of First Instance (Fifth Chamber) of 30 January 2001, Case T-215/00, concerning the geographical indication "Canard à foie gras du Sud-Ouest (the "Canard judgment").¹⁸

¹³ Exhibit COMP-1.a comprises, for the convenience of the Panel, an unofficial consolidated copy prepared by the complaining parties of Regulation No. 2081/92 showing all amendments to date. Regulation No. 2081/92 and all amendments to date are shown in Annex 1 and supported by COMP-1.

¹⁴ Regulation No. 2037/93 and all amendments to date are shown in Annex 1 and supported by Exhibit COMP-2.

¹⁵ Regulation No. 1107/96 and all amendments to date are shown in Annex 1 and supported by Exhibit COMP-3.

¹⁶ Regulation No. 2400/96 and all amendments to date are shown in Annex 1 and supported by Exhibit COMP-4.

¹⁷ Exhibit COMP-11.

¹⁸ Exhibit COMP-12.

21. Regulation No. 2081/92 establishes the regulatory framework for the regime. Since being adopted in 1992, the Regulation has been substantially amended on two occasions. In particular, Regulation No. 2081/92#3 contains several amended and new provisions.

22. Further, under Regulation No. 2081/92#3, natural mineral and spring waters were removed from the list of products for which EC-defined GI registration and protection is available, while other products – including pasta and wool – were added. In addition, the scope of the Regulation was enlarged to include wine vinegars.¹⁹

23. The following sections describe the principal features of Regulation No. 2081/92 including, where appropriate, as these have been amended.

B. THE PROTECTION AFFORDED TO EC-DEFINED GIS BY REGULATION NO. 2081/92

24. There is no distinction in the protection afforded to a designation of origin and a geographical indication as these are defined in the Regulation. Under Article 13.1, a registered EC-defined GI "... shall be protected against:

- (a) any direct or indirect commercial use of a name registered in respect of products not covered by the registration insofar as those products are comparable to the products registered under that name or insofar as using the name exploits the reputation of the protected name;
- (b) any misuse, imitation or evocation, even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as 'style', 'type', 'method', 'as produced in', 'imitation' or similar;
- (c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;
- (d) any other practice liable to mislead the public as to the true origin of the product.

..."

C. DEFINITION OF A DESIGNATION OF ORIGIN AND A GEOGRAPHICAL INDICATION ("EC-DEFINED GI")

25. Article 2.2(a) defines a *designation of origin* as: "... the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff: originating in that region, specific place or country, and the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and the production, processing and preparation of which take place in the defined geographical area".

26. Article 2.2(b) defines a *geographical indication* as: "... the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff: originating in that region, specific place or country, and which possesses a specific quality, reputation or other characteristics attributable to that geographical origin and the production and/or processing and/or preparation of which take place in the defined geographical area".

¹⁹ Regulation No. 692/2003, Articles 1.1 and 1.16 and Annexes I and II, Exhibit COMP-1.h. For the approximately 30 mineral and spring water GIs already included in the Register, there is a transitional period until 31 December 2013 after which date these names will no longer be included in the Register.

D. GENERIC NAMES

27. Article 3.1 provides that "[n]ames that have become generic may not be registered ...".

E. PRODUCT SPECIFICATION

28. Under Article 4, to be eligible to use an EC-defined GI, an agricultural product or foodstuff must comply with a product specification, including: a description of the principal physical, chemical, microbiological and/or organoleptic characteristics of the product or the foodstuff; the details bearing out the link with the geographical environment or the geographical origin within the meaning of an EC-defined GI; and details of the inspection structures to ensure that products bearing an EC-defined GI meet the requirements of the product specification.

F. INSPECTION STRUCTURES

29. Under Article 10.1, EC Member States are required to ensure that inspection structures are in place, with the function of "ensur[ing] that agricultural products and foodstuffs bearing a protected name meet the requirements laid down in the specifications."

G. NORMAL REGISTRATION PROCESS FOR EC-DEFINED GIs FROM WITHIN THE EC

30. Under Article 5, a group may apply for registration of an EC-defined GI in respect of agricultural products or foodstuffs which it produces or obtains. The registration application must include the product specification, and be forwarded to the EC Member State in which the geographical area is located. The EC Member State must forward the application, including the product specification, to the Commission if it considers that the application complies with the Regulation.

31. Under paragraphs 1-4 of Article 6, the Commission has six months to verify whether the application includes all of the particulars required by the product specification. If the Commission concludes the "name" qualifies for protection, it is to publish the application details and, "if necessary, the grounds for its conclusions", in the Official Journal. "If no statement of objections is notified to the Commission", the "name" is entered in the Register and the entry notified in the Official Journal. Regulation No. 2081/92#3 amended Article 6.1 to require the Commission to "make public any application for registration [*of an EC-defined GI*], stating the date on which the application was made".

32. Under Article 7, an EC Member State may object to the proposed registration of the "name" within six months of publication of the application in the Official Journal. If a statement of objection is admissible, "... the Commission shall ask the Member States concerned to seek agreement among themselves ...". If the Member States concerned agree, the Commission publishes the entry of the "name" in the Register in the Official Journal. If the Member States concerned do not agree, "the Commission shall take a decision [*in the Committee of EC Member State representatives*] having regard to traditional fair practice and of the actual likelihood of confusion". If the Commission decides to enter the "name" in the Register, it is to publish that fact in the Official Journal.

33. More than 140 EC-defined GIs have been registered pursuant to the normal registration process, and registrations are ongoing. The list of EC-defined GIs registered pursuant to this process is published in Commission Regulation (EC) No. 2400/96 as amended.²⁰

²⁰ Exhibit COMP-4.

H. HOMONYMS OF EXISTING REGISTERED EC-DEFINED GIs

34. Under Article 6.6 of Regulation No. 2081/92#3, if an application is made to register a homonym of an existing registered EC-defined GI, whether from an EC Member State or another WTO Member: "the Commission may request the opinion of the [*Committee of EC Member State representatives*]".

I. RIGHT OF OBJECTION TO THE PROPOSED REGISTRATION OF AN EC-DEFINED GI UNDER THE NORMAL REGISTRATION PROCESS

35. Under Article 7.3, "[a]ny legitimately concerned natural or legal person may object to the proposed registration [*by the Commission*] by sending a duly substantiated statement to the competent authority of the [*EC*] Member State in which he resides or is established".

J. GROUNDS OF OBJECTION TO THE PROPOSED REGISTRATION OF AN EC-DEFINED GI UNDER THE NORMAL REGISTRATION PROCESS

36. Under Article 7.4 of Regulation No. 2081/92#1, "[a] statement of objection shall be admissible only if it: either shows non-compliance with the [*the definition of an EC-defined GI*], or shows that the proposed registration of a name would jeopardize the existence of an entirely or partly identical name or trade mark or the existence of products which are legally on the market at the time of publication of this regulation in the [*Official Journal*], or indicates the features which demonstrate that the name whose registration is applied for is generic in nature" (*emphasis added*).

37. Article 7.4 was amended in Regulation No. 2081/92#2 so that the second ground for admissibility of an objection to a proposed registration of an EC-defined GI became "that the registration of the name proposed would jeopardize the existence of an entirely or partly identical name or of a mark or the existence of products which have been legally on the market for at least five years preceding the date of the publication [*of the application for registration in the Official Journal*]" (*emphasis added*).

K. SIMPLIFIED REGISTRATION OF EC-DEFINED GIs ALREADY LEGALLY PROTECTED OR ESTABLISHED BY USAGE WITHIN EC MEMBER STATES

38. Under Article 17 of Regulation No. 2081/92#1, EC Member States had six months to inform the Commission "which of their legally protected names or ... which of their names established by usage they wish[ed] to register pursuant to this Regulation. ... [T]he Commission shall register the names ... which comply with [*the definition of an EC-defined GI*] and [*the product specification requirements*]. [*There is no objection process*]. However, generic names shall not be added".

39. However, in the Minutes of the Council Meeting that adopted Regulation No. 2081/92#1, the Council and the Commission stated that "where there are agricultural products or foodstuffs already being legally marketed ..., it has been provided for any Member States to object to the registration under the provisions of Article 7 of the regulation".²¹

40. More than 480 EC-defined GIs were registered pursuant to this simplified registration process. The list of EC-defined GIs registered under the simplified process is published in Commission Regulation (EC) No. 1107/96 as amended.²²

41. Article 17 was repealed in Regulation No. 2081/92#3. "However, the provisions of [*Article 17*] shall continue to apply to registered names or to names for which a registration

²¹ The Feta judgment, Exhibit COMP-11.

²² Exhibit COMP-3.

application was made by the procedure provided for in Article 17 before *[Regulation No. 2081/92#3]* entered into force".²³

L. REGISTRATION OF AN EC-DEFINED GI RELATING TO THE TERRITORY OF ANOTHER WTO MEMBER

42. Article 12 provides:

1. Without prejudice to international agreements, this Regulation may apply to an agricultural product or foodstuff from a third country provided that:

- the third country is able to give guarantees identical or equivalent to *[the product specification requirement]*,
- the third country concerned has inspection arrangements equivalent to those laid down *[in the Regulation]*,
- the third country concerned is prepared to provide protection equivalent to that available in the Community to corresponding agricultural products for *[sic]* foodstuffs coming from the Community.

2. If a protected name of a third country is identical to a Community protected name, registration shall be granted with due regard for local and traditional usage and the practical risks of confusion.

Use of such names shall be authorised only if the country of origin of the product is clearly and visibly indicated on the label.

43. Article 12.1 was amended in Regulation No. 2081/92#3 to add the requirement that "the third country concerned has ... a right to objection equivalent to *[that]* laid down in this Regulation".

M. PROCEDURE FOR APPLICATIONS FOR REGISTRATION OF AN EC-DEFINED GI RELATING TO THE TERRITORY OF ANOTHER WTO MEMBER

44. An application process for the registration of a "name" from another WTO Member was introduced in Regulation No. 2081/92#3. A new Article 12.3 provided: "[t]he Commission shall examine, at the request of the country concerned, and *[in the Committee of EC Member State representatives]* whether a third country satisfies the equivalence conditions and offers guarantees *[of the conditions for registration of third country GIs]* as a result of its national legislation. Where the Commission decision is in the affirmative, the procedure set out in Article 12a shall apply."

45. Article 12a was inserted in Regulation No. 2081/92#3 to provide:

1. ... [I]f a group or a natural or legal person ... in a third country wishes to have a name registered under this Regulation it shall send a registration application to the authorities in the country in which the geographical area is located. Applications must be accompanied by *[the product specification]* for each name. ...

²³ Article 1.15 of Regulation No. 692/2003, Exhibit COMP-1.h. Consistent with that provision, Regulation Nos 828/2003 of 14 May 2003 (Exhibit COMP-3.d) and 1571/2003 of 5 September 2003 (Exhibit COMP-3.e), for example, amended the product specifications of names entered in the Register pursuant to Article 17 of Regulation No. 2081/92#1.

2. If the third country ... deems the requirements of this Regulation to be satisfied it shall transmit the registration application to the Commission accompanied by:

- (a) a description of the legal provisions and the usage on the basis of which the designation of origin or the geographical indication is protected or established in the country,
- (b) a declaration that *[the inspection structures]* are established on its territory, and
- (c) other documents on which it has based its assessment.

46. Article 12b was inserted in Regulation No. 2081/92#3 to provide:

1. The Commission shall verify within six months whether the registration request sent by the third country contains all the necessary elements and shall inform the country concerned of its conclusion.

If the Commission:

(a) concludes that the name satisfies the conditions for protection, it shall publish the application *[for objections]* ... Prior to publication the Commission may ask the *[Committee of EC Member State representatives]* for its opinion;

(b) concludes that the name does not satisfy the conditions for protection, it shall decide, after consulting the country having transmitted the application, in *[the Committee of EC Member State representatives]* not to proceed with publication *[for objections]*.

...

3. ... Where one or more objections are admissible the Commission shall adopt a decision *[in the Committee of EC Member State representatives]* after consulting the country which transmitted the application, taking account of traditional and fair usage and the actual risk of confusion on Community territory. If the decision is to proceed with registration the name shall be entered in the *[Register]* and published ...

4. If the Commission receives no statement of objection it shall enter the name(s) in question in the *[Register]* and publish the name(s) ...

N. RIGHT OF OBJECTION TO THE PROPOSED REGISTRATION OF AN EC-DEFINED GI RELATING TO THE TERRITORY OF ANOTHER WTO MEMBER

47. Article 12b.2 was inserted in Regulation No. 2081/92#3 to provide that, within six months of the date of publication of an application for registration of an EC-defined GI relating to a geographical location in the territory of another WTO Member, any natural or legal person from an EC Member State or a WTO Member with a legitimate interest may object to the application. Where the objection comes from another WTO Member, "Article 12d ... shall apply".

48. Article 12d of Regulation No. 2081/92#3 provides in relevant part: "any natural or legal person that has a legitimate interest and is from a WTO member country or a third country recognised under the procedure provided for in Article 12(3) may object to the proposed registration by sending a

duly substantiated statement to the country in which it resides or is established, which shall transmit it ... to the Commission".

O. GROUNDS OF OBJECTION TO THE PROPOSED REGISTRATION OF AN EC-DEFINED GI RELATING TO THE TERRITORY OF ANOTHER WTO MEMBER

49. Under Articles 12b and 7.4 of Regulation No. 2081/92#3 read together, the grounds of objection to the registration of an EC-defined GI relating to a geographical location in the territory of another WTO Member are the same whether the objection comes from an EC Member State or another WTO Member: "[a] statement of objection shall be admissible only if it: either shows non-compliance with the definition [*of an EC-defined GI*], shows that the registration of the name proposed would jeopardize the existence of an entirely or partly identical name or of a mark or the existence of products which are legally on the market for at least five years preceding the date of publication [*inviting objections*], or indicates the features which demonstrate that the name whose registration is applied for is generic in nature". The criteria must be demonstrated with regard to EC territory.

P. RIGHT OF OBJECTION BY NON-EC NATIONALS TO THE PROPOSED REGISTRATION OF AN EC-DEFINED GI FROM WITHIN THE EC

50. Article 12d.1 was inserted in Regulation No. 2081/92#3 to provide: "[w]ithin six months of the date of [*publication of an application for registration of a "name" from within the EC*], any natural or legal person that has a legitimate interest and is from a WTO member country or a third country recognised under the procedure provided for in Article 12(3) may object to the proposed registration ...".

Q. GROUNDS OF OBJECTION BY NON-EC NATIONALS TO THE PROPOSED REGISTRATION OF AN EC-DEFINED GI FROM WITHIN THE EC

51. Under Articles 12d.2 and 7.4 of Regulation No. 2081/92#3 read together: "[a] statement of objection shall be admissible only if it: either shows non-compliance with the definition [*of an EC-defined GI*], shows that the registration of the name proposed would jeopardise the existence of an entirely or partly identical name or of a mark or the existence of products which are legally on the market for at least five years preceding the date of publication [*inviting objections*], or indicates the features which demonstrate that the name whose registration is applied for is generic in nature". The criteria must be demonstrated with regard to EC territory.

R. PROCESS OF OBJECTION BY OTHER WTO MEMBER NATIONALS TO THE REGISTRATION OF AN EC-DEFINED GI FROM WITHIN THE EC OR FROM ANOTHER WTO MEMBER OR THIRD COUNTRY

52. Under Articles 12b.2 and 12d.1 of Regulation No. 2081/92#3 read together, a person "from a WTO Member country or a third country recognised under the procedure provided for in Article 12(3)" with a legitimate interest may object to the proposed registration of an EC-defined GI – whether concerning a geographical locality within an EC Member State, another WTO Member or a third country – "by sending a duly substantiated statement to the country in which it resides or is established, which shall transmit it ... to the Commission".

S. THE RELATIONSHIP BETWEEN EC-DEFINED GIs AND TRADEMARKS

53. Article 14 of Regulation No. 2081/92#1 provided in relevant part:

1. Where a designation of origin or geographical indication is registered in accordance with this Regulation, the application for registration of a trade mark

corresponding to one of the situations *[against which an EC-defined GI is protected]*²⁴ and relating to the same type of product shall be refused, provided that the application for registration of the trade mark was submitted after the date of the publication *[of the application for registration of the "name"]*.

Trademarks registered in breach of the first subparagraph shall be declared invalid.

This paragraph shall also apply where the application for registration of a trademark was lodged before the date of publication of the application for registration *[of the "name"]*, provided that that publication occurred before the trademark was registered.

2. With due regard for Community law, use of a trade mark corresponding to one of the situations *[against which an EC-defined GI is protected]* which was registered in good faith before the date on which application for registration of a designation of origin or geographical indication was lodged may continue notwithstanding the registration of a designation of origin or geographical indication, where there are no grounds for invalidity or revocation of the trade mark

54. Preambular clause (11) to Regulation No. 692/2003 states:

Article 24(5) of the TRIPS Agreement applies not only to trademarks registered or applied for but also those to which rights have been acquired through use before a specified date, notably that of protection of the name in the country of origin *[sic]*. Article 14(2) *[of the Regulation]* should therefore be amended: the reference date now specified should be changed to the date of protection in the country of origin or of submission of the application for registration of the geographical indication or designation of origin, depending on whether the name falls under Article 17 or the *[sic]* Article 5 ...; also, in Article 14(1) ... the reference date should become the date of application instead of the date of first publication.

55. Thus, Article 14.1 is amended in Regulation No. 2081/92#3 so that, where a proposed trademark corresponds to one of the situations against which an EC-defined GI is protected for the same type of product, the reference date for the determination of whether that trademark may be registered becomes the date of application to the Commission for the registration of an EC-defined GI rather than the date of first publication by the Commission.

56. Article 14.2 is amended in Regulation No. 2081/92#3 to provide as follows:

With due regard to Community law, a trademark the use of which engenders one of the situations indicated in Article 13 and which has been applied for, registered, or established by use, if that possibility is provided for by the legislation concerned, in good faith within the territory of the Community, before either the date of protection in the country of origin or the date of submission to the Commission of the application for registration of the designation of origin or geographical indication may continue to be used notwithstanding the registration of a designation of origin or geographical indication, provided that no grounds for its invalidity or revocation exist as specified by Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks^[...] and/or Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark^[...].

²⁴ See paragraph 24 above.

T. TRADEMARKS OF REPUTATION AND RENOWN

57. Under Article 14.3, "[an EC-defined GI] shall not be registered where, in the light of a trademark's reputation and renown and the length of time it has been used, registration is liable to mislead the consumer as to the true identity of the product".

U. THE COMMITTEE OF EC MEMBER STATE REPRESENTATIVES

58. Under Article 15 of Regulation No. 2081/92, the Commission is to be assisted by a committee composed of the representatives of the EC Member States and chaired by the representative of the Commission. The Commission representative is to submit a draft of the measures to be taken. The committee is to deliver its opinion on the draft by weighted majority voting, and the chair may not vote. The Commission shall adopt the measures envisaged if the measures accord with the committee's opinion. If the measures do not accord with the committee's opinion, or if the committee does not deliver an opinion, the Commission is to submit a proposal to the Ministerial Council, which shall act by a qualified majority. If the Ministerial Council does not act within three months of the Commission submitting a proposal, the Commission shall adopt the proposed measure.²⁵

V. TRANSITIONAL NATIONAL PROTECTION

59. Under Article 5.5 of Regulation No. 2081/92#2, an EC Member State may grant transitional national "protection in the sense of the present Regulation" to a proposed EC-defined GI. "Such transitional national protection shall cease on the date on which a decision on registration under this Regulation is taken."

IV. SUMMARY OF AUSTRALIA'S LEGAL CLAIMS

60. The EC measure diminishes the legal protection for trademarks under the *TRIPS Agreement*, as it:

- prejudices the eligibility of an application for registration of a trademark, contrary to TRIPS Article 24.5;
- does not grant to the owner of a registered trademark the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion, contrary to TRIPS Article 16.1;
- does not presume a likelihood of confusion in case of use of an identical sign for identical goods, contrary to TRIPS Article 16.1;
- unjustifiably encumbers the use of a trademark in the course of trade with special requirements, contrary to TRIPS Article 20;
- does not assure to WTO Member nationals effective protection against unfair competition, contrary to Paris Article 10*bis*(1);
- does not assure to WTO Member nationals appropriate effective legal remedies to repress acts of unfair competition, contrary to Paris Article 10*ter*(1);

²⁵ Article 15 of Regulation No. 2081/92#1 was amended by Regulation No. 806/2003 of 14 April 2003. See paragraph 19 above. The amendments to Article 15 introduced by Regulation No. 806/2003 do not affect Australia's claims and arguments in this dispute.

- does not make available to trademark right holders civil judicial procedures concerning the enforcement of their intellectual property rights, contrary to TRIPS Article 42;
- makes available procedures concerning the enforcement of trademark rights which are not fair and equitable, and which are unnecessarily complicated and entail unwarranted delays, contrary to TRIPS Article 41.2;
- does not ensure that decisions on the registration of an EC-defined GI are based only on evidence in respect of which trademark right holders were offered the opportunity to be heard, contrary to TRIPS Article 41.3; and
- does not ensure the availability under its law of enforcement procedures as specified in Part III of the *TRIPS Agreement* so as to permit effective action against any act of infringement of trademark rights, contrary to TRIPS Article 41.1.

61. The EC measure does not provide at Community level the legal means for interested parties to prevent misleading use of an EC-defined GI or use which constitutes an act of unfair competition in relation to a trademark, contrary to TRIPS Article 22.2.

62. The EC measure does not accord national treatment to the products of other WTO Members, contrary to GATT Article III:4 as well as TBT Article 2.1, or in the protection of intellectual property, contrary to TRIPS Article 2.1, incorporating by reference Paris Article 2, and TRIPS Article 3.1.

63. The EC measure is more trade restrictive than necessary to fulfil a legitimate objective, taking account of the risks non-fulfilment would create, contrary to TBT Article 2.2.

64. As a consequence, the EC:

- has not complied with Paris Articles 10*bis* and 10*ter*, contrary to TRIPS Article 2.1;
- has not given effect to the provisions of the *TRIPS Agreement*, contrary to TRIPS Article 1.1; and
- has not ensured the conformity of its laws, regulations and administrative procedures with its obligations as provided in the annexed Agreements, contrary to Article XVI:4 of the *WTO Agreement*.

65. Australia reserves the right to pursue its claim that the EC measure does not accord immediately and unconditionally to the nationals and/or products of each WTO Member any advantage, favour, privilege or immunity granted to the nationals and/or products of any other WTO Member, contrary to TRIPS Article 4, GATT Article I:1 and/or TBT Article 2.1, in the event that:

- the EC is applying Community-wide protection to EC-defined GIs for foodstuffs and agricultural products from another WTO Member; or
- the EC begins to apply Community-wide protection to EC-defined GIs for foodstuffs and agricultural products from another WTO Member.

66. Similarly, Australia reserves the right to pursue its claim that the EC measure is not applied in a transparent manner, contrary to TRIPS Articles 63.1 and 63.3, should the EC in fact have in place

criteria and/or guidelines for the purposes of making assessments and/or determinations under various provisions of Regulation No. 2081/92.

V. PRELIMINARY ISSUES

A. AN EC-DEFINED GI IS GENERALLY A TRIPS-DEFINED GI WITHIN THE MEANING OF ARTICLE 22.1 OF THE TRIPS AGREEMENT

67. Article 22.1 of the *TRIPS Agreement* defines geographical indications for the purposes of the *TRIPS Agreement* 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".

68. A "designation of origin" under Regulation No. 2081/92 must be an actual geographic name used to describe an agricultural product or foodstuff, which must originate in the place identified by the geographic name. The quality or characteristics of the agricultural product or foodstuff must be essentially or exclusively due to a particular geographical environment, and the production, processing and preparation of the agricultural product or foodstuff must occur in the place identified by the geographic name.

69. A "geographical indication" under Regulation No. 2081/92 must be an actual geographic name used to describe an agricultural product or foodstuff, which must originate in the place identified by the geographic name. A specific quality, reputation or other characteristics must be attributable to that geographical origin, and production, processing and/or preparation of the agricultural product or foodstuff must occur in the place identified by that geographic name.

70. Thus, both a "designation of origin" and a "geographical indication", as these are defined by Regulation No. 2081/92, would normally fall within the definition of a "geographical indication" set out in TRIPS Article 22.1. Each constitutes at a minimum an indication "which identif[ies] 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 is essentially attributable to its geographical origin".

VI. THE EC MEASURE IS INCONSISTENT WITH ARTICLES 1.1, 2.1 (INCORPORATING ARTICLES 10BIS AND 10TER OF THE PARIS CONVENTION (1967)), 16.1, 20, 24.5, 41 AND/OR 42 OF THE TRIPS AGREEMENT

A. THE RELEVANT REQUIREMENTS OF THE TRIPS AGREEMENT AND OF THE PARIS CONVENTION

(i) Article 16.1 of the TRIPS Agreement

71. TRIPS Article 16.1²⁶ expressly affords to the owner of a registered trademark an exclusive right, that is, a right not possessed or enjoyed by anyone else, to stop or impede all third parties not having the owner's consent from using that sign: (1) in the course of trade; (2) in respect of identical or similar signs for goods or services identical or similar to those in respect of which the trademark is

²⁶ Article 16.1 of the *TRIPS Agreement* provides as follows:

The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

registered; and (3) where such use would likely be confusing. Further, in case of use of an identical sign for identical goods, Article 16.1 provides that a likelihood of confusion is to be presumed.

72. The exclusive right to be granted to the owner of a registered trademark is qualified by TRIPS Article 17²⁷, which allows any WTO Member to provide limited²⁸ exceptions to the rights conferred by a trademark. The provision cites fair use of descriptive terms to illustrate possible exceptions, and also requires that such exceptions take account of the legitimate interests of the trademark owner and of third parties. One commentator has said: "[f]air use of descriptive terms might include indications for the purpose of mere identification or information, such as bona fide use of a person's name, address or pseudonym, or a geographical name, or an exact indication concerning ... origin ...".²⁹

(ii) *Article 20 of the TRIPS Agreement*

73. TRIPS Article 20³⁰ establishes that no WTO Member may, unjustifiably, impede or restrain use of a trademark in the course of trade by special requirements and provides illustrative examples of such special requirements: use with another trademark; use in a special form; or use in a manner detrimental to the trademark's capacity to distinguish the goods or services of one undertaking from those of other undertakings. Thus, if any WTO Member imposes special requirements on the use of a trademark in the course of trade, those special requirements must be justifiable.

(iii) *Article 24.5 of the TRIPS Agreement*

74. TRIPS Article 24.5³¹ defines the boundaries of the range of possible actions open to a WTO Member to implement measures relating to TRIPS-defined GIs in relation to trademarks. TRIPS Article 24.5 provides in relevant part that:

²⁷ Article 17 of the *TRIPS Agreement* provides as follows:

Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

²⁸ *OED*, Vol. 1, page 1592, defines "limited" as "fixed", "confined within definite limits" or "restricted in scope".

²⁹ *Gervais*, page 112.

³⁰ Article 20 of the *TRIPS Agreement* provides as follows:

The use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form or use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings. This will not preclude a requirement prescribing the use of the trademark identifying the undertaking producing the goods or services along with, but without linking it to, the trademark distinguishing the specific goods or services in question of that undertaking.

³¹ Article 24.5 of the *TRIPS Agreement* provides as follows:

Where a trademark has been applied for or registered in good faith, or where rights to a trademark have been acquired through use in good faith either:

- (a) before the date of application of these provisions in that Member as defined Part VI: or
- (b) before the geographical indication is protected in its country of origin;

measures adopted to implement this Section shall not prejudice eligibility for or the validity of the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with, or similar to, a geographical indication.

- measures adopted to implement Section 3 of Part II of the *TRIPS Agreement* cannot adversely affect the entitlement of an application made in good faith for the registration of a trademark on the basis that the trademark is identical with, or similar to, a TRIPS-defined GI;
- measures adopted to implement Section 3 of Part II of the *TRIPS Agreement* cannot adversely affect the legality of a trademark registered in good faith on the basis that the trademark is identical with, or similar to, a TRIPS-defined GI; and
- measures adopted to implement Section 3 of Part II of the *TRIPS Agreement* cannot adversely affect the right to use a trademark to which rights have been acquired through use on the basis that the trademark is identical with, or similar to, a TRIPS-defined GI.

(iv) *Article 10bis of the Paris Convention*

75. Under Paris Article 10bis(1)³² as incorporated by TRIPS Article 2.1, a WTO Member is obliged "to assure to nationals of [*WTO Members*] effective protection against unfair competition". Paris Article 10bis(2) defines an act of unfair competition as "[a]ny act of competition contrary to honest practices in industrial or commercial matters". The reference to "honest practices" includes practices established in international trade.³³

(v) *Article 10ter of the Paris Convention*

76. Under Paris Article 10ter³⁴ as incorporated by TRIPS Article 2.1, a WTO Member is required "to assure to nationals of [*WTO Members*] appropriate legal remedies effectively to repress all the acts referred to in [*Paris Article 10bis*]".

³² Article 10bis of the Paris Convention provides as follows:

- (1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.
- (2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.
- (3) The following in particular shall be prohibited:
 1. all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;
 2. false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;
 3. indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

³³ *Bodenhausen*, page 144, states: "[t]his criterion is not limited to honest practices existing in the country where protection against unfair competition is sought. The judicial or administrative authorities of such country will therefore also have to take into account honest practices established in international trade".

³⁴ Article 10ter of the Paris Convention provides as follows:

- (1) The countries of the Union undertake to assure to nationals of other countries of the Union appropriate legal remedies effectively to repress all the acts referred to in Articles 9, 10, and 10bis.

(vi) *Article 41 of the TRIPS Agreement*

77. TRIPS Article 41³⁵ establishes general obligations for WTO Members in matters concerning the enforcement of intellectual property rights "so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement ...". These general obligations include, pursuant to TRIPS Article 41.1, to have available to right holders enforcement procedures as set out in Part III of the *TRIPS Agreement*, including civil judicial procedures concerning the enforcement of intellectual property rights, expeditious remedies to prevent infringements, and remedies which constitute a deterrent to further infringements. Pursuant to TRIPS Article 41.2, such procedures are to be fair and equitable, may not be unnecessarily complicated or costly and may not entail unreasonable time limits or unwarranted delays. Pursuant to TRIPS Article 41.3, decisions on the merits of a case are to be based only on evidence in respect of which parties to the proceeding were offered the opportunity to be heard. Pursuant to TRIPS Article 41.4, parties to a proceeding are to have an opportunity for review by a judicial authority of at least the legal aspects of initial judicial decisions on the merits of a case.

(2) They undertake, further, to provide measures to permit federations and associations representing interested industrialists, producers, or merchants, provided that the existence of such federations and associations is not contrary to the laws of their countries, to take action in the courts or before the administrative authorities, with a view to the repression of the acts referred to in Article 9, 10, and 10bis, in so far as the law of the country in which protection is claimed allows such action by federations and associations of that country.

³⁵ Article 41 of the *TRIPS Agreement* provides as follows:

1. Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.
2. Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.
3. Decisions on the merits of a case shall preferably be in writing and reasoned. They shall be made available at least to the parties to the proceeding without undue delay. Decisions on the merits of a case shall be based only on evidence in respect of which parties were offered the opportunity to be heard.
4. Parties to a proceeding shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisions in a Member's law concerning the importance of a case, of at least the legal aspects of initial judicial decisions on the merits of a case. However, there shall be no obligation to provide an opportunity for review of acquittals in criminal cases.
5. It is understood that this Part does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general, nor does it affect the capacity of Members to enforce their law in general. Nothing in this Part creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general.

(vii) *Article 42 of the TRIPS Agreement*

78. TRIPS Article 42³⁶ obliges WTO Members to make available to right holders "civil judicial procedures" for matters touching on or relating to the enforcement of any intellectual property right covered by the Agreement. Having regard to the ordinary meaning of the words in context, TRIPS Article 42 requires a WTO Member to make available court or other legal processes: in particular, such procedures may not be political.³⁷ In addition, TRIPS Article 42 expressly provides for certain rights which are to be granted to right holders under such judicial procedures, such as representation by independent legal counsel, and to substantiate their claims and to present relevant evidence.

(viii) *Articles 1.1 and 2.1 of the TRIPS Agreement*

79. TRIPS Article 1.1³⁸ obliges WTO Members to give effect to the provisions of the Agreement. It provides that Members may introduce more extensive protection for intellectual property than required by the Agreement, but only if that more extensive protection does not otherwise conflict with or infringe any provisions of the Agreement.

80. TRIPS Article 2.1³⁹ obliges WTO Members to comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).

B. THE EC MEASURE PREJUDICES THE ELIGIBILITY OF AN APPLICATION FOR REGISTRATION OF A TRADEMARK, CONTRARY TO ARTICLE 24.5 OF THE TRIPS AGREEMENT

81. Article 14.1 of Regulation No. 2081/92#1 required that, where an EC-defined GI was registered, an application for registration of a trademark for the same type of product as that bearing the EC-defined GI corresponding to a situation against which a registered EC-defined GI was protected under the Regulation was to be refused (or a subsequent trademark registration invalidated) if:

- the application for registration of the trademark was lodged after the date of first publication by the Commission of the application for registration of the EC-defined GI; or

³⁶ Article 42 of the *TRIPS Agreement* provides as follows:

Members shall make available to right holders^[footnote omitted] civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement. Defendants shall have the right to written notice which is timely and contains sufficient detail, including the basis of the claims. Parties shall be allowed to be represented by independent legal counsel, and procedures shall not impose overly burdensome requirements concerning mandatory personal appearances. All parties to such procedures shall be duly entitled to substantiate their claims and to present all relevant evidence. The procedure shall provide a means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements.

³⁷ *OED*, Vol.1, page 408, defines "civil" in relevant part as: "9. Of law, a legal process, etc.: not criminal, political, or (formerly) ecclesiastical; relating to private relations between members of a community".

³⁸ Article 1.1 of the *TRIPS Agreement* provides as follows:

Members shall give effect to the provisions of this Agreement. Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.

³⁹ Article 2.1 of the *TRIPS Agreement* provides as follows:

In respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).

- the application for registration of the trademark was lodged before the date of first publication by the Commission of the application for registration of the EC-defined GI but that publication occurred before the trademark was registered.

82. Article 14.1 of Regulation No. 2081/92#3 requires that, where an application for registration of a trademark for the same type of product as a registered EC-defined GI corresponds to a situation against which a registered EC-defined GI is protected under the Regulation, that application is to be refused (or a subsequent registration invalidated) if that application is made after an application for registration of an EC-defined GI has been lodged with the Commission. The date an application for registration of an EC-defined GI is lodged with the Commission thus became in all circumstances the decisive date for determining whether a trademark for the same type of product which involves a situation against which a registered EC-defined GI is protected may be registered.

83. Regulation Nos 2081/92#1 and 2081/92#3 are "measures adopted to implement this Section" within the meaning of TRIPS Article 24.5, establishing a regime for the protection of GIs as contemplated by Section 3 of Part II of the *TRIPS Agreement*.

84. Further, Article 14.1 of Regulation Nos 2081/92#1 and 2081/92#3 applies to a situation in which an application for registration of a trademark concerns the same type of product for which an EC-defined GI is later registered and use of the trademark will give rise to a situation against which an EC-defined GI is otherwise protected under Article 13.1 of the Regulation. Under Article 13.1, an EC-defined GI is protected, *inter alia*, against "any ... commercial use of a name registered in respect of products not covered by the registration in so far as those products are comparable to the products registered under that name ...". Thus, the situations against which products bearing a registered EC-defined GI are protected include situations in which the trademark being applied for is identical with, or similar to, a TRIPS-defined GI within the meaning of TRIPS Article 24.5.

85. However, Paris Article 4, and in particular paragraph B of that provision,⁴⁰ incorporated by TRIPS Article 2.1, requires that a WTO Member afford a right of priority of six months in respect of an application for registration of a trademark for which an application for registration had previously been filed in another WTO Member. Thus, having regard to the provisions of Paris Article 4, where a trademark has been applied for in another WTO Member and an application for registration of that trademark within the EC is made consistently with the provisions of Paris Article 4, the later registration by the EC of an EC-defined GI cannot by itself constitute a basis for refusing that application for – or invalidating – the registration of a trademark. Such a trademark application or registration can only be refused or invalidated for other valid reasons consistent with the EC's domestic legislation and relevant WTO obligations, for example, because use of that trademark in the EC market would be misleading.

⁴⁰ Article 4 of the Paris Convention (1967) provides in relevant part:

A. – (1) Any person who has duly filed an application ... for the registration ... of a trademark, in one [WTO Member] ... shall enjoy, for the purpose of filing in [other WTO Members], a right of priority during the periods hereinafter fixed.

...

B. – Consequently, any subsequent filing in any of the other [WTO Members] before the expiration of the periods referred to above shall not be invalidated by reason of any acts accomplished in the interval, in particular, another filing ... or the use of the mark, and such acts cannot give rise to any third-party right or any right of personal possession. Rights acquired by third parties before the date of the first application that serves as the basis for the right of priority are reserved in accordance with the domestic legislation of each [WTO Member].

C. – (1) The periods of priority referred to above shall be ... six months for ... trademarks.

(2) These periods shall start from the date of filing of the first application; ...

...

86. Article 14.1 of Regulation No. 2081/92#1 did not afford the right of priority in respect of an application for registration of a trademark previously filed in another WTO Member required to be granted by Paris Article 4 where that trademark is identical with or similar to an EC-defined GI which is later registered. By not doing so, Article 14.1 of Regulation No. 2081/92#1 prejudiced, or adversely affected,⁴¹ the eligibility for registration of a trademark for which an application had been made in good faith, contrary to TRIPS Article 24.5.

87. Similarly, Article 14.1 of Regulation No. 2081/92#3 does not afford the right of priority in respect of an application for registration of a trademark previously filed in another WTO Member required to be granted by Paris Article 4 where that trademark is identical with or similar to an EC-defined GI which is later registered. By not doing so, Article 14.1 of Regulation No. 2081/92#3 continues to prejudice, or adversely affect, the eligibility for registration of a trademark for which an application has been made in good faith, contrary to TRIPS Article 24.5.

C. THE EC MEASURE DOES NOT GRANT THE OWNER OF A REGISTERED TRADEMARK THE RIGHTS REQUIRED TO BE GRANTED BY ARTICLE 16.1 OF THE TRIPS AGREEMENT

- (i) *The EC measure does not provide for an objection from the owner of a registered trademark to be admissible in the event of a likelihood of confusion between a registered trademark and a proposed EC-defined GI, contrary to Article 16.1 of the TRIPS Agreement*

88. TRIPS Article 16.1 sets out the minimum right required to be conferred on the owner of a registered trademark: the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. TRIPS Article 16.1 also expressly provides a presumption of a likelihood of confusion in case of use of an identical sign for identical goods or services. Yet that right can only be exercised when the owner of a registered trademark has a means through which to pursue it.

89. Under Article 7.4 of Regulation No. 2081/92#1, a statement of objection to the proposed registration of an EC-defined GI from within the EC "shall be admissible only if it" shows non-compliance with the definition of an EC-defined GI, "shows that the proposed registration of a name would jeopardize the existence of an entirely or partly identical name or trade mark or the existence of products which are legally on the market at the time of publication of this regulation in the [Official Journal]", or shows that the proposed name is generic in nature (*emphases added*).

90. Under Article 7.4 of Regulation No. 2081/92#2, which remains in effect, a statement of objection to the proposed registration of an EC-defined GI from within the EC "shall be admissible only if it" shows non-compliance with the definition of an EC-defined GI, "shows that the registration of the name proposed would jeopardize the existence of an entirely or partly identical name or of a mark or the existence of products which have been legally on the market for at least five years preceding the date of publication of [the application for registration of the name]", or shows that the proposed name is generic in nature (*emphases added*).

91. In addition, in accordance with Articles 12b.3 and 12d.2 of Regulation No. 2081/92#3, the provisions of Article 7.4 of Regulation No. 2081/92#2 determine the admissibility of statements of objection:

- in respect of applications for the registration of an EC-defined GI relating to a geographical location in the territory of another WTO Member; and

⁴¹ OED, Vol. II, p.2333. In the context of its usage in Article 24.5, "prejudice" is defined as "affect adversely or unfavourably; injure or impair the validity of (a right, claim, etc)".

- from nationals of other WTO Members in respect of applications for the registration of EC-defined GIs from within the EC.

However, requiring that the existence of an entirely or partly identical trademark be jeopardised imposes conditions for the enjoyment of rights required to be conferred by the *TRIPS Agreement* not contemplated by or otherwise justified under the *TRIPS Agreement* or any other provision of the *WTO Agreement*.

92. The EC measure does not ensure the admissibility of an objection from the owner of a registered trademark on the grounds that a proposed EC-defined GI would constitute use of an identical or similar sign for identical or similar goods that would result in a likelihood of confusion. As a consequence, the EC measure did not – and does not – provide a right required to be granted to the owner, contrary to TRIPS Article 16.1.

- (ii) *The EC measure does not provide for a presumption of a likelihood of confusion in the case of use of an identical sign for identical goods, contrary to Article 16.1 of the TRIPS Agreement*

93. As noted above,⁴² TRIPS Article 16.1 establishes a presumption of a likelihood of confusion in the case of use of an identical sign for identical goods. The EC measure does not implement this presumption, contrary to that provision.

- (iii) *The EC measure does not ensure – in the event of a likelihood of confusion between a registered trademark and a proposed EC-defined GI – that an objection from the owner of a registered trademark is considered by the Committee of EC Member State representatives, contrary to Article 16.1 of the TRIPS Agreement*

94. As well as not ensuring the admissibility of an objection from the owner of a registered trademark seeking to enforce rights required to be conferred under TRIPS Article 16.1,⁴³ the EC measure does not ensure that an objection from the owner of a registered trademark will be considered by the ultimate decision-maker, being the Committee of EC Member State representatives.

95. The Court of First Instance of the European Court of Justice has found, in respect of Regulation No. 2081/92#1 and 2081/92#2:

... Article 7(1) of Regulation No 2081/92 grants only to the Member States the right to raise objections to registration before the Commission. ... [U]nder Article 7(3) ... any legitimately concerned natural or legal person may ... object to the proposed registration ... by sending a ... statement to ... the Member State in which he resides or is established. That provision does not require the Member State concerned to forward to the Commission the objection thus stated to it, but merely to take the necessary measures to consider the objection ...⁴⁴

96. The Court of First Instance further found that the Commission "may not consider an objection communicated to it by any person other than a Member State".⁴⁵

97. These provisions were not amended in Regulation No. 2081/92#3, and the Court's findings concerning the interpretation to be applied to Article 7 of the Regulation remain valid. Thus, the

⁴² See paragraph 88 above.

⁴³ See paragraph 92 above.

⁴⁴ The Canard judgment, Exhibit COMP-12, paragraph 45.

⁴⁵ The Canard judgment, Exhibit COMP-12, paragraph 50.

owner of a registered trademark resident or established in an EC Member State must send "a duly substantiated statement to the competent authority of the Member State in which he resides or is established" (Article 7.3). However, as found by the Court, there is no obligation on the EC Member State concerned to forward the statement of objection to the Commission, and the Commission "may not consider an objection communicated to it by any person other than a Member State".

98. In addition, in accordance with Articles 12b.2 and 12d.1 of Regulation No. 2081/92#3, the owner of a registered trademark resident or established in another WTO Member must send "a duly substantiated statement to the country in which it resides or is established, which shall transmit it ... to the Commission". Consistent with the rationale of the findings of the Court of First Instance in the *Canard* judgment, there is no obligation, nor indeed can there be in such circumstances, on another WTO Member government to forward an objection to the Commission. At the same time, Regulation No. 2081/92#3 does not empower the Commission to consider an objection communicated to it by any person other than an EC Member State, or another WTO Member government or third country meeting the equivalence and reciprocity conditions established by Article 12 of Regulation No. 2081/92#3.

99. Whether an objection is from the owner of a registered trademark who is resident or established in either an EC Member State or another WTO Member, however, that objection must be received by the Commission in order to be considered by the Committee of EC Member State representatives. Ensuring that an objection from the owner of a registered trademark is considered by the ultimate decision maker is essential to such an owner being able to exercise the rights required to be conferred by TRIPS Article 16.1. Yet the EC measure fails to ensure that an objection from the owner of a registered trademark is considered by the Committee of EC Member State representatives. Thus, the EC measure has not granted – and does not grant – the rights required to be granted to such owners by TRIPS Article 16.1, contrary to that provision.

- (iv) *The EC measure does not grant to the owner of a registered trademark – in the event of a likelihood of confusion between a registered trademark and a proposed EC-defined GI – the exclusive right required to be granted by Article 16.1 of the TRIPS Agreement*

100. Article 14.2 of Regulation No. 2081/92#1 provided that a trademark registered in good faith before the date on which an application for registration of an EC-defined GI was lodged and whose use involved one of the situations against which an EC-defined GI was protected under the Regulation could continue to be used "notwithstanding the registration of [*an EC-defined GI*]".

101. Article 14.2 of Regulation No. 2081/92#3 provides that a trademark which has been applied for, registered, or established by use in good faith within the territory of the Community before either the date of protection in the country of origin or the date an application to the Commission for protection of an EC-defined GI and whose use involves one of the situations against which an EC-defined GI is protected under the Regulation can continue to be used "notwithstanding the registration of [*an EC-defined GI*]".

102. The EC measure establishes a presumption of co-existence between an existing trademark and a later registered EC-defined GI. The Regulation presumes co-existence by providing

- for the continued use of a registered trademark (Regulation No. 2081/92#1) or a trademark (Regulation No. 2081/92#3) "notwithstanding the registration of [*an EC-defined GI*]" (Article 14.2); and
- that the only ground to refuse an application for the registration of an EC-defined GI that otherwise complies with the requirements of the Regulation is where, because of

a trademark's reputation and renown and the length of time it has been used, consumers are likely to be misled as to the true identity of the product (Article 14.3).

103. However, nothing in the *TRIPS Agreement* – whether in Section 3 of Part II of the Agreement, or elsewhere – justifies a WTO Member's failure to grant to the owner of a registered trademark the exclusive right required to be granted by TRIPS Article 16.1: to prevent all third parties not having that owner's consent from using in the course of trade identical or similar signs for goods which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.

104. The Appellate Body has previously found that had the negotiators of a covered agreement intended to permit WTO Members to act inconsistently with a provision of another covered agreement, they would have said so explicitly.⁴⁶ Australia submits that such reasoning is even more compelling when considered in the context of a single covered agreement. Had the negotiators of the *TRIPS Agreement* intended that the exclusive rights required to be conferred on the owner of a registered trademark under TRIPS Article 16.1 could be negated or otherwise limited by another provision of that same covered agreement, they would have expressly said so. Indeed, the negotiators did precisely that in TRIPS Article 17. It is therefore inconceivable to Australia that the provision of Section 3 of Part II of the *TRIPS Agreement* – which do not contain any express provisions allowing the exclusive right required to be granted to the owner of a registered trademark under TRIPS Article 16.1 to be negated or otherwise limited – could nevertheless be interpreted in such a way as to permit such negation or other limitation.

105. Together with TRIPS Articles 22.3 and 23.2, TRIPS Article 24.5 defines the boundary between a WTO Member's right to implement measures relating to TRIPS-defined GIs and its obligation to afford protection to trademarks. TRIPS Article 24.5 expressly provides that where a trademark has been registered in good faith, measures adopted to implement Section 3 of Part II of the *TRIPS Agreement* "shall not prejudice ... the validity of the registration of a trademark ... on the basis that such a trademark is identical with, or similar to, a [*TRIPS-defined GI*]". Thus, where a trademark is registered in good faith before measures adopted to implement Section 3 of Part II of the *TRIPS Agreement* that could otherwise have prevented that trademark's registration are in place, the validity of that registration cannot be prejudiced or adversely affected on the basis that it is identical or similar to a TRIPS-defined GI.

106. Further, TRIPS Article 24.5 does not in any way require or permit any negation or other limitation of the exclusive right required to be conferred on the owner of that registered trademark pursuant to TRIPS Article 16.1. The owner's exclusive right to prevent all unauthorised use of identical or similar signs for identical or similar goods that would result in a likelihood of confusion cannot be affected by measures adopted by a WTO Member to implement Section 3 of Part II of the *TRIPS Agreement*.

107. The regime of co-existence established by Article 14.2 of Regulation No. 2081/92 negates or repudiates the exclusive right required to be granted by TRIPS Article 16.1 to the owner of a registered trademark to prevent all unauthorised use of an identical or similar sign for identical or similar goods that would result in a likelihood of confusion. The EC measure is therefore contrary to TRIPS Article 16.1.

D. THE EC MEASURE UNJUSTIFIABLY ENCUMBERS THE USE OF A TRADEMARK IN THE COURSE OF TRADE WITH SPECIAL REQUIREMENTS, CONTRARY TO ARTICLE 20 OF THE TRIPS AGREEMENT

108. Regulation No. 2081/92#1 effectively required co-existence of an existing registered trademark and a later registered EC-defined GI. Similarly, Regulation No. 2081/92#3 effectively

⁴⁶ *EC – Bananas*, paragraph 157.

requires the co-existence of a trademark – whether registered or established through use – and a later registered EC-defined GI.⁴⁷

109. TRIPS Article 20 provides, in part, that the use of a trademark in the course of trade shall not be unjustifiably encumbered – or burdened without good cause – by special requirements, such as use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings. In today's world of transboundary markets and marketing, the potential economic value of a trademark which is capable of distinguishing the goods or services of one undertaking from those of other undertakings is greater than ever. Thus, TRIPS Article 20 establishes a requirement that a WTO Member may not without good cause impose conditions on the use of a trademark such that there is a risk of the trademark's distinctiveness, and thus its economic value, being eroded. Further, TRIPS Article 20 applies to both registered and unregistered trademarks.⁴⁸

110. By requiring co-existence of a trademark and a later registered EC-defined GI that consists of or contains an identical or similar sign for identical or similar goods notwithstanding a likelihood of confusion,⁴⁹ the EC measure has the effect of diminishing the distinctiveness, and hence the economic value, of an affected trademark. Requiring a trademark to be used in a market place where there exists the use of identical or similar signs for identical or similar goods that would result in a likelihood of confusion (such as a co-existent EC-defined GI) encumbers or burdens the use of a trademark "in a manner detrimental to its capability to distinguish the goods ... of one undertaking from those of other undertakings" within the meaning of TRIPS Article 20.

111. Moreover, encumbering use of a trademark through a requirement of co-existence or concurrent use with an identical or similar EC-defined GI for identical or similar goods is neither required nor permitted by the provisions of Section 3 of Part II of the *TRIPS Agreement*, and in particular TRIPS Article 24.5. It is thus not justified by good cause within the meaning of TRIPS Article 20.

112. Accordingly, the EC measure unjustifiably encumbers by special requirements use of a trademark in the course of trade in a manner detrimental to its capability to distinguish the goods of one undertaking from those of other undertakings, contrary to TRIPS Article 20.

E. THE EC MEASURE DOES NOT ASSURE EFFECTIVE PROTECTION AGAINST UNFAIR COMPETITION, CONTRARY TO ARTICLE 2.1 OF THE TRIPS AGREEMENT INCORPORATING ARTICLE 10BIS(1) OF THE PARIS CONVENTION (1967)

113. Under Paris Article 10bis(1) as incorporated by TRIPS Article 2.1, a WTO Member is obliged to provide to nationals of WTO Members effective protection against unfair competition. Having regard to the broad scope of Paris Article 1(2), the obligation to provide protection against unfair competition under Paris Article 10bis(1) must include effective protection of trademarks from acts relating to indications of source as well as effective protection of indications of source from acts relating to trademarks.

114. Regulation No. 2081/92 establishes a Community-wide system of registration and protection of EC-defined GIs that provides effective protection from acts of unfair competition, including in relation to later trademark applications, within the Community. However, the Regulation does not provide a Community-wide system of effective protection of trademarks from acts of unfair competition arising from the later registration of EC-defined GIs under the Regulation.

⁴⁷ See paragraph 102 above.

⁴⁸ See, for example, *Gervais*, page 116.

⁴⁹ See paragraph 102 above.

115. Accordingly, the EC measure is inconsistent with the EC's obligation pursuant to Paris Article 10*bis*(1), as incorporated by TRIPS Article 2.1, to assure to nationals of WTO Members effective protection against unfair competition.

F. THE EC MEASURE DOES NOT ASSURE APPROPRIATE LEGAL REMEDIES TO REPRESS EFFECTIVELY ACTS REFERRED TO IN ARTICLE 10BIS OF THE PARIS CONVENTION (1967), CONTRARY TO ARTICLE 2.1 OF THE TRIPS AGREEMENT INCORPORATING ARTICLE 10TER(1) OF THE PARIS CONVENTION (1967)

116. Paris Article 10*ter*(1) as incorporated by TRIPS Article 2.1 requires that a WTO Member assure to nationals of WTO Members appropriate legal remedies to repress effectively all acts of unfair competition referred to in Paris Article 10*bis*. Those legal remedies include legal remedies to repress acts of unfair competition against trademarks arising from acts involving indications of source.

117. Notwithstanding that Regulation No. 2081/92 establishes a system of Community-wide registration and protection of EC-defined GIs, it does not provide for appropriate legal remedies to repress effectively at a Community-wide level acts of unfair competition, including against trademarks, arising from the registration or the proposed registration of an EC-defined GI.

118. Accordingly, the EC measure is inconsistent with the EC's obligations pursuant to Paris Article 10*ter*(1), as incorporated by TRIPS Article 2.1, to assure to nationals of WTO Members appropriate legal remedies to repress effectively acts of unfair competition referred to in Paris Article 10*bis*.

G. THE EC MEASURE DOES NOT MAKE AVAILABLE TO TRADEMARK RIGHT HOLDERS CIVIL JUDICIAL PROCEDURES CONCERNING THE ENFORCEMENT OF THEIR INTELLECTUAL PROPERTY RIGHTS, CONTRARY TO ARTICLE 42 OF THE TRIPS AGREEMENT

119. The obligation established by TRIPS Article 42 is straightforward. A WTO Member is required to "make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement". Having regard to the ordinary meaning of the words, civil judicial procedures are court or other legal processes normally presided over by a judge: they may not be political or administrative processes.⁵⁰ Such an interpretation is supported as well by the provisions of TRIPS Articles 43-48, which refer to authorities to be granted to the "judicial authorities".

120. That civil judicial procedures for the enforcement of an intellectual property right covered by the *TRIPS Agreement* are required to be court or other legal processes presided over by a judge is confirmed when considered in light of footnote 4 to TRIPS Article 23.1 concerning TRIPS-defined GIs for wines and spirits. Footnote 4 provides that "[n]otwithstanding the first sentence of Article 42, WTO Members may, with respect to these obligations, instead provide for enforcement by administrative action". Thus, in accordance with footnote 4, WTO Members may enforce intellectual property rights relating to TRIPS-defined GIs for wines and spirits by administrative action. However, by the absence of a qualifying reference in TRIPS Article 42 in the same terms as

⁵⁰ *OED*, Vol.1, defines:

"civil" in relevant part as "Of law, a legal process, etc; not criminal, political, or (formerly) ecclesiastical; relating to private relations between member of a community" (page 408); and

"judicial" in relevant part as "Of or pertaining to proceedings in a court of law; of or pertaining to the administration of justice; resulting from or fixed by a judgement in court. Of law: enforced by secular judges and tribunals" (page 1459).

footnote 4, it is clear that TRIPS Article 42 requires WTO Members to provide for the enforcement of other covered intellectual property rights only through a court or other legal process.

121. In addition, TRIPS Article 42 expressly provides for certain rights to be granted to parties under the civil judicial procedures, such as the right to be represented by independent legal counsel, and to substantiate claims and to present relevant evidence.

122. Regulation No. 2081/92 does not provide to trademark right holders civil judicial procedures at the Community level for the enforcement of their intellectual property rights *vis-à-vis* the registration of EC-defined GIs. The Committee of EC Member State representatives – which decides both applications for the registration of an EC-defined GI and the enforcement of the rights of a trademark owner in relation to a proposed EC-defined GI – consists of officials from EC Member State agencies responsible for implementing Regulation No. 2081/92 at national level. And, if necessary, the enforcement of the rights of a trademark owner in relation to the proposed registration of an EC-defined GI is ultimately decided by EC Member State Ministers responsible for domestic agriculture policies and programs or the Commission's Directorate-General for Agriculture. Further, Article 7.5 of Regulation No. 2081/92 expressly provides that where an objection is admissible, "the Commission shall ask the Member States concerned to seek agreement among themselves ...". None of these processes are civil judicial procedures.

123. That Regulation No. 2081/92 does not provide civil judicial procedures as required was essentially confirmed in the *Canard* judgment when the Court of First Instance of the European Court of Justice found that "Article 7(1) ... grants only to the Member States the right to raise objections to registration before the Commission" and that the Commission "may not consider an objection communicated to it by any person other than a Member State".⁵¹

124. Further, even if a trademark right holder is successful in having its objection considered by the Committee of EC Member State representatives,⁵² Regulation No. 2081/92 does not provide a right to be represented by independent legal counsel before that Committee, or a right to substantiate claims or to present relevant evidence.

125. Accordingly, Regulation No. 2081/92 does not make available to trademark right holders civil judicial procedures concerning the enforcement of a covered intellectual property right, or the right to be presented by independent legal counsel, or the right to substantiate their claims or to present relevant evidence, contrary to TRIPS Article 42.

H. THE PROCEDURES CONCERNING THE ENFORCEMENT OF TRADEMARK RIGHTS MADE AVAILABLE BY THE EC MEASURE ARE INCONSISTENT WITH ARTICLE 41.2 OF THE TRIPS AGREEMENT

(i) *The EC measure does not make available fair and equitable procedures for the enforcement of intellectual property rights, contrary to Article 41.2 of the TRIPS Agreement*

126. TRIPS Article 41.2 requires in relevant part that "[p]rocedures concerning the enforcement of intellectual property rights shall be fair and equitable". Even if the Panel does not accept Australia's claim that the EC measure is inconsistent with TRIPS Article 42 (and instead finds that the EC measure does make available to trademark right holders civil judicial procedures for the enforcement

⁵¹ The findings of the Court of First Instance remain valid as the provisions of Article 7 of Regulation No. 2081/92 on which the Court based its findings were not amended by Regulation No. 2081/92#3. See paragraph 95 above.

⁵² See paragraphs 92 and 99 above.

of their rights), Australia submits that the enforcement procedures made available are not fair and equitable.

127. An objection by a trademark right holder resident or established in an EC Member State is first dealt with by the EC Member State agencies responsible for implementing Regulation No. 2081/92 at a national level.⁵³

128. Many of those EC Member State agencies are also responsible for making the initial assessment of applications for the proposed registration of an EC-defined GI and for implementing domestic agricultural policies and programs within the EC Member States, of which Regulation No. 2081/92 forms an integral part. Australia submits that EC Member State agencies with either or both such roles are likely to have an interest in supporting and promoting the proposed registration of a geographic term from within that EC Member State as an EC-defined GI.

129. Yet it is with those very EC Member State agencies that a statement of objection from a trademark right holder resident or established in an EC Member State may have to be lodged. Further, the EC measure does not require an EC Member State to forward that statement of objection to the Commission for consideration by the Committee of EC Member State representatives, "but merely to take the necessary measures to consider the objection".⁵⁴

130. Australia submits that requiring or permitting an objection that aims to protect the interests of a trademark right holder to be lodged with an agency that is likely to have an interest in supporting and promoting the registration of an EC-defined GI is a procedure that is neither fair nor equitable.

131. If an EC Member State agency does forward a statement of objection from a trademark right holder to the Commission, it is then considered by the Committee of EC Member State representatives. Yet that Committee comprises delegates of the same EC Member State agencies which are likely to have an interest in supporting and promoting the proposed registration of EC Member State geographic terms as EC defined GIs.

132. Thus, a situation exists in which the enforcement of the rights of a trademark owner in relation to the proposed registration of an EC-defined GI is decided – whether at officials or Ministerial level, or ultimately by the Commission's Directorate-General for Agriculture – by the very Member States and their agencies which: (1) considered that a proposed geographical name meets the requirements of Regulation No. 2081/92; and (2) must presumably therefore support the application in the Committee of EC Member State representatives. Australia submits that this is a procedure that is neither fair nor equitable within the meaning of TRIPS Article 41.2 insofar as trademark right holders are concerned.

133. In addition, Article 7.5 of Regulation No. 2081/92 expressly provides that where an objection is admissible, "the Commission shall ask the Member States concerned to seek agreement among themselves ..." in the first instance. Australia submits that, at the very least, the possibility of "deal-making" between EC Member States irrespective of the interests of a trademark right holder cannot be excluded in such circumstances. Once again, such process is neither fair nor equitable within the meaning of TRIPS Article 41.2 insofar as trademark right holders are concerned.

134. A trademark right holder who is not resident or established in an EC Member State is in no better situation. Such a trademark right holder must rely upon the goodwill of another WTO Member government, which has no obligation or incentive in the matter, to forward its statement of objection to the Commission. Even if such a trademark right holder's statement of objection is forwarded to the

⁵³ See Exhibit AUS-01 for the full list of EC Member State agencies, downloaded from http://www.europa.eu.int/comm/agriculture/foodqual/protect/national/index_en.htm (last visited 20 April 2004).

⁵⁴ See paragraph 95 above.

Commission, it faces the generally deficient situation already outlined in respect of statements of objection from trademark right holders resident or established in an EC Member State. In addition, a trademark right holder not resident or established in an EC Member State faces the additional hurdle of not having a national representative on the Committee of EC Member State representatives to speak for its interests.

135. Australia submits that the process for enforcement of a trademark right provided by the EC measure for a right holder not resident or established in an EC Member State is not a fair and equitable procedure. The EC measure requires any objection to be considered by a group of representatives that are likely to have an interest in the registration of the proposed EC-defined GI at issue as well as interests corresponding to the national interests of the EC Member States. In such circumstances, the possibility of bias in favour of both the proposed EC-defined GI and the interests of EC Member States cannot be seen to be excluded. Australia further submits that the possibility of bias against the interests of a trademark right holder is even stronger where an objection concerns a proposed EC-defined GI relating to a geographical location within an EC Member State and the trademark right holder is not an EC national.

136. The process provided by the EC measure for the consideration of the rights of trademark holders resident or established in the EC gives rise to real and significant questions concerning the potential for conflicts of interest in the Committee of EC Member State representatives. The EC measure thus does not provide fair and equitable procedures for the enforcement of trademark right as required by TRIPS Article 41.2.

- (ii) *The procedures for the enforcement of trademark rights made available by the EC measure are unnecessarily complicated and entail unwarranted delays, contrary to Article 41.2 of the TRIPS Agreement*

137. TRIPS Article 41.2 requires in relevant part that procedures for the enforcement of intellectual property right not be unnecessarily complicated or entail unwarranted delays.

138. Even if the EC measure is not considered to be inconsistent with TRIPS Article 42, requiring that statements of objection from trademark right holders be lodged through the competent authority of an EC Member State or through another WTO Member government adds unjustifiable complexity and delay to the process of exercising the rights required to be granted to trademark right holders under the *TRIPS Agreement*. If a trademark has been registered or rights to a trademark have been acquired through use within the territory of the EC, the owner of that trademark has rights within the EC that do not directly concern either an EC Member State government or any other WTO Member government. There is no good reason why another government need be involved, but by doing so the EC measure adds complexity and delay to the process of exercising trademark rights within the EC. Further, in the case of a non-EC national not resident or established in an EC Member State, the very fact of having to make a request to another WTO Member government exacerbates the complexity and delay associated with exercising a trademark right, even if that government is willing and able to act on behalf of that trademark owner.

139. The preambular provisions of the *TRIPS Agreement* expressly recognise that intellectual property rights are private rights. As such, making the ability of a right holder to exercise or enforce such rights dependent on the willingness and/or ability of an otherwise unconcerned government to act is not supported by good cause and thus cannot be justified.

140. Accordingly, Regulation No. 2081/92 does not make available to trademark right holders procedures for the enforcement of intellectual property rights which are not unnecessarily complicated or entail unwarranted delays, contrary to TRIPS Article 41.2.

I. DECISIONS ON THE REGISTRATION OF EC-DEFINED GIs UNDER THE EC MEASURE ARE NOT BASED ONLY ON EVIDENCE IN RESPECT OF WHICH TRADEMARK RIGHT HOLDERS WERE OFFERED THE OPPORTUNITY TO BE HEARD, CONTRARY TO ARTICLE 41.3 OF THE TRIPS AGREEMENT

141. TRIPS Article 41.3 requires that decisions on the merits of a case "be based only on evidence in respect of which parties were offered the opportunity to be heard".

142. The Court of First Instance of the European Court of Justice has found that, under Regulation No. 2081/92#1 and 2081/92#2, only EC Member States have the right to raise objections to registration before the Commission, and that the Commission "may not consider an objection communicated to it by any person other than a Member State".⁵⁵ The Court's decision confirmed that decisions on the registration of EC-defined GIs could be made without the Commission necessarily having to provide to trademark right holders the opportunity to be heard. Further, the Court's findings concerning the meaning of Article 7 of the Regulation remain valid, as the provisions of Article 7 were not amended by Regulation No. 2081/92#3.

143. Regulation No. 2081/92#3 introduced a right of objection for trademark right holders who were resident or established in another WTO Member. However, by requiring pursuant to Articles 12b.2(a) and 12d.1 of the Regulation that such trademark right holders lodge their objections with the government of that other WTO Member, the Regulation does not guarantee to such holders the right to communicate their objections to the Commission. In such circumstances, the EC measure does not guarantee that the Committee of EC Member State representatives makes decisions based only on evidence in respect of which a concerned trademark right holder was offered the opportunity to be heard.

144. Accordingly, because the EC measure does not ensure that:

- a trademark right holder's objections will always be admissible in the event of a likelihood of confusion between a registered trademark and a proposed EC-defined GI;⁵⁶ or
- a trademark right holder's objections will be considered by the Committee of EC Member State representatives;⁵⁷

the EC measure does not ensure that decisions on the merits of a case, that is, whether to register an EC-defined GI, are based only on evidence in respect of which any holder of a trademark right in part or all of the territory of the EC was offered the opportunity to be heard, contrary to TRIPS Article 41.3.

J. THE EC HAS NOT ENSURED THE AVAILABILITY UNDER ITS LAW OF ENFORCEMENT PROCEDURES AS SPECIFIED IN PART III OF THE TRIPS AGREEMENT SO AS TO PERMIT EFFECTIVE ACTION AGAINST ANY ACT OF INFRINGEMENT OF TRADEMARK RIGHTS AS REQUIRED BY ARTICLE 41.1 OF THAT AGREEMENT

145. TRIPS Article 41.1 requires WTO Members to "ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements".

⁵⁵ See paragraph 95 above.

⁵⁶ See paragraph 92 above.

⁵⁷ See paragraph 99 above.

146. TRIPS Article 41 is the first provision of Part III of the *TRIPS Agreement* headed "Enforcement of Intellectual Property Rights. Part III comprises five Sections as follows:

- Section 1 "General Obligations": comprising Article 41 itself;
- Section 2 "Civil and Administrative procedures and Remedies": comprising
 - Article 42 "Fair and Equitable Procedures",
 - Article 43 "Evidence",
 - Article 44 "Injunctions",
 - Article 45 "Damages",
 - Article 46 "Other Remedies",
 - Article 47 "Right of Information",
 - Article 48 "Indemnification of the Defendant",
 - Article 49 "Administrative Procedures";
- Section 3 headed "Provisional Measures": comprising Article 50;
- Section 4 headed "Special Requirements Related to Border Measures": comprising
 - Article 51 "Suspension of Release by Customs Authorities",
 - Article 52 "Application",
 - Article 53 "Security or Equivalent Assurance",
 - Article 54 "Notice of Suspension",
 - Article 55 "Duration of Suspension",
 - Article 56 "Indemnification of the Importer and of the Owner of the Goods",
 - Article 57 "Right of Inspection and Information",
 - Article 58 "Ex Officio Action",
 - Article 59 "Remedies",
 - Article 60 "De Minimis Imports";and
- Section 5 headed "Criminal Procedures": comprising Article 61.

147. Thus, TRIPS Article 41.1 establishes an obligation on WTO Members to make available – in respect of any act of infringement of intellectual property rights encompassed by the *TRIPS Agreement* – the enforcement procedures set out in Part III of that Agreement. However, Regulation

No. 2081/92 does not make available to right holder civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement as required by TRIPS Article 42. Even if the Panel were to consider that the EC measure is consistent with TRIPS Article 42, Regulation No. 2081/92 establishes the Committee of EC Member State representatives as the ultimate decision-making body for the enforcement of trademark rights in the circumstances covered by that Regulation, but does not grant that Committee the authority:

- as required by and consistent with TRIPS Article 43, to order the production of evidence by an opposing party;
- as required by and consistent with TRIPS Article 44, to order a party to desist from an infringement;
- as required by and consistent with TRIPS Article 45, to order an infringer to pay damages to a trademark right holder;
- as required by and consistent with TRIPS Article 46, to order that goods found to be infringing be disposed of outside the channels of commerce; and
- as required by and consistent with TRIPS Article 48, to order indemnification of the defendant.

148. As a consequence of the EC measure's failure:

- to provide fair and equitable procedures for the enforcement of a trademark holder's rights in relation to the registration of an EC-defined GI under the EC measure as required by TRIPS Article 41.2;
- to ensure that procedures for the enforcement of a trademark holder's rights in relation to the registration of an EC-defined GI under the EC measure are not unnecessarily complicated or do not entail unwarranted delays as required by TRIPS Article 41.2;
- to provide that decisions on the merits of a case involving the proposed registration of an EC-defined GI shall be based only on evidence in respect of which any holder of a trademark right in part or all of the territory of the EC was offered the opportunity to be heard as required by TRIPS Article 41.3;
- to make available to trademark right holders civil judicial procedures at the Community level concerning the enforcement of an intellectual property right covered by the *TRIPS Agreement*, as required by TRIPS Article 42;
- to provide to trademark right holders the right to be represented by independent legal counsel in any enforcement proceedings, to substantiate their claims and to present all relevant evidence, as required by TRIPS Article 42;
- to provide to judicial authorities the authority required to be conferred on them by TRIPS Articles 43, 44, 45, 46, 48 and 49 in respect of the enforcement of trademark rights vis-à-vis the proposed registration of an EC-defined GI;

the EC has not ensured that enforcement procedures as specified in Part III of the *TRIPS Agreement* are available under its law so as to permit effective action at the Community level against any act of infringement of intellectual property rights covered by the Agreement, contrary to TRIPS Article 41.1.

- K. THE EC MEASURE DIMINISHES THE LEGAL PROTECTION FOR TRADEMARKS IN RESPECT OF DECISIONS BY EC MEMBER STATES TO GRANT TRANSITIONAL NATIONAL PROTECTION, CONTRARY TO ARTICLES 2.1 (INCORPORATING ARTICLES 10BIS(1) AND 10TER(1) OF THE PARIS CONVENTION (1967)), 16.1, 41.1, 41.2, 41.3 AND/OR 42 OF THE TRIPS AGREEMENT

149. In the same way that the EC measure diminishes the legal protection for trademarks under the *TRIPS Agreement* in respect of the registration of EC-defined GIs at Community level, the EC measure diminishes the legal protection for trademarks under the *TRIPS Agreement* in respect of decisions by EC Member States to grant transitional national protection pursuant to Article 5.5 of Regulation No. 2081/92#2.

150. Under Article 5.5 of Regulation No. 2081/92#2, an EC Member State "may, on a transitional basis only, grant on the national level a protection in the sense of the present Regulation" to proposed EC-defined GIs from that Member State. However, while providing for a Member State to grant transitional national protection pending the outcome of the application for registration of an EC-defined GI at the Community level, the Regulation does not ensure that such decisions are made by a Member State with proper regard to the relevant provisions of the *TRIPS Agreement*. As a consequence, the Regulation does not, in respect of such decisions, require a Member State:

- to grant to the owner of a registered trademark the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion or to establish a presumption of a likelihood of confusion in case of the use of an identical sign for identical goods, contrary to TRIPS Article 16.1;
- to assure effective protection against unfair competition as required by Paris Article 10bis(1) or to assure appropriate legal remedies to repress effectively acts of unfair competition as required by Paris Article 10ter(1), contrary to TRIPS Article 2.1;
- to make available to trademark right holders civil judicial procedures concerning the enforcement of their intellectual property rights, contrary to TRIPS Article 42;
- to make available fair and equitable procedures for the enforcement of intellectual property rights, contrary to TRIPS Article 41.2;
- to make available procedures for the enforcement of an intellectual property right which are not unnecessarily complicated or which do not entail unwarranted delays, contrary to TRIPS Article 41.2;
- to make decisions on the grant of transitional national protection which are based only on evidence in respect of which parties to a proceeding were offered the opportunity to be heard, contrary to TRIPS Article 41.3; and
- to ensure the availability under EC Member State laws of enforcement procedures as specified in Part III of the *TRIPS Agreement* so as to permit effective action against any act of infringement of intellectual property rights covered by that Agreement, contrary to TRIPS Article 41.1.

L. THE EC HAS NOT GIVEN EFFECT TO THE PROVISIONS OF THE TRIPS AGREEMENT OR COMPLIED WITH THE SPECIFIED PROVISIONS OF THE PARIS CONVENTION (1967), CONTRARY TO ARTICLES 1.1 AND 2.1 OF THE TRIPS AGREEMENT

151. As a consequence of its failure to comply with Paris Articles 10*bis*(1) and 10*ter*(1) in respect of decisions to register EC-defined GIs at the Community level and in respect of decisions by EC Member States to grant transitional national protection, the EC measure is inconsistent with Article 2.1 of the *TRIPS Agreement*.

152. Similarly, as a consequence of the EC measure's inconsistency with Articles 2.1 (incorporating by reference Paris Articles 10*bis*(1) and 10*ter*(1)), 16.1, 20, 24.5, 41.1, 41.2, 41.3 and/or 42 in respect of decisions to register EC-defined GIs at the Community level and in respect of decisions by EC Member States to grant transitional national protection, the EC has failed to give effect to the provisions of the *TRIPS Agreement*, as required by Article 1.1 of that Agreement.

M. CONCLUSION

153. The EC measure establishes a regime for the registration and protection of EC-defined GIs that systematically undermines and/or fails to protect adequately the rights required by the *TRIPS Agreement* to be granted in respect of trademarks. The EC measure diminishes legal protection for trademarks by:

- prejudicing the eligibility of an application for registration of a trademark, contrary to TRIPS Article 24.5;
- not granting to the owner of a registered trademark the rights required to be granted by TRIPS Article 16.1, contrary to that provision;
- not establishing a presumption of likelihood of confusion in the case of use of an identical sign for identical goods, contrary to TRIPS Article 16.1;
- unjustifiably encumbering the use of a trademark in the course of trade with special requirements, contrary to TRIPS Article 20;
- not assuring effective protection against unfair competition as required by Paris Article 10*bis*(1) and not assuring appropriate legal remedies to repress effectively acts referred to in Paris Article 10*bis* as required by Paris Article 10*ter*(1), contrary to TRIPS Article 2.1;
- not making available to trademark right holders civil judicial procedures concerning the enforcement of their intellectual property rights, contrary to TRIPS Article 42;
- not making available fair and equitable procedures for the enforcement of intellectual property rights, contrary to TRIPS Article 41.2;
- making the limited procedures which are available for the enforcement of intellectual property rights unnecessarily complicated and subject to unwarranted delays, contrary to TRIPS Article 41.2;
- making decisions on the registration of EC-defined GIs which are not based only on evidence in respect of which parties to a proceeding were offered the opportunity to be heard, contrary to TRIPS Article 41.3;

- not ensuring the availability under its law of enforcement procedures as specified in Part III of the *TRIPS Agreement* so as to permit effective action against any act of infringement of intellectual property rights covered by that Agreement, contrary to TRIPS Article 41.1;
- not ensuring that EC Member State decisions to grant transitional national protection under Article 5.5 of Regulation No. 2081/92#2 accord with the EC's obligations under TRIPS Articles 2.1 (incorporating Paris Articles 10*bis*(1) and 10*ter*(1)), 16.1, 41.1, 41.2, 41.3 and 42;
- not giving effect to the provisions of the Paris Convention (1967), contrary to TRIPS Article 2.1; and
- not giving effect to the provisions of the *TRIPS Agreement*, contrary to TRIPS Article 1.1.

VII. THE EC MEASURE IS INCONSISTENT WITH ARTICLES 1.1 AND 22.2 OF THE TRIPS AGREEMENT

A. IN RESPECT OF EC-DEFINED GIs, THE EC MEASURE DOES NOT PROVIDE THE LEGAL MEANS FOR INTERESTED PARTIES TO PREVENT MISLEADING USE OR USE WHICH CONSTITUTES UNFAIR COMPETITION, CONTRARY TO ARTICLE 22.2 OF THE TRIPS AGREEMENT

154. Article 22.2⁵⁸ of the *TRIPS Agreement* requires a WTO Member to provide, "in respect of geographical indications", that is, "as concerns" ⁵⁹ TRIPS-defined GIs, legal channels for interested parties to prevent use which misleads the public as to the geographical origin of a good or use which constitutes an act of unfair competition within the meaning of Paris Article 10*bis*. The obligation is not limited to actions to protect TRIPS-defined GIs, but extends to any situation that concerns TRIPS-defined GIs, including a situation involving the proposed registration of an EC-defined GI that potentially constitutes an act of unfair competition within the meaning of Paris Article 10*bis*.

155. Regulation No. 2081/92 establishes a Community-wide regime for the registration and protection of EC-defined GIs. However, the EC measure does not provide – as concerns those same EC-defined GIs – legal channels for interested parties to prevent on a Community-wide basis any use of those EC-defined GIs which would mislead the public as to the geographical origin of a good or any use which would constitute an act of unfair competition within the meaning of Paris Article 10*bis*. The EC measure is thus inconsistent with TRIPS Article 22.2.

⁵⁸ Article 22.2 of the *TRIPS Agreement* provides as follows:

In respect of geographical indications, Members shall provide the legal means for interested parties to prevent:

- (a) 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;
- (b) any use which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (1967).

⁵⁹ *OED*, Vol. 2, page 2565.

- B. THE EC HAS NOT GIVEN EFFECT TO THE PROVISIONS OF THE TRIPS AGREEMENT AS REQUIRED BY ARTICLE 1.1 OF THAT AGREEMENT

156. As a consequence of the EC measure's inconsistency with Article 22.2 of the *TRIPS Agreement*, the EC has failed to give effect to the provisions of that Agreement as required by TRIPS Article 1.1.

VIII. THE EC MEASURE IS INCONSISTENT WITH ARTICLE III:4 OF GATT 1994 AND ARTICLES 1.1 AND 1.3, 2.1 (INCORPORATING ARTICLE 2 OF THE PARIS CONVENTION (1967)) AND 3.1 OF THE TRIPS AGREEMENT

- A. THE EC MEASURE ACCORDS TO THE PRODUCTS OF ANOTHER WTO MEMBER TREATMENT LESS FAVOURABLE THAN THAT IT ACCORDS TO LIKE PRODUCTS OF NATIONAL ORIGIN, CONTRARY TO ARTICLE III:4 OF GATT 1994

(i) *The relevant requirements of Article III:4 of GATT 1994*⁶⁰

157. In *Korea – Beef*, the Appellate Body said:

For a violation of Article III:4 to be established, three elements must be satisfied: that the imported and domestic products at issue are "like products"; that the measure at issue is a "law, regulation, or requirement affecting their internal sale, offering for sale, purchase, transportation, distribution, or use"; and that the imported products are accorded "less favourable" treatment than that accorded to like domestic products.⁶¹

158. In *EC – Asbestos*, the Appellate Body said:

... [*The approach for analyzing "likeness"*] has ... consisted of employing four general criteria in analyzing "likeness": (i) the properties, nature and quality of the products; (ii) the end-uses of the products; (iii) consumers' tastes and habits – more comprehensively termed consumers' perceptions and behaviour – in respect of the products; and (iv) the tariff classification of the products.^{[...] 62}

159. In *EC – Bananas*, the Appellate Body said:

... The ordinary meaning of the word "affecting" implies a measure that has "an effect on", which indicates a broad scope of application. This interpretation is ... reinforced by the conclusions of previous panels that the term "affecting" in the context of Article III of the GATT is wider in scope than such terms as "regulating" or "governing".^{[...] 63}

160. In *Korea – Beef*, the Appellate Body said: "[w]hether or not imported products are treated 'less favourably' than like domestic products should be assessed ... by examining whether a measure

⁶⁰ Article III:4 of GATT 1994 provides:

The products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use. ...

⁶¹ *Korea – Beef*, paragraph 133.

⁶² *EC – Asbestos*, paragraph 101.

⁶³ *EC – Bananas*, paragraph 220.

modified the *conditions of competition* in the relevant market to the detriment of imported products"⁶⁴ (*emphasis in original*). Further, in *US – FSC (Article 21.5)*, the Appellate Body said: "[t]he examination of whether a measure involves 'less favourable treatment' of imported products within the meaning of Article III:4 of the GATT 1994 must be grounded in close scrutiny of the 'fundamental thrust and effect of the measure itself'."⁶⁵ This examination ... must be founded on a careful analysis of the contested measure and of its implications in the marketplace. At the same time, however, the examination need not be based on the *actual effects* of the contested measure in the marketplace"⁶⁵ (*emphasis in original*).

- (ii) *The EC measure relates to imported and domestically produced "like products" within the meaning of Article III:4 of GATT 1994*

161. As set out in Article 1.1 of Regulation No. 2081/92#3, EC-defined GIs may be registered and protected in respect of any: agricultural products intended for human consumption referred to in Annex I to the Treaty establishing the European Community; foodstuffs referred to in Annex I to the Regulation; and other agricultural products referred to in Annex II of the Regulation. From within these products, only wine products and spirit drinks are excluded from the scope of the Regulation (as GI registration and protection for wine products and spirit drinks is provided for under separate legislation). Further, in accordance with Article 12.1, the Regulation "may apply to an agricultural product or foodstuff from a third country ...".

162. However, the products in respect of which an EC-defined GI may be registered remain subject to the provisions of Article III:4 of GATT 1994. Thus, within the meaning of GATT Article III:4, for example: imported apples and pears would be like products to "Savoie" apples and pears; imported oysters would be like products to "Whitstable" oysters; imported olive oils would be like product to the many olive oils for which an EC-defined GI has been registered; and imported trout would be like product with "Black Forest" trout.⁶⁶

- (iii) *The EC measure is a law affecting the internal sale or offering for sale of imported products which are like products to products of EC origin within the meaning of Article III:4 of GATT 1994*

163. Council Regulation No. 2081/92, including as amended, provides the integrated regulatory framework for the measure at issue in this dispute. Pursuant to Article 249 of the Treaty Establishing the European Community, "[a] regulation shall have general application. It shall be binding in its entirety and directly applicable in all Member States".⁶⁷ Thus, Regulation No. 2081/92 is a law within the meaning of Article III:4 of GATT 1994.

164. Further, the EC measure affects the internal sale and/or offering for sale of imported products which are like products to domestically produced products within the meaning of GATT Article III:4 in at least two ways. Firstly, if an EC-defined GI from another WTO Member is to benefit within the EC domestic market from the Community-wide protection made available by Regulation No. 2081/92 and/or from the esteem purportedly attached to foodstuffs or agricultural products with an identifiable geographical origin⁶⁸, then that EC-defined GI must be registered pursuant to the Regulation. Secondly, imported products being sold or offered for sale within the EC may not bear a registered EC-defined GI – whether from within the EC or from another WTO Member – even where that

⁶⁴ *Korea – Beef*, paragraph 137.

⁶⁵ *US – FSC (Article 21.5)*, paragraph 215.

⁶⁶ See Regulation No. 1107/96 at Exhibit COMP-3.a.

⁶⁷ A consolidated version of the Treaty is available on the Europa website at http://europa.eu.int/eur-lex/en/treaties/dat/EC_consol.pdf (last visited 21 April 2004).

⁶⁸ See, for example the preambular paragraphs to Regulation No. 2081/92#1.

registered EC-defined GI is the common name for a product in the country of origin and/or in the course of trade.

- (iv) *EC-defined GIs for imported products are accorded less favourable treatment than EC-defined GIs for like domestic products, contrary to Article III:4 of GATT 1994*

165. Article 12.1 of Regulation No. 2081/92#3 provides that the Regulation may apply to an agricultural product or foodstuff from another WTO Member if:

- "the [WTO Member] is able to give guarantees identical or equivalent to those referred to in Article 4 [*re product specification*]";
- "the [WTO Member] concerned has inspection arrangements and a right to objection equivalent to those laid down in this Regulation"; and
- "the [WTO Member] concerned is prepared to provide protection equivalent to that available in the Community to corresponding agricultural products for [*sic*] foodstuffs coming from the Community".

166. Article 12.1 of Regulation No. 2081/92#3 sets out a broad requirement for reciprocal protection to the level provided in the EC of any "corresponding" products of EC origin, although the precise meaning of the requirement is not clear to Australia. Australia notes that, in the French version of the Regulation, the reference in the final requirement of Article 12.1 is to "corresponding agricultural products or foodstuffs coming from the Community".⁶⁹ Australia assumes that the English version of the Regulation should read "or" instead of "for", having regard to the overall content and context of the Regulation. At the same time, Australia notes that the French version does not clarify the meaning of "corresponding" in relation to "agricultural products or foodstuffs coming from the Community". It is arguable that "corresponding" has a general effect, requiring reciprocal treatment for a wide range of products.

167. Ultimately, however, it is not necessary to determine the precise meaning of "corresponding" agricultural products or foodstuffs in the context of Article 12.1 of Regulation No. 2081/92#3. Having regard to the ordinary meaning of "corresponding"⁷⁰ and the context of its use, Australia believes it reasonable to assume that use of the expression "corresponding" products in Article 12.1 of the Regulation encompasses at least "like products" in the sense of GATT Article III:4. Thus, for example, an EC-defined GI from Australia for an apple is only able to be registered and protected under the Regulation if Australia is prepared to provide protection equivalent to that provided in the EC for all EC-defined GIs from within the EC for apples.

168. Thus, Article 12.1 of Regulation No. 2081/92#3 imposes on imported products distinct additional requirements to which domestic like products are not subject. Further, these additional requirements significantly modify the conditions of competition for imported products vis-à-vis domestic like products in the EC market. Unless another WTO Member is willing and able:

- to give identical or equivalent guarantees concerning the product specification;

⁶⁹ The final requirement of Article 12.1 of the French version of Regulation No. 2081/92 reads in relevant part:

que le pays tiers concerné soit disposé à accorder une protection équivalente à celle existant dans la Communauté, aux produits agricoles ou aux denrées alimentaires correspondants provenant de la Communauté.

⁷⁰ *OED*, Vol.1, page 517, defines "corresponding" in relevant part as "[t]hat corresponds to something else; analogous, equivalent, proportional".

- to have in place inspection arrangements and a right of objection equivalent to those laid down in the Regulation; and
- to grant protection equivalent protection to that available in the EC to corresponding products from the EC;

EC-defined GIs from that WTO Member are unable to be registered and protected for imported products under Regulation No. 2081/92#3 in the EC market.

169. In *US – Section 211 Appropriations Act*, the Appellate Body cited with approval the statement by the panel in *US – Section 337* that "while the likelihood of having to defend imported products in two fora is small, the existence of the possibility is inherently less favourable than being faced with having to conduct a defence in only one of these fora".⁷¹

170. Regulation No. 2081/92#3, however, imposes the reality – not just the possibility – of equivalence and reciprocity requirements for the registration and protection of EC-defined GIs for imported products additional to those faced by like domestic products bearing an EC-defined GI. Using the words of the Appellate Body's findings in *Korea – Beef*,⁷² Regulation No. 2081/92 categorically "modifie[s] the conditions of competition in the [EC] market to the detriment of imported products".

171. Accordingly, Regulation No. 2081/92#3 accords to the products of other WTO Members bearing an EC-defined GI less favourable treatment than that accorded to like domestic products bearing an EC-defined GI, contrary to GATT Article III:4.

- (v) *An EC-defined GI from another WTO Member may only be registered in the EC in respect of an imported like product if that other WTO Member deems the requirements of Regulation No. 2081/92#3 to be satisfied, thus according less favourable treatment to imported products contrary to Article III:4 of GATT 1994*

172. Article 12a.2 of Regulation No. 2081/92#3 provides: "[i]f [the WTO Member in whose territory the EC-defined GI is located] deems the requirements of this Regulation to be satisfied it shall transmit the registration application to the Commission ...". Article 12.3 provides that "[t]he Commission shall examine, at the request of the [WTO Member] concerned, [in the Committee of EC Member State representatives] whether [the WTO Member] satisfies the equivalence conditions and offers guarantees within the meaning of paragraph 1 as a result of its national legislation". Articles 12.3 and 12a read together establish a requirement that the other WTO Member in which that EC-defined GI is located "pre-approve" each and every application for registration.

173. Through the operation of Articles 12a.2 and 12.3 read together, Regulation No. 2081/92#3 significantly modifies the conditions of competition for imported products vis-à-vis domestic like products in the EC market.⁷³ The Regulation imposes on products imported into the EC a distinct and additional requirement that another WTO Member "deems the requirements of [the Regulation] to be satisfied" before imported products bearing an EC-defined GI can benefit from Community-wide protection for that EC-defined GI under the Regulation. Again, having regard to the Appellate Body's findings in *US – Section 211 Appropriations Act*,⁷⁴ the additional hurdle to the registration of EC-defined GIs from another WTO Member – the requirement that the WTO Member in which the EC-

⁷¹ *US – Section 211 Appropriations Act*, paragraph 263, referring to the panel report in *US – Section 337*, paragraph 5.18-9.

⁷² See paragraph 160 above.

⁷³ *Korea – Beef*, paragraph 137, see paragraph 160 above.

⁷⁴ See paragraph 169 above.

defined GI is located deem that the requirements of Regulation No. 2081/92#3 have been met – is a reality, not just a possibility.

174. Any outward appearance of symmetry of treatment for applications for registration of an EC-defined GI from another WTO Member in fact masks a fundamentally different situation. The EC and its Member States have legally defined rights and obligations in relation to each other and to EC Member State nationals. Few other WTO Member governments have such legally defined relationships affecting the maintenance and enforcement of an intellectual property right expressly recognised as a private right by the *TRIPS Agreement*.

175. Regulation No. 2081/92 thus accords to the products of other WTO Members bearing an EC-defined GI less favourable treatment than that accorded to like domestic products bearing an EC-defined GI, contrary to GATT Article III:4.

(vi) *The EC measure as a whole accords less favourable treatment to imported products bearing an EC-defined GI than to like domestic products bearing an EC-defined GI, contrary to GATT Article III:4*

176. Regulation No. 2081/92#3 provides an integrated regulatory framework for the registration and protection of EC-defined GIs that systemically accords to imported products bearing an EC-defined GI less favourable treatment than that accorded to like domestic products bearing an EC-defined GI.

177. From the outset, the registration of EC-defined GIs for imported products is subject to requirements additional to those that apply to the registration of EC-defined GIs for like domestic products. In addition to satisfying the Regulation's requirements concerning product specifications and inspection structures that apply to domestic like products, before imported products may benefit from registration of an EC-defined GI for a geographic location in another WTO Member, their producers and/or importers are subject to and/or must overcome:

- the EC's inability to state clearly what is required by Article 12 of Regulation No. 2081/92#3;
- the EC's inability to state the decision-making criteria that would govern the assessments required to be made under Article 12 of the Regulation;
- another WTO Member's willingness or ability even to consider offering guarantees identical or equivalent to those referred to in Article 4 of the Regulation;
- whether another WTO Member has in place inspection arrangements equivalent to those required by Article 10 of the Regulation;
- the EC's determination of whether another WTO Member provides a "right to objection" equivalent to that laid down in the Regulation;
- another WTO Member's willingness and/or ability "to provide protection equivalent to that available in the Community to corresponding agricultural products or foodstuffs coming from the Community";
- another WTO Member's willingness and/or ability to consider and/or assess each application to register an EC-defined GI for a geographical location in that WTO Member; and

- finally and particularly, that the outcome of the application is to be determined through a process, that is, the Committee of EC Member State representatives, in which:
 - there is no representative or advocate for the registration of an EC-defined GI for an imported product; and
 - there is no requirement for procedural fairness, due process and/or transparency concerning that Committee's decision-making process.

178. Further, the disadvantage to imported products bearing an EC-defined GI from a geographic location in another WTO Member is cumulative. Each and every one of the additional requirements or barriers must be satisfied before an EC-defined GI for a geographical location in another WTO Member can be registered in respect of an imported product. Moreover, those additional requirements or barriers would normally be considered to constitute governmental functions beyond the ability of an individual producer to satisfy.

179. A careful analysis of the fundamental thrust and effect of the EC measure as a whole and of its implications in the marketplace⁷⁵ shows that the EC measure accords such unfavourable treatment to imported products bearing an EC-defined GI in comparison to like domestic products bearing an EC-defined GI that it is, in effect, not possible to register an EC-defined GI for an imported product under Regulation No. 2081/92 unless that other WTO Member in which the EC-defined GI originates also operates a similar system of registration and protection of EC-defined GIs.

180. Accordingly, the EC measure as a whole is inconsistent with the EC's obligations pursuant to Article III:4 of GATT 1994, as it does not accord to imported products bearing an EC-defined GI treatment no less favourable than that accorded to like domestic products bearing an EC-defined GI.

B. THE EC MEASURE DOES NOT ACCORD NATIONAL TREATMENT IN THE PROTECTION OF INTELLECTUAL PROPERTY, CONTRARY TO ARTICLES 1.1 AND 1.3, 2.1 (INCORPORATING BY REFERENCE ARTICLE 2 OF THE PARIS CONVENTION (1967)) AND 3.1 OF THE TRIPS AGREEMENT

- (i) *The relevant requirements of Articles 1.1 and 1.3, 2.1 and 3.1 of the TRIPS Agreement and Article 2 of the Paris Convention (1967)*

181. Under the relevant provisions of TRIPS Articles 1.1 and 1.3⁷⁶, 2.1⁷⁷ and 3.1⁷⁸ and Paris Article 2⁷⁹:

⁷⁵ See paragraph 160 above.

⁷⁶ Article 1 of the *TRIPS Agreement* provides in relevant part:

1. Members shall give effect to the provisions of this Agreement. ...
2. ...

3. Members shall accord the treatment provided for in this Agreement to the nationals of other Members.^[...] In respect of the relevant intellectual property rights, the nationals of other Members shall be understood as those natural or legal persons that would meet the criteria for eligibility for protection provided for in the Paris Convention (1967) ...

⁷⁷ Article 2.1 of the *TRIPS Agreement* provides in relevant part:

In respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).

⁷⁸ Article 3.1 of the *TRIPS Agreement* provides in relevant part:

- nationals of any WTO Member enjoy in all other WTO Members the advantages granted now or in the future by those other WTO Members to their own nationals. They have the same protection, and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with (Paris Article 2(1) read together with TRIPS Article 2.1⁸⁰);
- no requirement as to domicile or establishment in the country where protection is claimed may be imposed upon nationals of other WTO Members (Paris Article 2(2) read together with TRIPS Article 2.1⁸¹);
- each WTO Member is to accord to the nationals of other WTO Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property, subject only to the exceptions already provided in the Paris Convention (1967). "Protection" includes matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as those matters affecting the use of intellectual property rights specifically addressed in the *TRIPS Agreement* (TRIPS Article 3.1);
- each WTO Member is to accord the treatment provided for in the *TRIPS Agreement* to the nationals of other WTO Members (TRIPS Article 1.3); and
- each WTO Member is to give effect to the provisions of the *TRIPS Agreement* (TRIPS Article 1.1).

182. In *US – Section 211 Appropriations Act*, the Appellate Body said: "... the national treatment obligation [*has*] long been a cornerstone of the Paris Convention" as well as "of the world trading system that is served by the WTO".⁸² The Appellate Body has not otherwise considered the meaning of Paris Article 2. However, one expert commentator has said:

The *advantages* which the nationals of the countries of the Union may claim in any other member country consist in the application, without any discrimination, of the

Each Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection^[Footnote 3] of intellectual property, subject to the exceptions already provided in ... the Paris Convention (1967) ...

Footnote 3: For the purposes of Articles 3 and 4, 'protection' shall include matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as those matters affecting the use of intellectual property rights specifically addressed in this Agreement.

⁷⁹ Article 2 of the *Paris Convention (1967)* provides in relevant part:

1. Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals; all without prejudice to the rights specially provided for by this Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with.

2. However, no requirement as to domicile or establishment in the country where protection is claimed may be imposed upon nationals of countries of the Union for the enjoyment of any industrial property rights.

⁸⁰ See also *US – Section 211 Appropriations Act*, paragraph 238.

⁸¹ *Ibid.*

⁸² *US – Section 211 Appropriations Act*, paragraph 241.

national law as applied to nationals of the country itself. ... [T]his means that no reciprocity of protection can be required by the States party to the Convention. ...⁸³ (*emphasis in original*).

and

For nationals of the countries of the Union, the question where they are domiciled or established is irrelevant. The fact that no establishment in the country where protection is claimed may be required does not however diminish the possibility of an obligation to exploit certain industrial property rights in such country.⁸⁴

183. In *US – Section 211 Appropriations Act*, the Appellate Body went on to say: "[t]he Panel was correct in concluding that, as the language of Article 3.1 of the *TRIPS Agreement*, in particular, is similar to that of Article III:4 of the GATT 1994, the jurisprudence on Article III:4 of the GATT 1994 may be useful in interpreting the national treatment obligation in the *TRIPS Agreement*".⁸⁵ In *Korea – Beef*, the Appellate Body said: "[w]hether or not imported products are treated 'less favourably' than like domestic products should be assessed ... by examining whether a measure modified the *conditions of competition* in the relevant market to the detriment of imported products"⁸⁶ (*emphasis in original*). Further, in *US – FSC (Article 21.5)*, the Appellate Body said: "[t]he examination of whether a measure involves 'less favourable treatment' of imported products within the meaning of Article III:4 of the GATT 1994 must be grounded in close scrutiny of the 'fundamental thrust and effect of the measure itself'.^[...] This examination ... must be founded on a careful analysis of the contested measure and of its implications in the marketplace. At the same time, however, the examination need not be based on the *actual effects* of the contested measure in the marketplace"⁸⁷ (*emphasis in original*).

- (ii) *A right of objection was available to persons resident or established in an EC Member State that was not available to other WTO Member nationals in respect of the registration of more than 120 EC-defined GIs under the normal registration process, contrary to Articles 1.1 and 1.3, 2.1 (incorporating Article 2 of the Paris Convention (1967)) and 3.1 of the TRIPS Agreement*

184. For the normal registration process for an EC-defined GI, Article 7.3 of Regulation No. 2081/92 provides in relevant part: "[a]ny legitimately concerned natural or legal person may object to the proposed registration by sending a duly substantiated statement to the competent authority of the Member State in which he resides or is established" (*emphasis added*).

185. Until Article 12d.1 of Regulation No. 2081/92#3 changed the situation, there was no right of objection to the proposed registration of an EC-defined GI for other WTO Member nationals who were not resident or established in an EC Member State. Indeed, the EC itself conceded this. The tenth recital to Regulation No. 692/2003 states in relevant part: "[t]he right of objection should be granted to WTO member countries' nationals with a legitimate interest on the same terms as laid down in Article 7.4 ..." (*emphasis added*).

186. However, in granting a right of objection to other WTO Member nationals under Regulation No. 2081/92#3, the EC did so only in respect of new, and some then current, applications for registration of an EC-defined GI. For applications for registration of an EC-defined GI for which the six-month notification period required by Article 7.1 of the Regulation expired before

⁸³ *Bodenhausen*, page 29.

⁸⁴ *Bodenhausen*, pages 31-32.

⁸⁵ *US – Section 211 Appropriations Act*, paragraph 242.

⁸⁶ *Korea – Beef*, paragraph 137.

⁸⁷ *US – FSC (Article 21.5)*, paragraph 215.

24 April 2003⁸⁸, nationals of other WTO Members not resident or established in an EC Member State still had no right of objection.

187. Yet, as at 24 April 2003, more than 120 EC-defined GIs⁸⁹ had been registered under the normal registration procedure in respect of which persons residing or established in an EC Member State had had a right of objection that was not available to other WTO Member nationals. Regulation No. 2081/92#3 did not provide any right of objection in respect of, or in any way affect the registration of, those more than 120 EC-defined GIs.

188. Further, in respect of then current applications for registration of an EC-defined GI, Regulation No. 2081/92#3 did not provide any adjustment of the six-month period for lodgement of objections under Article 7.1 of the Regulation. Nationals of other WTO Members who were not resident or established in an EC Member State had less than six months in which to lodge an objection against the proposed registration of an EC-defined GI from an EC Member State, while the full six-month period remained unaffected for EC Member State nationals.

189. Accordingly, the EC measure is inconsistent with the EC's obligations:

- pursuant to Paris Article 2(1) as incorporated by TRIPS Article 2.1. In respect of the registration under the normal registration process of more than 120 EC-defined GIs notified in Regulation No. 2400/96 as amended for which the period for lodging objections expired before 24 April 2003, the EC measure did not allow other WTO Member nationals not resident or established in an EC Member State to enjoy, as regards the protection of industrial property, the advantages that EC law granted to EC nationals. In particular, nationals of other WTO Members did not have the same legal remedy against infringement of their rights as EC nationals, even if the conditions and formalities imposed upon EC nationals were complied with, as the measure did not provide a means by which other WTO Member nationals could seek to protect any industrial property rights they may have held;
- pursuant to Paris Article 2(2), as incorporated by TRIPS Article 2.1. In respect of the registration under the normal registration process of more than 120 EC-defined GIs notified in Regulation No. 2400/96 as amended for which the period for lodging objections expired before 24 April 2003, the EC measure imposed on other WTO Members nationals a requirement as to domicile or establishment in the EC for the enjoyment of an industrial property right;
- pursuant to TRIPS Article 3.1. In respect of the registration under the normal registration process of more than 120 EC-defined GIs notified in Regulation No. 2400/96 as amended for which the period for lodging objections expired before 24 April 2003, the EC measure accorded to other WTO Member nationals not resident or established in an EC Member State treatment less favourable than that accorded to EC nationals with regard to the protection of intellectual property. Unlike EC nationals for whom such a means was made available, the EC measure did not provide a means by which other WTO Member nationals who were not resident or established in an EC Member State could seek to enforce their intellectual property rights;
- pursuant to Paris Article 2(1), as incorporated by TRIPS Article 2.1, and pursuant to TRIPS Article 3.1. In respect of any registrations of EC-defined GIs notified in

⁸⁸ The date Regulation No. 2081/92#3 came into effect.

⁸⁹ These are the registrations published in Regulation No. 2400/96 as amended, Exhibit COMP-4.

Regulation No. 2400/96 as amended where the six-month period for lodgement of objections under Article 7.1 of Regulation No. 2081/92 expired between 24 April and 22 October 2003 inclusive,⁹⁰ Regulation No. 2081/92#3 did not make any transitional provision in regard to the lodgement of objections by other WTO Member nationals not resident or established in an EC Member State in respect of such objection periods. Accordingly, the EC measure did not:

- allow nationals of any WTO Member to enjoy, as regards the protection of industrial property, the advantages that EC law granted to EC nationals as required by Paris Article 2(1); and
- accord to other WTO Member nationals treatment no less favourable than that accorded to EC nationals as required by TRIPS Article 3.1;
- pursuant to TRIPS Article 2.1 to comply with Paris Articles 1 through 12, and 19; and
- pursuant to TRIPS Article 1.3 to accord the treatment provided for in the *TRIPS Agreement* to the nationals of other WTO Members.

As a consequence, the EC has not complied with its obligation pursuant to TRIPS Article 1.1 to give effect to the provisions of the *TRIPS Agreement*.

- (iii) *A right of objection was available to persons resident or established in an EC Member State that was not available to other WTO Member nationals in respect of the registration of more than 480 EC-defined GIs under the simplified registration process, contrary to Articles 1.1 and 1.3, 2.1 (incorporating Article 2 of the Paris Convention (1967)) and 3.1 of the TRIPS Agreement*

190. Article 17.1 of Regulation No. 2081/92#1 and #2 provided a simplified registration process for "names" which were already legally protected or established by usage in Member States. Further, Article 17.2 of the Regulation provided that: "Article 7 shall not apply".⁹¹

191. Notwithstanding the provisions of Article 17.2, the European Court of Justice has found:

"When adopting the basic regulation, the Council and the Commission stated in the minutes of the Council meeting ... that 'where there are agricultural products or foodstuffs already being legally marketed before the making of the regulation which may be the subject of an application for registration, it has been provided for any Member States to object to the registration under the provisions of Article 7 of the regulation'. ..."⁹² (*emphasis added*).

192. However, that right of objection was not provided to other WTO Member nationals not resident or established in an EC Member State.

⁹⁰ See, for example, Official Journal notice 2002/C 291/02 of 26 November 2002, Exhibit AUS-02, concerning the proposed registration of the name "Torta del Casar".

⁹¹ Article 7 of Regulation No. 2081/92 provides a right of objection to the proposed registration of an EC-defined GI to natural or legal persons who reside in or are established in an EC Member State.

⁹² The Feta judgement, Exhibit COMP-11, paragraph 21.

193. Thus, as at 24 April 2003 when Regulation No. 2081/92#3 came into effect and Article 17 was repealed, more than 480 EC-defined GIs⁹³ had been registered under the simplified registration process in respect of which persons who were resident or established in an EC Member State had a right of objection that was not available to other WTO Member nationals. Regulation No. 2081/92#3 did not provide any right of objection to other WTO Member nationals in respect of the registration of those more than 480 EC-defined GIs. Nor did Regulation No. 2081/92#3 in any other way affect the continuing registration of those more than 480 EC-defined GIs and they remain in effect.

194. Accordingly, the EC measure is inconsistent with the EC's obligations:

- pursuant to Paris Article 2(1) as incorporated by TRIPS Article 2.1. In respect of the registration under the simplified registration process of more than 480 EC-defined GIs notified in Regulation No. 1107/96 as amended, the EC measure did not allow other WTO Member nationals not resident or established in an EC Member State to enjoy, as regards the protection of industrial property, the advantages that EC law granted to EC nationals. In particular, such WTO Member nationals did not have the same legal remedy against infringement of their rights as EC nationals, even if the conditions and formalities imposed upon EC nationals were complied with, as the EC measure did not provide a means by which other WTO Member nationals could seek to protect any industrial property rights they may have held;
- pursuant to Paris Article 2(2) as incorporated by TRIPS Article 2.1. In respect of the registration under the simplified registration process of more than 480 EC-defined GIs notified in Regulation No. 1107/96 as amended, the EC measure imposed on nationals of other WTO Members a requirement as to domicile or establishment in the EC for the enjoyment of an industrial property right;
- pursuant to TRIPS Article 3.1. In respect of the continuing registration under the simplified registration process of more than 480 EC-defined GIs notified in Regulation No. 1107/96 as amended, the EC measure accorded to other WTO Member nationals not resident or established in an EC Member State treatment less favourable than that it accorded to EC nationals with regard to the protection of intellectual property. Unlike EC nationals for whom such a means was made available, the EC measure did not provide a means by which other WTO Member nationals who were not resident or established in an EC Member State could seek to enforce their intellectual property rights;
- pursuant to TRIPS Article 2.1 to comply with Paris Articles 1 through 12, and 19; and
- pursuant to TRIPS Article 1.3 to accord the treatment provided for in the *TRIPS Agreement* to the nationals of other WTO Members.

As a consequence, the EC has not complied with its obligation pursuant to TRIPS Article 1.1 to give effect to the provisions of the *TRIPS Agreement*.

⁹³ These are the registrations published in Regulation No. 1107/96 as amended, Exhibit COMP-3. Note that the registrations of an additional 31 EC-defined GIs for natural mineral waters and spring waters remain in effect until 31 December 2013 pursuant to Article 2 of Regulation No. 692/2003.

- (iv) *The EC measure as a whole does not accord national treatment to non-EC nationals, contrary to Articles 1.1 and 1.3, 2.1 (incorporating Article 2 of the Paris Convention (1967)) and 3.1 of the TRIPS Agreement*

195. In *US – FSC (Article 21.5)*, the Appellate Body found that "[t]he examination of whether a measure involves 'less favourable treatment' of imported products within the meaning of Article III:4 of the GATT 1994 must be grounded in close scrutiny of the 'fundamental thrust and effect of the measure itself'" and that "[t]his examination ... must be founded on a careful analysis of the contested measure and of its implications in the marketplace".⁹⁴

196. Regulation No. 2081/92 provides an integrated regulatory framework for the registration and protection of EC-defined GIs that systematically accords to non-EC nationals less favourable treatment than that accorded to EC nationals in regard to the registration of an EC-defined GI from another WTO Member.

197. EC producers perceive clear competitive advantages attached to registration, and thus protection, of an EC-defined GI under Regulation No. 2081/92, evidenced by the more than 600 EC-defined GIs already registered, the ongoing processing of further applications⁹⁵ and by EC Member State support for the EC measure. Perceived advantages include protection against a registered name becoming generic, broad ranging protection including even against evocation of a registered EC-defined GI, as well as *ex officio* Community wide protection⁹⁶.

198. However, non-EC nationals seeking to register, and thus protect, an EC-defined GI in respect of a geographical location in the territory of another WTO Member pursuant to Regulation No. 2081/92 are not able to apply directly to the EC (whether to the Commission or another Community level body) to register an EC-defined GI. That is the case even if non-EC nationals can demonstrate full compliance with the requirements of Article 4 of the Regulation (the product specification), for example, through evidence of registration in another WTO Member as a certification trademark.

199. Unless the WTO Member government in whose territory the geographical location at issue is situated is able and willing to meet the equivalence and reciprocity conditions set out by Article 12.1 of Regulation No. 2081/92, non-EC nationals are not able to access the rights available to EC nationals.

200. Regulation No. 2081/92 also systematically accords to non-EC nationals less favourable treatment than that accorded to EC nationals relating to the enforcement of trademark rights. Further, the less favourable treatment applies in respect of both current and future registrations of EC-defined GIs.

201. The registrations of approximately 600 EC-defined GIs made before Regulation No. 2081/92#3 came into effect on 24 April 2003 and provided a right of objection to the proposed registration of an EC-defined GI to other WTO Member nationals not resident or established in the EC remain in effect. Yet to this day, the EC has not provided a means for nationals of other WTO Members not resident or established in an EC Member State to seek to exercise, or enforce, an intellectual property right potentially affected by those registrations. The pervasive less favourable treatment accorded to non-EC nationals not resident or established in an EC Member State is not excused by the fact that a few non-EC nationals resident or established in an EC Member State might have been able to seek to exercise, or enforce, any intellectual property rights they may have held in

⁹⁴ See paragraph 160 above.

⁹⁵ See, for example, Official Journal notice 2004/C 93/11 of 17 April 2004 concerning an application for registration of the name "Zafferano di San Gimignano".

⁹⁶ See, for example, WTO document IP/Q2/EEC/1 of 1 October 1997, Section II "Replies to Questions from New Zealand", part B of the EC's response to question 4.

relation to those proposed registrations. The national treatment obligation extends to all nationals of other WTO Members, not just those resident or established in an EC Member State.

202. That less favourable treatment to non-EC nationals is ongoing.

203. A non-EC national not resident or established in an EC Member State must lodge an objection to the proposed registration of an EC-defined GI through the government of the WTO Member in which it resides or is established. That requirement applies regardless of whether the EC-defined GI concerns a geographic location within an EC Member State or another WTO Member. Even if a non-EC national trademark right holder is able to have its objection considered by the Committee of EC Member States,⁹⁷ it faces the additional hurdle of not having a national representative on the Committee to speak for its interests.

204. Australia further understands Article 12d.1 of Regulation No. 2081/92#3 to impose the condition of recognition under Article 12.3 of the Regulation with regard to the equivalence and reciprocity requirements set out in Article 12.1 of the Regulation for the exercise of a right of objection by another WTO Member national. For the same reasons as set out in relation to Australia's claim under GATT Article III:4 above,⁹⁸ such requirements are distinct additional requirements to which EC nationals are not subject.

205. Moreover, notwithstanding any outward appearance of symmetry of treatment, the EC measure accords non-EC nationals less favourable treatment than that accorded to EC nationals in respect of the registration of an EC-defined GI from another WTO Member and in respect of the enforcement of trademark rights concerning the proposed registration of an EC-defined GI. The fact that the EC and its Member States have legally defined rights and obligations in relation to each other and to EC Member State nationals makes the registration and objection processes for EC nationals fundamentally different to those for non-EC nationals. Few other WTO Member governments have such legally defined relationships affecting the maintenance and enforcement of an intellectual property right, a right expressly recognised as a private right by the *TRIPS Agreement*.

206. Close scrutiny of the fundamental thrust and effect of the EC measure based on a careful analysis of the measure and of its implications in the marketplace, as suggested by the Appellate Body,⁹⁹ demonstrates that the EC measure as a whole fails to provide to non-EC nationals the equality of opportunity with regard to the protection of intellectual property that underpins the national treatment principle of the *TRIPS Agreement* and the Paris Convention (1967). Accordingly, Australia submits that the EC measure as a whole is inconsistent with the EC's obligations:

- pursuant to Paris Article 2(1) as incorporated by TRIPS Article 2.1, as it does not allow nationals of any other WTO Member to enjoy, as regards the protection of industrial property, the advantages or benefits that EC law grants to EC nationals;
- pursuant to Paris Article 2(2) as incorporated by TRIPS Article 2.1, as it sets out a requirement as to domicile or establishment for the enjoyment of an industrial property right;
- pursuant to TRIPS Article 3.1, as it does not accord to nationals of other WTO Members treatment no less favourable than that it accords to EC nationals with regard to the protection of intellectual property;

⁹⁷ See paragraph 99 above.

⁹⁸ See paragraph 168 above.

⁹⁹ See paragraph 160 above.

- pursuant to TRIPS Article 2.1 to comply with Paris Articles 1 through 12, and 19; and
- pursuant to TRIPS Article 1.3 to accord the treatment provided for in the *TRIPS Agreement* to the nationals of other WTO Members.

As a consequence, the EC has not given effect to the provisions of the *TRIPS Agreement*, contrary to TRIPS Article 1.1.

IX. ARTICLE 65.1 OF THE TRIPS AGREEMENT DOES NOT EXCUSE INCONSISTENCIES WITH THE EC'S OBLIGATIONS UNDER THAT AGREEMENT

207. Under Article 65.1¹⁰⁰ of the *TRIPS Agreement*, WTO Members were not required to apply the provisions of the *TRIPS Agreement* until 1 January 1996, that is, after a general period of one year following the date of entry into force of the *WTO Agreement* (which occurred on 1 January 1995). The EC does not qualify for an additional transitional period as it is not a developing country (TRIPS Articles 65.2 and 65.4) or an economy in transition (TRIPS Article 65.3). Nor is it a least developed country to which TRIPS Article 66.1 might apply. The EC was thus required to apply the provisions of the *TRIPS Agreement* not later than 1 January 1996.

208. The actions by the EC alleged in this submission constitute contraventions of the EC's obligations under the *TRIPS Agreement* after 1 January 1996. Accordingly, the transitional period provided for in TRIPS Article 65.1 does not operate to excuse the inconsistencies of the EC measure with the EC's obligations under TRIPS Articles 1.3, 2.1 (incorporating Paris Articles 2(1) and 2(2), 10bis(1) and 10ter(1)), 3.1, 16.1, 20, 22.2, 24.5, 41.1, 41.2, 41.3 and 42.

X. THE EC MEASURE IS INCONSISTENT WITH ARTICLE 2.1 AND 2.2 OF THE TBT AGREEMENT

A. THE EC MEASURE IS IN PART A TECHNICAL REGULATION WITHIN THE MEANING OF ANNEX 1 TO THE TBT AGREEMENT

(i) Definition of a "technical regulation"

209. TBT Annex 1.1 defines a "technical regulation" for the purposes of the *TBT Agreement* as a:

[d]ocument which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

210. In *EC – Sardines*, the Appellate Body recapped the three criteria that a document must meet to fall within the definition of a "technical regulation":

... *First*, the document must apply to an identifiable product or group of products. The *identifiable* product or group of products need not, however, be expressly

¹⁰⁰ Article 65.1 of the *TRIPS Agreement* reads as follows:

Subject to the provisions of paragraphs 2, 3 and 4, no Member shall be obliged to apply the provisions of this Agreement before the expiry of a general period of one year following the date of entry into force of the *WTO Agreement*.

identified in the document. *Second*, the document must lay down one or more characteristics of the product. These product characteristics may be intrinsic, or they may be related to the product. They may be prescribed or imposed in either a positive or a negative form. *Third*, compliance with the product characteristics must be mandatory. ...¹⁰¹ (*emphases in original*)

(ii) *The EC measure applies to an identifiable product or group of products*

211. In *EC – Asbestos*, the Appellate Body found: "[a]lthough the *TBT Agreement* clearly applies to 'products' generally, nothing in the text of that Agreement suggested that those products need be named or otherwise *expressly* identified in a 'technical regulation'"¹⁰² (*emphasis in original*). In *EC – Sardines*, the Appellate Body elaborated: "the requirement that a 'technical regulation' be applicable to *identifiable* products relates to aspects of compliance and enforcement, because it would be impossible to comply with or enforce a 'technical regulation' without knowing to what the regulation applied"¹⁰³ (*emphasis in original*).

212. The formal title of Regulation No. 2081/92 is "Council Regulation (EEC) No. 2081/92 on the protection of [EC-defined GIs] for agricultural products and foodstuffs". The preamble to Regulation No. 2081/92#1 states in relevant part that "the scope of this Regulation is limited to certain agricultural products and foodstuffs for which a link between product or foodstuff characteristics and geographical origin exist", while noting that the scope could be enlarged to encompass other products or foodstuffs. Further, Article 1.1 of the Regulation provides that the Regulation "lays down rules on the protection of [EC-defined GIs] of [agricultural products and foodstuffs]".

213. The EC measure applies to an identifiable group of products: it applies to agricultural products and foodstuffs in respect of which an EC-defined GI is registered and being protected, or in respect of which registration and protection of an EC-defined GI is being sought, pursuant to Regulation No. 2081/92.

(iii) *The EC measure lays down product characteristics or their related process and production methods, including the applicable administrative provisions*

214. In *EC – Asbestos*, the Appellate Body found that:

... the "characteristics" of a product include ... any objectively definable "features", "qualities", "attributes", or other "distinguishing mark" of a product. Such "characteristics" might relate ... to a product's composition, size, shape, colour, texture, hardness, tensile strength, flammability, conductivity, density or viscosity. In the definition of a "technical regulation" in Annex 1.1, the *TBT Agreement* itself gives certain examples of "product characteristics" – "terminology, symbols, packaging, marking or labelling requirements". ...¹⁰⁴

215. The Appellate Body held that these examples indicate that "product characteristics" include not only features and qualities intrinsic to the product itself but also related "characteristics", such as the means of identification, the presentation and the appearance of a product. Finally, it noted that the language used in the TBT Annex 1.1 definition indicates that a "technical regulation" may be limited to only one or a few product characteristics.¹⁰⁵

¹⁰¹ *EC – Sardines*, paragraph 176.

¹⁰² *EC – Asbestos*, paragraph 70.

¹⁰³ *EC – Sardines*, paragraph 185.

¹⁰⁴ *EC – Asbestos*, paragraph 67.

¹⁰⁵ *EC – Asbestos*, paragraph 67.

216. In addition to laying down product characteristics, the definition of a technical regulation in TBT Annex 1.1 includes a document which lays down "related processes and production methods, including the applicable administrative provisions". Therefore, a document which does not stipulate mandatory "product characteristics" *per se* but lays down mandatory related processes and/or production methods or their applicable administrative provisions may be a "technical regulation" for the purposes of the *TBT Agreement*.

217. The meaning of "related processes and production methods, including the applicable administrative provisions" has not been considered by a WTO Panel or the Appellate Body. However, having regard to the ordinary meaning of the words in their context and in light of the object and purpose of the *TBT Agreement*, Australia submits that:

- a "process" may generally be considered as a regular sequence of actions directed at a specified purpose;¹⁰⁶
- a "production method" may generally be considered as the way in which something is produced;¹⁰⁷ and
- "related" processes and production methods may generally be considered as processes and production methods which are connected to the product characteristics.

218. Accordingly, a technical regulation within the meaning of the *TBT Agreement* includes a document which may generally be considered to set out a regular sequence of actions directed at a specified purpose or the way in which something is produced and which is connected to one or more product characteristics.

219. The EC measure lays down product characteristics or their related processes within the meaning of the TBT Annex 1.1 definition in two ways.

220. Firstly, Article 12.2¹⁰⁸ of Regulation No. 2081/92 sets out a specific labelling requirement. It provides that use of EC-defined GIs from other WTO Members will only be authorised "if the country of origin of the product is clearly and visibly indicated on the label". To that extent, the EC measure is a document which "include[s] ... labelling requirements as they apply to a product" within the meaning of a technical regulation as defined in TBT Annex 1.1.

¹⁰⁶ *OED*, Vol.2, page 2364, defines "process" in relevant part as: "[a] thing that goes on or is carried on; a continuous series of actions, events, or changes; a course of action, a procedure; *esp.* a continuous and regular action or succession of actions occurring or performed in a definite manner; a systematic series of actions or operations directed to some end, as in manufacturing, printing, photography, etc".

¹⁰⁷ *OED* defines:

"production" in relevant part as: "1. Something which is produced by an action, process, etc, a product. ... 2. The action or an act of producing, making or causing something; the fact or condition of being produced. The process of being manufactured commercially, *esp.* in large quantities; the rate of this" (Vol.2, page 2367); and

"method" in relevant part as: "Procedure for attaining an object. ... 2. A mode of procedure; a (defined or systematic) way of doing a thing, ..." (Vol.1, page 1759).

¹⁰⁸ Article 12.2 of Regulation No. 2081/92 provides as follows:

If a protected name of a third country is identical to a Community protected name, registration shall be granted with due regard for local and traditional usage and the practical risks of confusion.

Use of such names shall be authorized only if the country of origin of the product is clearly and visibly indicated on the label.

221. Secondly, Articles 4, in particular Article 4.2(g), and 10 of Regulation No. 2081/92 read together require that EC Member States have in place inspection structures to ensure that agricultural products and foodstuffs bearing a protected name meet the requirements laid down in the product specification. Checking compliance with the criteria set out in product specifications is a regular sequence of actions directed at a specified purpose, that is, to determine whether a product complies with its product specification.¹⁰⁹ Further, by definition, the product specification requirements set out in Article 4.2 of the Regulation include product characteristics, in particular in sub-paragraphs (b) and (e). To the extent that Articles 4 and 10 of the Regulation read together set out a process related to product characteristics for agricultural products and foodstuffs, the EC measure is a technical regulation as defined in TBT Annex 1.1. Further, Article 12.1 of the Regulation extends the application of Articles 4 and 10 of the Regulation to agricultural products and foodstuffs from other WTO Members as one of the conditions for the application of the Regulation to agricultural products and foodstuffs from other WTO Members.¹¹⁰

- (iv) *The EC measure mandates compliance with product characteristics or their related process and production methods, including the applicable administrative provisions*

222. In *EC – Asbestos*, the Appellate Body noted that the definition of a technical regulation in TBT Annex 1.1 states that compliance with the product characteristics laid down in the document is mandatory: "[w]ith respect to products, a 'technical regulation' has the effect of *prescribing* or *imposing* one or more 'characteristics' – 'features', 'qualities', 'attributes' or other 'distinguishing mark' " (*emphases in original*).¹¹¹ The Appellate Body also found in *EC – Asbestos* that a measure should be examined as an "integrated whole", rather than being separated out into constituent elements, e.g. a prohibition and an exception.¹¹²

223. In Article 12.2 of Regulation No. 2081/92, the term "shall" shows that this condition meets the requirement in TBT Annex 1.1 of mandatory compliance: use of an EC-defined GI on an agricultural product or foodstuff from another WTO Member can be authorised only if the labelling requirement set out in Article 12.2 of the Regulation is met.

224. Similarly, the requirement to have in place inspection structures pursuant to Articles 4, 10 and 12.1 of the Regulation is mandatory. Unless these requirements are met, agricultural products or foodstuffs from another WTO Member are not able to be registered – and therefore protected – under the Regulation.

¹⁰⁹ See paragraph 28 above.

¹¹⁰ In *EC – Asbestos* (paragraph 64), the Appellate Body said, in determining whether a measure is a technical regulation, "... the proper legal character of the measure at issue cannot be determined unless the measure is examined as a whole". Thus, specific provisions of Regulation No. 2081/92 that extend other provisions to apply to products from other WTO Members bearing protected names need to be examined as an integrated whole with those provisions.

¹¹¹ *EC – Asbestos*, paragraph 68. The Appellate Body reaffirmed this finding in *EC – Sardines*, at paragraph 176.

¹¹² *EC – Asbestos*, paragraph 64. The Appellate Body reaffirmed this finding in *EC – Sardines*, at paragraphs 192-193.

B. THE EC MEASURE ACCORDS TO PRODUCTS IMPORTED FROM THE TERRITORY OF ANY WTO MEMBER TREATMENT LESS FAVOURABLE THAN THAT ACCORDED TO LIKE PRODUCTS OF NATIONAL ORIGIN, CONTRARY TO ARTICLE 2.1 OF THE TBT AGREEMENT

(i) *The relevant requirements of the TBT Agreement*

225. TBT Article 2.1¹¹³ requires in relevant part that, in their technical regulations, central government bodies of WTO Members provide to imported products treatment no less favourable than that accorded to like domestic products.

226. The concepts of "like product" and "treatment no less favourable" have been examined in many disputes under the GATT and the WTO in the context of obligations under the GATT 1947 and the GATT 1994. In *US – Section 211 Appropriations Act*, the Appellate Body said: "[t]he Panel was correct in concluding that, as the language of Article 3.1 of the *TRIPS Agreement*, in particular, is similar to that of Article III:4 of the GATT 1994, the jurisprudence on Article III:4 of the GATT 1994 may be useful in interpreting the national treatment obligation in the *TRIPS Agreement*".¹¹⁴ The current situation is analogous to that examined by the Appellate Body in *US – Section 211 Appropriations Act*. Moreover, the *TBT Agreement* was negotiated to further the objectives of GATT 1994.¹¹⁵ In addition, the TBT national treatment obligation in Article 2.1 follows closely GATT Articles III, reproducing the requirement of "treatment no less favourable than that accorded to like products". In Australia's view therefore, the previous consideration of GATT Article III:4 can properly be looked to for clarification of the national treatment obligation in TBT Article 2.1.

227. In *EC – Asbestos* the Appellate Body made the following statement about the term "like products" with regard to a GATT Article III:4 claim:

As products that are in a competitive relationship in the marketplace could be affected through treatment of *imports* "less favourable" than the treatment accorded to *domestic* products, it follows that the word "like" in Article III:4 is to be interpreted to apply to products that are in such a competitive relationship. Thus, a determination of "likeness" under Article III:4 is, fundamentally, a determination about the nature and extent of a competitive relationship between and among products. ...¹¹⁶
(*emphases in original*)

228. In *EC – Asbestos*, the Appellate Body also found that the conditions of the marketplace and the effect of measures on the competitive relationship between imported products and products of national origin is key to the "broad and fundamental purpose" of GATT Article III to avoid protectionist internal measures.¹¹⁷ The Appellate Body said:

¹¹³ Article 2.1 of the *TBT Agreement* provides that, with respect to their central government bodies:

Members shall ensure that in respect of technical regulations, products imported from the territory of any Member shall be accorded treatment no less favourable than that accorded to like products of national origin ...

¹¹⁴ *US – Section 211 Appropriations Act*, paragraphs 242.

¹¹⁵ See second preambular paragraph to the *TBT Agreement*.

¹¹⁶ *EC – Asbestos*, paragraph 99. The Appellate Body used the four criteria approach to determining likeness that has its origins in the Report of the Working Party on *Border Tax Adjustments* and has been followed since by panels and the Appellate Body in disputes including *Japan – Alcoholic Beverages* and *US – Gasoline*. These, which it stressed provide a "framework" for a case-by-case analysis of "likeness", are: (i) the properties, nature and quality of the products; (ii) the end-uses of the products; (iii) consumers' tastes and habits; and (iv) the tariff classification of the products (paragraphs 100-102).

¹¹⁷ *EC – Asbestos*, paragraphs 96-98.

The term "less favourable treatment" expresses the general principle, in Article III:1, that internal regulations "should not be applied ... so as to afford protection to domestic production". If there is "less favourable treatment" of the group of "like" imported products, there is, conversely, "protection" of the group of "like" domestic products. ...¹¹⁸

229. In *Korea – Beef*, the Appellate Body found: "[w]hether or not imported products are treated 'less favourably' than like domestic products should be assessed ... by examining whether a measure modified the *conditions of competition* in the relevant market to the detriment of imported products".¹¹⁹ In *US – FSC (Article 21.5)*, the Appellate Body found: "[t]he examination of whether a measure involves 'less favourable treatment' of imported products within the meaning of Article III:4 of the GATT 1994 must be grounded in close scrutiny of the 'fundamental thrust and effect of the measure itself' [...] This examination ... must be founded on a careful analysis of the contested measure and of its implications in the marketplace. At the same time, however, the examination need not be based on the *actual effects* of the contested measure in the marketplace".¹²⁰ (*emphases in originals*)

(ii) *The EC measure concerns both imported and domestically produced "like products" within the meaning of Article 2.1 of the TBT Agreement*

230. In the circumstances of the present dispute, it is sufficient for the Panel to consider the issues in the context of a general presumption of likeness.¹²¹ As a type of TRIPS-defined GI, an EC-defined GI is an intellectual property right and does not affect the analysis of likeness of the underlying products. Thus, for example: imported apples and pears would be like products to "Savoie" apples and pears; imported oysters would be like products to "Whitstable" oysters; imported olive oils would be like products to the many olive oils for which an EC-defined GI has been registered; and imported trout would be like product with "Black Forest" trout.¹²²

231. In addition, where the geographical area is a region which encompasses territory in both an EC Member State and another WTO Member, agricultural products or foodstuffs produced in that geographic area could be exactly the same irrespective of the traversing border. Under Regulation No. 2081/92, it is the geographical area which by definition gives rise to the characteristics attributable to the product protected by the EC-defined GI. Logically, products produced within that geographical area – irrespective of the territory of which WTO Member in which they are produced – must also by definition be able to be like products.

232. Finally, Australia notes the overall context in which the labelling requirement established by Article 12.2 of Regulation No. 2081/92 occurs, which includes to "ensure fair competition between the producers of products bearing such [*EC-defined GIs*]."¹²³ To that end, the Regulation offers protection to registered EC-defined GIs against misuse and unfair competition, including misleading indication, evocation, unauthorised commercial use exploiting the reputation of the protected name

¹¹⁸ *EC – Asbestos*, paragraph 100.

¹¹⁹ *Korea – Beef*, paragraph 137.

¹²⁰ *US – FSC (Article 21.5)*, paragraph 215.

¹²¹ Australia notes that, in the circumstances of this dispute, it is not necessary for the Panel to consider whether products which are like within the meaning of GATT Article III:4 will always be like within the meaning of TBT Article 2.1.

¹²² Australia notes that the question of the extent to which cheeses are like products has not previously been the subject of a ruling by a GATT or WTO dispute settlement panel. Australia considers that there would be few, if any, imported cheeses which are not like products to EC domestic cheeses within the meaning of TBT Article 2.1, but does not consider it necessary for the Panel to make a finding on this precise issue to resolve the claims made in this dispute.

¹²³ Regulation No. 2081/92, preambular paragraphs.

"or any other practice likely to mislead the public as to the true origin of the product".¹²⁴ The notion of imitating a product in a way that would lead to unfair competition between that product and its legitimate counterpart would normally involve a high degree of similarity or "likeness".

233. Thus, the EC measure concerns both imported and domestically produced like products within the meaning of TBT Article 2.1.

(iii) *The EC measure provides "less favourable" treatment to like imported and domestically produced products within the meaning of Article 2.1 of the TBT Agreement*

234. Under Article 12.2 of Regulation No. 2081/92, use of a "protected name of a third country" "shall be authorized only if the country of origin of the product is clearly and visibly indicated on the label". The precise meaning of this provision is unclear.

235. Firstly, it is unclear whether the expression "such names" in the second sub-paragraph of Article 12.2 refers to an EC-defined GI relating to a geographical location in the territory of another WTO Member that is identical to a Community protected name or to *all* products from other WTO Members bearing an EC-defined GI. Australia understands this provision to mean that use within the EC on an imported product of an EC-defined GI relating to a geographical location in another WTO Member that is protected by that WTO Member and which is identical to an EC-defined GI that is already being protected within the EC may be authorised "only if the country of origin of the [imported] product is clearly and visibly indicated on the label". Where, however, the EC-defined GI that is already being protected is for a like product from within the EC, the EC product is not required to show the country of origin.

236. Secondly, the phrase "protected name of a third country" is ambiguous. Given the context of Article 12 of Regulation No. 2081/92 as a whole, however, Australia assumes that the phrase means an EC-defined GI relating to a geographical location in the territory of another WTO Member that is protected by that WTO Member.¹²⁵

237. Irrespective of the precise meaning of a "protected name of a third country", however, Article 12.2 of Regulation No. 2081/92 imposes on an agricultural product or foodstuff from another WTO Member different treatment to that applicable to a domestically produced like product. For a "protected name of a third country" that is identical to a "Community protected name" to be used in the EC market, the country of origin of the imported good bearing the "protected name" must be clearly and visibly indicated on the label of that imported good, notwithstanding that there is no requirement for the corresponding domestically produced like product to clearly and visibly indicate a country of origin on its label.

238. Australia notes that differential treatment alone is not necessarily conclusive of less favourable treatment.¹²⁶

239. In the broad range of circumstances potentially encompassed by Article 12.2 of Regulation No. 2081/92, however, there are likely to be situations where this labelling requirement modifies the conditions of competition between imported products and the like domestically produced products to the detriment of the imported products. For example, producers of a fresh fruit product such as an apple from another WTO Member could be required to incur extra expense to produce and attach a

¹²⁴ See paragraph 24 above.

¹²⁵ Australia notes two other possible meanings are: a "name" that is protected in another WTO Member as another form of intellectual property right; and the actual name of a WTO Member, for example, "Australia".

¹²⁶ *Korea – Beef*, paragraph 135.

second label to that piece of fruit to comply with the Regulation. Thus, a prescriptive requirement that applies without exception to imported products but not to domestically produced like products will in some circumstances result in less favourable treatment being accorded to an imported product, contrary to TBT Article 2.1.

240. Even if Article 12.2 of the Regulation applies to all imported products bearing an EC-defined GI rather than only to those bearing an EC-defined GI that is identical to an EC-defined GI already being protected within the EC, it will still be inconsistent with TBT Article 2.1 for the reasons set out in the preceding paragraphs.

241. Accordingly, the EC measure accords less favourable treatment to imported products than to domestically produced like products, contrary to TBT Article 2.1.

C. THE EC MEASURE HAS BEEN PREPARED, ADOPTED AND/OR APPLIED WITH THE EFFECT OF CREATING UNNECESSARY OBSTACLES TO INTERNATIONAL TRADE, BEING MORE TRADE-RESTRICTIVE THAN NECESSARY TO FULFIL A LEGITIMATE OBJECTIVE, TAKING ACCOUNT OF THE RISKS NON-FULFILMENT WOULD CREATE, CONTRARY TO ARTICLE 2.2 OF THE TBT AGREEMENT

(i) *The relevant requirements of the TBT Agreement*

242. TBT Article 2.2¹²⁷ requires that, in respect of technical regulations, central government bodies of WTO Members ensure that those technical regulations are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade. To that end, technical regulations must not be more trade restrictive than necessary to fulfil a legitimate objective, taking account of the risks non-fulfilment would create.

243. Having regard to the text of TBT Article 2.2, Australia submits that for a technical regulation to be consistent with the provision, it must:

- pursue a "legitimate objective";
- achieve – or be capable of achieving – that objective; and
- not be more trade restrictive than necessary to achieve that objective, taking account of the risks non-fulfilment would create.

A failure to comply with one or more of these elements would render a technical regulation inconsistent with TBT Article 2.2.

244. Read in the context of the object and purpose of the *TBT Agreement*, including as set out in the preamble to that Agreement,¹²⁸ the concepts and the tests set out in TBT Article 2.2 share

¹²⁷ Article 2.2 of the *TBT Agreement* provides that, with respect to their central government bodies:

Members shall ensure that technical regulations are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade. For this purpose, technical regulations shall not be more trade-restrictive than necessary to fulfil a legitimate objective, taking account of the risks non-fulfilment would create. Such legitimate objectives are, *inter alia*: ... the prevention of deceptive practices ... In assessing such risks, relevant elements of consideration are, *inter alia*: available scientific and technical information, related processing technology or intended end-uses of products.

¹²⁸ The second preambular paragraph of the *TBT Agreement* states:

Desiring to further the objectives of GATT 1994

characteristics with those applicable to the general exceptions of GATT Article XX, and in particular GATT Article XX(d)¹²⁹. Such similarity is logical given that the *TBT Agreement* was expressly intended to further GATT objectives. WTO jurisprudence on GATT Article XX is therefore relevant and may thus provide a useful guide to the clarification of TBT Article 2.2.

245. In *EC – Asbestos*¹³⁰ and *Korea – Beef*¹³¹, the Appellate Body addressed the "necessity test" in the context of GATT Article XX(b) and (d) respectively and cited with approval the standard set forth by the Panel in *United States – Section 337*:

... [A] contracting party cannot justify a measure inconsistent with another GATT provision as "necessary" in terms of Article XX(d) if an alternative measure which it could reasonably be expected to employ and which is not inconsistent with other GATT provisions is available to it.¹³²

246. In *EC – Asbestos*, the Appellate Body recapped and summarised its findings in *Korea – Beef* in relation to GATT Article XX(d) thus:

... [O]ne aspect of the "weighing and balancing process ... comprehended in the determination of whether a WTO-consistent alternative measure" is reasonably available is the extent to which the alternative measure "contributes to the realization of the end pursued".^[...] In addition, we observed in that case, that "[t]he more vital or important [the] common interests or values" pursued, the easier it would be to accept as "necessary" measures designed to achieve those ends.^[...] In this case, the objective pursued by the measure is the preservation of human life and health through the elimination, or reduction, of the well-known, and life-threatening, health risks posed by asbestos fibres. The value pursued is both vital and important in the highest degree. The remaining question, then, is whether there is an alternative measure that would achieve the same end and that is less restrictive of trade than a prohibition.¹³³

The sixth preambular paragraph of the *TBT Agreement* states:

Recognizing that no country should be prevented from taking measures necessary to ensure the quality of its exports, or for the protection of human, animal or plant life or health, of the environment, or for the prevention of deceptive practices, at the levels it considers appropriate, subject to the requirement that they are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail or a disguised restriction on international trade, and are otherwise in accordance with the provisions of this Agreement.

¹²⁹ Article XX(d) of GATT 1994, headed "General Exceptions", provides as follows:

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures: ... necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement, including those relating to customs enforcement, ... the protection of patents, trade marks and copyrights, and the prevention of deceptive practices; ...

¹³⁰ *EC – Asbestos*, paragraph 171.

¹³¹ *Korea – Beef*, paragraphs 165-166.

¹³² *United States – Section 337*, paragraph 5.26.

¹³³ *EC – Asbestos*, paragraph 172.

- (ii) *The EC measure pursues a legitimate objective within the meaning of Article 2.2 of the TBT Agreement*

247. Australia understands that the purpose being pursued by the EC measure is the implementation of matters concerning the availability, acquisition, scope, maintenance, use and/or enforcement of an intellectual property right expressly provided for by the *TRIPS Agreement* within the territory of the EC, and the prevention of associated deceptive practices. Australia does not contest that such purposes could constitute "legitimate objectives" within the meaning of TBT Article 2.2.

- (iii) *The EC measure fulfils, or is capable of fulfilling, its legitimate objective within the meaning of Article 2.2 of the TBT Agreement*

248. Australia does not contest that the EC measure generally fulfils, or is capable of generally fulfilling, the legitimate objectives seemingly being pursued by the measure in respect of agricultural products and foodstuffs bearing an EC-defined GI.

- (iv) *The EC measure is more trade restrictive than necessary to fulfil its legitimate objective, taking account of the risks non-fulfilment would create, contrary to Article 2.2 of the TBT Agreement*

249. As described previously,¹³⁴ Articles 4, 10 and 12.1 of Regulation No. 2081/92 read together require that another WTO Member have in place "inspection arrangements equivalent to those laid down in" the Regulation. Article 10.1 provides that "the function of [*the inspection structures*] shall be to ensure that agricultural products and foodstuffs bearing a protected name meet the requirements laid down in the [*product specification*]" and sets out the detailed requirements for the inspection structures. The precise meaning of "inspection arrangements" in Article 12.1 is not immediately clear given use of the expression "inspection structures" in Articles 4.2(g) and 10. However, Article 12a.2(b) expressly requires from another WTO Member "a declaration that the structures provided for in Article 10 are established in its territory" (*emphasis added*).

250. Accordingly, Australia understands that the requirement of Article 12.1 of Regulation No. 2081/92 for another WTO Member to have in place "inspection arrangements" is in fact a requirement to have in place the inspection structures required by Article 10 of the Regulation. Further, that requirement is absolute: it provides no leeway for regard to be had to the particular circumstances or the existing arrangements of another WTO Member.

251. Consistent with the requirement established by Regulation No. 2081/92, a producer in another WTO Member wishing to export to and market in the EC a product bearing an EC-defined GI registered and protected under Regulation No. 2081/92 cannot do so if that WTO Member does not have in place an inspection structure consistent with the requirements of Article 10 of the Regulation. Thus, the Regulation is restrictive of trade. It limits the opportunities for non-EC producers to be able to register an EC-defined GI under the Regulation to those cases where the imported products bearing a potentially eligible geographic term originate in WTO Members with such inspection structures in place. Producers in other WTO Members not having the same inspection structures in place are not able to benefit in trade from the protection afforded to products bearing registered EC-defined GIs under the Regulation.

252. Australia submits that the measure is more trade restrictive than necessary. By prescribing "inspection arrangements ... equivalent to those laid down in this Regulation", the Regulation mandates the type of structure or design for inspection that other WTO Members must have in place. In doing so, it essentially rules out the acceptability of other types of inspection mechanisms. The

¹³⁴ See paragraph 221 above.

Regulation does not even leave open the possibility of verifying the adequacy of any existing inspection structures in other WTO Members before imposing an EC-type "model". The EC model is imposed regardless, even where the inspection structure required by Article 10 of the Regulation may be inappropriate having regard to the circumstances of another WTO Member.

253. For such a requirement to be necessary to fulfil the EC measure's legitimate objective, the EC would have to have determined that no other systems in any WTO Member could in any circumstances provide the same degree of assurance as the EC's system for compliance verification and/or enforcement, or for the prevention of deceptive practices.

254. Australia submits that such a determination is not sustainable: it creates a non-rebuttable presumption that all other such systems in place in other WTO Members are deficient in all circumstances compared to the EC's system. Thus, for example, the EC has determined that other WTO Members having in place a system of law that establishes a general prohibition on misleading and deceptive conduct in any commercial and/or food safety matters, administered by government agencies with wide-ranging investigative and enforcement powers, cannot provide the same effective level of assurance as the EC's system.

255. Further, the EC measure does not allow for the possibility of any inspection structure being unnecessary. There may, for example, be only one producer of an agricultural product or foodstuff that could qualify for registration of an EC-defined GI and who is the sole occupant of the geographical region where a good can physically be produced.¹³⁵

256. Finally, the real problem of unauthorised use and/or deceptive practices concerning an EC-defined GI relating to a geographical locality in another WTO Member may actually occur in the EC itself involving goods from a third WTO Member. Imposing an inspection structure requirement on the WTO Member of production in such circumstances would be meaningless.

257. Australia recalls the factors discussed by the Appellate Body in determining questions of necessity in the GATT context, described above. In accordance with Appellate Body statements in *EC – Asbestos*, Australia submits that the EC measure is more trade restrictive than necessary because an alternative, less trade restrictive measure reasonably available to the EC exists that would achieve the objective of protecting EC-defined GIs in the EC.

258. TBT Article 2.2 requires in relevant part that "technical regulations shall not be more trade-restrictive than necessary to fulfil a legitimate objective, taking account of the risks non-fulfilment would create".

259. There may be risks that could result from non-fulfilment of the objective as described above. However, Australia submits that there are alternatives to the EC inspection structures that can achieve the legitimate objectives of the EC measure with the same degree of effectiveness. A legislative regime that prohibits misleading and deceptive commercial practices is one option. Such a regime could include an investigating authority that ensures that a product is marketed honestly, that is, that verifies its authenticity. This may operate in conjunction with food labelling laws, enforced by a food authority that, among other functions, ensures that foodstuffs comply with specifications. Such laws and systems which, in order to be enforced must have an inspection procedure in place, can address any risks created by non-fulfilment. The common law tort of passing off is another way through which the prevention of the misuse of IP rights is addressed. Industry certifications or self-regulation by producers are further possibilities.

¹³⁵ Even if there are only a limited number of producers, the inspection structure requirement could be meaningless if there is only a limited geographical region in a WTO Member in which a good can physically be produced.

260. Alone or in combination, there are alternatives that can ensure compliance with specifications to the same degree as the EC inspection structure model, thus serving as effectively the Regulation's legitimate objectives. Recognition of the equivalence of other systems that perform the function of ensuring that products meet specification requirements in other WTO Members would be a less trade restrictive alternative to imposing the EC-type regime on other WTO Members.

261. Australia submits that the EC measure is therefore more trade restrictive than necessary to fulfil a legitimate objective, taking account of the risks non-fulfilment would create.

D. CONCLUSION

262. The EC measure applies to an identifiable group or products. It lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory, in respect of:

- the labelling requirement set out in Article 12.2 of Regulation No. 2081/92; and
- the requirement set out in Articles 4, 10 and 12.1 of Regulation No. 2081/92 to have in place inspection structures to ensure that agricultural products and foodstuffs bearing a protected name meet the product specification.

263. To the extent that the EC measure lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory as defined in TBT Annex 1.1, it is a technical regulation for the purpose of the *TBT Agreement*.

264. To the extent that Article 12.2 of Regulation No. 2081/92 is a mandatory labelling provision that:

- applies to imported products, whether
 - imported products bearing a "protected name" that "is identical to a Community protected name", or
 - all imported products bearing a "protected name";
- and
- provides no discretion for a different labelling regime to apply when necessary to avoid less favourable treatment being accorded to imported products;

the EC measure is inconsistent with TBT Article 2.1.

265. To the extent that Articles 4, 10 and 12.1 of Regulation No. 2081/92 establish a mandatory requirement for another WTO Member to have in place in all circumstances an inspection structure as set out in Article 10 of the Regulation, the EC measure is more trade restrictive than necessary to fulfil a legitimate objective, taking account of the risks non-fulfilment would create, contrary to TBT Article 2.2.

XI. AS A CONSEQUENCE, THE EC HAS NOT COMPLIED WITH ITS OBLIGATIONS UNDER ARTICLE XVI:4 OF THE WTO AGREEMENT

266. Article XVI.4 of the *WTO Agreement* provides:

Each Member shall ensure the conformity of its laws, regulations and administrative procedures with its obligations as provided in the annexed Agreements.

267. As a consequence of the EC measure's inconsistency with various provisions of the *TRIPS Agreement*, GATT 1994 and the *TBT Agreement* and of the EC's failure to observe its obligations pursuant to TRIPS Articles 1.1, 2.1 and 65.1, the EC has not ensured the conformity of its laws, regulations and administrative procedures with its obligations as provided in the annexed Agreements, contrary to Article XVI.4 of the *WTO Agreement*.

XII. CONCLUSION

268. Australia requests that the Panel find that the EC measure is inconsistent with the EC's obligations under:

- Articles 1.1, 1.3, 2.1 (incorporating Articles 2(1) and 2(2), 10bis(1) and 10ter(1) of the Paris Convention (1967)), 3.1, 16.1, 20, 22.2, 24.5, 41.1, 41.2, 41.3, 42 and 65.1 of the *TRIPS Agreement*;
- Article III:4 of GATT 1994;
- Articles 2.1 and 2.2 of the *TBT Agreement*; and
- Article XVI.4 of the *WTO Agreement*;

and that the European Communities should bring the EC measure into conformity with its obligations under the *WTO Agreement*, including in respect of the *TRIPS Agreement*, GATT 1994 and the *TBT Agreement*.

269. Australia further requests that the Panel find that, by being inconsistent with those provisions, the EC measure nullifies or impairs the benefits accruing to Australia under the *TRIPS Agreement*, GATT 1994, the *TBT Agreement* and the *WTO Agreement*.

ANNEX A-3**ORAL STATEMENT OF AUSTRALIA
FIRST SUBSTANTIVE MEETING**

(23 June 2004)

1. This is the first WTO dispute about those provisions of the TRIPS Agreement relating to TRIPS-defined GIs. Further, it is only the second dispute in which the provisions of the TRIPS Agreement on trademarks have been considered in detail.
2. As a consequence, this dispute has relevance for many commercial actors because of its potential impact on the economic value of their intellectual property rights. Further, many of these rights have been acquired against the background of more than 100 years of internationally agreed rules on trademarks.
3. The WTO dispute settlement system cannot re-write the covered agreements. In particular, we cannot attribute to the TRIPS Agreement rights and obligations which were not agreed during the Uruguay Round negotiations, notwithstanding that participants in those negotiations may have sought different outcomes.
4. Notwithstanding that there are some issues being considered for the first time in this dispute, at a fundamental, conceptual level this dispute is about four key issues. These become very clear when the EC measure is examined closely – and its practical application understood.
5. Firstly, is the EC treating the nationals and products of other WTO Members less favourably than it treats its own nationals and products? The answer is yes.
6. Secondly, with regard to registration and protection of EC-defined GIs, has the EC granted the rights in respect of trademarks it is obliged to grant by the TRIPS Agreement? It has not.
7. Thirdly, is the EC fully implementing its obligations concerning TRIPS-defined GIs? The answer is that it is not doing that either.
8. Finally, in implementing its regime for the registration and protection of EC-defined GIs, has the EC established certain requirements that are so restrictive that the EC has contravened the TBT Agreement? For anyone concerned with trying to meet the EC's requirements to register an EC-defined GI from another WTO Member, the answer is "yes".
9. Australia's claims and arguments in this dispute have been set out in detail in our First Written Submission. Australia will of course respond in detail in our written rebuttal submission to the arguments put forward by the EC in its First Written Submission.
10. My statement today will therefore focus on some threshold issues in this dispute: the measure at issue; the Panel's terms of reference; and the factual description of the measure. I will also recap some key legal arguments of Australia's First Written Submission taking account of some specific issues raised by the EC in its First Written Submission.
11. I now turn to the measure at issue in the dispute initiated by Australia. The measure at issue is essentially the EC regime for the protection of designations of origin and geographical indications for agricultural products and foodstuffs, for which Regulation 2081/92 provides the regulatory framework.

12. I want to emphasise that it is an EC measure that Australia is challenging. As the EC itself has stated: "the subject matter of the present dispute falls within the exclusive competence of the EC, and not of the Member States".¹

13. The EC's arguments that versions of Regulation 2081/92 before the adoption of Regulation 692/2003 are outside the Panel's terms of reference² are without merit. The EC mischaracterises the measure at issue as set out in Australia's request for the establishment of a panel. The EC's argument equates the meaning of "[and] any amendments thereto (including ... Regulation ... 692/2003)" to "as amended by ... Regulation ... 692/2003", notwithstanding the plain language of Australia's panel request.

14. Australia is not seeking to analyse historical versions³ of Regulation 2081/92 in a vacuum: it is seeking a remedy in respect of the 640 currently protected GIs that the EC is seeking to shield from the Panel's scrutiny.

15. Let me be quite clear on the terms of reference for this dispute. Australia has asked the Panel to determine – within the meaning of DSU Article 12.7 – whether the EC measure is inconsistent with TRIPS Articles 25.4 and 41.1. To that end, the DSU permits the Panel to consider the EC measure's consistency with Paris Article 4 and TRIPS Articles 43-49 respectively. Indeed, such an examination is necessary for such a determination.

16. Australia also disagrees with the EC's argument that Paris Article 2.2 is outside the Panel's terms of reference in this dispute.⁴ Paris Article 2.2 makes clear the point at which a WTO Member is no longer in compliance with its national treatment obligation under Paris Article 2.1. Thus, Paris Article 2.2 needs to be considered with Paris Article 2.1 as an integral aspect of a WTO Member's national treatment obligations, and was properly raised as an issue in Australia's panel request.

17. I turn now to some factual aspects of Regulation 2081/92.

18. The EC says that Australia misunderstands Article 12.1 of the Regulation.⁵ The EC further says that Articles 12.1 and 12.3 do not apply to WTO Members.⁶

19. The EC's statement is extraordinary. The EC has consistently led other WTO Members to believe that Article 12.1 of Regulation 2081/92 applies to them. Confirmation of this can be seen in document IP/Q2/EEC/1 of 1 October 1997 – the review of the EC's legislation on trademarks, geographical indications and industrial designs. In particular, I draw the Panel's attention to the EC's answers to the first question from India and the fourth question from New Zealand.

20. Further, in 2002, the EC was considering the changes to Regulation 2081/92 which were eventually adopted in Regulation 692/2003. An EU press release at the time said:

"... [T]o improve protection of European quality products outside the EU ... non-EU countries ... would be invited to do so on a reciprocal basis. If a non-EU country introduced an equivalent system including the right of objection for the EU and the

¹ First Written Submission of the EC, paragraph 255.

² First Written Submission of the EC, paragraph 15.

³ First Written Submission of the EC, paragraph 20.

⁴ First Written Submission of the EC, paragraphs 36-42.

⁵ First Written Submission of the EC, paragraph 65.

⁶ First Written Submission of the EC, paragraph 66.

commitment to protect EU names on their territory, the EU would offer a specific procedure to register their products for the EU market."⁷

21. DSU Article 11 expressly provides that a panel should make an objective assessment of the facts of the case. An examination of textual provisions forming part of the measure before it is a proper exercise of the Panel's authority to assess the facts of the case. So too is consideration of whether the EC's explanation of those provisions is supported by the relevant texts.

22. Australia submits that the Panel should find that the EC's explanation is not supported by the texts of Articles 12 to 12d of Regulation 2081/92, and that Articles 12.1 and 12.3 must be considered to apply to agricultural products and foodstuffs from other WTO Members.

23. Australia further submits that the EC's advice that paragraphs 1 and 3 of Article 12 don't apply to WTO Members in effect constitutes an admission by the EC that the equivalence and reciprocity requirements of those provisions are inconsistent with the EC's WTO obligations.

24. The EC has sought to explain the decision-making process provided by Article 15 of Regulation 2081/92.⁸ Australia submits that the EC's explanation of that process is not accurate. The plain language of Decision 1999/468 indicates that, in significant circumstances, the Commission cannot decide the matter without the consent of either the Committee or the Council, or until the Council has been unable to form an opinion for three months.

25. I turn now to the issue of country of origin labelling. The EC's explanation that the country of origin labelling requirement in Article 12.2 can apply to both the third country and EC names⁹ is not convincing.

26. Australia submits that the Panel should find that the EC's explanation of the country of origin labelling requirement in Article 12.2 is not supported by the actual text of Article 12.2, particularly when read together with Article 6.6. As the EC admits,¹⁰ the registration of an EC-defined GI from within the Community that is homonymous with an already registered name is governed by Article 6.6, not Article 12.2.

27. Australia notes the EC's statement that, in respect of the simplified registrations under the now repealed Article 17, the EC did not grant to the owner of a registered trademark within the territory of the EC the exclusive rights required to have been granted by TRIPS Article 16.1.¹¹

28. I now turn to some of the key legal arguments that have been raised in this dispute.

29. As I noted earlier, Australia's claims in this dispute fall into four broad categories:

- the rights required to be granted by the EC in respect of trademarks;
- the EC's national treatment obligations;
- the EC's obligations concerning TRIPS-defined GIs; and

⁷ EU press release, IP/02/422, Brussels, 15 March 2002, to be submitted as Exhibit AUS-04.

⁸ First Written Submission of the EC, paragraph 79-83.

⁹ First Written Submission of the EC, paragraphs 87-88.

¹⁰ First Written Submission of the EC, paragraph 89.

¹¹ First Written Submission of the EC, paragraphs 92-97.

- the EC's obligations not to make technical regulations more trade restrictive than necessary.

30. For the purposes of brevity, instead of repeating the arguments made by the United States, I will instead note that Australia endorses those comments concerning the rights required to be granted in respect of trademarks. I make the following additional comments.

31. Australia will respond to the EC's arguments in detail in our written rebuttal. We want to emphasise, however, that Australia fully agrees that GIs are intellectual property rights covered by the TRIPS Agreement, and that the TRIPS Agreement establishes no hierarchy between trademarks and TRIPS-defined GIs as such.¹²

32. The real issue is whether the EC measure is inconsistent *at Community level* with TRIPS Article 16.1. Australia submits that the co-existence standard established by Regulation 2081/92 effectively deems the territory of the EC Member State of origin of the EC-defined GI to be synonymous with the territory of the EC as a whole. The co-existence standard ignores the principle of territoriality that has underpinned development of the international regime for the protection of intellectual property. As the Committee on Legal Affairs and the Internal Market of the European Parliament has noted, "to deprive a trademark owner of the exclusive right conferred by Community trademark law by obliging him to allow ... [*coexistence*] ... is tantamount to expropriation".¹³ Further, such inconsistency cannot be justified by TRIPS Articles 24.5, 24.3 or 17.

33. Australia endorses the comments made by the United States concerning the EC's national treatment obligations under the TRIPS Agreement and GATT 1994, and offers the following additional comments.

34. The EC says that Australia has not claimed that Regulation 2081/92 violates the national treatment obligations of the TRIPS Agreement and the Paris Convention by requiring that applications be transmitted by the country in which the geographical area is located.¹⁴ For the record, Australia has in fact clearly referred to this requirement in support of its claim that the measure as a whole does not accord national treatment to non-EC nationals.¹⁵

35. The EC also says that Australia has claimed that Regulation 2081/92 accords less favourable treatment because a non-EC right holder has no representative in the Article 15 decision-making process to speak for its interests.¹⁶ For the record, Australia makes this argument in support of its claim that the measure as a whole does not accord national treatment to non-EC nationals.¹⁷

36. Australia has claimed that the EC breached its TRIPS Agreement and Paris Convention national treatment obligations by registering more than 120 EC-defined GIs under the normal registration process before 24 April 2003, because the EC did not provide non-EC nationals a right of objection. The registrations of those more than 120 EC-defined GIs – which in any case remain in force – clearly form part of the measure at issue in this dispute. The EC offers no explanation why making a right of objection to persons resident or established in the EC but not to other WTO Member

¹² *Ibid.*

¹³ Report on the proposal for a Council regulation amending Regulation (EEC) No 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, Committee on Agriculture and Rural Development, Exhibit COMP-14, page 35.

¹⁴ First Written Submission of the EC, paragraph 127.

¹⁵ First Written Submission of Australia, paragraphs 198-199 and 205.

¹⁶ First Written Submission of the EC, paragraphs 153-155.

¹⁷ First Written Submission of Australia, paragraph 203.

nationals does not breach its national treatment obligations. Nor do the EC's arguments about retrospective remedies have any merit.

37. Finally, Australia notes that bringing the EC's measure into WTO conformity might not require "undoing" those registrations in the sense that Australia understands the EC to be meaning. The EC might, for example, be able to bring the registrations into conformity by providing for any right holders adversely affected by the registrations to be heard in a civil judicial proceeding, and/or to be justly compensated for any trademarks rights if unsuccessful in overturning particular registrations.

38. Australia does not argue that protection of TRIPS-defined GIs against misleading use or use which constitutes an act of unfair competition must be provided at any given territorial level.¹⁸ What Australia does argue is that the EC must provide at Community level in respect of the Community level registration of EC-defined GIs the legal means for interested parties: to prevent misleading use of an EC-defined GI; and use which constitutes an act of unfair competition. This is particularly so given that Community law takes precedence over inconsistent Member State law.

39. I turn now to the TBT Agreement, which requires that technical regulations not result in less favourable treatment for imported products than for products of national origin. It also requires that technical regulations not be "more trade restrictive than necessary". Australia submits that aspects of the EC measure are inconsistent with both of these obligations.

40. Having regard to the findings of the Appellate Body in *EC – Asbestos* and *EC – Sardines*, Australia has shown that the EC measure is, in part, a "technical regulation" within the meaning of the TBT Agreement. To the extent that the EC measure sets out a mandatory labelling requirement – and sets out processes related to product characteristics – for agricultural products and foodstuffs eligible to bear a registered EC-defined GI, the measure applies to an identifiable group of products, sets out product characteristics, and requires mandatory compliance.

41. As the Appellate Body found in *Brazil – Desiccated Coconut*, the WTO Agreement was accepted by WTO Members as a single undertaking, and "all WTO Members are bound by all the rights and obligations in the WTO Agreement and its Annexes 1, 2 and 3". The Annexes of course include both the TBT Agreement and the TRIPS Agreement. Accordingly, a measure implementing matters concerning intellectual property rights is not necessarily excluded from the scope of the TBT Agreement.

42. The EC argues that Regulation 2081/92 itself "does not allow to identify" products which might be affected by Article 12.2.¹⁹ Australia submits that the EC misunderstands the essential distinction made by the Appellate Body between products that are expressly identified on the one hand and those that are identifiable on the other.

43. Similarly, the EC's arguments that Article 12.2, and Articles 4 and 10 read together, do not set out product characteristics are not sustainable.²⁰ Labelling requirements are explicitly included within the scope of a "technical regulation". Australia submits that the EC's interpretation of Article 12.2, if correct, would render meaningless the concept of a label.²¹ In addition, the EC argues that the purpose of Article 4(g) – read in conjunction with the inspection structure requirement of Article 10 – is not to lay down product characteristics.²² Regardless of the EC's intent, Articles 4 and 10 read

¹⁸ First Written Submission of the EC, paragraphs 401 and 415.

¹⁹ First Written Submission of the EC, paragraph 447.

²⁰ First Written Submission of the EC, paragraphs 448-452 and 459-466 respectively.

²¹ First Written Submission of the EC, paragraph 451.

²² First Written Submission of the EC, paragraph 461.

together have the effect of establishing a process related to product characteristics within the definition of a technical regulation.

44. Finally, the EC's argument that the requirements concerning labelling, and concerning a process related to product characteristics, are not mandatory is not supported by the plain text of the provisions.

45. It remains Australia's claim that imported products bearing an EC-defined GI are treated less favourably than "like" domestic products in the circumstances in which Article 12.2 of Regulation 2081/92 applies.

46. Australia also maintains its claim that the EC measure is "more trade restrictive than necessary" because it obliges other WTO Members to have in place the same type of inspection structures as those mandated for the EC by Regulation 2081/92. The EC has failed to explain why other WTO Members' systems for compliance verification and/or enforcement, or for the prevention of deceptive practices, can never provide the EC's required degree of assurance.

47. There are many other issues that could be discussed in this statement. However, for the sake of brevity and given the processes ahead in this dispute, I will conclude Australia's statement at this point. I look forward to providing further detail through questions and answers, and in our written rebuttal statement.

ANNEX A-4

**REPLIES BY AUSTRALIA TO QUESTIONS POSED BY THE PANEL
AND THE EUROPEAN COMMUNITIES TO THE COMPLAINING PARTIES
FOLLOWING THE FIRST SUBSTANTIVE MEETING**

(8 July 2004)

1. To what extent is the Panel bound by the EC's interpretation of its own Regulation? USA, AUS, EC

The Panel is not bound by the EC's interpretation of Regulation No. 2081/92 to any extent.

In *EC – Hormones*, the Appellate Body said: "[s]o far as fact-finding by panels is concerned, ... the applicable standard is neither *de novo* review as such, nor 'total deference', but rather the 'unbiased assessment of the facts'".¹ This standard has been applied in all subsequent disputes (other than in those concerning the Anti-Dumping Agreement). Moreover, the EC itself said, in *Korea – Alcohol*, that "the 'deferential' standard of review ... finds no support in either the DSU or the GATT 1994".²

In *India – Patents*, India argued that the Panel should have given India the benefit of the doubt as to the status of the measure at issue under Indian domestic law. The Appellate Body found: "[i]t is clear that an examination of the relevant aspects of Indian municipal law ... is essential to determining whether India has complied with its obligations ... There was simply no way for the Panel to make this determination without engaging in an examination of Indian law. ... To say that the Panel should have done otherwise would be to say that only India can assess whether Indian law is consistent with India's obligations under the WTO Agreement. This, clearly, cannot be so."³

Australia submits that the obligation on the Panel in regard to the interpretation of Regulation No. 2081/92 includes an appraisal of whether the interpretation being put forward by the EC is supported by the text of the Regulation having regard to all relevant factors, including the plain text of the relevant provisions, explanations of the Regulation's applicability to other WTO Members previously offered by the EC, and the EC's failure to explain interpretive inconsistencies in its newly proffered interpretation.

2. Can the procedures under Articles 5 and 6 of Regulation (EC) No. 2081/92 apply to names of geographical areas located outside the EC? EC

3. Did the phrase "[w]ithout prejudice to international agreements" in Article 12(1) of Regulation (EC) No. 2081/92 predate the TRIPS Agreement? Did it refer to any specific agreements when it was adopted? Which agreements does it refer to now? Would it cover bilateral agreements for the protection of individual geographical indications? EC

4. Is it unusual that the text of Article 12(1) of Regulation (EC) No. 2081/92 covers only a small number of countries that are non-WTO Members, but the introductory phrase "[w]ithout prejudice to international agreements" covers the entire membership of the WTO? Why was this structure retained when the Regulation was amended in April 2003? EC

¹ *EC – Hormones*, Report of the Appellate Body, paragraph 22.

² *Korea – Taxes on Alcoholic Beverages*, Report of the Appellate Body, paragraph 68.

³ *India – Patent Protection for Pharmaceutical and Agricultural Chemical Products*, Report of the Appellate Body, WT/DS50/AB/R, paragraphs 64-66.

5. *In paragraph 8 of the US oral statement it is implied that the purpose of the phrase "[w]ithout prejudice to international agreements" in Article 12(1) of Regulation (EC) No. 2081/92 is to reserve the EC's flexibility to protect specific non-EC GIs through bilateral agreements. In the US view, in what way does the phrase apply to bilateral agreements? Please also explain on what basis the US draws the distinction between bilateral and other international agreements.* **USA**

6. *What meaning does Australia give to the phrase "[w]ithout prejudice to international agreements" in Article 12(1) of Regulation (EC) No. 2081/92?* **AUS**

Within a different legal system and within a different context, this phrase could be read as a reference to ensuring the primacy of the WTO Agreement. However, in the context in which it is used Australia understands the phrase "without prejudice to international agreements" in Article 12.1 of Regulation No. 2081/92 was intended to allow for an international agreement – whether bilateral or plurilateral – to incorporate conditions different to those strictly required by Article 12.1. Australia further understands that the phrase does not – and was not intended to – incorporate the EC's obligations as a party to the WTO Agreement.

Australia's understanding of the phrase is based on the EC's earlier statements in TRIPS Council,⁴ as well as statements by the Commission and by Committees of the European Parliament. Moreover, according to a presentation by an official of the European Commission at a WIPO National Seminar on the Protection of Trademarks and Geographical Indications in Beirut in March, 2003,⁵ non-EU countries "can seek recognition for your country before the EU based on the fact that you have a system reciprocal to that of the EU. If your system protects GIs similarly (enforcement, level of protection), our registration system will be open to your GIs. You can conclude a bilateral agreement with the EU and all your GIs will be protected in Europe at once. EU authorities will take care of the defense [*sic*] of your GIs (as well)".⁶

Australia's understanding was reinforced by the EC's answer to a specific question on this very issue asked by Australia in our dispute settlement consultations.⁷

Further, in requesting the establishment of a panel, Australia expressly set out its understanding that Article 12.1 of Regulation No. 2081/92 established conditions of reciprocity and equivalence for the registration of EC-defined GIs from non-EC WTO Members.⁸ Yet the EC did not seek to correct Australia's "misunderstanding" at either the 29 August or 2 October 2003 meetings of the DSB.

Moreover, Australia notes that the ECJ has found that: "... the WTO agreements are not in principle among the rules in the light of which the Court is to review the legality of measures adopted by the Community institutions ... It is only where the Community has intended to implement a particular obligation assumed in the context of the WTO, or where the Community measure refers expressly to the precise provisions of the WTO agreements, that it is for the Court to review the legality of the Community measure in question in the light of the WTO rules".⁹

The phrase "[w]ithout prejudice to international agreements" in Article 12.1 of Regulation No. 2081/92 pre-dates the entry into force of the WTO Agreement: the phrase therefore cannot have

⁴ For example, "Review of Legislation on Trademarks, Geographical Indications and Industrial Designs: European Communities", document IP/Q2/EEC/1.

⁵ WIPO document WIPO /TM/BEY/ 03/11B, Exhibit AUS-05, attached.

⁶ Exhibit AUS-05, Slide 15, attached.

⁷ See question 12 of "Questions from Australia", Exhibit AUS-06, attached.

⁸ WT/DSB/M/155, paragraph 74.

⁹ Case C-93/02 P, *Biret International SA v. Council of the European Union*, Judgment of the ECJ of 30 September 2003, Exhibit AUS-07, attached.

been intended to implement an obligation assumed in the context of that Agreement. Nor does the Community measure refer expressly to a precise provision of the WTO Agreement so as to enable Regulation 2081/92 to be considered in the light of a particular WTO obligation established by that provision.

Thus, the existing jurisprudence of the ECJ in fact precludes the EC's explanation that the phrase "[w]ithout prejudice to international agreements" enables the EC to apply Articles 12.1 and 12.3 of Regulation No. 2081/92 consistently with its WTO obligations.

7. *Do the last sentence of Article 12(3) of Regulation (EC) No. 2081/92 and the first clause in Article 12a "[i]n the case provided for in Article 12(3)" limit the applicability of Article 12a?* **EC**

8. *Which references to a "third country" in Articles 12, 12a, 12b and 12d of Regulation (EC) No. 2081/92 include all WTO Members, and which do not? What, in the context of each reference, indicates what "third country" means? Why are different terms not used?* **EC**

9. *Why is it that only the rights of objection in Articles 12b(2)(a) and 12d(1) of Regulation (EC) No. 2081/92 mention a "WTO Member" or "WTO member country"? Is it relevant that Regulation (EC) No. 692/2003 explained, in its 10th recital, that in the matter of objections the provisions in question apply without prejudice to international agreements but, in its 9th recital, it explained that the protection provided by registration is open to third countries' names by reciprocity and under equivalence conditions?* **EC**

10. *Has the Commission recognized any countries under the procedure set out in Article 12(3) of Regulation (EC) No. 2081/92? Have any countries requested to be recognized under that procedure?* **EC**

11. *Has an application for registration under Regulation (EC) No. 2081/92 ever been made in respect of the name of a geographical area located outside the EC? If so, what happened?* **EC**

12. *Has any group or a natural or legal person interested in a geographical indication for agricultural products or foodstuffs originating in your territory ever sent a registration application to your authorities pursuant to Regulation (EC) No. 2081/92? If not, do you know the reason?* **USA, AUS**

To the best of Australia's knowledge, it has not been sent such an application. As Australia noted in the first meeting of the parties with the Panel, Australia has not established any mechanism for identifying and/or receiving such information. Australia – consistent with the express preambular provision to the TRIPS Agreement – recognises intellectual property rights as private rights: in the absence of express commitments voluntarily entered into by Australia at international level which could require it to send such an application, Australia has not had any reason to seek such information. Further, Australian stakeholders would be aware, including because of previous statements by the EC, that they could not seek such registration given the reciprocity and equivalence conditions of Regulation No. 2081/92.

13. *What discretion does the Commission enjoy in the application of Regulation (EC) No. 2081/92?* **EC**

14. *Please express your view on whether and to what extent the mandatory/discretionary distinction in GATT and WTO jurisprudence applies under the TRIPS Agreement. Would the nature of those TRIPS obligations which are not prohibitions but rather oblige Members to take certain actions, affect the application of the distinction?* **USA, AUS, EC**

In *US – 1916 Anti-Dumping Act*, the Appellate Body considered that the reason it had to be possible to find legislation as such to be inconsistent with a GATT 1947 Contracting Party's obligations had been provided by the panel in the *United States – Superfund* dispute under GATT 1947.¹⁰ The panel in that GATT dispute explained:

[the provisions of the GATT 1947] are not only to protect current trade but also to create the predictability needed to plan future trade. That objective could not be attained if contracting parties could not challenge existing legislation mandating actions at variance with the General Agreement until the administrative acts implementing it had actually been applied to their trade.

Many of a WTO Member's obligations under the TRIPS Agreement are expressed in terms of the minimum standards of rights to be conferred and of processes to be made available in respect of categories of intellectual property. Thus, in some situations, it may be appropriate to apply in a different manner the Appellate Body's finding in the context of a covered Annex 1A agreement that "the relevant discretion, for purposes of distinguishing between mandatory and discretionary legislation, is a discretion vested in the *executive branch* of government"¹¹ (*emphasis in original*). For example, Australia submits that the issue in the context of TRIPS Article 42 should more appropriately be considered to be whether a WTO Member has vested in its judiciary the authority to enforce intellectual property rights covered by the TRIPS Agreement.

Nevertheless, in Australia's view, the principles that underpinned the GATT panel's statement in *United States – Superfund* remain valid in the context of the TRIPS Agreement. In relation to the specified categories of intellectual property rights, the provisions of the TRIPS Agreement are intended to protect current rights and to create the predictability needed for the future protection of such rights. Further, that objective could not be achieved if WTO Members could not challenge the absence of mechanisms needed to attain the benefit of that protection in relation to a particular intellectual property right.

15. What would be the most authoritative statement of the interpretation of Regulation (EC) No. 2081/92? Is a statement by the EC delegation to this Panel legally binding on the European Communities? **EC**

16. Can the EC provide the Panel with any official statement predating its first written submission that names of geographical areas located in all WTO Members could be registered under Regulation (EC) No. 2081/92 without satisfying its equivalence and reciprocity conditions? **EC**

17. Is the EC's explanation of the availability of registration of foreign GIs under its system, set out in its written statement to the Council for TRIPS in September 2002, (IP/C/M/37/Add.1, para. 142 and Annex, pp. 77-85) consistent with the text of Articles 12-12c of the Regulation? Why did that written statement not qualify the position that the Regulation's equivalence and reciprocity conditions apply to foreign GIs, if they did not apply to WTO Members, to whom the statement was addressed? **EC**

18. Did the EC member States agree with the Commission's written statement to the Council for TRIPS in September 2002 with respect to the conditions attached to the registration of foreign GIs? How can the Commission ensure that the Council of Ministers will not prevent registration under the

¹⁰ *US – 1916 Anti-Dumping Act*, Report of the Appellate Body, paragraph 88, referring to *United States – Taxes on Petroleum and Certain Imported Substances ("United States – Superfund")*, adopted 17 June 1987, BISD 34S/136.

¹¹ *US – 1916 Anti-Dumping Act*, Report of the Appellate Body, paragraph 89.

Regulation of the name of a geographical area located in a third country WTO Member because that Member does not satisfy the equivalence and reciprocity conditions of Article 12(1)? **EC**

19. *Has a judicial authority ever ruled on the availability of protection provided by registration for third countries under Regulation (EC) No. 2081/92? If the Commission registered the name of a geographical area located in a third country WTO Member, could that registration be subject to judicial review because the area was located in a WTO Member that did not fulfil the equivalence and reciprocity conditions of Article 12(1) of the Regulation?* **EC**

20. *With reference to paragraph 43 of the EC's oral statement, does the EC contest that equivalence and reciprocity conditions such as those under Article 12(1) and (3) of Regulation (EC) No. 2081/92, if applied to other WTO Members, would be inconsistent with the national treatment obligations in the TRIPS Agreement and/or Article III:4 of the GATT 1994?* **EC**

21. *If Switzerland, as a WTO Member, can apply for registration of its GIs under Regulation (EC) No. 2081/92 without satisfying equivalence and reciprocity conditions, what was the purpose of its joint declaration with the EC concerning GIs set out in Exhibit US-6 and mentioned in paragraph 119 of the US first written submission and paragraphs 243-244 of the EC's first written submission?* **USA, AUS, EC**

Australia cannot speak for Switzerland, but notes that a paper by the Swiss Federal Institute of Technology Zurich concerning the protection of EC-defined GIs in Switzerland contains the following statement:

[Regulation No. 2081/92] gave countries outside the European Community an opportunity to have their own products recognised and protected within the EC, provided those countries already had similar protection legislation in place^[footnote 3].

Footnote 3: Preamble to Regulation (EEC) 2081/92 of 14 July 1992.¹²

This statement indicates an understanding on the part of Switzerland that Regulation No. 2081/92 required that non-EC countries have in place at least a similar level of protection to that provided by Regulation No. 2081/92.

22. *Are there any legal requirements or other provisions in EC or national laws which ensure that groups or persons entitled to apply for registration under Article 5 of Regulation (EC) No. 2081/92 are always, or usually, EC citizens or legal persons organized under the laws of the EC or an EC member State? What conditions have been laid down for natural or legal persons to be entitled to apply for registration pursuant to Article 5(1)?* **USA, AUS, EC**

Australia is not aware of any legal requirements or other provisions in EC or national laws which ensure that groups or persons entitled to apply for registration under Article 5 of Regulation No. 2081/92 are always EC citizens or EC legal persons. At the same time, however, Australia notes the view of the EC that "geographical indications are the common patrimony of all the producers of a certain area, and ultimately of the entire population of that area".¹³

¹² "The Protected Denomination of Origin and Geographical Indication Legislation in Switzerland: Institutional Aspects", Swiss Federal Institute of Technology Zurich, financed by the Office federal de l'éducation et de la science, November 1998, page 8, Exhibit AUS-07.

¹³ First Written Submission of the EC, paragraph 307, 4th bullet point.

Having in mind the requirement of Article 5.4 that "[t]he application shall be sent to the [EC] Member State in which the geographical area is located", an individual non-EC citizen or legal person could normally only qualify to apply for registration pursuant to Article 5.1 as part of a group within the meaning of that provision. Australia submits that the effect of the requirement of Article 5.4 – especially when interpreted in the light of the EC's view of the nature of a geographical indication – is that groups or persons entitled to apply for registration under Article 5 will almost always comprise EC citizens and/or legal persons.

23. *How do you interpret the term "nationals" as used in Article 1.3, including footnote 1, and Articles 3.1 and 4 of the TRIPS Agreement and Article 2 of the Paris Convention (1967) in relation to this dispute? Do a Member's nationals necessarily include natural persons who are domiciled, or legal persons who have a real and effective industrial and commercial establishment, in that Member? USA, AUS, EC*

The 1900 Brussels Revision Conference of the Paris Convention unanimously agreed that Paris Article 2.1 applies to legal persons or entities, as well as to natural persons.¹⁴ It was implicit in that decision that – for the purposes of the Paris Convention – a national in the context of a natural person was considered to be, and remains, a person who is a "national" of a state in accordance with that state's laws.

That decision of the parties to the Paris Convention continues to have effect in the context of the TRIPS Agreement through the provisions of TRIPS Article 1.3, which provides in relevant part: "[i]n respect of the relevant intellectual property right, the nationals of other Members shall be understood as those natural or legal persons that would meet the criteria for eligibility for protection provided for in the Paris Convention (1967) ...". In any case, that decision continues to be relevant to a WTO Member's obligation to comply with Paris Article 2 through the operation of TRIPS Article 2.1.

Further, the intent of the negotiators in this regard is confirmed by Footnote 1 to TRIPS Article 1.3, which reflects recognition on the part of the negotiators of the TRIPS Agreement that the situation of a separate customs territory Member of the WTO required special consideration. Natural persons could not normally be a national of a separate customs territory in the sense of having the citizenship of that territory: thus a definition of a national that took account of expected circumstances in relation to a separate customs territory WTO Member was included.

In Australia's view, the term "nationals" as used in Article 1.3, including footnote 1, Articles 3.1 and 4 of the TRIPS Agreement and Paris Article 2 means:

- in the case of natural persons in accordance with the laws of the WTO Member of which nationality is claimed, either:
 - persons who possess the nationality of a state in accordance with that state's laws, and/or
 - persons who are domiciled or who have a real and effective industrial or commercial establishment in a separate customs territory WTO Member (as a proxy for the ordinary notion of nationality);

and

¹⁴ Bodenhausen, page 27.

- in the case of legal persons, such persons – whether companies, associations or other entities recognised in accordance with the laws of the WTO Member – who are domiciled or who are established in that WTO Member in accordance with the laws of the WTO Member of which nationality is claimed.

Thus, a WTO Member's nationals normally include natural persons who are domiciled, or legal persons who have a real and effective industrial and commercial establishment, in that Member. Australia notes, however, that these categories of persons would not always qualify as nationals.

24. *In your view, which natural or legal persons can be considered "interested parties" in the sense of Article 22.2 of the TRIPS Agreement? Is Article 10(2) of the Paris Convention (1967) relevant?* **USA, AUS, EC**

"Interested parties" in the sense of TRIPS Article 22.2 cannot be construed so narrowly so as to exclude the possibility of legal action in relation to any use of a TRIPS-defined GI which could constitute an act of unfair competition within the meaning of Paris Article 10bis. As provided by Paris Article 10bis.2, "[a]ny act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition".

"[H]onest practices in industrial or commercial matters" within the meaning of Paris Article 10bis.2, however, includes the notion of honest practices established in international trade.¹⁵ Thus, "interested parties" in the sense of TRIPS Article 22.2 must be capable of encompassing parties with an interest in honest practices in industrial or commercial matters in international trade.

Further, it cannot be presumed that legal action within the meaning of TRIPS Article 22.2 will only ever involve action to protect a TRIPS-defined GI against misleading use or use which constitutes an act of unfair competition. Having regard to the principle of territoriality and to developments in international trade over time, recognition of a TRIPS-defined GI – whether through registration or some other system – could in some circumstances result in misleading use or use which constitutes an act of unfair competition. For example, it is entirely possible that there are products which, while originally based on European production processes, have been further developed and refined outside the European country of origin and which have subsequently come to represent the "international" trading standard for that product: to register the original geographic name under Regulation No. 2081/92 in such circumstances – notwithstanding that the product may qualify for registration – could well constitute misleading use or use which constitutes an act of unfair competition within the meaning of TRIPS Article 22.2 even within the EC. This type of action is clearly contemplated by the text of TRIPS Article 22.2.

Thus, the categories of persons identified in Paris Article 10.2 could be "interested parties" within the meaning of TRIPS Article 22.2. On the other hand, "interested parties" within the meaning of TRIPS Article 22.2 must be able to include a broader spectrum of persons than just those categories. Moreover, Australia notes that the scope of Paris Article 10.2 concerns goods which use a false indication of the source of the goods or of the identity of the producer, manufacturer or merchant. That is, Paris Article 10.2 concerns acts which involve deceptive conduct. Misleading use or use which constitutes an act of unfair competition need not necessarily involve such deceptive conduct.

25. *Is it appropriate to compare nationals who are interested in GIs that refer to areas located in different WTO Members in order to examine national treatment under the TRIPS Agreement? Why or why not?* **USA, AUS, EC**

¹⁵ See, for example, *Bodenhausen*, page 144, and "Model Provisions on Protection Against Unfair Competition", Articles and Notes presented by the International Bureau of WIPO, Geneva 1996, paragraph 1.02, Exhibit AUS-08, attached.

Yes.

The TRIPS Agreement is premised on the continuation of the principle of territoriality that has underpinned the development of the international intellectual property regime over the past 120 years and more. The TRIPS Agreement establishes minimum standards which each WTO Member must provide in respect of each category of intellectual property identified in the Agreement, but otherwise accords to a WTO Member a degree of discretion to determine matters concerning the availability, scope and use of intellectual property rights. Moreover, TRIPS Article 1.1 expressly provides that a WTO Member may implement in its law more extensive protection than is required to be provided by the TRIPS Agreement, provided that such protection does not otherwise contravene the Agreement.

However, the target, or "object", of the TRIPS Agreement – consistent with its title "*Agreement on Trade-Related Aspects of Intellectual Property Rights*", and with TRIPS Article 1.3 – is the "nationals of other Members". Further, in exercising the discretion permitted by the TRIPS Agreement, a WTO Member has an overarching obligation under TRIPS Article 3.1 to accord to the nationals of other WTO Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property. That protection includes – but is not limited to – matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as those matters affecting the use of those rights specifically addressed in the TRIPS Agreement.

Moreover, the fact that GIs may refer to areas located in different WTO Members does not mean that the treatment accorded to persons seeking to benefit from the protection being offered by a WTO Member must be inherently different. Where a WTO Member offers more extensive protection for a category of intellectual property right than that required to be granted by the TRIPS Agreement, the treatment of the persons – whether natural or legal – seeking to benefit from that protection must still accord with that Member's national treatment – and most favoured nation – obligations.

26. *If national treatment can be examined in relation to GIs in terms of the location of the geographical area to the territory of a Member, is it appropriate to examine national treatment in relation to any other intellectual property rights in terms of an attachment to a Member besides the nationality of the right holder? Why or why not? USA, AUS, EC*

Australia is not contending that location may not in any circumstance be a relevant issue in relation to an intellectual property right – if that is the premise of this question. However, it is Australia's contention that the location of a geographical area is not a permissible basis to derogate from the EC's national treatment obligations in the context and circumstances of this dispute.

27. *Can the Panel assume that it is likely that interested parties in relation to names of geographical areas located in a Member are nationals of that Member? Have the complainants attempted to gather data on the relative numbers of EC, and non-EC, interested parties in names of geographical areas located within, and outside, the EC that might be eligible for registration under Regulation (EC) No. 2081/92? Would such data be relevant? USA, AUS*

If the term "interested parties" in this question is being used in the sense of persons with an interest in securing the registration of the name of a geographical area – whether from within or outside the EC – under Regulation No. 2081/92, Australia considers that the Panel can assume that such interested parties are likely to be nationals of the WTO Member in which the geographical area is located.

If, however, the term "interested parties" is being used in this question in the sense of TRIPS Article 22.2, in Australia's view the Panel cannot assume it likely that "interested parties" in relation to names of geographical areas located in a WTO Member are nationals of that Member: the context of TRIPS

Article 22.2 necessitates a broader meaning be given to the phrase. See also Australia's response to Question 24 above.

Similarly, if the term "interested parties" is being used in this question in the sense of persons with an interest in preventing the registration of the name of a geographical area – whether because of the existence of trademark rights or because the name is considered to be generic or for some other reason – in Australia's view the Panel cannot assume it likely that "interested parties" in relation to the proposed registration of a name of a geographical area will be nationals of the WTO Member in which the geographical area is located.

Australia has not sought systematically to gather data on numbers of Australian "interested parties" in relation to the potential registration of names of geographical areas located within, and outside, the EC under Regulation No. 2081/92. Australia is, however, aware of potential "interested parties" within Australia in all three of the situations outlined above.

28. *Do you have information on the numbers of EC nationals who are interested parties in relation to GIs protected in your territory for agricultural products and foodstuffs other than wines and spirits?* **USA, AUS**

Australia does not have a system for the registration of GIs as a separate category of intellectual property other than for wines, and protection TRIPS-defined GIs is provided through a number of means.

Under the Australian Trade Marks Act, however, TRIPS-defined GIs for agricultural products or foodstuffs may be registered as certification trademarks. Pursuant to the provisions of that Act, for example, the terms "Stilton", "Grana Padano" and "Parmigiano Reggiano" – which are recognised EC-defined GIs under Regulation No. 2081/92 – have been registered as certification trademarks in Australia.

Australia does not otherwise have any information on the numbers of EC nationals who may be "interested parties" in relation to the protection of GIs within Australia for agricultural products and foodstuffs other than wines and spirits.

29. *The Japan - Alcoholic Beverages II, Korea - Alcoholic Beverages and Chile - Alcoholic Beverages disputes show that measures which are origin-neutral on their face can be inconsistent with Article III of GATT 1994. Is Regulation (EC) No. 2081/92 also open to challenge under Article 3.1 of the TRIPS Agreement despite its apparently national-neutral text?* **EC**

30. *In Article 2(1) of the Paris Convention (1967) as incorporated in the TRIPS Agreement by its Article 2.1, should the words "country of the Union" be read mutatis mutandis to refer to "WTO Member"?* **USA, AUS, EC**

For matters relevant to this dispute, they can be.

However, notwithstanding that Australia itself has used the words "incorporated" and "WTO Member" as quick references to the obligations established by TRIPS Article 2.1 in relation to the Paris Convention and to "country of the Union" respectively in its First Written Submission, Australia notes that TRIPS Article 2.1 provides that WTO Members "shall comply with" Paris Article 2.1, rather than incorporating that provision.

31. *What is the respective scope of the national treatment obligations in Article 2(1) of the Paris Convention (1967) and Article 3.1 of the TRIPS Agreement? Do they overlap?* **USA, AUS, EC**

Paris Article 2.1 provides that nationals of any country of the Union shall enjoy in all other countries of the Union the "advantages" granted by those countries to nationals. On the other hand, TRIPS Article 3.1 provides that each WTO Member shall accord to the nationals of other Members "treatment" no less favourable than that it accords to its own nationals.

Australia notes that "treatment" encompasses a broader spectrum of action than "advantages", that is, the notion of "treatment" includes "advantages", but could also include disadvantages or costs. Further, having regard to the findings of the Appellate Body in *Korea – Beef*,¹⁶ "treatment no less favourable" within the meaning of TRIPS Article 3.1 would not preclude formally different treatment by a WTO Member of its own nationals and the nationals of other WTO Members. Paris Article 2.1, on the other hand, requires a country of the Union to allow the nationals of all other countries of the Union to enjoy the same advantages as a country of the Union grants to its own nationals.

Thus, while there is an overlap between the obligations of Paris Article 2.1 and TRIPS Article 3.1, the obligations are not necessarily identical.

32. *If Regulation (EC) No. 2081/92 grants different treatment to names, why does this amount to less favourable treatment to like products? What evidence is there of actual modification of conditions of competition? Would such evidence be relevant to a determination of less favourable treatment?* **USA, AUS**

Imported products eligible to bear an EC-defined GI are treated less favourably than like domestic products eligible to bear an EC-defined GI because the imported products must overcome extra hurdles to the registration of a geographical name from another WTO Member as an EC-defined GI.¹⁷ Further, Regulation No. 2081/92 as a whole results in such cumulative and systemic less favourable treatment to the registration of a geographical name from another WTO Member as an EC-defined GI that it is, in effect, not possible to register an EC-defined GI for an imported product under the regulation unless that other WTO Member also operates a similar system of registration and protection of EC-defined GIs.¹⁸

In *US – Section 211*, the Appellate Body cited with approval the finding of the panel in the GATT dispute *US – Section 337* that: "... while the likelihood of having to defend imported products in two fora is small, the existence of the possibility is inherently less favourable than being faced with having to conduct a defence in only one of those fora".¹⁹

Regulation No. 2081/92, on its face, imposes the reality – not even just the likelihood – of extra "hurdles" to the registration – and thus protection – of an EC-defined GI for an imported product which do not apply to the registration – and thus protection – of an EC-defined GI for a like domestic product. Given the benefits of protection under the Regulation claimed by the EC, these extra hurdles significantly modify the conditions of competition for imported products vis-à-vis like domestic products.

33. *Is there a public policy requirement specific to GIs which underlies the requirement that a group or person must send a registration application under Regulation (EC) No. 2081/92 to the EC*

¹⁶ *Korea – Measures Affecting Imports of Fresh, Chilled and Frozen Beef*, Report of the Appellate Body, WT/DS161/AB/R, WT/DS169/AB/R, paragraph 137.

¹⁷ First Written Submission of Australia, paragraphs 165-175.

¹⁸ First Written Submission of Australia, paragraphs 176-180.

¹⁹ *United States – Section 211 Omnibus Appropriations Act of 1998*, Report of the Appellate Body, WT/DS176/AB/R, paragraph 263, referring to the report of the GATT panel in *United States – Section 337 of the Tariff Act of 1930*, adopted 7 November 1989, BISD 36S/345, paragraph 5.19.

Member State or authorities of a third country in which the geographical area is located, rather than directly to the Commission? **EC**

34. *Is there a public policy requirement specific to GIs which underlies the requirement that a person wishing to object to a registration under Regulation (EC) No. 2081/92 must send an objection to the EC Member State or authorities of a third country in which he resides or is established, rather than directly to the Commission?* **EC**

35. *Has an objection to the registration of a name under Regulation (EC) No. 2081/92 ever been filed by a person from a third country? If so, what happened?* **EC**

36. *Has any person ever sent an objection to the registration of a name under Regulation (EC) No. 2081/92 to your authorities? If not, do you know the reason? If so, did your authorities transmit it to the EC Commission?* **USA, AUS**

To the best of Australia's knowledge, it has not been sent such a statement of objection. As Australia noted earlier (question 12 above), it has not established any mechanism for identifying and/or receiving such information. Australia – consistent with the express preambular provision to the TRIPS Agreement – recognises intellectual property rights as private rights: in the absence of express commitments voluntarily entered into by Australia at international level which could require it to send such a statement of objection, Australia has not had any reason to seek such information.

37. *Please indicate examples of other international arrangements, such as the Madrid Protocol, under which national governments cooperate by acting as agents or intermediaries in the protection of private rights. Which of these arrangements are established under international treaties and which under the legislation of one of the parties to the arrangement? Which are relevant to the matter before the Panel?* **USA, AUS, EC**

Australia is not aware of any such arrangements that require cooperation by a national government in the absence of the express consent of that government to act in the capacity of agent or intermediary in the protection of private rights.

38. *If a group or person interested in a GI in your territory were to send an application for registration or objection to registration under Regulation (EC) 2081/92 to your authorities, would your Government be able and/or willing to transmit such an application to the EC Commission? If not, please explain why.* **USA, AUS**

As a temporary measure pending the outcome of this dispute, Australia would most certainly send an objection to a proposed registration under Regulation No. 2081/92 to the EC Commission if the Australian Government were to become aware of such an objection. Longer term, however, Australia's view is that the EC has an obligation pursuant to the TRIPS Agreement to provide the means for intellectual property right holders to exercise their rights without intervention by another government.

Further, while Australia would certainly send an application for registration of an EC-defined GI from within Australia were the Australian Government to become aware of such an application, Australia could not state positively that it could meet the equivalence and reciprocity requirements of the Regulation, even as a temporary measure pending the outcome of this dispute. For example, it may be that Australia could not "provide protection equivalent to that available in the Community to corresponding agricultural products for *[sic]* foodstuffs coming from the Community" because of the existence of a trademark right in respect of a corresponding agricultural product or foodstuff, or because an EC-defined GI for a corresponding agricultural product or foodstuff is considered to be a generic term within the territory of Australia. Similarly, Australia may not have in place "inspection

arrangements ... equivalent to those laid down in this Regulation" for the product at issue. Thus, Australia may not have the ability to satisfy the requirements of the Regulation in some instances unless it were willing to provide a false certification, which it would not do.

39. *Does an EC member State participate in decision-making on a proposed registration either in the Committee established under Article 15 of Regulation (EC) No. 2081/92 or in the Council of Ministers, where that EC member State transmitted the application or an objection to it to the Commission? Is the EC member State identified with the applicant or person raising the objection in any way? Are there any limits on the participation of the EC member State - for instance, can it object to an application which it transmitted? EC*

40. *How many applications to register names under Regulation (EC) No. 2081/92 have been considered by the Committee established under Article 15 of the Regulation or the Council of Ministers? EC*

41. *In paragraph 137 of your first written submission, you indicate that the term "such names" in the second sub-paragraph of Article 12(2) of Regulation (EC) No. 2081/92 is a reference to the first sub-paragraph of Article 12(2), and that this means that the requirement to indicate the country of origin applies where "a protected name of a third country is identical to a Community protected name". Please clarify the meaning of the following terms, as used in Article 12(2) of Regulation (EC) No. 2081/92:*

- (a) *what is the meaning of the term "protected" in the phrase "a protected name of a third country"?*
- (b) *does the phrase "a Community protected name" cover both names of geographical areas located in the EC as well as in third countries, registered under the Regulation?*
- (c) *does the requirement to indicate the country of origin apply also where a name of a geographical area located in the EC is identical to a Community protected name (irrespective of whether this Community protected name is the name of a geographical area located in the EC or in a third country). EC*

42. *If Article 12(2) of Regulation (EC) No. 2081/92 applies to the registration of a name of a geographical area located in the EC that is identical to a name, already registered in the EC, of an area located in a third country, what is the difference in its scope compared to Article 6(6) of the Regulation? Why is it necessary to cover this situation in both provisions? EC*

43. *Where does Regulation (EC) No. 2081/92 provide for the registration of a name of a geographical area located in a third country WTO Member which is a homonym of an already registered name? Where does it provide for the registration of a name which is a homonym of an already registered name of a geographical area located in a third country WTO Member? EC*

44. *Can the EC provide the Panel with any official statement predating its first written submission that Article 12(2) of Regulation (EC) No. 2081/92 applies to names of geographical areas located in the EC and that Article 12(2) will be applied on the basis of the date of registration? EC*

45. *With respect to paragraph 135 of the EC's first written submission, could the Council of Ministers prevent a registration because the Commission applied Article 12(2) to names of geographical areas located in the EC on the basis of the date of registration? EC*

46. *Has a judicial authority ever ruled on the applicability of Article 12(2) of Regulation (EC) No. 2081/92? If the Commission applied Article 12(2) to the name of a geographical area located in the EC on the basis of the date of registration, could that action be subject to judicial review due to the fact that the area was located in the EC?* **EC**

47. *Are you aware of any GIs registered under Regulation (EC) No. 2081/92 that are identical or confusingly similar to Community protected trademarks owned by your own nationals?* **USA, AUS**

No.

48. *Would the United States pursue any claim in respect of Article 12(2) of Regulation (EC) No. 2081/92 if that provision only applies to identical names?* **USA**

49. *Do you seek separate rulings on the procedural aspects of Regulation (EC) No. 2081/92 or a ruling on the Regulation as a whole? For example, should the provision in Article 12(2) be examined in isolation, or would it be appropriate to adopt an approach like the Panel in Korea – Beef, which only examined a display sign requirement within its findings related to a system as a whole?* **USA, AUS, EC**

DSU Article 3.7 provides in relevant part that: "[t]he aim of the dispute settlement mechanism is to secure a positive solution to a dispute". With that in mind, Australia requests that the Panel's findings be sufficiently detailed so as to facilitate a positive solution to the current dispute, including in respect of the procedural aspects at issue.

50. *In paragraph 451 of its first written submission, the EC argues that labels which address the geographical origin of a product cannot be considered a technical regulation under the TBT Agreement, since they do not apply to a "product, process or production method". Why in the EC's view is the geographical origin of a product not related to that product or its process or production method? Does the coverage of the TBT Agreement with respect to labels depend on the content of the labels?* **EC**

51. *How should the term "like products" be interpreted under Article 2.1 of the TBT Agreement? If the labelling requirement in Article 12(2) of Regulation (EC) No. 2081/92 applies to situations where identical names arise between imported products and EC products, but does not apply to situations where identical names arise between two EC products, to what extent would this be a distinction between "like situations" rather than a distinction between "like products"?* **AUS, EC**

In Australia's view, the TBT Agreement is – in part – an elaboration of the provisions of GATT Article III:4. Consequently – and having regard to the findings of the Appellate Body in *EC – Asbestos* concerning the meaning of "like products" in GATT Article III:4 and in the covered agreements more generally²⁰ – Australia considers that the meaning of "like products" in TBT Article 2.1 is substantively the same as in GATT Article III:4.

Australia notes that TBT Article 2.1 would not be applicable to situations involving identical names for two EC products. However, to the extent that Article 12.2 of Regulation No. 2081/92 mandates less favourable treatment for an imported product bearing a later registered EC-defined GI than that accorded to a domestic like product bearing an earlier registered EC-defined GI, it is inconsistent with the EC's obligation pursuant to TBT Article 2.1.

²⁰ *European Communities – Measures Affecting Asbestos and Asbestos-Containing Products*, Report of the Appellate Body, WT/DS135/AB/R, paragraphs 84-100.

52. Does Australia allege that Article 12(2) of Regulation (EC) No. 2081/92 provides any less favourable treatment to imported products besides labelling costs? **AUS**

No.

53. The EC argues in paragraph 88 of its first written submission that Article 12(2) of Regulation (EC) No. 2081/92 is meant to be read in the following way: "whichever indication is registered later would normally be required to indicate the country of origin." If the EC interpreted Article 12(2) this way in practice, would this satisfy Australia, or would Australia also view this interpretation as providing less favourable treatment to imported products? **AUS**

If the EC were to interpret Article 12.2 of Regulation No. 2081/92 in the manner specified, this could be expected to overcome the provision's inconsistency with TBT Article 2.1.

Australia submits, however, that such an interpretation would be contrary to the plain text of Article 12.2 of the Regulation, which expressly relates to a situation where the later registered name is "a protected name of a third country". Further, as long as the provision is drafted in its current form, the EC is not bound to apply the interpretation it has offered, as the ECJ would enforce the specific terms of the Regulation were the EC's interpretation to be the subject of a legal action.

54. Article 12(2) of Regulation (EC) No. 2081/92 is designed to avoid "practical risks of confusion". How would the application of the country of origin label on the basis of a product's date of registration help avoid those risks of confusion? **EC**

55. Does the TRIPS Agreement apply as *lex specialis* as regards GATT 1994 and the TBT Agreement, with respect to a practical condition to differentiate homonymous or identical GIs on a label? Please comment in the light of Article 23.3 of the TRIPS Agreement, which is applicable to homonymous GIs for wines, and the national treatment obligation, which is applicable to GIs for other products. **USA, AUS, EC**

A special rule does not necessarily exclude the application of a general rule. Instead, two such rules may apply cumulatively, with the special rule prevailing only to the extent of any conflict between the two rules.

Australia notes that, in *Korea – Dairy Safeguard*, the Appellate Body cited with approval the Panel's statement that: "... the WTO Agreement is a 'Single Undertaking' and therefore all WTO obligations are generally cumulative and Members must comply with all of them simultaneously ... [...]", considering that this finding was supported by Article II:2 of the WTO Agreement on the integrated, binding nature of the WTO Agreement and its Annexes.²¹ Indeed, the Appellate Body found further: "[i]t is important to understand that the WTO Agreement is *one* treaty. ... [I]ntegral parts of that treaty ... are equally binding on all Members pursuant to Article II:2 of the WTO Agreement"²² (*emphasis in original*).

Thus, in Australia's view, the issue of whether the TRIPS Agreement – or any particular provision of that Agreement – is *lex specialis* is not determinative unless and until there is shown to be a clear conflict between the TRIPS Agreement and another covered agreement, or between a specific provision of the TRIPS Agreement and a specific provision of another covered agreement.

²¹ *Korea – Definitive Safeguard Measure on Imports of Certain Dairy Products*, Report of the Appellate Body, WT/DS98/AB/R, paragraph 74.

²² *Korea – Dairy Safeguard*, Report of the Appellate Body, paragraph 75.

Further, Australia does not believe there to be any conflict between TRIPS Article 23.3 on the one hand, and GATT and/or TBT national treatment provisions on the other hand. Australia does not see that a requirement to determine the practical conditions under which homonymous GIs will be differentiated from each other would necessarily involve a breach of a WTO Member's obligations. Indeed, the final clause of TRIPS Article 23.3 expressly refers to "the need to ensure equitable treatment of the producers concerned and that consumers are not misled". In Australia's view, had the negotiators of the TRIPS Agreement intended that TRIPS Article 23.3 – or any other provision of the TRIPS Agreement – excuse compliance with a WTO Member's national treatment or MFN obligations under the GATT and/or TBT Agreement, they would have said so.

56. *With reference to paragraphs 17-21 of the US oral statement, does the Panel need to consider the US arguments concerning the declaration under Article 12a(2) of Regulation (EC) No. 2081/92 and the inspections structures, if it reaches a conclusion on the applicability to WTO Members of the equivalence and reciprocity conditions in Article 12(1)?* **USA**

57. *Does the EC consider that it may apply equivalence and reciprocity conditions to WTO Members under Article 12a(2) or any other provision of Regulation (EC) No. 2081/92, even if Article 12(1) does not apply to them?* **EC**

58. *Please clarify whether your claim is that the requirement of the existence of an inspection structure as a condition for the registration of a GI is inconsistent with WTO obligations per se, or the particular inspection structures requirements under Regulation (EC) No. 2081/92, are inconsistent with the EC's WTO obligations. In the latter case, please specify in detail which aspects of the inspection structures required under the Regulation are inconsistent with the EC's WTO obligations.* **USA, AUS**

Australia's claim is that the absolute requirement for an EC model inspection structure as a condition for the registration of an EC-defined GI – irrespective of the circumstances in the WTO Member in which the geographical area is located or of the circumstances of trade of a product bearing the name proposed to be registered – is inconsistent with the EC's obligations pursuant to TBT Article 2.2. Australia does not claim either that requiring some form of verification process that takes into account the particular circumstances of the WTO Member of origin of the agricultural product or foodstuff as a condition for the registration of an EC-defined GI is necessarily inconsistent with the EC's WTO obligations *per se*, or that there are any specific aspects of the required inspection structures that make it inconsistent with EC's WTO obligations.

59. *Under what circumstances would the Commission consider the holder of a GI certification mark registered in another WTO Member to meet the requirements for inspection structures under Article 10 of Regulation (EC) 2081/92 (read together with Article 12a of that Regulation)?* **EC**

60. *Australia argues that the EC's inspection structures requirements are a technical regulation under the TBT Agreement (paragraphs 209-224 of its first written submission). Is there a dividing line under the TBT Agreement between a technical regulation and a conformity assessment procedure? If so, where does it lie?* **AUS, EC**

It is Australia's claim that the absolute requirement for an EC model inspection structure as a condition for the registration of an EC-defined GI is a technical regulation. To the extent that Articles 4, in particular Article 4.2(g), and 10 of Regulation No. 2081/92 read together:

- (i) apply to an identifiable product or group of products;
- (ii) lay down a process related to product characteristics;

- (iii) compliance with which is mandatory;

the EC measure is a technical regulation within the meaning of the TBT Agreement.

The dividing line between a technical regulation and a conformity assessment procedure is difficult to determine in the abstract. Australia notes, however, that it is the express and fundamental premise of TBT Articles 5-9 that the purpose of a conformity assessment procedure within the meaning of those provisions is to provide a positive assurance of conformity with a technical regulation or standard. Wherever the dividing line may lie – and Australia does not take a position on whether a technical regulation or standard and a conformity assessment procedure are necessarily mutually exclusive – a conformity assessment procedure requires at the very least a separate technical regulation or standard against which products are to be assessed. Does the EC contend that the product specification requirement set out in Article 4 of Regulation No. 2081/92 constitutes a technical regulation?

61. *If the inspection structures are conformity assessment procedures, are the eligibility criteria for registration under Regulation (EC) No. 2081/92, against which conformity is assessed, technical regulations?* **AUS, EC**

See response to question 60 above.

62. *With respect to paragraph 259 of Australia's first written submission, can Australia provide examples of alternatives to the EC's inspection structures which would be less trade restrictive and achieve the same objective?* **AUS**

As noted in response to questions 58 and 60 above, it is Australia's claim that the absolute requirement for an EC model "one size fits all" inspection structure as a condition for the registration of an EC-defined GI is a technical regulation that is inconsistent with the EC's obligations pursuant to TBT Article 2.2.

Having regard to the particular production circumstances of an agricultural product or foodstuff, an inspection structure that fails to meet the requirements of Article 10 of Regulation No. 2081/92 – for example, one that engages staff as required rather than having qualified staff "permanently at [its] disposal" – could fulfil the objective of ensuring compliance with a product specification. In other circumstances, it may be that an inspection structure might not be necessary at all because of limitations – for example, geographical combined with a very small number of producers – on the production capacity of products from the territory of a WTO Member. In such circumstances, other means of ensuring compliance with the product specification, such as causes of action under the relevant WTO Member's law, may be sufficient to fulfil the legitimate objective being pursued. It may be that problems concerning the use of an EC-defined GI from a WTO Member arise in respect of products originating in a third WTO Member: a prescriptive EC model inspection requirement would not be of any benefit in such circumstances.

Otherwise, a WTO Member might have in place a system of laws providing a general prohibition on misleading and deceptive commercial practices: such laws and their accompanying enforcement mechanisms can cover misleading and deceptive practices, unfair competition consequences of misleading or deceptive use of GIs, and/or the prevention of abuse of the rights of IP rights-holders. The common law tort of passing off is another way by which the prevention of misuse of IP rights can be addressed. Industry certification and self-regulation by producers are further possibilities, as are food safety/labelling laws. Alone or in combination, these systems are alternatives that could – in some circumstances – provide the same effective level of assurance of compliance with a product specification as the EC model inspection structure.

Moreover, where these alternatives exist in another WTO Member, the requirement of the EC model inspection structure would constitute a requirement for a duplication of those existing mechanisms. As such, the EC requirement is more trade restrictive than necessary.

63. *What does Article 14(2) of Regulation (EC) No. 2081/92 mean where it provides that a prior trademark "may continue to be used"? Can a trademark owner invoke the rights conferred by the trademark registration against the user of a GI used in accordance with its GI registration? EC*

64. *Does Article 14(2) of Regulation (EC) No. 2081/92 implement the provision in Article 24.5 of the TRIPS Agreement that measures adopted to implement the Section on GIs shall not prejudice "eligibility for or validity of the registration of a trademark, or the right to use a trademark" or does it only implement the provision that such measures shall not prejudice "the right to use a trademark"? EC*

65. *Does the scope of Article 14(2) of Regulation (EC) No. 2081/92, as drafted, include trademarks applied for or registered, or to which rights have been acquired, subsequent to both dates set out in Article 24.5(a) and (b) of the TRIPS Agreement? EC*

66. *Has Article 14(2) of Regulation (EC) No. 2081/92 ever been applied in a specific case? For example, what did the national courts finally decide in the Gorgonzola case, referred to in Exhibit US-17 and in footnote 140 to paragraph 163 of the US first written submission, after the order of the European Court of Justice? EC*

67. *Does Article 14(3) of Regulation (EC) No. 2081/92 affect the possibility of coexistence of GIs already on the register with prior trademarks, such as Gorgonzola? In these cases, is Article 14(3) relevant to the applicability of Article 14(2)? EC*

68. *Article 14(3) of Regulation (EC) No. 2081/92 mentions certain criteria. If these are not exhaustive, why does it not expressly state as in Articles 3(1), 4(2) and 6(6) of the Regulation? Do other criteria, such as similarity of signs and goods fall within "reputation and renown"? Is the criterion of "length of time [a trade mark] has been used" relevant to its liability to mislead if the trademark has not been used for a significant, or considerable, length of time? EC*

69. *Can the EC provide the Panel with any official statement predating its first written submission that application of the grounds for registration, invalidity or revocation of trademarks and Article 14(3) of Regulation (EC) No. 2081/92 will or should be applied in such a way as to render Article 14(2) inapplicable? EC*

70. *Do the EC member States agree with the Commission's submission to this Panel that the terms of Article 14(3) of Regulation (EC) No. 2081/92, if properly interpreted, are sufficient to prevent the registration of any confusing GIs? Could the EC member States apply national trademark laws in a way that made this impossible? Could the Council of Ministers prevent the application of Article 14(3) of the Regulation if proposed by the Commission in a specific case and apply Article 14(2)? EC*

71. *Has a judicial authority ever ruled on the interpretation of Article 14(3) of Regulation (EC) No. 2081/92? If Article 14(3) of the Regulation, the Community trademark regulation and national trademark laws were applied in such a way as to prevent the registration of GIs that were confusing with a prior trademark, could this be subject to judicial review? EC*

72. *The Panel notes the responses of Members to the Checklist of Questions in document IP/C/W/253/Rev.1 cited by the EC in footnote 150 of its first written submission, which show that there are diverse approaches taken by several Members to accommodate possible conflicts between*

GIs and prior trademarks. Would this mean that the TRIPS Agreement, in particular Article 24.5, allows for some degree of flexibility for individual WTO Members to implement their obligations?
USA, AUS

The TRIPS Agreement does provide some degree of flexibility for individual WTO Members to implement their obligations. TRIPS Article 1.1 expressly provides that "Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice". Consistent with that tenet, the heading of Part II of the TRIPS Agreement expressly refers to 'Standards concerning the availability, scope and use of intellectual property rights'.

On the other hand, TRIPS Article 24.5 – read in context together with TRIPS Articles 16.1 and 1.1 – does not provide for any flexibility in relation to pre-existing trademark rights to prevent confusing use. Indeed, the express purpose of TRIPS Article 24.5 is to protect such pre-existing rights.

73. *Please supply a copy of the wine regulations referred to in paragraph 16 of the EC oral statement.* **EC**

74. *Which particular GIs did the EC protect under Regulation (EC) No. 2081/92 prior to 1 January 1995? Is Article 24.3 of the TRIPS Agreement relevant to any other GIs?* **EC**

75. *Which party bears the burden of proof in relation to:*

- (a) *Article 24.5 of the TRIPS Agreement? In particular, does this relate to the scope of the obligation in Article 16.1? Does it create an exception for measures otherwise covered by Article 16.1? Or neither?*
- (b) *Article 17 of the TRIPS Agreement? In particular, does this only permit exceptions to the rights conferred by a trademark, or does it also create an exception to the obligations imposed on Members?* **USA, AUS, EC**

In accordance with the Appellate Body's findings in *US – Woven Shirts and Blouses*²³ and as consistently applied in WTO dispute settlement since:

- (a) a complaining party bears the burden of proof where a complaining party alleges a breach of obligations pursuant to TRIPS Article 24.5 – otherwise, a responding party which relies on that provision to excuse or otherwise justify a measure's inconsistency with another provision bears the burden of proof;
 - TRIPS Article 24.5 does not alter the scope of TRIPS Article 16.1. Rather, TRIPS Article 24.5 confirms the continued applicability of the rights granted by TRIPS Article 16.1 in the circumstances covered by TRIPS Article 24.5.
- and
- (b) a responding party bears the burden of proof in relation to TRIPS Article 17.
 - In Australia's view, and having regard to previous dispute settlement findings relating to analogous TRIPS provisions concerning patents²⁴ and copyright²⁵,

²³ *United States – Measure Affecting Imports of Woven Wool Shirts and Blouses from India*, Report of the Appellate Body, WT/DS33/AB/R, page 14.

²⁴ *Canada – Patent Protection of Pharmaceutical Products*, Report of the Panel, WT/DS114/R.

²⁵ *United States – Section 110(5) of the US Copyright Act*, Report of the Panel, WT/DS160/R.

TRIPS Article 17 only permits a WTO Member to provide for limited exceptions to the rights conferred by a trademark.

76. *Article 24.5 of the TRIPS Agreement uses the phrases "validity of the registration of a trademark" and "the right to use a trademark". Please set out your interpretation of these phrases, in accordance with the general rule of treaty interpretation in Article 31 of the Vienna Convention on the Law of Treaties and, if appropriate, the supplementary means in Article 32. Please explain how you determine what is the relevant context. USA, AUS, EC*

Relevant context for the interpretation of TRIPS Article 24.5 is provided particularly by the design and architecture of the TRIPS Agreement. TRIPS Article 24.5 is placed in Section 3, Part II, of the TRIPS Agreement, which is concerned with the "Geographical Indications" category of intellectual property rights. Moreover, TRIPS Article 24 is headed "International Negotiations: Exceptions". In Australia's view, in the absence of an express provision to the contrary, the exceptions set out in that Article can only be exceptions to the provisions of Section 3, Part II, on Geographical Indications.

Having regard to the ordinary meaning of the words in context and in light of the object and purpose of the TRIPS Agreement, to the provisions of Section 2, Part II, of the Agreement concerning Trademarks, and to the standards relating to the availability, scope and use of intellectual property rights set out in that Part, in Australia's view:

- the validity of the registration of a trademark refers to the ongoing legality of the good faith registration of a trademark.

Thus, measures adopted to implement Section 3, Part II, of the TRIPS Agreement cannot prejudice, that is, affect adversely, such trademark registrations on the basis that the trademark is identical with, or similar to, a GI. In Australia's view, the legal bundle of rights contained in a validly registered trademark includes the exclusive right to prevent confusing use granted by TRIPS Article 16.1. As such, the obligation that a WTO Member "shall not prejudice ... the validity of the registration of a trademark" includes an obligation on a WTO Member not to act so as to undermine the exclusive right to prevent confusing use granted by TRIPS Article 16.1;

and

- the right to use a trademark refers to the ongoing ability to use a trademark where rights to a trademark have been acquired through use in good faith.

Thus, measures adopted to implement Section 3, Part II, of the TRIPS Agreement cannot prejudice, that is, affect adversely, such rights to use a trademark on the basis that the trademark is identical with, or similar to, a GI.

77. *Article 24.5 of the TRIPS Agreement uses the phrase "right to use" a trademark. Why did the drafters not choose to state, for example, "exclusive rights" or "rights under Article 16.1"? Is that fact relevant to interpretation of the phrase "right to use" a trademark? USA, AUS, EC*

As stated in response to question 76 above, Australia considers that the phrase "not prejudice ... the right to use a trademark" applies to trademarks acquired through use.

However, on any interpretation, the obligation to "not prejudice ... the validity of the registration of a trademark" clearly applies to registered trademarks, and therefore the obligation to provide the rights set out in TRIPS Article 16.1 remains applicable. The "exclusive right [to prevent confusing use]" or "rights under Article 16.1" are therefore already captured by the phrase "not prejudice ... the validity

of the registration of a trademark". Whatever may have been the intention in including the phrase "right to use", it was clearly separate from, and in addition to, the exclusive right to prevent confusing use required to be granted in respect of registered trademarks under TRIPS Article 16.1.

78. *With reference to paragraph 58 of the US oral statement, Article 24.5 of the TRIPS Agreement refers to trademarks; certain Members implement GI obligations through collective and certification marks; Article 25.2 refers to more than one category of intellectual property, as does Article 4 of the IPIC Treaty as incorporated by Article 35 of the TRIPS Agreement. Therefore, must the provisions dealing with each category of intellectual property covered in Part II of the TRIPS Agreement be restricted to one Section? Can the rights conferred by a category of intellectual property and an exception to them appear in different Sections of Part II?* **USA, AUS**

In Australia's view, the customary principles of interpretation of public international law considered together with the design and architecture of the TRIPS Agreement would not support the view that obligations and exceptions in relation to any given category of intellectual property right covered by Part II of the TRIPS Agreement would appear in any Section other than the one dealing with that category of intellectual property right without an express, unequivocal statement to the contrary. Accordingly, an obligation and related exception would not appear in different Sections without an express, unequivocal statement to that effect.

79. *Is there a conflict between Articles 16.1 and 22.3 of the TRIPS Agreement? How may a Member avoid or resolve any potential conflict?* **USA, AUS**

Australia does not consider that TRIPS Article 16.1 and 22.3 are in conflict. For example, Australian trademark law expressly provides, at section 61, that the registration of a trademark may be opposed on the basis that the proposed trademark contains or consists of a false GI.

In rare circumstances and having regard to the principle of territoriality, it is possible that a registered trademark could become misleading over time. For example, because of advances in communication, the relevant public within the territory of a WTO Member may come to be aware that a term included in a trademark is in fact a TRIPS-defined GI for a product from elsewhere and thus be misled as to the true place of origin. TRIPS Article 22.3 recognises the possibility of such a situation and provides a means to resolve such a conflict.

80. *Are any exceptions permitted to exclusive trademark rights under your domestic law for concurrent registrations, honest concurrent use or comparative advertising? If so, are these limited to other trademarks? Can they cover GIs?* **USA, AUS**

Subsections 44(3) and (4) provide for concurrent trademark registration in cases of honest concurrent use, and prior and continuous use.

Section 122 of the Australian Trade Marks Act provides a number of exceptions from the rights granted to trademark right holder. These exceptions include:

- the good faith use of a person's name or place of business, or the good faith use of the name or place of business of a predecessor in business;
- the good faith use of a sign to indicate kind, quality, quantity, intended purpose, value, geographical origin, or some other characteristic, of goods or services, or the time of production of goods or of the rendering of services;
- use for the purposes of comparative advertising;

- exercising a right to use a trademark given to the person under the Act; and
- where a court is of the opinion that registration would be obtained if applied for. (This opinion would be based on evidence of use.)

However, the exception for use of a sign to indicate geographical origin does not create an exception for a TRIPS-defined GI. In fact, section 6 of the Australian Trade Marks Act expressly defines a GI in terms closely mirroring TRIPS Article 22.1. Moreover, where the Act refers to a GI as an intellectual property right, it does so explicitly. Thus, for example, section 61 of the Act expressly provides for the rejection of an application for registration of a trademark that contains or consists of a false GI.

81. *Please cite any authority for the proposition that a Member must comply with a particular WTO obligation through a single measure applicable throughout its territory. Is your claim concerning an "EC-wide" level of protection based on the fact that the EC's member States are also WTO Members?* **AUS**

Australia has not contended – and does not contend – that a WTO Member must comply with a particular WTO obligation through a single measure applicable throughout its territory. Rather, Australia contends that, while the EC can choose to offer more extensive protection of EC-defined GIs at the Community level, the EC must also ensure that it does not breach its TRIPS obligations in doing so. Given the EC legal system, and the terms of Regulation No. 2081/92 and of other EC and EC Member State law, the EC has effectively implemented a TRIPS right – at Community level – without also effectively implementing at the same level the concurrent TRIPS obligations.

82. *If the Panel were to uphold the complainants' claims under Article 16.1 of the TRIPS Agreement, how would conclusions with respect to the claims under Articles 1.1, 22.2, 24.5, 41.1, 41.2, 41.3 and 42, and under Articles 10bis(1) and 10ter(1) of the Paris Convention (1967) provide an additional contribution to a positive solution to this dispute?* **USA, AUS**

Other than in respect of TRIPS Article 1.1, Australia's claims concerning the registration of EC-defined GIs pursuant to Regulation No. 2081/92 generally address specific, separate aspects of the EC measure:

- in relation to TRIPS Article 16.1, it is Australia's claim that the EC measure does not grant to the owner of a registered trademark the rights required to be granted by that provision: thus, the claim concerns registered trademarks;
- Australia's claim in relation to TRIPS Article 24.5 is that the EC measure prejudices the eligibility of an application for registration of a trademark by denying a right of priority required to be granted by Paris Article 4: thus, the claim concerns an application for registration of a trademark;
- the situations covered by TRIPS Article 22.2 do not necessarily involve trademark rights: for example, a term may have become a generic product description in international trade before it was protected in its country of origin;
- Australia's claims in relation to TRIPS Articles 41.1, 41.2, 41.3 and 42 concern the EC's obligations to ensure the availability of procedures for the enforcement of an intellectual property right under EC law so as to permit effective action against an infringement; and

- Paris Article 10bis.1 deals with the issue of unfair competition, which is not otherwise dealt with in the TRIPS Agreement except "in respect of geographical indications" in TRIPS Article 22.2. A WTO Member's obligation to comply with Paris Article 10bis.1 includes the obligation to protect trademarks against unfair competition from a GI. The obligation in Paris Article 10ter.1 therefore ensures that a country of the Union/WTO Member actually provides the mechanisms necessary to assure protection against unfair competition in any guise.

Australia's claim under TRIPS Article 1.1 does not, of course, address a separate aspect of the EC measure. It does, however, seek confirmation that a WTO Member is obliged to give effect to the provisions of the TRIPS Agreement before it is able to offer more extensive protection for one particular category of intellectual property right.

83. *If the Panel were to reject the complainants' claims under Article 16.1 of the TRIPS Agreement, would there be any scope for it to uphold the claims under Articles 1.1, 22.2, 24.5, 41.1, 41.2, 41.3 and 42, and under Articles 10bis(1) and 10ter(1) of the Paris Convention (1967)?* **USA, AUS**

Yes. Please see answer to question 82 above.

84. *Are the procedures raised in the United States' claims under Article 22.2 of the TRIPS Agreement governed by Part IV of the TRIPS Agreement? If so, can they also be governed by Part II?* **USA**

85. *Are the procedures raised in Australia's claims under Articles 41 and 42 of the TRIPS Agreement governed by Part IV of the TRIPS Agreement? If so, can they also be governed by Part III?* **AUS**

In the event that the Panel should consider that the decision-making process provided by Article 15 of Regulation 2081/92 does provide a means for the owner of a registered trademark to enforce rights required to be granted by TRIPS Article 16.1, it is Australia's view that the decision-making process constitutes an enforcement process in respect of such trademark rights governed by Part III of the TRIPS Agreement: Part IV of that Agreement is not applicable.

86. *Article 4 the Paris Convention (1967) creates no right of priority for indications of source. Does this indicate that they are irrelevant for the purposes of the right of priority?* **AUS, EC**

Yes.

87. *What is the significance of the EC's statement that the complainants' claims are "theoretical"? Does the EC suggest that this affects the Panel's mandate or function in any way?* **EC**

88. *Please clarify the form of the recommendations which Australia seeks in respect of versions of Regulation (EC) No. 2081/92 prior to its most recent amendment, as distinct from registrations effected under them. Please cite to the dispute settlement rules and procedures of the covered agreements under which this form of recommendation is requested.* **AUS**

In relevant part:

- DSU Article 3.7 provides: "[t]he aim of the dispute settlement mechanism is to secure a positive solution to a dispute";

- DSU Article 11 provides: "[t]he function of panels is to assist the DSB in discharging its responsibilities under this Understanding and the covered agreements. Accordingly, a panel should make ... an objective assessment of the facts of the case and the applicability of and conformity with the relevant covered agreements ...";
- DSU Article 12.7 provides: "... the report of a panel shall set out the findings of fact, the applicability of relevant provisions and the basic rationale behind any findings and recommendations that it makes"; and
- DSU Article 19.1 provides: "[w]here a panel or the Appellate Body concludes that a measure is inconsistent with a covered agreement, it shall recommend that the Member concerned^[...] bring the measure into conformity with that agreement^[...]".

The measure at issue in this dispute includes the registrations – and protection in perpetuity – of more than 600 EC-defined GIs pursuant to processes that were inconsistent with the EC's obligations pursuant to the TRIPS Agreement and the GATT 1994. Australia seeks rulings and recommendations from the Panel in respect of earlier versions of Regulation No. 2081/92 to the degree necessary to establish the extent to which the EC's actions in registering those EC-defined GIs were inconsistent with the EC's obligations under the covered agreements, and therefore the extent to which the protection afforded those registrations continues in perpetuity the EC's violation of its obligations.

89. *Is there a notion of estoppel in WTO dispute settlement which applies where a Member refrains from raising claims in relation to a measure until after it is amended?* **EC**

90. *Does Australia challenge registrations of geographical indications, or procedures leading up to such registrations or to refusal of such registrations, that took place prior to 1 January 1996? If so, please explain how Article 70 of the TRIPS Agreement applies to these measures.* **AUS**

The first registrations of EC-defined GIs under Regulation 2081/92 did not occur until the adoption of Regulation No. 1107/96 of 12 June 1996.²⁶ Thus TRIPS Article 70 has no applicability to these measures.

91. *Please clarify the form of the recommendations which Australia seeks in respect of individual registrations. Please cite to the dispute settlement rules and procedures of the covered agreements under which this form of recommendation is requested.* **AUS**

Please see response to question 88 above.

Australia seeks rulings and recommendations from the Panel to the degree necessary to establish the extent to which the EC's actions in registering – and thus providing ongoing protection to – more than 600 EC-defined GIs were inconsistent with EC's obligations under the covered agreements at the time at which those EC-defined GIs were registered, thus enabling those continuing registrations to be brought into conformity with the EC's obligations under the covered agreements.

92. *Does Australia seek relief in respect of existing individual registrations for reasons related to rights of objection? How many such registrations were made under the former Article 17 of the Regulation? How many under Article 6? Does Australia seek relief in respect of any other aspect of procedures leading up to existing individual registrations? Please cite to any previous GATT or WTO panel report which has made such a recommendation. Please explain why such a recommendation would be appropriate in this dispute if the Panel upheld Australia's claim.* **AUS**

²⁶ Exhibit COMP-3.a.

Please see responses to questions 88 and 91 above.

Approximately 480 EC-defined GIs were registered under the process provided by the now repealed Article 17 of Regulation No. 2081/92. Australia understands the number of registrations pursuant to Article 6 of Regulation No. 2081/92 now stands at approximately 160.

Australia seeks "relief" in respect of existing registrations of more than 600 EC-defined GIs for which the EC did not:

- grant to the owners of registered trademarks the rights required to be granted by TRIPS Article 16.1;
- provide to interested parties the legal means to prevent misleading use or use which constitutes an act of unfair competition within the meaning of Paris Article 10bis as required by TRIPS Article 22.2;
- grant the enforcement procedures required to be made available under TRIPS Articles 41.1, 41.2, 41.3 and 42; or
- observe its national treatment obligations pursuant to TRIPS Article 3.1, Paris Article 2 and GATT Article III:4.

Australia is not aware of a similar factual situation arising in another dispute. That said, Australia does not believe that what it is seeking is unusual. Once the Panel has determined which aspects of the EC measure are WTO inconsistent, it is open to the EC to determine the action necessary to bring its measure into conformity. It may be possible for the EC to do this by providing to persons adversely affected by the registrations access to a civil judicial proceeding vested – in respect of registrations of EC-defined GIs pursuant to Regulation No. 2081/92 – with the authority required to be made available by Part III of the TRIPS Agreement or with the authority to hear and determine claims pursuant to TRIPS Article 22.2. Alternatively, it may be possible for the EC to bring some registrations into conformity through the provision of just compensation for any trademark rights unable to be otherwise remedied. Ultimately, it may be that a few registrations of EC-defined GIs might have to be revoked, although Australia notes that such action is normally prospective in effect.

93. *Does Australia seek relief in respect of individual registrations in respect of their continuing inconsistency with trademark rights to be conferred under Article 16.1 of the TRIPS Agreement? If so, please list these individual registrations.* **AUS**

Australia seeks relief in respect of the continuing protection of individual EC-defined GIs whose registrations were made inconsistently with the EC's obligations under the covered agreements, including because of the EC's failure to grant to the owner of a registered trademark the rights required to be granted by TRIPS Article 16.1.

Australia is not able to say which individual registrations may have constituted a denial of rights to trademark right holders – which are expressly recognised by the TRIPS Agreement as private rights – or to another party with a legitimate interest under any of the cited provisions. With due respect, however, nor can the EC legitimately say that its actions have not resulted in a denial of rights required to have been granted or made available under the TRIPS Agreement, as it has never provided the means to enable such issues to be tested.

It may be possible, therefore, having regard to the answer to question 92 above, to "implement" any adverse findings by the Panel via the provision of such means. This may lead to few, or to many, of the individual registrations being contested.

QUESTIONS POSED BY THE EUROPEAN COMMUNITIES TO THE COMPLAINING PARTIES

1. **Australia:** *Could you please give details of any case where the authorities of the Member States have declared inadmissible an objection for the reasons alleged under Claim 21 (Australia's FWS, paras. 88-92)*

Australia has not claimed that an EC Member State has declared inadmissible an objection made to it. Whether an individual EC Member State has declared an objection to be inadmissible in a particular case is irrelevant.

Rather, Australia has claimed that Regulation No. 2081/92 as such does not ensure the admissibility of a statement of objection from the owner of a registered trademark on the grounds that a proposed EC-defined GI would constitute use of an identical or similar sign for identical or similar goods that would result in a likelihood of confusion.²⁷ As the Court of First Instance said in the Canard Judgment: "[n]o provision in Article 7 of Regulation 2081/92 authorises the Commission to consider an objection notified to it by anyone other than a Member State".²⁸ As the Court has confirmed that the Regulation does not ensure that a statement of objection from any person – let alone a trademark right holder – is admissible, the Regulation as such denies to the owner of a registered trademark the exclusive right to prevent unauthorised confusing use in relation to an EC-defined GIs registered under the Regulation, contrary to the EC's obligation to grant such a right pursuant to TRIPS Article 16.1.

2. **Australia:** *Could you please give details of any application for the registration of a trademark that has been refused for the reasons alleged under Claim 24 (Australia's FWS, paras. 81-87).*

Australia has not claimed that the EC has refused an application in the circumstances covered by Australia's claim that the EC measure is inconsistent with the EC's obligations pursuant to TRIPS Article 24.5. Rather, Australia claims that Regulation No. 2081/92 as such does not provide – and never has provided – the right of priority required to be granted pursuant to Paris Article 4 in relation to the registration of an EC-defined GI under the Regulation.

3. **United States:** *The EC understands that the regulations of the US Alcohol and Tobacco Tax and Trade Board, and more specifically Section 27 CFR 4.39(i), provide for the co-existence of geographical indications for wine and some earlier trademarks, under certain conditions.*

(a) *Is this understanding correct?*

(b) *If so, how does the United States reconcile this form of co-existence with the interpretation of Articles 16.1 and 24.5 of the TRIPS Agreement that it has put forward in this dispute?*

4. **Australia:** *The EC understands that Australia's Wine and Brandy Corporation Act 1980 (the "WBC Act") prohibits the use of a registered geographical indication for wine which does not originate in the area covered by the geographical indication. The EC further understands that no exception to this prohibition is provided with respect to prior trademarks.*

(a) *Is this understanding correct?*

²⁷ First Written Submission of Australia, paragraph 92.

²⁸ The Canard Judgment, Exhibit COMP-12, paragraph 45.

- (b) *If so, how does Australia reconcile this prohibition on the use of earlier trademarks with the interpretation of Articles 16 and 24.5 of the TRIPS Agreement that it has advanced in this dispute?*

The WBC Act provides that it is an offence to sell, export or import wine with a false or misleading description and presentation. The description and presentation of a wine is false if, *inter alia*, it includes the name of a registered GI and the wine did not originate in the country, region or locality in relation to which the GI is registered. All GIs that are protected under the WBC Act notwithstanding prior trademark rights are protected with the consent of the owners of those trademarks. Consent by a trademark owner not to use a trademark in the course of trade is a very different issue to the denial by a WTO Member of rights required to be granted to trademark owners pursuant to the TRIPS Agreement.

5. **Australia:** *The EC further understands that the Geographical Indications Committee set up by the WBC Act has announced that*

The GIC will not determine a geographical indication where there is an exclusive trademark using the name which is the same or similar to the trademark, without the approval of the trademark owner.

- (a) *Is this policy still in place?*

Yes.

- (b) *What is the legal basis for this policy? Has the GIC the authority to derogate from the WBC Act?*

Under Regulation 25 of the WBC Act, when determining a GI, the Committee is not prohibited from having regard to any other relevant matters. Relevant matters include the existence of a prior trademark using a name which is the same as or similar to the proposed GI as well as the trademark owner's consent to the determination of the GI as proposed.

- (c) *Does this policy apply also with the respect to the registration of foreign geographical indications?*

Foreign GIs other than those registered pursuant to a bilateral agreement (such as the Agreement between Australia and the European Community on Trade in Wine) are determined by the Australian Wine and Brandy Corporation under subsection 8(2)(ad) of the WBC Act. The Australian Wine and Brandy Corporation is developing administrative procedures for the determination of such foreign GIs. Nonetheless, the provisions of the WBC Act allow for the inclusion in such procedures of a policy similar to that applied by the GIC regarding the existence of prior trademark rights in relation to a name which is the same as or similar to a proposed foreign GI.

Once registered, all GIs – whether Australian or foreign – are given equal protection under the WBC Act.

- (d) *If so, does it apply also when the trademark was registered after 1 January 1996 and after the date of protection of the geographical indication in the country of origin?*

AND

- (e) *If so, how does Australia reconcile this policy with the terms of Article 24.5 of the TRIPS Agreement?*

An application for registration of a GI under the WBC Act is considered on its merits, having regard to the principle of territoriality.

6. ***Australia:***

- (a) *Are the registration and opposition procedures before Australia's Trade Mark Office "enforcement procedures" within the meaning of Part III of the TRIPS Agreement?*

The registration and opposition procedures before the Trade Mark Office of IP Australia are part of a broader system whereby trademark right holders can enforce their rights as granted by section 20 of the Australian Trade Marks Act. To the extent that the registration and opposition procedures before the Trade Mark Office provide a means for a trademark right holder to enforce his/her trademark rights, those procedures may be characterised as "enforcement procedures" within the meaning of Part III of the TRIPS Agreement. Further, all decisions concerning registration and opposition in relation to a trademark application are reviewable *de novo* in the Federal Court of Australia.

- (b) *Is Australia's Trade Mark Office a "judicial body"?*

No.

- (c) *Are the registration and opposition procedures before Australia's Trade Mark Office "judicial procedures" within the meaning of Article 42 of the TRIPS Agreement?*

Australia does not consider the registration and opposition procedures before the Trade Mark Office of IP Australia to be "judicial procedures" within the meaning of TRIPS Article 42. However, all decisions concerning registration and opposition in relation to a trademark application are reviewable *de novo* in the Federal Court of Australia, which are judicial procedures within the meaning of TRIPS Article 42.

- (d) *Does Australia's Trade Mark Office have the authority to order the remedies provided in Articles 44, 45 and 46 of the TRIPS Agreement?*

The Federal Court of Australia has the authority to order remedies within the meaning of TRIPS Articles 44-46.

7. ***United States:***

- (a) *Are the registration and opposition procedures before the US Patent and Trademark Office ("PTO") "enforcement procedures" within the meaning of Part III of the TRIPS Agreement?*
- (b) *Is the US PTO a "judicial body"?*
- (c) *Are the registration and opposition procedures before the US PTO "judicial procedures" within the meaning of Article 42 of the TRIPS Agreement?*
- (d) *Does the US PTO have the authority to order the remedies provided in Articles 44, 45 and 46 of the TRIPS Agreement?*

8. ***Australia and the United States:***

- (a) *Would it be possible under your domestic law for an EC national who owns an Australia/US trademark to claim before the Australian/US courts that another trademark has been registered by Australia's Trade Mark Office / the US PTO in violation of Article 16.1 of the TRIPS Agreement, even where it is not contested that such registration is in conformity with all the relevant provisions of your domestic trademark law?*

A decision to register a trademark is reviewable *de novo* by the Federal Court of Australia. Thus, it would be possible for an EC national who owns an Australian trademark to claim before that court that another trademark has been registered by the Trade Marks Office of IP Australia in violation of the exclusive rights to use a trade mark and to authorise other persons to use that trademark granted by section 20 of the Australian Trade Marks Act, which implements Australia's obligations pursuant to TRIPS Article 16.1,²⁹ even where it is not contested that the later registration is in conformity with all the relevant provisions of the Act.

- (b) *If not, is it your position that your domestic law is inconsistent with Part III of the TRIPS Agreement, because it does not provide "judicial civil procedures" in order to "enforce" Article 16.1?*

Not applicable.

9. **Australia:** *The WBC Act set up a register of geographical indications. While the WBC Act lays down the conditions and procedures for the registration of Australian geographical indications, it does not appear to provide any conditions or procedures for the registration of foreign geographical indications.*

- (a) *Can foreign geographical indications be registered under the WBC Act?*

Yes. Foreign GIs can be determined and registered under the WBC Act pursuant to subsections 8(2) and 40ZD(2) respectively.

- (b) *If so, what are the relevant conditions and procedures for the registration of foreign geographical indications?*

Pursuant to the provisions of subsection 8(2)(ad) of the WBC Act, applications for the registration of foreign GIs (other than those registered pursuant to a bilateral agreement with Australia) can be received from either individuals or foreign countries. Administrative procedures for the determination of such foreign GIs are currently being developed by the Australian Wine and Brandy Corporation.

Foreign GIs protected under bilateral agreements with Australia are registered under subsection 40ZD(2) of the WBC Act in accordance with the provisions of the bilateral agreement.

- (c) *Has any foreign geographical indication been registered under the WBC Act, other than those registered pursuant to a bilateral agreement?*

No foreign GIs have been registered under the WBC Act other than those registered pursuant to a bilateral agreement. Nor have any applications to register such GIs been received.

10. **Australia and the United States:** *Have Australia and the United States ever been requested to transmit an application for the registration, under Regulation 2081/92, of a geographical indication relating to an area located in their territory? If yes, what action have they taken?*

²⁹ The provisions of international agreement do not have direct effect in Australian law.

To the best of Australia's knowledge, it has not been requested to "transmit"³⁰ such an application. Stakeholders would be aware that Regulation No. 2081/92 requires reciprocal and equivalent treatment of EC-defined GIs for corresponding agricultural products or foodstuffs, which Australia is not obliged to provide.

*11. **Australia and the United States:** Have Australia and the United States ever been requested to transmit a statement of objection to the registration, under Regulation 2081/92, of a geographical indication? If yes, what action have they taken?*

To the best of Australia's knowledge, it has not been requested to "transmit"³¹ such a statement of objection. As Australia noted before the Panel, Australia has not established any mechanism for identifying and/or receiving such information. Australia – consistent with the express preambular provision to the TRIPS Agreement – recognises intellectual property rights as private rights: in the absence of express commitments voluntarily entered into by Australia at international level which could require it to "transmit" such a statement of objection, Australia has not had any reason to systematically assemble such information.

With the growing list of agricultural products and foodstuffs for which registration – and thus protection – of EC-defined GIs is available under Regulation No. 2081/92, an increased number of stakeholders want to ensure that they can safeguard their intellectual property rights within the EC both now and into the future. This may in the future include seeking that the Australian Government "transmit" an objection on their behalf.

*12. **United States:** How many US geographical indications for products falling under the scope of Regulation 2081/92 are protected in the United States?*

*13. **Australia:** How many Australian geographical indications for products falling under the scope of Regulation 2081/92 are protected in Australia?*

Australia does not have a system for the registration of GIs as a separate category of intellectual property right other than for wines. Protection of TRIPS-defined GIs for other products is provided through a number of means.

However, Australia is a large agricultural producer with many high quality production regions. Given the growing list of agricultural products and foodstuffs for which registration – and thus protection – may be sought under Regulation No. 2081/92, Australia believes that there are a significant number of Australian terms that producers could seek to have registered – and thus protected – under the Regulation for the purposes of export into the EC.

³⁰ It is unclear to Australia whether the EC is using the word "transmit" in the sense of Article 12a.2 of Regulation No. 2081/92, or simply in the sense of acting as a postbox to onforward an application.

³¹ Again, it is unclear to Australia whether the EC is using the word "transmit" in the sense of Article 12d.1 of Regulation No. 2081/92, or simply in the sense of acting as a postbox to onforward an objection.