

**Council for Trade-Related Aspects  
of Intellectual Property Rights  
Special Session**

**SIDE-BY-SIDE PRESENTATION OF PROPOSALS**

Note by the Secretariat

Addendum

*This document has been prepared under the Secretariat's own  
responsibility and without prejudice to the positions of Members  
and to their rights and obligations under the WTO.*

**COMPILATION OF POINTS RAISED AND VIEWS EXPRESSED  
ON THE PROPOSALS**

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In line with the Chairman's statements at the open-ended consultations held on 11 December 2006 and 13 February 2007, the purpose of this addendum to document TN/IP/W/12 is to present a factual compilation of the issues raised and views expressed in the Special Session's discussions of the proposals set out side-by-side in the main part of that document. The addendum is based on the record of the discussions contained in the minutes of the Special Session, in particular documents TN/IP/M/14-18.

The material is organized under the same headings as used for the side-by-side presentation of the proposals. It should, however, be noted that, since the notification and registration systems proposed in the various proposals are integrated wholes with interdependent elements, Members' views on one element of a proposal under a heading frequently involve their views on other elements of the proposal addressed under other headings. Thus the points made and views expressed on any one element have to be seen in the light of points made and views expressed on the overall proposal as recorded in the addendum as a whole. Moreover, being a summary, the addendum does not purport to be a full reflection of all nuances of every statement, for which the relevant Council minutes should be consulted.

Against each heading, references have been made to the corresponding provisions of the proposals set out in TN/IP/W/12, using the annotation "HKC" for the proposal by Hong Kong, China, "JP" for the Joint Proposal by Argentina, Australia, Canada, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, New Zealand, Nicaragua, Paraguay, Chinese Taipei and the United States, and "EC" for the proposal by the European Communities.

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## ***PREAMBLE***

1. The view has been expressed that the preamble to the **Joint Proposal** was important in providing a context for the proposed decision.<sup>1</sup> In this regard, it has been recalled that Article 31.2 of the Vienna Convention on the Law of Treaties stated that "the context" for the purpose of the interpretation of a treaty shall comprise, in addition to the text, its preamble.<sup>2</sup> The preamble was intended to provide some useful reminders about the negotiating mandate of Article 23.4 of the TRIPS Agreement and paragraph 18 of the Doha Declaration. First, the aim of the system was to facilitate the protection of geographical indications and not to confer additional rights in relation to those notified geographical indications. Secondly and related to the previous point was the premise that the basic balance of rights and obligations under the TRIPS Agreement should not be challenged. Thirdly, it reminded Members of the fundamental principle in Article 1.1 of the TRIPS Agreement, which enabled all Members to determine the appropriate method of implementing their TRIPS obligations within their own legal system and practice. While the preamble did not capture the full panoply of principles underlying the Joint Proposal, such as minimal costs and burdens, it set the basic terms of reference and guiding principles for the register and embedded it firmly in the TRIPS framework.<sup>3</sup> The preamble was important in that it referred to the mandate for the negotiations, which was to achieve a multilateral system that would be voluntary in nature and would preserve Members' rights and obligations under the current TRIPS Agreement, in particular the flexibilities under Articles 1.1 and 24 of the Agreement.<sup>4</sup>

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<sup>1</sup> Australia, TN/IP/M/14, para. 23; Chile, TN/IP/M/14, para. 21.

<sup>2</sup> Chile, TN/IP/M/14, para. 21.

<sup>3</sup> Australia, TN/IP/M/14, para. 23; New Zealand, TN/IP/M/14, para. 22; United States, TN/IP/M/14, para. 24.

<sup>4</sup> Brazil, TN/IP/M/14, para. 29.

2. It has been said that it was difficult to consider the proposed preamble of the Joint Proposal independently of the other headings in the various proposals. The preamble prejudged the choice Members might make on participation and other issues.<sup>5</sup>

3. Clarifications have been sought regarding the consequences of the proposed preambular references for obligations that are embodied in the operative provisions of the Joint Proposal. While paragraph 5 provided that participating Members shall commit themselves to ensuring that their procedures would include the provision to consult the database, how would this relate to the over-arching preambular objective that there would be no obligations arising out of the proposed system? Would a participating Member be compelled to incorporate the obligation to consult the database in its national legislation or could that Member do nothing because the preamble said that the system did not add to the existing TRIPS obligations?<sup>6</sup> In response, it has been said that, under the fourth tiret of the preamble providing that "the system shall not confer any rights with respect to the geographical indications registered in the system" there would be no additional rights in relation to these geographical indications, the decision-making being left to the national authorities. The system would, however, provide a "one-stop shop" for use by those authorities, so that they could consult the register and see what had been notified. As regards the fifth tiret, which said that "the system shall not prejudice any rights or obligations of a Member under the TRIPS Agreement", there would be an additional obligation, i.e. to consult the database for those Members that have chosen to participate in the system; but this obligation would not prejudice existing rights and obligations, for example the right under Article 1.1 to choose how to implement the obligations under the Agreement and the right to exercise any of the exceptions under Article 24 at any time.<sup>7</sup> The Joint Proposal would not, in principle, require changes to national legislation.<sup>8</sup>

4. It has been said that the **EC proposal**, which consisted of proposing an annex to the TRIPS Agreement, avoided the need for a preamble and thus a discussion thereon.<sup>9</sup>

**PARTICIPATION** – *HKC, E. 1-2, F; JP, 2.1-2; EC, 1*

5. With regard to the **Hong Kong, China** proposal, it has been explained that this proposal foresaw a voluntary system with no legal effects in non-participating Members<sup>10</sup> and would therefore only be binding upon Members choosing to participate in the system.<sup>11</sup>

6. The view has been expressed that, while the voluntary nature of the system proposed was to be welcomed<sup>12</sup>, the provision in section F for reviewing the scope of participation in the system four years after the introduction was a matter of concern<sup>13</sup>, in particular as its voluntary nature was a fundamental principle of the system.<sup>14</sup> Any change in the scope of participation would go beyond the mandate of the Special Session.<sup>15</sup> In response, the point has been made that the proposal was aimed at overcoming one of the difficulties that the Special Session was facing, namely the different interpretations of the mandate in regard to the question of participation. One way to overcome this difficulty would be a more incremental approach, namely to set up the system, let it operate for a

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<sup>5</sup> European Communities, TN/IP/M/14, para. 26.

<sup>6</sup> India, TN/IP/M/14, paras. 25 and 30.

<sup>7</sup> New Zealand, TN/IP/M/14, para. 28.

<sup>8</sup> Argentina, TN/IP/M/14, para. 32.

<sup>9</sup> European Communities, TN/IP/M/14, para. 26.

<sup>10</sup> Hong Kong, China, TN/IP/M/12, para. 38.

<sup>11</sup> Hong Kong, China, TN/IP/M/6, para. 15.

<sup>12</sup> Canada, TN/IP/M/6, para. 22; Uruguay, TN/IP/M/6, para. 20.

<sup>13</sup> Canada, TN/IP/M/16, para. 35; Colombia, TN/IP/M/14, para. 56; Malaysia, TN/IP/M/14, para. 54; United States, TN/IP/M/14, para. 44, TN/IP/M/16, para. 30.

<sup>14</sup> United States, TN/IP/M/14, para. 44.

<sup>15</sup> United States, TN/IP/M/16, para. 30.

certain period of time, and then undertake the review.<sup>16</sup> The proposed review clause related to all aspects of the system and not only to participation; should there be no consensus in the review, then the system would remain as it was.<sup>17</sup>

7. It has been questioned why it would be necessary to make a distinction with regard to legal effects between participating and non-participating Members in a system that was truly multilateral, whose purpose was to facilitate protection and the legal effects of which should not hamper recourse to the exceptions under Article 24.<sup>18</sup> In response, it has been said that there could not be a system which was labelled as "voluntary" in terms of participation, which at the same time provided additional substantive legal effects for non-participants.<sup>19</sup>

8. With regard to the **Joint Proposal**, it has been explained that it proposed a strictly voluntary system without binding legal effects in non-participating Members. This approach was shared or preferred by an overwhelming majority of Members<sup>20</sup>, including those which did not have any geographical indications.<sup>21</sup> Participation was a fundamental issue<sup>22</sup>, in particular for those Members that did not produce wines and spirits<sup>23</sup> and had no economic interest in the negotiations but only a systemic one.<sup>24</sup> It would be unfair and simply unacceptable to impose substantial obligations and costs on a large majority of non-wine and spirit producing Members that would not gain anything from the system, nor be able to make practical use of it.<sup>25</sup> The Joint Proposal truly respected the concept of voluntary participation by leaving them the choice of whether or not to opt to participate in the system.<sup>26</sup> For transparency purposes, the proposal provided that Members wishing to participate would submit a notification of their intention to participate.<sup>27</sup> Such a requirement would also result in greater legal certainty for the entire system and avoid any misunderstanding as to whether or not a Member had any obligation under the system.<sup>28</sup>

9. In response, it has been said that another large group of Members preferred a system with binding legal effects in all Members<sup>29</sup>, and that it was dangerous to argue that, because there might be no benefits to be gained by a country from a system, that system should automatically have to be voluntary. For example, a country that did not have patents or trademarks did not thereby escape the obligation to apply the patent or trademark provisions of the TRIPS Agreement with regard to rights of other Members.<sup>30</sup> By way of reaction to this point, it has been said that drawing a parallel with such other IPRs was not appropriate since the TRIPS Agreement did not mandate the negotiation of a registration system in these areas.<sup>31</sup>

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<sup>16</sup> Hong Kong, China, TN/IP/M/14, para. 59.

<sup>17</sup> Hong Kong, China, TN/IP/M/16, para. 37.

<sup>18</sup> Switzerland, TN/IP/M/14, para. 45.

<sup>19</sup> Hong Kong, China, TN/IP/M/14, para. 51.

<sup>20</sup> Argentina, TN/IP/M/16, para. 55; Australia, TN/IP/M/16, para. 61, TN/IP/M/17, para. 25; Malaysia, TN/IP/M/16, para. 58; New Zealand, TN/IP/M/16, para. 50.

<sup>21</sup> Argentina, TN/IP/M/16, para. 55.

<sup>22</sup> Australia, TN/IP/M/14, para. 46; New Zealand, TN/IP/M/14, para. 47; United States, TN/IP/M/14, para. 43.

<sup>23</sup> Australia, TN/IP/M/14, para. 46.

<sup>24</sup> Costa Rica, TN/IP/M/16, para. 13.

<sup>25</sup> Canada, TN/IP/M/16, para. 34.

<sup>26</sup> Canada, TN/IP/M/16, para. 36.

<sup>27</sup> Canada, TN/IP/M/16, para. 36; Colombia, TN/IP/M/16, para. 59; United States, TN/IP/M/14, para. 43.

<sup>28</sup> Argentina, TN/IP/M/16, para. 55.

<sup>29</sup> European Communities, TN/IP/M/16, para. 65.

<sup>30</sup> European Communities, TN/IP/M/14, para. 50; India, TN/IP/M/16, para. 52.

<sup>31</sup> Argentina, TN/IP/M/14, para. 52.

10. Commenting on the provisions on participation in the Joint Proposal, the view has been expressed that a voluntary register would not meet the mandate of Article 23.4 of the TRIPS Agreement<sup>32</sup>, because it denied the basic principle that any multilateral instrument should, in WTO terms, have effects in all Members<sup>33</sup> and because such a system would not have added value and thus would not facilitate the protection of geographical indications.<sup>34</sup> Article II:2 of the Marrakesh Agreement clearly defined "Multilateral Trade Agreements" as those which were binding on all Members. Moreover, it should be borne in mind that the term "multilateral" appeared in the Article 23.4 mandate precisely because some negotiators in the Uruguay Round had sought a system that would go beyond the Lisbon Agreement with its voluntary participation.<sup>35</sup>

11. In response, it has been argued that the words "in those Members participating in the system" in Article 23.4 meant that the system had to be voluntary; in other words, that there could be Members not participating in the system. For this reason the multilateral system put forward in the Joint Proposal would be entirely voluntary and would not impose any legal effects on non-participating Members although it allowed them to have access to the system. It would fully meet the mandate of Article 23.4 and of paragraph 18 of the Doha Declaration.<sup>36</sup> The Joint Proposal had a multilateral character as all Members would participate in the negotiations to establish the system, have access to the system once it was established, and if they so wished, have the opportunity to participate in the system.<sup>37</sup> It would be multilateral in the same way as the multilateral Code of Good Practice in Annex 3 of the TBT Agreement, which was open to acceptance by the standardizing bodies of any WTO Member but was not compulsory for all Members.<sup>38</sup> As regards the Lisbon Agreement, the real reason for the mandate in Article 23.4 had rather been the absence of an effective dispute settlement system under that Agreement for resolving differences about national determinations on whether or not to protect a geographical indication.<sup>39</sup> See also the views expressed the extent to which the Joint Proposal would add any value summarized in paragraphs 111 and 112.

12. By way of reaction to these points, it has been argued that the reference to "geographical indications eligible for protection in those Members participating in the system" in Article 23.4 meant that Members would only have to participate if they wished their indications to enjoy the benefits of the multilateral register. WTO Members would be free to choose whether or not to benefit from the multilateral system by notifying and registering their geographical indications under it and, in that sense, to participate in the system. However, once a geographical indication was included in the system, protection should be facilitated in all Members, because the system was supposed to be multilateral.<sup>40</sup> "Multilateral Trade Agreements" were, in the WTO context, those which were binding on "all Members". As regards the Code of Good Practice in Annex 3 of the TBT Agreement, it was quite a different instrument from the one being negotiated in the Special Session, namely a multilateral system for the notification and registration of geographical indications that would facilitate the obtaining of the TRIPS protection available for these indications, but what was clear was that all WTO Members were parties to that Annex given that it was an integral part of the TBT Agreement, as indicated in its Article 15.5.<sup>41</sup>

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<sup>32</sup> European Communities, TN/IP/M/16, para. 42.

<sup>33</sup> European Communities, TN/IP/M/16, para. 25.

<sup>34</sup> Switzerland, TN/IP/M/16, para. 49.

<sup>35</sup> European Communities, TN/IP/M/14, para. 49.

<sup>36</sup> Australia, TN/IP/M/14, para. 39; Chinese Taipei, TN/IP/M/16, para. 47; Costa Rica, TN/IP/M/16, paras. 13 and 27; Guatemala, TN/IP/M/16, para. 26; Jordan, TN/IP/M/16, para. 46; Korea, TN/IP/M/16, para. 19; Malaysia, TN/IP/M/14, para. 58; Mexico, TN/IP/M/16, para. 57; Singapore, TN/IP/M/16, para. 21; United States, TN/IP/M/16, para. 28.

<sup>37</sup> Australia, TN/IP/M/14, para. 46; Chile, TN/IP/M/16, para. 31.

<sup>38</sup> Australia, TN/IP/M/14, para. 46, TN/IP/M/15, para. 16; New Zealand, TN/IP/M/14, para. 47.

<sup>39</sup> Argentina, TN/IP/M/14, para. 57.

<sup>40</sup> European Communities, TN/IP/M/16, paras. 25 and 42; Switzerland, TNC/IP/R/16, para. 49.

<sup>41</sup> European Communities, TN/IP/M/16, para. 43; Switzerland, TN/IP/M/16, para. 49.

13. With regard to the **EC proposal**, it has been explained that the difference between participating and non-participating Members lay in the freedom Members would have to decide whether or not to include their geographical indications in the system. Participating Members would be those who wanted their geographical indications to enjoy the benefits of the system by notifying them. However, once a geographical indication was included in the system, protection needed to be facilitated in all Members, as they were already bound by the current TRIPS provisions, notably Article 23.4<sup>42</sup>, and because the system was supposed to be multilateral and hence cover, and have effects in, all the WTO Members.<sup>43</sup> Those not wishing to notify a geographical indication into the system would be simply renouncing the benefits of the register, but not the benefits they already enjoyed under the TRIPS Agreement.<sup>44</sup> Such a system would facilitate the implementation of TRIPS obligations in all Members and, given that it would create a streamlined way for Members to handle geographical indications, it would help in particular Members that had fewer administrative resources to devote to this purpose.<sup>45</sup>

14. In commenting on the EC proposal, the view has been expressed that the mandatory system of participation foreseen in it would disturb the balance in the TRIPS Agreement. It would impose onerous obligations<sup>46</sup> and undue burdens and costs on developing countries<sup>47</sup>, many of which would have no economic interest in participating in such a system, be it voluntary or mandatory.<sup>48</sup> Non-wine and spirit producing Members would probably see no benefit in participating in the system; other Members might choose not to participate for costs reasons.<sup>49</sup> It has also been said that proposals calling for mandatory participation would go beyond the mandate of Article 23.4. They would deprive the clear reference in that provision to "those Members participating in the system" of any meaning.<sup>50</sup> It also had to be recalled that the Vienna Convention on the Law of Treaties stipulated that a treaty could not create rights or obligations for any third State without its consent.<sup>51</sup>

15. In response, it has been argued that the wording of Article 23.4 of the TRIPS Agreement and of paragraph 18 of the Doha Declaration contained a certain degree of ambiguity due to the fact that treaties like the TRIPS Agreement were difficult to negotiate. The ambiguity reflected, to some extent, a tension between multilateralism and participation. The EC proposal reflected a good faith effort to unravel that tension by providing for legal effects in all Members, but more limited ones in non-participating Members. It proposed effects in non-participating Members because the mandate clearly called for a multilateral – as opposed to a plurilateral - system of notification and registration. In the context of the WTO this meant a system applicable to all WTO Members.<sup>52</sup> In the WTO, "plurilateral" was understood as referring to a system in which participation was entirely voluntary, as in the cases, for example, of the Agreement on Trade in Civil Aircraft and the Agreement on Government Procurement. Conversely, multilateral systems were understood as being instruments by which all Members were bound or would be bound. It has also been said that the issue of participation was directly connected to the value of these negotiations: an instrument that would facilitate protection in all WTO Members was not the same as a system that would facilitate protection only in those Members which joined the system, particularly when there were no assurances of which Member would be joining that system.<sup>53</sup>

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<sup>42</sup> European Communities, TN/IP/M/16, para. 110.

<sup>43</sup> European Communities, TN/IP/M/16, para. 25.

<sup>44</sup> European Communities, TN/IP/M/16, para. 42.

<sup>45</sup> European Communities, TN/IP/M/16, para. 41.

<sup>46</sup> Canada, TN/IP/M/16, para. 34.

<sup>47</sup> Argentina, TN/IP/M/14, para. 52; Guatemala, TN/IP/M/16, para. 26.

<sup>48</sup> Philippines, TN/IP/M/14, para. 47.

<sup>49</sup> Canada, TN/IP/M/16, para. 34.

<sup>50</sup> United States, TN/IP/M/14, para. 43.

<sup>51</sup> Chile, TN/IP/M/14, para. 55.

<sup>52</sup> European Communities, TN/IP/M/14, para. 40, TN/IP/M/17, para. 26.

<sup>53</sup> European Communities, TN/IP/M/14, para. 40.

16. In response, it has been said that what was being proposed was that non-participating Members would not be able to benefit from the system but would nevertheless have to protect the terms of those countries that did participate in it. Non-participating Members would have onerous obligations but no corresponding enjoyment of benefits. This was unacceptable.<sup>54</sup> Members would actually be forced to participate<sup>55</sup>, because if they did not lodge reservations and entered into negotiations, they would not be able to refuse protection at the domestic level to a notified GI on the grounds of exceptions under Article 24, such as genericness or non-compliance with the GI definition of Article 22.1. The concept of participation had been turned on its head.<sup>56</sup> The EC proposal would not only force Members to participate but undermine their existing rights to make use of Article 24 exceptions.<sup>57</sup>

## NOTIFICATIONS

17. This section on Notifications is structured around the elements that have been suggested in the proposals on the table that the Chairman listed and addressed in his statement at the meeting of the Special Session of 19 July 2006. This statement and the possible elements listed in it formed the basis for the most recent and fullest discussion of the notification provisions of the various proposals. This section also takes account of points made in the earlier discussions of the matter.

18. With regard to the issue of notifications in general, the Chairman said in his statement that the system which the Special Session had been asked to negotiate had to be seen as a whole. The requirements of the notification phase would, to some extent, depend on what was entailed by the registration of a geographical indication under the system, including the legal effects or consequences of registration, and that there was a limit to how far the discussion on notifications could be taken without greater clarity on these key issues.<sup>58</sup> This point has also been made in the discussions.<sup>59</sup>

19. The view has been expressed that the **Joint Proposal** envisaged a very simple notification process whereby each participating Member would be able to notify any geographical indication if so wished. The Joint Proposal Group had in the past drawn on a number of principles which should guide the consideration of what would be an appropriate notification process. First of all, it would have to be flexible enough to deal with geographical indications from all WTO Members, however they were protected, whether through *sui generis* legislation, through common law, through collective trademarks or through consumer protection legislation. Secondly, they would have to be cost effective and not be unduly bureaucratic. Thirdly, the system would have to be transparent and simple. Although that had not been expressly spelt out in their proposal, the Joint Proposal Group tended to support that notifications to the WTO Secretariat use existing WTO mechanisms, such as the Central Registry of Notifications (CRN). That would provide a familiar, simple and transparent approach. With regard to the content of the notification, the Joint Proposal adopted a simple approach and kept to the mandatory notification of the essential information needed to identify the geographical indication.<sup>60</sup>

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<sup>54</sup> Brazil, TN/IP/M/14, para. 42; Canada, TN/IP/M/14, para. 41.

<sup>55</sup> Argentina, TN/IP/M/14, para. 52; Australia, TN/IP/M/14, para. 39; New Zealand, TN/IP/M/14, para. 47.

<sup>56</sup> Canada, TN/IP/M/14, para. 41.

<sup>57</sup> Australia, TN/IP/M/16, para. 62.

<sup>58</sup> Chairman, TN/IP/M/18, paras. 8.1 and 8.14.

<sup>59</sup> Argentina, TN/IP/M/18, para. 14; Australia, TN/IP/M/17, para. 32, TN/IP/M/18, para. 15; Colombia, TN/IP/M/16, para. 76; European Communities, TN/IP/M/17, para. 37; United States, TN/IP/M/16, para. 67, TN/IP/M/17, para. 29.

<sup>60</sup> New Zealand, TN/IP/M/14, para. 70. See also Costa Rica, TN/IP/M/14, para. 82; United States, TN/IP/M/16, para. 69.

20. With regard to the **EC proposal**, the view has been expressed that an underlying key consideration was to ensure the reliability and integrity of the information contained in the register. This was essential because the legal effects that would flow from the system would be based on the contents of the notifications.<sup>61</sup> In response it has been argued that the principle of territoriality should be observed and that the granting of protection for notified geographical indications should not be the aim of the system to be established. The aim should be to receive notifications of geographical indications protected according to the national legislation of the notifying Member and not to inquire as to whether such a name was or was not protected in other WTO countries, a matter to be determined by the various national legislations of these other countries. In other words, no element contained in a GI notification should serve as the basis of protection of this name in other countries; otherwise the system would not be respecting the principle of territoriality for it would be accepting an extraterritorial application of the legislation of certain Members in the territories of other Members.<sup>62</sup>

(i) *The notifying Member - HKC, A.2(c); JP, 3.2(a)*

21. In his statement, the Chairman said that there appeared to be a wide measure of common thinking that the notifying Member should be identified in each notification.<sup>63</sup> No other views were expressed.

22. The EC has indicated a readiness to consider the possibility of producers making notifications directly.<sup>64</sup>

(ii) *The geographical indication itself – HKC, A.2(a); JP, 3.2(b); EC, 2.2(b)*

23. In his statement, the Chairman said that there seemed to be a wide measure of common thinking that the geographical indication in respect of which a notification was being made should be specified as it was protected and used in the notifying Member.<sup>65</sup> In the discussion, there was no disagreement with the concept that the notification should identify the geographical indication that was being notified. However, some concern was expressed about the formulation used by the Chairman when he referred to "as it was protected and used in the notifying Member". The reasons given for this are those set out in sub-section (iii) below. A preference was expressed for the formulation used in paragraph 3.2(b) of the Joint Proposal.<sup>66</sup>

(iii) *Transliteration into Latin characters – JP, 3.2(d); EC, 2.2(b)*

24. In his statement, the Chairman said that there seemed to be a wide measure of common thinking that the notification should include transliteration into Latin characters using the phonetics of the language in which the notification is made. He also said that he believed that it was common ground that such transliterations would be for information purposes and would not in themselves give rise to any legal effects or consequences that might flow from registration of a geographical indication.<sup>67</sup>

25. In the discussion, the view was expressed that the issue of transliteration was linked to the question of translation and that, in fact, often the transliteration would coincide with the translation. Transliterations and translations could be relevant for the legal effects flowing from the register, although it would remain, under the territoriality principle, for national authorities to decide what was

<sup>61</sup> European Communities, TN/IP/M/18, para. 9.

<sup>62</sup> Argentina, TN/IP/M/17, para. 40.

<sup>63</sup> Chairman, TN/IP/M/18, para. 8.3, 1<sup>st</sup> tiret.

<sup>64</sup> European Communities, TN/IP/M/14, para. 75.

<sup>65</sup> Chairman, TN/IP/M/18, para. 8.3, 2<sup>nd</sup> tiret.

<sup>66</sup> United States, TN/IP/M/18, paras. 18 and 20.

<sup>67</sup> Chairman, TN/IP/M/18, para. 8.3, 3<sup>rd</sup> tiret.



the proper translation or transliteration, within their territories.<sup>68</sup> Another view was that it was important to specify that any transliteration would be "for information purposes only", as provided for in paragraph 3.2(d) of the Joint Proposal. There was a difference between transliterations and translations. While there was no need for notification of translations, because of the link with legal effects, providing transliterations was useful for the purposes of indicating what information was being notified.<sup>69</sup>

26. Another point made was that there could be a linkage between transliterations and legal effects and, consequently, the burdens on countries. For example, if a geographical indication had been notified in Chinese characters with a transliteration, it might still be necessary to transliterate it into Latin characters in other Members which used the same Chinese characters but pronounced them differently.<sup>70</sup>

27. Further views expressed on the issue of translation are summarized in sub-section (ix) below.

(iv) *Only GIs which identify goods originating in the notifying Member's territory – JP, 3.1 and 3.2(c)*

28. In his statement, the Chairman said that there seemed to be common ground that a Member should only notify geographical indications which identified goods originating in its own territory.<sup>71</sup> In the discussion, the only point made was that the reference should be to "wines and spirits" rather than to "goods".<sup>72</sup> The Chairman confirmed that his statement indeed concerned "wines and spirits".<sup>73</sup>

29. In the earlier discussion in the Council on notifications, some concern had been expressed that the way in which paragraph 2.1(b) of the EC proposal and paragraph A.1 of the Hong Kong, China proposal were couched would not exclude a Member notifying a foreign geographical indication that was protected in its territory.<sup>74</sup>

30. In response, the EC has said that the words "country of origin" used in Article 24.9 of the TRIPS Agreement had been omitted in order to take account of the fact that some systems of geographical indication protection were managed by regional entities. There should be a way to accommodate both the concerns expressed and the specific problem of his delegation with the term "country" and his delegation would be prepared to modify its proposal to clarify that it only referred to geographical indications in the territory of the notifying Member.<sup>75</sup>

(v) *The place in the notifying Member from which the wine or spirit must originate – HKC, A.2(a); JP, 3.2(c); EC, 2.2(e)*

31. In his statement, the Chairman said that there seemed to be a wide measure of common thinking that notifications should specify the place in the notifying Member from which the wine or spirit must originate in order to use the geographical indication in question.<sup>76</sup> In the discussion, no disagreement was expressed to the concept of such an element, but it was suggested that the language used might be aligned more closely with that of Article 22.1 of the TRIPS Agreement, as for example used in paragraph 3.2(c) of the Joint Proposal, i.e. that the notification should "identify the territory,

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<sup>68</sup> European Communities, TN/IP/M/18, para. 24.

<sup>69</sup> United States, TN/IP/M/18, para. 25.

<sup>70</sup> Japan, TN/IP/M/18, para. 22.

<sup>71</sup> Chairman, TN/IP/M/18, para. 8.3, 4<sup>th</sup> tiret.

<sup>72</sup> New Zealand, TN/IP/M/18, para. 26.

<sup>73</sup> Chairman, TN/IP/M/18, para. 27.

<sup>74</sup> Chile, TN/IP/M/14, para. 66, TN/IP/M/17, para. 31; Costa Rica, TN/IP/M/14, para. 83.

<sup>75</sup> European Communities, TN/IP/M/14, paras. 77 and 102, TN/IP/M/17, para. 38.

<sup>76</sup> Chairman, TN/IP/M/18, para. 8.3, 5<sup>th</sup> tiret.

region or locality of the notifying Member from which the wine or spirit bearing the notified geographical indication is identified as originating".<sup>77</sup>

(vi) *The use of a standard format – HKC, A.3; JP, 3.4; EC, 2.5*

32. In his statement, the Chairman said that it seemed to him that there was a wide measure of common thinking that it would be desirable to provide for a standard format for notifications that would be adopted by the Council for TRIPS prior to the entry into operation of the system and that this format should provide for notifications to be as simple and brief as possible.<sup>78</sup>

(vii) *Article 22.1 definition, GI protected in its territory and not in disuse – HKC, A.1 and 2(e); EC, 2.1*

33. In regard to the provisions of the proposals of Hong Kong, China and of the EC, suggesting that a notifying Member should only notify GIs that it considered meet the Article 22.1 definition, some concern has been expressed that the way this requirement had been put might prejudice the right of other countries to assess independently whether a notified GI met the Article 22.1 definition in their territories.<sup>79</sup> In response, it has been said that the proposed requirement would relate only to the situation of the notified GI in the notifying Member, that is to say the country of origin of the GI, and that the right of other Members to assess independently whether the definition in Article 22.1 was met in their territories would remain in accordance with the principle of territoriality.<sup>80</sup> The EC indicated that it would be ready to modify its draft provision to dispel concerns on this point, for example by adding at the end of paragraph 2.1(a) the words "in its territory".<sup>81</sup> In response, a concern was expressed that the right of Members to make their own determinations would, under the EC proposal, be severely limited by the requirements to lodge any reservations within 18 months and to enter into negotiations.<sup>82</sup> In response, it was said that, because it was important to ensure that only reliable information would be registered on the GI register, it made sense to have substantive notification and registration procedures, including the possibility of lodging reservations.<sup>83</sup>

34. In his statement, the Chairman posed the question whether a clarification to the effect that the right of Members to assess independently whether the Article 22.1 definition was met in their territories and whether the GI was in fact protected in its country of origin and had not fallen into disuse would meet the concerns expressed.<sup>84</sup> In response, the question was raised as to why the provision of such information would not be redundant, given that if a geographical indication was protected in a Member's territory, it would presumably meet the definition of a geographical indication in that Member. This raised the question as to whether there was not another reason for such a requirement, relating, for example, to legal effects. A notification could have a de facto effect and it would be important to ensure that national authorities were not misled and did not consequently grant protection where it was not due. It was recalled that Article 1.1 of the TRIPS Agreement provided that each Member was free to determine the appropriate method of implementing the provisions of the Agreement within its own legal system and practice.<sup>85</sup> In response, the view was expressed that, while there did not seem to be any difference that GIs notified should meet the Article 22.1 definition, it would nonetheless be important to retain an explicit requirement to this

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<sup>77</sup> Canada, TN/IP/M/18, para. 28.

<sup>78</sup> Chairman, TN/IP/M/18, para. 8.3, 6<sup>th</sup> tiret.

<sup>79</sup> Argentina, TN/IP/M/14, para. 64.

<sup>80</sup> European Communities, TN/IP/M/14, paras. 76 and 99; Switzerland, TN/IP/M/18, para. 34.

<sup>81</sup> European Communities, TN/IP/M/14, paras. 76 and 99.

<sup>82</sup> Australia, TN/IP/M/14, para. 81.

<sup>83</sup> European Communities, TN/IP/M/16, paras. 84 and 85, TN/IP/M/17, para. 41.

<sup>84</sup> Chairman, TN/IP/M/18, para. 8.4.

<sup>85</sup> Argentina, TN/IP/M/18, para. 35; Australia, TN/IP/M/18, para. 32; Chile, TN/IP/M/18, para. 36; United States, TN/IP/M/18, para. 33.

effect, especially as one of the grounds for challenging a notification envisaged was that it did not meet that definition.<sup>86</sup>

35. The view has been expressed that one of the concerns with the issues raised under this subheading were those that concerned the suggested requirement in the EC's and Hong Kong, China's proposals to specify a legal instrument under which the notified GI was protected and the possible discriminating impact of this on countries with differing systems for the protection of geographical indications.<sup>87</sup> These points are summarized under sub-section (viii) below.

36. It has been pointed out that Article 24.9 of the TRIPS Agreement was optional and not mandatory; that was to say, it did not prevent countries from protecting GIs which were not, or had ceased to be, protected in their country of origin or which had fallen into disuse in that country. It has been asked whether the two proposals on the table that would preclude the notification of such GIs under the register would have the effect of changing this provision.<sup>88</sup> In his statement, the Chairman said that it was his understanding that it was not intended that this would impair the right of any Member to protect such a GI if it so wished, but only that the register would not be available for facilitating such protection. He said that it would be useful to know if such understanding was correct and whether this would help address any concerns regarding this matter.<sup>89</sup> In response, the delegation of the European Communities confirmed the Chairman's understanding.<sup>90</sup>

(viii) *Legal basis for the protection of the notified GI – HKC, A.2(c); JP, 3.3(b); EC, 2.2(c) and 2.3(c)*

37. It has been said that fulfilling the requirement in the EC and Hong Kong, China proposals for a reference to a legal instrument by which a notified geographical indication is protected in the notifying Member or a certification under government seal of a notifying Member would be difficult. It would be potentially impossible for Members that protected geographical indications through, for example, an unfair competition system, a system where rights were acquired through use, or a common law system. These requirements would therefore discriminate against Members using such systems.<sup>91</sup>

38. In his statement, the Chairman said that it was his understanding that the second option in the Hong Kong, China proposal, namely of the notifying country providing a statement executed under seal by the government of the notifying Member, was an attempt to take into account the concerns about an obligation to specify a particular legal instrument. He suggested that Members might wish to explore further how to accommodate the concerns that had been expressed about the different legal systems and laws by which GIs were protected, while at the same time ensuring a sufficient degree of integrity and reliability of the information to be notified. In that connection, it might be useful to have an exchange of views about the advantages and disadvantages of Hong Kong, China's suggestions on this point.<sup>92</sup>

39. In response, the view was expressed that information on the legal instrument by which the geographical indication was protected in the notifying Member was necessary so that examining authorities in each Member could ascertain whether the hurdle of Article 24.9 of the TRIPS Agreement had been cleared. This could be done without prejudicing the way in which geographical indications were protected across the world, taking account of Members' freedom to determine the

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<sup>86</sup> European Communities, TN/IP/M/18, para. 37.

<sup>87</sup> United States, TN/IP/M/18, para. 39.

<sup>88</sup> Argentina, TN/IP/M/14, paras. 65 and 89; Australia, TN/IP/M/17, para. 34.

<sup>89</sup> Chairman, TN/IP/M/18, para. 8.5.

<sup>90</sup> European Communities, TN/IP/M/18, para. 38.

<sup>91</sup> Argentina, TN/IP/M/18, para. 41; Australia, TN/IP/M/18, para. 42; United States, TN/IP/M/14, para. 69, TN/IP/M/17, para. 29, TN/IP/M/18, para. 39.

<sup>92</sup> Chairman, TN/IP/M/18, para. 8.6.

most appropriate methods of implementing the TRIPS provisions in accordance with their respective legal systems. Paragraph 2.2(c) of the EC proposal mentioned certain instruments of protection as examples but did not exclude other ways in which geographical indications might be protected in their countries of origin.<sup>93</sup>

40. Another view expressed was that, since any examination should only be made in accordance with the national legislation of the Member where protection was being sought, it was difficult to see the relevance of the information called for under the EC proposal. This raised questions as to whether there was a different agenda relating to legal effects and extraterritoriality. It could be assumed that governments would, in this area as in other areas of the WTO, notify in good faith and therefore only notify GIs that were in existence in their territories. Therefore, including a "statement executed under seal by the government of the notifying Member" would not be necessary.<sup>94</sup>

41. The view was also expressed that taking account of the need for a reliable system that would ensure the integrity of the information contained in it, as well as of the differing systems of protection that Members had chosen, based on the flexibility of Article 1.1 of the Agreement, the Hong Kong, China proposal contained interesting and flexible suggestions as to the form such information could take.<sup>95</sup> In response, concern was expressed that the issue of reliability of information should not be used as a cover for including notification elements with legal effects into the system.<sup>96</sup>

42. A concern has been expressed about the reference in paragraph 2.3(c) of the EC proposal to bilateral, regional and/or multilateral agreements under which the geographical indication is protected. The view has been expressed that notification of such information could significantly increase the burden on the Member reviewing the information and was not relevant, given that such agreements only bound those Members who were parties to them.<sup>97</sup> The view has also been expressed that the reference in paragraph 2.2(c) of the EC proposal to legal instruments already notified to the TRIPS Council, in the context of the notification of national laws, was unnecessary, given that they had already been notified.<sup>98</sup> In response, it has been said that the proposal was not necessarily to require notifying Members to repeat what had already been notified but rather to identify the particular legal instrument in question. The use of the term "legal instrument" had the advantage of flexibility and could encompass laws, regulations, court decisions and regional agreements - like the Bangui Agreement or Decision 486 of the Andean Community.<sup>99</sup>

(ix) *Translations of the notified GI – EC, 2.2(b) and 2.3(a)*

43. In his statement, the Chairman said that there would seem to be two aspects that had been raised with regard to the question of translations of notified GIs. The first was whether translations of a notified GI into one of the working languages of the body administering the system should be provided by the notifying country where available; that is to say, if the system were to be administered by the WTO, should there be a requirement to make available any translation into one of the three WTO languages of a notified GI for which the language of origin was another language? As he understood it, this would simply be for the purposes of information and to facilitate understanding in the administering body and in other Members of what was being notified.<sup>100</sup>

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<sup>93</sup> European Communities, TN/IP/M/18, para. 40.

<sup>94</sup> Argentina, TN/IP/M/18, para. 41; Australia, TN/IP/M/18, para. 42; Canada, TN/IP/M/18, para. 47; Chile, TN/IP/M/18, para. 43; Kenya, TN/IP/M/18, para. 48; New Zealand, TN/IP/M/18, para. 46.

<sup>95</sup> Switzerland, TN/IP/M/18, para. 44.

<sup>96</sup> Australia, TN/IP/M/18, para. 45; New Zealand, TN/IP/M/18, para. 46.

<sup>97</sup> Argentina, TN/IP/M/14, para. 90; Canada, TN/IP/M/14, para. 98.

<sup>98</sup> Argentina, TN/IP/M/14, para. 90.

<sup>99</sup> European Communities, TN/IP/M/14, para. 103.

<sup>100</sup> Chairman, TN/IP/M/18, para. 8.7.

44. The Chairman said that the second question related to the issue of whether the notifying Member should also have the option of notifying suggested translations of the GI into other languages. This was provided for in one of the proposals (that of the EC) on the table. There had been some discussion on this, with some concern expressed about possible impairment of each Member's freedom to determine what was the appropriate translation of a GI in its territory.<sup>101</sup> In response, it has been said that such a provision would not have such an effect, and that the ultimate decision would remain with national authorities.<sup>102</sup>

45. The Chairman suggested that some questions which it might be useful to explore further in this connection included:

- In the proposal that included such a provision (that of the EC), was it intended that the legal effects that, under that proposal, would flow from an unopposed registration would not apply to the suggested translations and that those translations would only be provided for information purposes without such legal effects?
- How did this matter relate to the provision in Article 23.1 that the protection of GIs for wines and spirits should apply where the GI is used in translation?<sup>103</sup>

46. In the discussion that ensued, one view that was expressed was that translations, including those into one of the three WTO languages, as well as transliterations, should carry legal effects, with the understanding that the final decision or determination of what was the right translation would remain in the hands of each examining Member, fully respecting the principle of territoriality. In this regard, it was recalled that Article 23.1 contained an express reference to the protection of translations. The EC proposal envisaged that participating Members would enjoy a favourable presumption against the use of translations by third parties. The same would be true in relation to Article 22 in regard to the use of transliterations or translations which misled the public or constituted an act of unfair competition. For these reasons, indicating that translations would be for information purposes only would be misleading, notwithstanding the fact that the final decision would remain with national authorities. It should also be appreciated that translations provided by the notifying Member would be a useful tool for examining Members.<sup>104</sup> Sometimes the geographical indication was used with a different spelling in other countries and did not appear in the original language for reasons beyond the control of the right holder, such as labelling requirements.<sup>105</sup> The idea was to help third countries identify the product. Translations, even if provided on a voluntary basis, should have a legal effect to the degree already provided for in Article 23.1, but not beyond.<sup>106</sup>

47. Another view expressed was that the provision of any sort of translations in the notification system gave rise to concerns, particularly in view of the impact it might have at the national level. Given that decisions concerning protection based on translations had to be made by the courts in the light of consumers in the country where protection was sought, in accordance with the principle of territoriality, there was no need for the publication of translations, even into a WTO working language. The Joint Proposal approach was preferable, namely that the notification be made in English, French or Spanish and that the geographical indication itself would be identified as it appeared on the wine or spirit good in the territory of the notifying Member. The notification of

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<sup>101</sup> Argentina, TN/IP/M/14, para. 93; Australia, TN/IP/M/17, para. 32; Chile, TN/IP/M/17, para. 31; New Zealand, TN/IP/M/14, para. 71; United States, TN/IP/M/14, para. 68, TN/IP/M/17, para. 29.

<sup>102</sup> European Communities, TN/IP/M/18, para. 52.

<sup>103</sup> Chairman, TN/IP/M/18, para. 8.8.

<sup>104</sup> European Communities, TN/IP/M/18, para. 52; Switzerland, TN/IP/M/18, para. 57.

<sup>105</sup> European Communities, TN/IP/M/14, para. 109.

<sup>106</sup> Switzerland, TN/IP/M/18, para. 57.

translations would only be a useful tool for examiners if the result being sought was the situation where all Members would effectively protect all terms notified, including the suggested translation.<sup>107</sup>

48. In response, it has been said that, under any conceivable system, including all those that were on the table, a translation would be useful for any Member receiving a copy of the notification. This would help reduce burdens, especially for small developing countries with limited intellectual property office capacity.<sup>108</sup>

(x) *The product for which the protection is sought – HKC, A.2(a); JP, 3.2(e)*

49. In his statement, the Chairman raised the question as to whether the notification should specify the product for which protection was sought, namely whether it was a wine or a spirit. This would seem to be called for by two of the proposals on the table (the Hong Kong, China Proposal and the Joint Proposal), with the third seemingly silent on this point. He posed the question as to whether there were any differences on this question or whether it was agreed that each notification should specify whether the notified geographical indication referred to a wine or a spirit.<sup>109</sup>

50. In response, it has been said that knowledge of the type of good in question was certainly relevant. As far as the EC proposal was concerned, the legal effects would be based on certain presumptions which would refer to Articles 22 and 23 of the TRIPS Agreement. Whenever the relevant article was Article 23 the presumption would be valid within the same category of goods. The notification of such information could be considered as covered and implicit in the definition of a geographical indication itself, given that in Article 22.1 there was a reference to geographical indications identifying a specific good. Without prejudice to positions with regard to the scope of the register, consideration could be given to the specification of the product for which the protection was sought.<sup>110</sup>

51. The view has been expressed that the EC proposal should include a specific indication that it related to geographical indications for wines and spirits only.<sup>111</sup>

(xi) *Information on the "quality, reputation or other characteristics" – HKC, A.2(a)*

52. In response to a question as to what were the "details of the geographical indication" envisaged under paragraph A.2(a) of the Hong Kong, China proposal and whether their notification would be discretionary<sup>112</sup>, the delegation of Hong Kong, China said that the details of the geographical indication to be notified had been placed between brackets and were illustrative in nature. It would be in the interest of the notifying Member to provide as much information as possible because the registration would serve to provide information, for example in the event that the GI was a subject of judicial or other domestic legal proceedings.<sup>113</sup>

53. In his statement, the Chairman raised the question as to whether there should be a requirement to provide information on the quality, reputation or other characteristics of the good which justified its protection as a geographical indication in terms of Article 22.1 of the TRIPS Agreement. He recalled that one of the proposals (the Hong Kong, China Proposal) suggested the inclusion of such

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<sup>107</sup> Australia, TN/IP/M/18, para. 55; United States, TN/IP/M/18, paras. 53 and 54.

<sup>108</sup> European Communities, TN/IP/M/18, para. 56.

<sup>109</sup> Chairman, TN/IP/M/18, paras. 8.9.

<sup>110</sup> European Communities, TN/IP/M/18, para. 58.

<sup>111</sup> Costa Rica, TN/IP/M/14, para. 84.

<sup>112</sup> New Zealand, TN/IP/M/14, para. 72.

<sup>113</sup> Hong Kong, China, TN/IP/M/14, para. 96.

information in the notification, whereas neither of the other two proposals required this information to be provided.<sup>114</sup>

54. The view was expressed that information of this sort was perhaps already implicitly covered by paragraph 2.3 of the EC proposal. As the examination and decision as to whether a notified term met the definition of a geographical indication were in the hands of the examining Member it was clear that providing them with such information would be useful.<sup>115</sup>

55. Another view has been that submitting such information would not be relevant or necessary and could have systemic consequences. These elements were connected to the issue of the definition under Article 22.1 and could give rise to similar concerns.<sup>116</sup>

(xii) *Information on the owner of the GI – HKC, A.2(b); EC, 2.3(b)*

56. In response to a question, the delegation of Hong Kong, China said that it did not have a rigid idea regarding the issue of the name and contact details of the owner of the geographical indication. There should be flexibility regarding these elements to take into account the different systems used by Members to protect geographical indications. The name could, for example, be that of a commune or regional body.<sup>117</sup>

57. In his statement, the Chairman raised the question as to whether, and if so how, the notification should specify the owner of the geographical indication or the persons entitled to use it for their production in the notifying Member. He noted that one proposal (the Hong Kong, China Proposal) required notifications to include the name and contact details of the owner of the geographical indication while another gave each notifying Member the option of including information on persons entitled to use the geographical indication in its territory. The third proposal was silent on this question. The Chairman asked whether this type of information was necessary or desirable for a functioning system and, if so, whether it should be optional or mandatory and how it would best be phrased.<sup>118</sup>

58. In response, one view has been that such information would be useful, particularly for examining Members. Under paragraph 2.3(b) of the EC proposal, this was an optional element. Since this proposal, as other proposals, was based on the principle that GI right holders would need to go to third country markets to assert their rights and, when doing so, they would be in touch with national authorities and courts, making such information available would be a further tool to help the good functioning of the system towards its mandated objective, which was to facilitate the protection of geographical indications.<sup>119</sup>

59. Another view has been that such information was not necessary and should not be mandatory. The Joint Proposal was quite flexible in the discretionary information that could be supplied on how the notified geographical indication was protected in its country of origin, including on ownership. Some of the language used to describe this element, particularly the reference to persons entitled to use the geographical indication for production in the notifying Member, gave rise to concerns. For countries protecting geographical indications through certification marks, it was not clear exactly how such persons would be defined. If it were about identifying specific individuals, or specific groups of individuals, this could have implications for domestic systems.<sup>120</sup>

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<sup>114</sup> Chairman, TN/IP/M/18, paras. 8.10 and 61.

<sup>115</sup> European Communities, TN/IP/M/18, para. 59.

<sup>116</sup> Argentina, TN/IP/M/18, para. 60; United States, TN/IP/M/18, para. 62.

<sup>117</sup> Hong Kong, China, TN/IP/M/14, para. 96.

<sup>118</sup> Chairman, TN/IP/M/18, para. 8.11.

<sup>119</sup> European Communities, TN/IP/M/18, para. 63.

<sup>120</sup> United States, TN/IP/M/18, para. 64.

*(xiii) Date of protection – HKC, A.2(f); JP, 3.3(a); EC, 2.2(e)*

60. In his statement, the Chairman noted that the provision of information, where available, on the date on which a GI had obtained protection in its country of origin or on any date on which that protection would expire was seen as a mandatory element of a notification under two of the proposals (the Hong Kong, China Proposal and the EC Proposal) and an optional element under the third. He understood that it was recognized that such information would not be available in all cases; it would depend on the type of protection applicable in the country of origin. He posed the question whether a requirement drafted in such a way as to recognize this could be generally acceptable.<sup>121</sup>

61. The view was expressed that such information would be useful for the administration of the system, as well as for Members when handling geographical indications at the national level.<sup>122</sup> It was said that the EC proposal would not affect the freedom of every Member to implement the obligations under Section 3 of Part II of the TRIPS Agreement in the way that best fitted their legal systems. However, where information on the date was available, then it should be provided given that this information was relevant with regard to TRIPS GI protection for example in Article 24.5 and in Article 24.9.<sup>123</sup>

62. The view was expressed that this was a point on which there appeared to be some degree of convergence among Members.<sup>124</sup> The provision of such information should be voluntary and flexible enough not to prejudice Members' flexibilities under Article 1.1 of the TRIPS Agreement. It was noted that the EC and Hong Kong, China proposals only called for such information where it was available.<sup>125</sup>

63. The view was also expressed that, while agreement was closer on this issue than on some others, it would still be a matter of concern if the requirement was mandatory, as in the EC and Hong Kong, China proposals, but not the Joint Proposal. The provision of such information would not be necessary to achieve the goal of facilitating protection. It therefore raised the question as to whether the purpose was to use the date as a basis for providing protection in the third party's jurisdiction.<sup>126</sup> It should also be recalled that the TRIPS Agreement did not require the protection of any of the subject-matter it dealt with prior to its entry into force some 10 years ago.<sup>127</sup>

*(xiv) Limitation on number of applications – HKC, A.3*

64. The EC delegation has indicated a readiness to consider the Hong Kong, China proposal whereby the administering body might limit the number of applications to be processed each year, in the interests of having an efficient register.<sup>128</sup>

*(xv) Circulation and publication of notifications – EC, 2.6*

65. The view has been expressed that the procedure of circulation or publication of notifications prior to registration, envisaged in paragraph 2.6 of the EC proposal, was relevant only to the registration model to which the EC aspired. This provision was important because it could unleash the entire procedure of "reservations", which was related to the issue of legal effects sought by the

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<sup>121</sup> Chairman, TN/IP/M/18, para. 8.12.

<sup>122</sup> Switzerland, TN/IP/M/18, para. 65.

<sup>123</sup> European Communities, TN/IP/M/18, para. 66.

<sup>124</sup> European Communities, TN/IP/M/18, para. 66, Chile, TN/IP/M/18, para. 67; Switzerland, TN/IP/M/18, para. 65.

<sup>125</sup> Switzerland, TN/IP/M/18, para. 65.

<sup>126</sup> Argentina, TN/IP/M/18, para. 69; United States, TN/IP/M/18, para. 68.

<sup>127</sup> Argentina, TN/IP/M/18, para. 69.

<sup>128</sup> European Communities, TN/IP/M/14, para. 74.



EC. By contrast, the Joint Proposal required that publication should be done only once after registration.<sup>129</sup>

## **REGISTRATION**

66. With regard to the registration provisions in the **Joint Proposal**, it has been said that the registration phase was simple: the Secretariat would simply register all submitted notifications.<sup>130</sup>

67. The view has been expressed that the automaticity of such a registration system, i.e. all geographical indications notified would be automatically registered, was troublesome, for it did not foresee any GI screening, nor did it provide any useful information, such as the legal basis on which the notified geographical indication was protected in its country of origin, or whether the notified term actually met the GI definition. Since all names notified into the system would be registered, the same effects would, therefore, flow from the names, irrespective of whether or not they were actually geographical indications, or even irrespective of whether or not they were protected in their countries of origin. As a consequence of the automaticity of registrations and of the absence of sufficient information in the notifications, the database would be loaded with unreliable information, which would not contribute to legal certainty that had to form the basis for facilitating protection. Because it was important to ensure that only reliable information would be registered on the GI register, it made sense to have substantive notification and registration procedures, including the possibility of lodging reservations.<sup>131</sup>

68. In response, it has been argued that the best guarantee that the information would be reliable was the fact that it would come from notifications made by governments. Cases of notified terms that were not geographical indications or of multiple identical GI notifications would be minimal. Although the notification system which Members had agreed upon as part of their decision on TRIPS and public health did not provide for the verification of notified information, Members had taken the decision assuming that governments would make accurate and faithful notifications.<sup>132</sup>

69. With regard to the registration elements of **the EC proposal**, it has been said that the EC proposal was above all motivated by the principle that the system to be established should contain reliable information and that all Members should be able to agree on this principle. It was through the registration procedures that the EC proposal aimed at ensuring that the information contained in the system would be reliable. This was particularly important as only a register containing reliable information could justify meaningful legal effects.<sup>133</sup>

70. In response, it has been questioned whether the sole or main purpose of the complex reservation system set up in the EC proposal was to ensure the reliability of terms on the register. The following points have been made in that regard:

- While the principle that the information on the register should be reliable could be accepted, such an objective should be pursued without making the system overly burdensome and undermining the flexibilities of the TRIPS Agreement that Members currently enjoyed.<sup>134</sup>
- Rather than being based on the objective of guaranteeing reliability, the EC proposal sought to provide an automatic worldwide protection based solely on one protection

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<sup>129</sup> Argentina, TN/IP/M/14, para. 95.

<sup>130</sup> Argentina, TN/IP/M/16, para. 78.

<sup>131</sup> European Communities, TN/IP/M/16, paras. 84 and 85, TN/IP/M/17, para. 41.

<sup>132</sup> Chile, TN/IP/M/17, para. 43.

<sup>133</sup> European Communities, TN/IP/M/17, paras. 41 and 46.

<sup>134</sup> Australia, TN/IP/M/17, para. 42; New Zealand, TN/IP/M/17, para. 45.

granted in the country of origin with limited grounds of objection. Such a system would clearly change the balance of rights and obligations under the TRIPS Agreement and would therefore be beyond the mandate of facilitating protection.<sup>135</sup> The registration and notification systems under the EC proposal were interrelated with the reservation procedure and its legal effects, and there were serious systemic concerns that such a system, when seen in its entirety, was unprecedented when compared to other international IPR regimes. What Members were supposed to negotiate was the establishment of a system that would facilitate, and not modify, the protection of geographical indications.<sup>136</sup>

71. Some points of clarification have been sought with regard to the EC proposal and responses given:

- Confirmation was requested that the objective of the EC proposal was neither to create a supranational system nor to charge the WTO Secretariat with the prerogative of making decisions on the notifications.<sup>137</sup> In response, it was confirmed that the EC proposal was not proposing that the WTO Secretariat take decisions on which Member would be the true owner of a geographical indication or the real notifying Member of a certain geographical indication that had been notified by two Members at the same time. It was simply proposing the establishment of a system that would ensure that the principle of territoriality was respected by ensuring that decisions would remain in the hands of national authorities, who would make their views clear through a challenge procedure that would prevent the unfolding of legal effects in the territories of challenging Members.<sup>138139</sup>
- In regard to the possibility of allowing notifications to be made directly by producers to the administrative body, the question has been raised as to how the EC's proposed system of providing more reliable information would work.<sup>140</sup> In response, it was said that the only objective of offering such flexibility had been to make it clear that the proponents were prepared to compromise in order to establish a system that would be acceptable to all Members. If other Members did not agree with such an idea the EC proposal would not be changed in that direction.<sup>141</sup>

#### *Formality Examination – HKC, B.1-2*

72. With regard to paragraph B.1 and 2 of the **proposal by Hong Kong, China**, it has been argued that a formality examination by the administering body would be desirable. This proposed examination would be a pure formality which would in no way replace the examination which each Member would carry out as to the validity of the geographical indication on its own territory.<sup>142</sup>

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<sup>135</sup> Australia, TN/IP/M/17, para. 42; New Zealand, TN/IP/M/17, para. 45; United States, TN/IP/M/17, para. 71.

<sup>136</sup> Argentina, TN/IP/M/17, para. 56.

<sup>137</sup> El Salvador, TN/IP/M/17, para. 50.

<sup>138</sup> European Communities, TN/IP/M/17, para. 46.

<sup>139</sup> For further discussion of the relationship between the principle of territoriality and the EC proposal, see in the section on Notifications, paragraphs 20, 25, 33, 40, 46, 47; the section on Registration, paragraph 71; the section on Reservations, paragraphs 73, 74, 77-79, 83-83 and the section on Consequences of Registration/Legal Effects, paragraphs 94, 97, 101, 103 and 109-112.

<sup>140</sup> Chinese Taipei, TN/IP/M/17, para. 44.

<sup>141</sup> European Communities, TN/IP/M/17, para. 47.

<sup>142</sup> Switzerland, TN/IP/M/14, para. 113.

*Reservations – EC, 3.1-5*

73. With regard to the **purpose and functioning of the reservation system** suggested in the **EC proposal**, the following explanations have been provided by proponents of this approach:

- The EC proposal contained a reservation system because it aimed for legal effects and presumptions similar to those attached to a trademark registration after its examination. Given the fact that the system to be established should have legal effects and presumptions in all Members in order to fulfil the mandate, it also made sense to open the challenge procedures to all Members and give them the opportunity to examine the notifications made within the 18-month period. This would allow Members to be able to prevent certain legal effects from unfolding in their territories by raising a reservation on the basis: (i) that the notified geographical indication did not meet the definition in Article 22.1 of the TRIPS Agreement; (ii) that the geographical indication in question did not meet the requirement in Article 22.4 of the Agreement; and (iii) that the geographical indication was generic in the territory of the examining Member. This would be in accordance with the principle of territoriality and would also ensure that the register contained reliable and useful information. In addition to these three grounds for reservations, paragraph 3.3 gave a notifying Member the possibility of requesting other Members to provide information on trademarks consisting of or containing the geographical indications. In that case, the WTO Member which had received the request would need to notify the existence of such trademarks.<sup>143</sup>
- There lay substantial benefit in providing for examination procedures and reservations that could be lodged based on various elements, such as the definition of a geographical indication, genericness or homonymy. This reservation system would call for some substantive examination within the 18-month period following notification and would therefore bring clarity to the register at an early stage, namely before there was any litigation at the national level. This seemed to be a good idea because it would enable Members who had made these reservations to examine problems related to geographical indications in their own territories. The registry would therefore show the status of the geographical indications protection in each Member, which would be useful information for the right holders, for the authorities responsible for geographical indications and for other producers who would like to use these names. Rather than having every interested party carrying out this examination to know whether a geographical indication fulfilled the criteria of the definition or was generic, Members would have the information already on the register. In that light, the EC proposal would enable Members to facilitate protection, in contrast with the Joint Proposal.<sup>144</sup>

74. **Certain points of clarification with regard to the EC proposal** have been raised and responses given:

- The question has been raised whether Members would be able to invoke the Article 24.6 exception on generics at the domestic level after the 18-month period, since a geographical indication, just as a trademark, could cease to be protectable and become generic after that period has expired.<sup>145</sup> In response, it has been said that, under the proposal, Members would have 1.5 years to examine a GI notification and, if need be, place a reservation. If a Member did not place such reservation it would

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<sup>143</sup> European Communities, TN/IP/M/14, para. 126, TN/IP/M/16, paras. 80-81.

<sup>144</sup> Switzerland, TN/IP/M/14, para. 114, TN/IP/M/16, para. 146.

<sup>145</sup> Australia, TN/IP/M/17, para. 55; Chile, TN/IP/M/14, para. 116.

no longer be able to claim that that particular term was generic, the reason being the assumption that if a term was being protected it should not turn generic. If a Member forgot to place a reservation and found out subsequently that some of its local producers had been using the geographical indication, it would still be able to invoke, for example, the exception in Article 24.4 of the Agreement. The latest version of the EC proposal had also been made more flexible in that, compared to the 1998 version, Article 24.5 was no longer among the grounds for reservations which would be affected by the 18-month time-period.<sup>146</sup>

- Referring to the requirement for bilateral negotiations under the EC proposal the question has been raised as to how the reservation system would allow Members to lodge reservations with regard to their interests in third country markets.<sup>147</sup> In response, it has been said that the principle of territoriality would apply, meaning that it would remain with each WTO Member to decide whether or not to protect in its territory a certain geographical indication.<sup>148</sup>
- The question has been raised as to what would happen if a notifying Member decided not to enter into negotiations with all the Members who had lodged reservations<sup>149</sup> or if a Member made a reservation without engaging in negotiations.<sup>150</sup> In response, it has been said that if the notifying country did not ask for bilateral negotiations, or if such negotiations did not lead to an agreement, there would be no protection for that individual geographical indication in the territory of the country placing the reservation and this could last forever.<sup>151</sup>
- The question has been raised as to why reservations which were not followed by bilateral negotiations, and which were simply referred to in annotations, would not give rise to legal effects similar to those pertaining to non-challenged geographical indications.<sup>152</sup> In response, it has been said that, if a Member placed a reservation against a notified geographical indication, such objection, which would be based upon grounds such as definition or genericness, would take into account the prevailing circumstances in that Member's territory. Therefore, the geographical indication would not be valid in that Member's territory. What the principle of territoriality did not allow was to extend that Member's reservation, reached solely on the basis of particular circumstances in that Member, to other third countries, where the term might not be generic and therefore be protectable. The analysis that led to each individual reservation should be market-based. Concerns in this regard could possibly be addressed by giving some sort of publicity to reservations placed by Members.<sup>153</sup>

75. The view has been expressed that the reservation system suggested under the EC proposal would be **burdensome** for developed and developing country Members.<sup>154</sup> The following arguments have been put forward in this connection:

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<sup>146</sup> European Communities, TN/IP/M/14, para. 143.

<sup>147</sup> New Zealand, TN/IP/M/14, para. 122.

<sup>148</sup> European Communities, TN/IP/M/14, para. 128.

<sup>149</sup> Canada, TN/IP/M/17, para. 70.

<sup>150</sup> Chile, TN/IP/M/14, para. 138.

<sup>151</sup> European Communities, TN/IP/M/14, para. 127, TN/IP/M/14, para. 146.

<sup>152</sup> Chile, TN/IP/M/14, para. 116.

<sup>153</sup> European Communities, TN/IP/M/14, para. 146.

<sup>154</sup> Australia, TN/IP/M/14, para. 110, TN/IP/M/16, para. 87; Canada, TN/IP/M/14, para. 137, TN/IP/M/17, para. 52; Guatemala, TN/IP/M/16, para. 99; New Zealand, TN/IP/M/14, paras. 121 and 122, TN/IP/M/17, para. 66; Philippines, TN/IP/M/16, paras. 92-93; United States, TN/IP/M/16, para. 96.

- Paragraph 3.2 of the EC proposal would require each participating or non-participating Member to lodge reservations and enter into compulsory negotiations on behalf of every private interest in its territory that might be affected by the registration of a foreign geographical indication. If a Member failed to engage in this costly and burdensome reservation process, such a Member would not be able to decline protection to the term on the register on certain grounds, e.g. that the term was not a geographical indication or that it was a generic term in that Member's territory. In other words, that Member would be forced to protect the term on the register. This would be burdensome for Members, whether developing or developed, and was unwarranted.<sup>155</sup> Under the EC proposal, the exceptions of Article 24 of the TRIPS Agreement would become cumbersome to exercise. Concern was expressed regarding the administrative costs associated with monitoring GI notifications, engaging in negotiations and, if requested by a notifying Member, monitoring and notifying the existence of any trademark that contained or consisted of a notified geographical indication.<sup>156</sup>
- Further burdens would arise from the requirement to identify the applicable grounds for reservations and to duly substantiate them. This would mean that the burden of all WTO Members wishing to retain the generic nature of notified terms would fall on the shoulders of those Members' governments.<sup>157</sup>
- While the EC proposal stated that the bulk of the costs generated by the system would be covered by those WTO Members that had notified geographical indications into the system, the question was raised as to how the EC proposal intended to cover the costs incurred in lodging reservations as well as those incurred in bilateral negotiations.<sup>158</sup>
- If developed countries had expressed concerns about the proposed EC system, developing countries would have even greater difficulties, for they would not be able to react appropriately to notifications under that system. The only valid alternative for developing countries was the Joint Proposal system, which was user-friendly, accessible, simple, effective, non-costly and non-burdensome.<sup>159</sup>

76. In response, it has been argued that, if Members considered TRIPS obligations to be burdensome, such a burden existed not only in relation to geographical indications but in relation to all IPRs. The obligations under the TRIPS Agreement, as under any other WTO Agreement, implied burdens. However, all Members had decided to participate in these agreements and be bound by the obligations under them based on the fact that there was an overall favourable balance of results for them.<sup>160</sup> The 18-month period proposed was one of the longest periods of examination provided under similar registration systems. However, if there was concrete evidence that 18 months would be too short a period, another time-frame could be considered. Flexibility had also been offered by a willingness to consider the possibility of limiting the number of geographical indications to be notified.<sup>161</sup>

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<sup>155</sup> Australia, TN/IP/M/16, para. 87.

<sup>156</sup> New Zealand, TN/IP/M/14, para. 121; Philippines, TN/IP/M/16, paras. 92-93.

<sup>157</sup> Canada, TN/IP/M/17, para. 52; New Zealand, TN/IP/M/17, para. 66.

<sup>158</sup> New Zealand, TN/IP/M/14, para. 122.

<sup>159</sup> Guatemala, TN/IP/M/16, para. 99.

<sup>160</sup> European Communities, TN/IP/M/16, para. 107.

<sup>161</sup> European Communities, TN/IP/M/14, paras. 126 and 145.

77. In response, it has been argued that the EC proposal, as it stood, would put on all Members, in particular developing countries, the burden of preserving the principle of territoriality to the extent that they themselves would have to make sure that they made reservations within the 18-month period. The offer made by the EC to give more flexibility to the proposal by extending this period or by limiting the number of annual notifications would not be enough to address such concerns.<sup>162</sup>

78. The view has been expressed that the EC proposal would upset the **balance of rights and obligations** established under the TRIPS Agreement in regard to the protection of geographical indications. The following arguments have been put forward in this connection:

- Article 23.4 required the implementation of a two-phase system, comprised of a notification phase and a registration phase. However, the EC proposal provided for three additional phases, examination, reservation and bilateral negotiations, which would substantially change the existing TRIPS Agreement obligations. In contrast, the voluntary Joint Proposal system did not include any of these additional phases and it did so to keep within the mandate. Under the Joint Proposal, both examination and opposition procedures would remain at the national level and consequently the balance of rights and obligations, as carefully negotiated in the TRIPS Agreement, would not be disturbed.<sup>163</sup> These new phases, examination, reservations and mandatory bilateral negotiations, would be fundamentally detrimental to developing countries.<sup>164</sup>
- The reservation system would limit Members' rights to use certain exceptions by making them conditional on reservations and negotiations.<sup>165</sup> If a Member failed to object to every one of the notified geographical indications within the 18-month period, it would then have waived its ability to object to that geographical indication later and have removed the ability of its domestic producers to object in court proceedings later. There was nothing in the TRIPS Agreement or the negotiating mandate which placed an expiry date on the rights of Members to access these exceptions.<sup>166</sup> It constituted an attempt to renegotiate the text agreed in the Uruguay Round, an exercise not part of the present negotiations.<sup>167</sup> Furthermore, objecting Members would have to duly substantiate the grounds for their reservations which was not a condition of using Article 24 exceptions under the TRIPS Agreement.<sup>168</sup> If a Member had placed any objections to a notification, it would then be forced into bilateral negotiations with the notifying Member. Furthermore, these negotiations would be stacked in favour of increased protection for the notified GI given the link in the EC proposal to Article 24.1 of the TRIPS Agreement.<sup>169</sup> Significant pressure would be brought to bear on that objector to work out some sort of deal for the notified geographical indication. Bilateral negotiations between states dealing with what were private property rights would result in less legal certainty and transparency in national systems of protection.<sup>170</sup>

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<sup>162</sup> Philippines, TN/IP/M/16, paras. 92 and 93.

<sup>163</sup> Canada, TN/IP/M/16, para. 90.

<sup>164</sup> Argentina, TN/IP/M/16, para. 95.

<sup>165</sup> Australia, TN/IP/M/14, para. 148, TN/IP/M/16, paras. 87-89 and 114, TN/IP/M/17, para. 42; Canada, TN/IP/M/14, para. 123; New Zealand, TN/IP/M/14, para. 121; United States, TN/IP/M/14, para. 118, TN/IP/M/16, para. 96.

<sup>166</sup> New Zealand, TN/IP/M/14, para. 121.

<sup>167</sup> Argentina, TN/IP/M/14, para. 115; Canada, TN/IP/M/14, para. 123.

<sup>168</sup> Australia, TN/IP/M/16, paras. 88 and 114.

<sup>169</sup> Australia, TN/IP/M/14, para. 111; TN/IP/M/16, para. 88.

<sup>170</sup> Argentina, TN/IP/M/14, para. 115, TN/IP/M/16, para. 78; Canada, TN/IP/M/14, para. 123; United States, TN/IP/M/16, para. 96.

- The reservation system would itself erode the principle of territoriality by forcing Members to be proactive in denying IP rights to GI right holders rather than providing the framework of minimum standards within which IPRs could be acquired in relation to their territories, in accordance with the TRIPS Agreement. Whether other intellectual property treaties in WIPO had a different approach was not relevant to these discussions, which were held in the WTO context. In any case, while WTO Members could choose to sign up to WIPO treaties, under the EC proposal Members would not have this choice.<sup>171</sup>

79. In response, it has been argued that providing for reservations in international registration systems was not something new and that the Madrid Protocol system, of which most of the countries that were raising this issue were members, had a system of reservations or oppositions.<sup>172</sup> In response to the point that the reservation system would be contrary to the principle of territoriality, it has been argued that the effect would actually be the opposite. It would be through such a reservation system that the possibility of challenging the notifications made would be granted to Members, hence ensuring that the principle of territoriality was respected. The idea of oppositions and objections was something that was well known in international registration systems for intellectual property.<sup>173</sup> In response to the comment made that under the WIPO treaties Members chose to sign up for the effects flowing from these treaties, it has been said that, in the case of the TRIPS Agreement, Members had chosen to sign up to its Article 23.4, which was clear in stipulating that the system should be "multilateral", and hence cover, and have effects in, all the WTO Members.<sup>174</sup> For further points made on how the EC proposal compares to the Madrid Agreement and other WIPO treaties see paragraphs 108-109.

80. The question has been raised as to why the reservation system proposed by the European Communities **differentiated between different types of Article 24 exceptions** when the TRIPS Agreement and the negotiating mandate appeared to provide no such basis.<sup>175</sup> It has been argued that this changed the balance of rights and obligations by unjustifiably creating a hierarchy between different exceptions.<sup>176</sup> It has been questioned why, under the proposed reservation system, Article 24.4 and 24.5 could only be invoked at the domestic level and why further categories of exceptions such as Article 24.8, which were not expressly mentioned in the proposal, did not constitute grounds for a reservation.<sup>177</sup>

81. In response, the following points have been made:

- The reference to Articles 24.4 and 24.5 of the TRIPS Agreement in paragraph 3.2 of the EC proposal was only to clarify that the proposal did not foresee specific legal effects for those grandfathering exceptions, which would remain fully exercisable at any time at the national level. For the same reason, Article 24.8 of the TRIPS Agreement would also continue to apply. If it was felt desirable by Members, the proponents would be open to expressly including this in the proposal.<sup>178</sup>

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<sup>171</sup> Australia, TN/IP/M/16, para. 89, TN/IP/M/17, paras. 51 and 63; New Zealand, TN/IP/M/17, para. 66.

<sup>172</sup> European Communities, TN/IP/M/14, para. 126.

<sup>173</sup> European Communities, TN/IP/M/17, para. 58.

<sup>174</sup> European Communities, TN/IP/M/16, paras. 110 and 156.

<sup>175</sup> Canada, TN/IP/M/14, para. 123; New Zealand, TN/IP/M/14, para. 122.

<sup>176</sup> Argentina, TN/IP/M/14, para. 132; Australia, TN/IP/M/14, para. 134, TN/IP/M/14, para. 137; Canada, TN/IP/M/14, para. 123, Chile, TN/IP/M/17, para. 57; New Zealand, TN/IP/M/14, para. 122, TN/IP/M/17, para. 67; TN/IP/M/16, para. 88, TN/IP/M/17, para. 55; United States, TN/IP/M/17, para. 48.

<sup>177</sup> Chile, TN/IP/M/14, paras. 116 and 138, TN/IP/M/17, para. 57.

<sup>178</sup> European Communities, TN/IP/M/14, para. 144, TN/IP/M/17, para. 49.

- The EC proposal did not propose a reservation system for all exceptions, because not all exceptions were "optional" like the ones in paragraphs 4 and 6 of Article 24 of the TRIPS Agreement.<sup>179</sup>
- Not providing for the possibility of reservations with respect to, for example, paragraphs 4 and 5 of Article 24 of the Agreement should be seen as a sign of flexibility. It meant that, if a Member had failed or forgotten to place a reservation on the grounds of genericness and was concerned that its local producers would thereby lose the right to use a geographical indication, it would still be able to use paragraphs 4 and 5 of Article 24 of the Agreement and thus avoid problems with its local industry. This feature of the EC proposal was not meant to be discriminatory, quite the contrary. However, if Members would feel more comfortable including paragraphs 4 and 5 of Article 24 of the Agreement among the cases of reservation, this possibility could be discussed since it would actually be better from the point of view of the proponents of the EC proposal.<sup>180</sup>
- A further reason given for why the EC proposal did not include Article 24.4 and, in particular, Article 24.5, as the basis of its challenge procedures was related to the nature of these exceptions themselves. Article 24.6, if applicable, would imply that the geographical indication would not receive any protection whatsoever in the Member concerned. However, Article 24.4 dealt with a different situation as it prevented the "continued and similar use of a particular geographical indication". This was not a question of preventing GI protection altogether, but rather a situation in which certain uses of the name on other products would be allowed to continue when they had existed for a certain period of time. The geographical indication would then co-exist in the market with the prior uses that would qualify under Article 24.4. Clearly, a challenge procedure that would prevent any legal effects from occurring would not fit with the functioning and with the nature of the exception in Article 24.4. A similar situation existed for Article 24.5. A recent panel had established that co-existence between geographical indication and certain prior trademarks was a possibility under the TRIPS Agreement. Members could therefore choose to either grant that co-existence or not. However, it would not be appropriate to establish in a system or challenge procedure the possibility for trademarks to impede geographical indications obtaining protection when it was a fact that in certain Members legal systems there existed the possibility of co-existence between geographical indications and certain prior trademarks. The European Communities was one of these Members and its co-existence system had been considered compatible with WTO rules by the Panel.<sup>181</sup>

82. The argument that a reason for the difference between the exceptions was that the exceptions in Article 24.4 and 24.5 were mandatory was challenged as incorrect. According to the wording of the TRIPS Agreement, only Article 24.5 was mandatory.<sup>182</sup> This did not provide sufficient justification for making a distinction between the two very important exceptions of Article 24.4 and 24.6, nor why the exception of Article 24.6 could not continue to be used under domestic law.<sup>183</sup>

83. With regard to the provision for **bilateral negotiations** in the EC proposal, the view has been expressed that this would be inappropriate, for the following reasons:

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<sup>179</sup> European Communities, TN/IP/M/14, para. 130.

<sup>180</sup> European Communities, TN/IP/M/14, para. 130, TN/IP/M/17, para. 49.

<sup>181</sup> European Communities, TN/IP/M/17, para. 74.

<sup>182</sup> Australia, TN/IP/M/17, para. 51

<sup>183</sup> Australia, TN/IP/M/17, para. 55; New Zealand, TN/IP/M/17, para. 57.



- Requiring Members' governments to pursue reservations regarding, and negotiations on, what had traditionally been private rights to be determined and enforced at the national level in each Members' individual territory would go against the well-established norm, expressly recognized in the preamble of the TRIPS Agreement, that intellectual property rights were private rights. Geographical indications, like trademarks, were commercial rights, so Members needed to provide a legal framework in which these rights could be sought, contested and defended. However, Members should not be required to lodge reservations and enter into negotiations on behalf of every private interest in its territory that could be affected by the registration of foreign geographical indications.<sup>184</sup>
- The question has been raised as to how the issue of whether a term was or was not generic could be determined through negotiations when such a question was market-specific and therefore a territorial matter. The language of the proposed provision, when it related to resolving disagreements, was misleading, for it was not necessarily the case that if a Member made a reservation, it would be disagreeing with the notifying Member. Rather, it could be the case that each Member's rights were legitimate and valid under the TRIPS Agreement. National courts must remain the ultimate arbiters and the principle of territoriality must therefore remain the basis for the recognition and protection of geographical indications.<sup>185</sup>
- The obligation to negotiate would require a Member to negotiate on how it had applied in its domestic legislation the definition of Article 22.1. This issue was important because it was already possible to predict which WTO Member would be a massive notifier of geographical indications. The question was raised as to what would happen when developing countries, for example, presented reservations and would have to engage in bilateral negotiations. The examples of recent bilateral agreements on intellectual property showed imbalances in these kinds of negotiations. In sum, it seemed that this kind of provision was aimed at giving more power to those who already had it to exert pressure and determine the course of a negotiation.<sup>186</sup>
- Members would be expected in negotiations to be open to trading away legal judgements made by their domestic courts or authorities<sup>187</sup> and that such compulsory bilateral negotiations therefore constituted an attempt to bypass national legal systems.<sup>188</sup> This would be inconsistent with the principle of territoriality.<sup>189</sup>

84. In response, the following arguments have been put forward:

- It would remain with each Members' authorities and courts to decide whether certain names were geographical indications or generic.<sup>190</sup>
- With regard to the question of the pressure that some Members could exert on other Members during the bilateral negotiations, this could exist irrespective of the proposed mechanism. The EC proposal was quite clear that the only obligation was to enter into negotiations, as stated in Article 24.1 of the TRIPS Agreement. The fact

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<sup>184</sup> Australia, TN/IP/M/14, para. 110; United States, TN/IP/M/14, para. 118.

<sup>185</sup> Australia, TN/IP/M/14, paras. 111-112; United States, TN/IP/M/14, para. 117.

<sup>186</sup> Argentina, TN/IP/M/14, para. 115, TN/IP/M/17, para. 64; United States, TN/IP/M/14, para. 117.

<sup>187</sup> New Zealand, TN/IP/M/14, para. 122, TN/IP/M/16, paras. 97-98.

<sup>188</sup> Canada, TP/IP/M/14, para. 123; United States, TN/IP/M/14, para. 119, TN/IP/M/14, para. 155.

<sup>189</sup> Australia, TN/IP/M/14, para. 136; Canada, TP/IP/M/17, para. 68; New Zealand, TN/IP/M/16, para. 98.

<sup>190</sup> European Communities, TN/IP/M/14, para. 124.

that the obligation under that provision would apply even in the absence of the Doha Round showed that the proponents were not forcing any results on Members.<sup>191</sup> In fact, by clearly stating that the annotation in the GI register would prevent the unfolding of legal effects in the challenging Member, the EC proposal could be seen as actually strengthening the hand of challenging Members because they would have a very clear and solid foundation for maintaining their position if they believed, for example, that a term was generic.<sup>192</sup> As regards the subject matter of the bilateral negotiations, it was said that this would be up to the parties to the negotiations to decide upon.<sup>193</sup>

- If bilateral agreements based on Article 24.1 of the TRIPS Agreement were not consistent with the principle of territoriality, Members which had bilaterally negotiated the protection of generic terms would have violated this principle.<sup>194</sup>

85. With regard to the reference to Article 24.1 in the paragraph of the EC proposal on negotiations, it has been argued that this was illegitimate since Article 24.1 defined the aim of the bilateral negotiations to be that of "increasing the protection of the individual geographical indications" while Article 23.4 referred to "facilitating protection".<sup>195</sup> Article 24.1 of the TRIPS Agreement appeared under Article 24 and not under Article 23, particularly its paragraph 4. If Members had agreed in the Uruguay Round to increase the protection of individual geographical indications through a register of geographical indications for wines and spirits, both Articles 23.4 and 24.1 of the TRIPS Agreement would have been in the same article, which was not the case.<sup>196</sup> The customary method to resolve disputes in the WTO was not through bilateral negotiations but through the dispute settlement system, which had been created precisely to prevent unilateral measures or political pressure. The provisions in Articles 23.4 and 24.1 could not be combined, as intended by the European Communities, to justify replacing this neutral way to resolve disputes with a politically oriented dispute mechanism.<sup>197</sup>

86. The point has been made that, if a reservation was made by a Member based on the grounds that the notified GI did not meet the definition of Article 22.1, then that Member would, under the EC proposal, be subject to bilateral negotiations that the EC proposal had linked to Article 24.1. However, if that term did not meet the GI definition under the Agreement, Article 24.1 would simply be inapplicable as there would not be any geographical indication to be negotiated about. This was just one clear example showing that the European Communities were seeking, through their proposal, to rebalance the current rights and obligations under the TRIPS Agreement.<sup>198</sup> In response, it was recalled that Article 24.1 mentioned, in its first part, the obligation to enter into negotiations, if so requested, to increase the protection of individual geographical indications but that the second part only said that Members "shall" not use the exceptions under paragraphs 2 to 8 of Article 24 to refuse to conduct negotiations or conclude bilateral or multilateral agreements. The wording of Article 24.1, which did not cover paragraph 9 of Article 24, did not exclude the possibility of discussing a reservation for instance, on the ground that the notified term met the definition of Article 22.1.<sup>199</sup>

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<sup>191</sup> European Communities, TN/IP/M/16, para. 111, TN/IP/M/17, para. 60.

<sup>192</sup> European Communities, TN/IP/M/17, para. 61.

<sup>193</sup> European Communities, TN/IP/M/14, para. 129.

<sup>194</sup> European Communities, TN/IP/M/16, para. 105.

<sup>195</sup> Canada, TN/IP/M/17, para. 69; United States, TN/IP/M/14, paras. 119 and 140.

<sup>196</sup> Argentina, TN/IP/M/16, para. 112; Australia, TN/IP/M/14, para. 133, TN/IP/M/15, para. 53.

<sup>197</sup> Argentina, TN/IP/M/16, para. 95, TN/IP/M/17, para. 65.

<sup>198</sup> United States, TN/IP/M/16, para. 118, TN/IP/M/15, para. 187.

<sup>199</sup> European Communities, TN/IP/M/16, para. 121.

87. In response, it has been argued that when a Member filed a reservation regarding a notified geographical indication, this meant that, in principle, that geographical indication was not protected in that Member, but could be the subject of a negotiation aimed at increasing the protection, as already agreed in Article 24.1 of the TRIPS Agreement today. If there were problems with the wording used in the EC proposal on this matter, consideration could be given to other wording, such as: "Members may invoke at any time Article 24.1 of the TRIPS Agreement".<sup>200</sup> While Articles 23.4 and 24.1 of the TRIPS Agreement were not in the same provision, Article 23.4 referred to a register that was meant to facilitate the protection of geographical indications; such protection was certainly the one provided for in Articles 22, 23 and 24 of the Agreement. Since Article 24.1 was part of these three provisions, surely there would be a place for that provision within the register to facilitate its application. That was why the EC proposal had included in its paragraph 3.4 a reference to Article 24.1 of the TRIPS Agreement.<sup>201</sup> Bilateral negotiations based on Article 24.1 of the TRIPS Agreement were already an obligation accepted by Members. This would be the most efficient and the more familiar approach within the WTO system to resolve differences.<sup>202</sup> Article 24.1 was explicitly applicable to both bilateral and multilateral agreements and was simply a tool at Members' disposal with regard to geographical indications. It clearly did not change the balance of rights and obligations, because it was already in the TRIPS Agreement and, as such, formed part of the obligations that Members had undertaken.<sup>203</sup>

*Content of Registrations – HKC, B.4; JP, 4.2; EC, 3.7*

88. With regard to the **Joint Proposal**, it has been argued that because of the automaticity of the registration system and the lack of any GI screening, the register would not provide any useful information, such as the legal basis on which the notified geographical indication was protected in its country of origin, or whether the notified term actually met the GI definition, as well as the dates on which the geographical indication started to be protected or the protection ceased to exist. The database would therefore be loaded with unreliable information, which would not be an adequate contribution to legal certainty that had to form the basis for facilitating protection.<sup>204</sup>

89. In response, the following points have been made:

- The notifications that would be submitted by Members' governments under the Joint Proposal could be quite detailed and reliable. The Joint Proposal foresaw information such as transliterations of the GI and Members would also be free to add any other information they saw fit.<sup>205</sup> The Joint Proposal had the flexibility to allow the submission of information if and when it was available and appropriate.<sup>206</sup> This was important so as to reflect the diversity of systems for protecting GIs and not to discriminate against systems that protected GIs through the common law or through unfair competition legislation.<sup>207</sup>
- The information would be notified by governments as in other areas of the WTO and would therefore be deemed reliable.<sup>208</sup>

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<sup>200</sup> European Communities, TN/IP/M/14, para. 125, TN/IP/M/16, para. 107.

<sup>201</sup> European Communities, TN/IP/M/14, para. 142, TN/IP/M/15, para. 75.

<sup>202</sup> European Communities, TN/IP/M/16, paras. 82 and 119.

<sup>203</sup> European Communities, TN/IP/M/16, para. 120.

<sup>204</sup> European Communities, TN/IP/M/16, para. 84.

<sup>205</sup> Chile, TN/IP/M/16, para 103.

<sup>206</sup> Canada, TN/IP/M/18, para 47.

<sup>207</sup> Australia TN/IP/M/18, para 42; Chile, TN/IP/M/18, para 43, United States, TN/IP/M/18, paras 39 and 64, TN/IP/M/18, para 29.

<sup>208</sup> Australia TN/IP/M/18, para. 45; Canada, TN/IP/M/18 para. 47; Chile, TN/IP/M/16, para. 149, TN/IP/M/18, para. 43; Kenya, TN/IP/M/18, para. 48; New Zealand, TN/IP/M/18, para. 46.

- The Joint Proposal system did not require the mention of the date of protection because TRIPS obligations applied to Members only as from certain dates, for example 1 January 1996 for developed countries. The question has been raised of what would happen, under the EC proposal, with those EC geographical indications registered many years before that date.<sup>209</sup>
- The issue of the content of notifications and registrations was linked to the legal effects the notified information would have and the issue of reliability should not be used to disguise the inclusion of notification elements with legal effects into the system.<sup>210</sup>

90. By way of reaction, it has been said that the purpose of the register was not to be simply a starting-point for GI protection, otherwise the mandate in Article 23.4 of the TRIPS Agreement would have stated that Members should establish a GI database for information purposes only. This was clearly not the case because the mandate was, instead, to establish a multilateral system for the registration and notification of geographical indications "in order to facilitate" their protection.<sup>211</sup>

91. With regard to **the EC proposal**, it has been said that, upon expiry of the 18-month period, the administering body would register the notified geographical indication and include annotations related to reservations, if any. The contents of the registration would therefore not only include the various elements of the notification but also those annotations. The relevant annotation meant that there would not be legal effects for a challenging Member. That was another example of the consistency of the EC proposal with the principle of territoriality.<sup>212</sup> The registry would therefore show the status of the geographical indications of each Member, which would be useful information for the right holders, the authorities responsible for geographical indications and other producers who would like to use these names. Rather than having every interested party carry out an examination to know whether a geographical indication fulfilled the criteria or was generic, Members would already have the information on the register.<sup>213</sup>

***CONSEQUENCES OF REGISTRATION (PROPOSED "EFFECT OF REGISTRATION"/"PARTICIPATION", "PROCEDURES TO BE FOLLOWED BY PARTICIPATING MEMBERS"/"ACCESS FOR OTHER MEMBERS" OR "LEGAL EFFECTS IN PARTICIPATING MEMBERS"/"LEGAL EFFECTS IN NON-PARTICIPATING MEMBERS"/"LEGAL EFFECTS IN LEAST-DEVELOPED COUNTRY MEMBERS")***

*In participating Members – HKC, D.1-4; JP, 5; EC, 4*

92. With regard to the **Hong Kong, China proposal**, it has been explained that, in contrast to the EC proposal, only Members participating in the system would be required to give legal effect to a registration and that the rebuttable presumptions that a registration would entail related only to three specific issues, namely ownership of the geographical indication, that the indication satisfied the definition under Article 22.1 of the TRIPS Agreement in the notifying country, and that it was protected in its country of origin. There was no time limit attached to these rebuttable presumptions, nor was there any provision for oppositions at the multilateral level.<sup>214</sup>

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<sup>209</sup> Argentina, TN/IP/M/16, para. 102.

<sup>210</sup> Australia, TN/IP/M/18, para. 45; TN/IP/M/17, para. 32; United States, TN/IP/M/18, para. 13; TN/IP/M/17, para. 29.

<sup>211</sup> European Communities, TN/IP/M/16, para 104.

<sup>212</sup> European Communities, TN/IP/M/16, para. 83.

<sup>213</sup> Switzerland, TN/IP/M/14, para. 114.

<sup>214</sup> Hong Kong, China, TN/IP/M/14, para. 149, TN/IP/M/16, paras. 127 and 128.

93. The question has been raised whether, under the Hong Kong, China proposal, the burden of proof regarding the question of whether or not a geographical indication was generic would be on the generics producers or on the GI owners. Under the Hong Kong, China proposal, would there still be, in such a case, a presumption that the term was a geographical indication?<sup>215</sup> In response, it has been said that, under the Hong Kong, China proposal, there would be no presumption linked to the provision on generic terms and therefore the burden of proof would not be affected. This was precisely one of the main features distinguishing the Hong Kong, China proposal from the EC proposal. A Member's domestic court would be in the best position to determine whether a term was generic or not in that Member's territory.<sup>216</sup>

94. A number of views have been expressed on the **presumptions envisaged in the proposals of both Hong Kong, China and the European Communities**. In general, it has been said that the effect of such presumptions would be to shift the burden of proof and thereby substantively alter the balance of rights and obligations under the TRIPS Agreement.<sup>217</sup> The following arguments have been advanced in this regard:

- This reversal of the burden of proof would place geographical indications at a higher level than any other form of intellectual property. Why should geographical indications benefit from presumption of protection when other forms of intellectual property did not?<sup>218</sup> Such a reversal would force trademark owners and generic users to prove their right to continue use of their trademark or of a generic term if a later-in-time geographical indication was notified.<sup>219</sup>
- The presumptions would essentially create a GI right in each WTO Member without any national examination as it would allow for a notifying country to use its country of origin protection as a basis to receive protection in another country without having to comply with the statutory requirements of that country. This ignored the principle of territoriality in that intellectual property protection typically had effects only within the territory of the Member that had granted that protection.<sup>220</sup>
- Shifting the burden of proof away from the right holder, where it traditionally and logically belonged, would impose higher costs on those producers seeking to avoid disruption of trade. It was only in Article 34 of the TRIPS Agreement with regard to process patents that the reversal of the burden of proof was expressly provided for.<sup>221</sup>

95. In regard to the Hong Kong, China proposal, the view has been expressed that under existing systems trademarks were granted an evidentiary presumption only after a rigorous examination regarding prior rights and statutory requirements as well as after a third party opposition period. In contrast, under the Hong Kong, China proposal, registered terms would, after a simple formality check, enjoy the status of prima facie evidence before the domestic courts and authorities of Members regarding three crucial elements, namely the ownership of the geographical indication, whether it met the Article 22 definition and whether it was protected in the country of origin. This would substantially change the balance of rights and obligations under the TRIPS Agreement and, in fact, serve to unnecessarily increase rather than facilitate protection of geographical indications.<sup>222</sup> The

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<sup>215</sup> Australia, TN/IP/M/16, para. 129.

<sup>216</sup> Hong Kong, China, TN/IP/M/16, para. 130.

<sup>217</sup> Argentina, TN/IP/M/14, para. 150; Australia, TN/IP/M/16, para. 141, TN/IP/M/17, para. 77; New Zealand, TN/IP/M/14, para. 157.

<sup>218</sup> New Zealand, TN/IP/M/14, para. 157.

<sup>219</sup> United States, TN/IP/M/14, para. 118, TN/IP/M/14, para. 155, TN/IP/M/16, para. 124.

<sup>220</sup> United States, TN/IP/M/16, para. 124.

<sup>221</sup> Argentina, TN/IP/M/14, para. 150; New Zealand, TN/IP/M/14, para. 157.

<sup>222</sup> New Zealand, TN/IP/M/14, para. 157; United States, TN/IP/M/14, para. 118, TN/IP/M/14, para. 155, TN/IP/M/16, para. 124; .

existence of the presumptions seemed to be in contradiction with the recognition in paragraph 4(a) of Section D of the Hong Kong, China proposal that the exceptions under Articles 22 to 24 of the TRIPS Agreement would continue to be fully applicable by domestic courts.<sup>223</sup>

96. In response, the following arguments have been put forward in relation to the Hong Kong, China proposal:

- The proposed system was voluntary and would, therefore, create certain rebuttable legal effects only in those Members participating in the system. Hence, if a Member took a well-informed policy decision not to participate in the system, there would be no legal effects and, as a consequence, the question of its consistency with the territorial nature of IPRs should not arise.<sup>224</sup>
- Even for those participating Members, there would be a presumption regarding three aspects only: the definition under Article 22.1 of the TRIPS Agreement; GI ownership; and the protection of the geographical indication in the notifying country.<sup>225</sup>
- All presumptions would be rebuttable and would operate within Members' domestic courts, in accordance with their local jurisprudence and proceedings. Whatever decision was taken by a domestic court on a particular geographical indication, it would only have effects in that particular jurisdiction, with no consequences for other Members. In this way, the territorial nature of IPRs would be preserved. Except with regard to Article 24.9 of the TRIPS Agreement, all other exception provisions under Article 24 would stay intact and be governed by the rules under Member's domestic systems. Unlike the EC proposal, there would not be any time-limit.<sup>226</sup>

97. Another view expressed in regard to the Hong Kong, China proposal has been that, while the approach of creating presumptions that would be rebuttable at any time was positive, these presumptions should relate not only to definition and protection in the country of origin, as was proposed by Hong Kong, China, but also to the generic nature of a name or the misleading character of a homonymous name, as was proposed by the EC. The concept of territoriality would be fully respected for two reasons: first, each Member would have the possibility, in a system with reservations, to lodge a reservation; second, since the presumptions would remain rebuttable, it would be possible to challenge the presumption at any time after the registration before the national courts.<sup>227</sup> Each Member would continue to be able to decide whether or not a term was a geographical indication in its territory and, as a consequence, whether it merited protection. Since the principle of territoriality also applied to determinations regarding the genericness of terms, it would not be logical to give an extraterritorial character to such determinations either.<sup>228</sup>

98. It was further argued that in view of the fact that the mandate called for establishing a system to "facilitate the protection" of geographical indications that was currently available under the TRIPS Agreement, it would be necessary to bring in a "plus" element. The objective of "facilitation" of protection could not be achieved without providing, as the EC and Hong Kong, China proposals did, that a registration would have as a legal effect the presumption of validity of the registered geographical indication in all the Members that had not opposed it. This presumption should be rebuttable at any time and on any applicable ground. It was not aimed at creating new rights or

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<sup>223</sup> Argentina, TN/IP/M/14, para. 150.

<sup>224</sup> Hong Kong, China, TN/IP/M/16, para. 127.

<sup>225</sup> Hong Kong, China, TN/IP/M/16, para. 127.

<sup>226</sup> Hong Kong, China, TN/IP/M/16, paras. 127-128.

<sup>227</sup> Switzerland, TN/IP/M/14, para. 159.

<sup>228</sup> Chile, TN/IP/M/17, para. 81; Switzerland, TN/IP/M/16, para. 145, TN/IP/M/17, para. 76.

obligations, but rather at putting GI right holders in a better situation than the one existing at the present time to defend their rights. By providing this type of limited or qualified legal effect, Members would fulfil the mandate of "facilitating" protection.<sup>229</sup>

99. With regard to the **EC proposal**, it has been confirmed that, where no opposition had been lodged in respect of a notified GI on one of the grounds on which oppositions could be made, the effect would be that the possibility of invoking that exception would have been waived and an irrebuttable presumption created. It has been said that this kind of determination was not a novelty since it was common practice for trademark offices to decide whether or not signs in applications were actually distinctive and, therefore, registrable as trademarks. As far as geographical indications were concerned, some Members were already making this kind of determination as a result of bilateral negotiations, in application of the flexibility Members enjoyed under the TRIPS Agreement to decide on the genericness of terms, including on whether to protect a term which had formerly been considered generic. While Article 24.6 of the TRIPS Agreement allowed Members not to protect geographical indications of other Members they considered as generic, it did not oblige Members to do so. Such a possibility should therefore not create a surprise: it had been a normal practice for Members to negotiate on generics on the basis of Article 24.1 of the TRIPS Agreement. What the EC proposal was doing was simply implementing that provision.<sup>230</sup>

100. In addition to the views set out earlier in relation to the presumptions envisaged in the proposals of both Hong Kong, China and the European Communities, a number of views have been expressed more specifically directed at the **legal effects provided for in the proposal of the European Communities**:

- The substantive legal effects it applied to participating Members were not foreseen in the current standards of the TRIPS Agreement.<sup>231</sup>
- Under the TRIPS Agreement there were carefully negotiated relationships between trademarks and geographical indications, with neither of them having preference over the other. The EC proposal would upset this balance by creating a presumption that a notified term should be automatically protected in all WTO Members, whether or not it was considered a geographical indication in those Members. This evidentiary presumption that would be granted upon registration would call into question the validity of prior trademarks and generic terms, forcing trademark owners and users of generic terms to prove their right to continue to use these terms. As a hypothetical example, assuming the EC proposal applied to all products, which would be strongly opposed, if the European Communities notified "feta" as a geographical indication, there would be a presumption of eligibility for protection in all the WTO Members. The proposal would thus force all those Members where the term "feta" was generic to defend such determination against the presumption that would flow from the register. An unprecedented substantive legal obligation would be placed on all WTO Members. The EC proposal wanted to rely on Article 24.1 of the TRIPS Agreement to eradicate the generic exception under Article 24.6, which was a matter to be decided by the domestic courts of each Member according to their domestic legislation, taking into account local circumstances.<sup>232</sup>

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<sup>229</sup> Switzerland, TN/IP/M/16, para. 144.

<sup>230</sup> European Communities, TN/IP/M/16, para. 108, TN/IP/M/14, para. 161.

<sup>231</sup> Argentina, TN/IP/M/14, para. 151.

<sup>232</sup> Hong Kong, China, TN/IP/M/14, para. 149, TN/IP/M/16, para. 128; New Zealand, TN/IP/M/16, para. 98; United States, TN/IP/M/16, para. 123.

- The reversal of the burden of proof would transfer directly to national governments all the country-by-country costs that currently were the responsibility of individual producers. This meant that the majority of countries, particularly developing ones, would have to assume all the costs of examining the notified geographical indications. Those producers, especially those from countries with greater purchasing power, would save in litigation costs because they would be able to litigate in other countries solely based on the protection given in their own territories. Producers of third countries would be the ones who would have to go to courts to defend their rights. The EC proposed system would grant supranational exclusive rights to some producers who would have an additional competitive advantage over other competitors in third markets.<sup>233</sup>
- The proposal entailed a supranational approach whereby one single action taken at international level would trigger immediate and automatic global effects regardless of any intent of the right holder to actively market a term in any particular country, thereby potentially foreclosing markets that otherwise would not be foreclosed. By contrast, the underlying general approach for existing international IPR systems was that a person filing an application in various countries had an interest in operating in those countries.<sup>234</sup> This system would therefore facilitate a type of "automatic claiming" of a broad range of terms throughout the WTO membership.<sup>235</sup>
- The proposal suggested a type of worldwide extraterritorial system of protection in which a notifying country could use its own country of origin protection as the basis for receiving protection in another country without having to comply with the statutory requirements of that country. The presumptions foreseen would essentially create a GI right in each WTO Member without any national examination, thereby bypassing the national systems of other countries. Such a system could not be reconciled with the notion that intellectual property rights were territorial, that rights had to be established and asserted under the laws of the country where protection was being sought, and that such rights typically had effects only within the territory of the Member that had granted them.<sup>236</sup>

101. In response, the following arguments have been advanced:

- All proposals, including the Joint Proposal, would trigger legal obligations that were not currently specifically provided for under the TRIPS Agreement. It was unclear what the difference was between the legal effect of a legal commitment to consult a database and the legal effect of a reversal of the burden of proof, or any other legal effects like the ones under the EC proposal.<sup>237</sup> The effects envisaged might be more or less strict, but all were obligations not specifically provided for in the TRIPS Agreement. It was questionable why a "soft" legal effect would be acceptable and considered within the mandate while a more stringent one would not.<sup>238</sup>
- The exceptions in Article 24 of the TRIPS Agreement would continue to apply under the EC proposal. Some of them should be exercised within the 18-month reservation period, while others, which were not mentioned specifically in the original EC

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<sup>233</sup> Argentina, TN/IP/M/14, paras. 169 and 170.

<sup>234</sup> United States, TN/IP/M/14, para. 166.

<sup>235</sup> United States, TN/IP/M/14, para. 155.

<sup>236</sup> Argentina, TN/IP/M/17, para. 64; Australia, TN/IP/M/17, para. 63; Canada, TP/IP/M/17, para. 68; Chile, TN/IP/M/17, para. 81; New Zealand, TN/IP/M/17, para. 66; United States, TN/IP/M/14, para. 155, TN/IP/M/16, para. 124, TN/IP/M/17, paras. 48 and 71.

<sup>237</sup> European Communities, TN/IP/M/14, para. 31.

<sup>238</sup> European Communities, TN/IP/M/14, para. 37.



proposal but were later expressly included at the request of certain Members, could be invoked at the national level at any time. The proposal would not create substantive obligations, but simply procedural requirements in order to facilitate GI protection, which was in line with the mandate.<sup>239</sup>

- The EC proposal did not aim at eradicating Article 24.6 of the TRIPS Agreement. This provision would be the basis for opposition if a Member found that a term was generic in its territory, in which case the geographical indication would be registered with an annotation excluding legal effects in the opposing Member. As a consequence, not only would Article 24.6 be preserved, but the system would also ensure that the principle of territoriality was respected. For example, a non-EC Member would still be able to export "feta" under that name to Members that decided, based on the principle of territoriality, that it was generic in their territories. This illustrated that the EC proposal ensured that the decision on the protection of terms remained in the hands of national authorities.<sup>240</sup>
- The EC proposal would not bypass national administrations because it gave Members' national authorities a reasonable period of time of 18 months to review an application and decide whether a geographical indication could be protected in their territories. Decisions regarding geographical indications would continue to be made at the national level and the EC proposal was therefore not trying to impose extraterritorial effects.<sup>241</sup>
- The possibility of seeking global protection on the basis of the protection granted in the country of origin was not new to intellectual property systems. It was based on the TRIPS Agreement itself, which introduced the notion of country of origin. For example, trademarks registered in one country enjoyed certain priority rights in others. It was on the basis of the protection in the "country of origin", i.e., the country of first registration, that priority rights could be obtained in other third countries if applications were lodged within a certain period of time.<sup>242</sup> In that sense the TRIPS Agreement already provided for what could be termed as "universal" protection. However, GI protection under the proposed EC system would not actually be that "universal" because the objective of the procedures for opposition was precisely to enable Members to ensure that their national particularities as far as protection was concerned would be reflected by the system.<sup>243</sup>

102. In response to the first point, it has been argued that the commitment to consult the database was not of a similar nature to that of other proposals, in particular the requirements set forth in the EC proposal. The commitment to consult the database would, in good faith, fulfil the requirements of Article 23.4 while at the same time preserving the current rights and obligations under the TRIPS Agreement. This was the kind of balance the proponents of the Joint Proposal were looking for.<sup>244</sup>

103. In response to the last point, it has been said that the TRIPS Agreement did not provide for "universal" protection, as its provisions were underpinned by the principle of territoriality, not by universality. The EC proposal was suggesting that the register should facilitate the universal protection of geographical indications, which confirmed that their proposal was "TRIPS plus" and, as such, would be better placed at WIPO. It was "TRIPS plus" because it would give geographical

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<sup>239</sup> European Communities, TN/IP/M/16, paras. 133-135, TN/IP/M/17, paras. 73 and 78.

<sup>240</sup> European Communities, TN/IP/M/16, para. 136.

<sup>241</sup> European Communities, TN/IP/M/14, para. 164, TN/IP/M/17, para. 73.

<sup>242</sup> European Communities, TN/IP/M/14, para. 165.

<sup>243</sup> European Communities, TN/IP/M/16, para. 109.

<sup>244</sup> United States, TN/IP/M/14, para. 33. See also Australia, TN/IP/M/14, para. 34.

indications notified to the register a presumption of protection in all Members, an effect which would change the balance of rights and obligations under the TRIPS Agreement.<sup>245</sup>

104. A number of points have been made about the **possible commercial impact of the proposal of the European Communities**. One view has been that:

- By facilitating the automatic claiming of a broad range of terms throughout the WTO membership, the system could eliminate the ability of right owners in one market to enter a new market with their trademark or other rights, and could inhibit the ability of small and medium-sized companies to establish new brands that could otherwise have incorporated such terms.<sup>246</sup>
- Companies that had long sold products in a territory with generic names or as trademarks that appeared similar to a notified geographical indication would have to find a new name for their products, the same being true for local geographical indications that happened to be similar to notified geographical indications. This would all happen as a result of Members only having one chance to object to a geographical indication at the international level and on limited grounds within an 18-month period.<sup>247</sup>
- Another result would be that there would be nothing to stop the European Communities or other Members from simply pre-emptively registering the names of all towns, regions and other domestic geographical indications, regardless of any intent to export products therefrom. For the European Communities alone, this could number in the tens of thousands.<sup>248</sup>

105. In response, the following points have been made:

- In regard to the concern about the restriction of the ability to use certain terms in world trade, the possibility to use many terms had, in a way, been wiped out through trademarks, which covered more terms than those affected by geographical indication systems. Intellectual property protection was a valid aim and it was legitimate for GI right holders to seek protection not only in their countries, but also in other countries where they wished to operate. GIs right holders who were trying to gain protection in third countries via the register could, if they had the money to do so, also start registering certification marks in these countries. As certification marks would also give a monopoly right on the use of these terms, the argument concerning the wiping out of the use of certain terms should also apply in this case.<sup>249</sup>
- GI name users would not be compelled to find new names for their products, precisely because, under the EC proposal, exceptions, such as those based on genericness, would remain applicable and could be invoked at the national level to ensure that prior uses could continue in those markets where these exceptions applied.<sup>250</sup>

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<sup>245</sup> Australia, TN/IP/M/16, para. 115.

<sup>246</sup> United States, TN/IP/M/14, para. 155, TN/IP/M/16, para. 125.

<sup>247</sup> Australia, TN/IP/M/17, para. 77; United States, TN/IP/M/16, para. 125.

<sup>248</sup> Australia, TN/IP/M/17, para. 77; United States, TN/IP/M/16, para. 125.

<sup>249</sup> European Communities, TN/IP/M/14, para. 163.

<sup>250</sup> European Communities, TN/IP/M/16, para. 137.

- The danger of pre-emptive registration of names of all towns and regions did not exist. "Geographical indications" were only those names that referred to a geographical origin and where there was a link between the qualities, characteristics and reputation of the product with that geographical origin. This was not an easy hurdle to overcome and, therefore, not every geographical name could become a geographical indication.<sup>251</sup>

106. Points have been made on **paragraph 4(c) of the EC proposal** regarding the requirement on Members, if a notifying participating Member has so requested, to **notify any applications for trademark registrations** that contain or consist of a geographical indication that had been registered or applied for. One view has been that this requirement would be an additional burden on all Members. Rather, the burden should be on the GI owners themselves to search for conflicting trademark registrations and applications in the market they wished to enter.<sup>252</sup> The complicated structure of costs and fees provided for under paragraph 9 of the proposal to address these costs would be a total novelty in multilateral registration systems. Was the WTO going to act as some taxing agency responsible for the redistribution of the fees to developing countries, who would be, in the end, those having to pay for such reports? Few LDCs and developing countries would be able to take on such costs.<sup>253</sup>

107. In response, it has been argued that, because of the fact that prior trademark searching could be a burden, the EC proposal foresaw that the right holders themselves should pay for this obligation. This was recognized in paragraph 9.5 of the proposal, according to which the registration of a geographical indication "shall be subject to the advance payment of a multilateral fee which shall include: (i) a basic fee; and (ii) an individual fee". Paragraph 9.7 stated that such individual fees "shall cover the costs incurred by WTO Members requested to provide", for a given application, the information about prior trademarks and about future trademark applications. This was, in fact, not a novelty in terms of international registration systems because many offices had already been providing search reports. In addition, the Madrid Protocol had a similar system whereby registration fees differed depending on the costs of registration in each member state. Furthermore, nothing prevented Members from delegating this work to specialized private companies. The objective of this obligation was the idea of using it as a mechanism to bring information on possible conflicts with trademarks to the forefront. It was meant to help all interested parties, GI and trademark right holders, avoid conflicts in the future.<sup>254</sup>

108. The issue of **how the EC proposal compares to existing international registration systems managed by WIPO** has been discussed. One view has been that all the WIPO-administered registration systems aimed at facilitating the obtaining of protection for different IP rights. All these systems had legally binding effects and the possibility of challenging notifications. Under the Madrid system, to which Australia and the United States were party, an international registration of a trademark resulted in the granting of protection to a trademark in other member states that did not oppose it in the same way as if the trademark had been the subject of a direct application with the national office of that member state. Under the Lisbon Agreement, notified geographical indications, unless opposed, would have the protection established in the Lisbon Agreement itself. These were strong legal effects. The EC was proposing a different system for the GI register because it was being negotiated under the WTO framework and not in WIPO. The suggested legal effects in the EC proposal were less than those of the Madrid or Lisbon systems, and simply aimed at facilitating the protection provided for under the TRIPS Agreement. The EC proposal was also suggesting a system with legal effects in all Members, based in this case on presumptions, so as to ensure that meaning

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<sup>251</sup> European Communities, TN/IP/M/16, para. 138.

<sup>252</sup> Argentina, TN/IP/M/14, para. 151; Hong Kong, China, TN/IP/M/14, para. 149; New Zealand, TN/IP/M/14, para. 157.

<sup>253</sup> Argentina, TN/IP/M/14, para. 171.

<sup>254</sup> European Communities, TN/IP/M/14, paras. 160 and 173.

was given to the word "multilateral" in Article 23.4 of the TRIPS Agreement and to thereby fulfil its mandate.<sup>255</sup>

109. In response, the following points have been made:

- While the WIPO systems had the objective of facilitating the obtaining of protection, the mandate in Article 23.4 of the TRIPS Agreement only required the establishment of a system to facilitate protection, not to obtain it.<sup>256</sup>
- The WIPO systems did not enjoy broad acceptance by WTO Members particularly in relation to developing countries. For example, with the exception of the PCT, virtually no Latin American WTO Member had ratified any WIPO system.<sup>257</sup> The Lisbon Agreement had few members outside the member states of the European Communities.<sup>258</sup>
- The WIPO systems respected the principle of territoriality as any opposition mechanisms took place at the national level within the respective IP offices of member countries. The Madrid system, on which the EC proposal was allegedly based, provided that "the protection of the mark in each of the Contracting Parties concerned shall be the same as if the mark had been deposited direct with the Office of that Contracting Party". In other words, what the Madrid System simply did was to facilitate: a notification would arrive at the international office, which would send it to the designated national office. The national office would henceforth simply process this notification as if it had come from inside that country, including the possibility to lodge oppositions. This was different from the unprecedented effects proposed by the EC proposal, where a Member refusing to grant protection would still have to negotiate within the 18 month period. These effects were stronger than those under the Madrid or Lisbon systems.<sup>259</sup>

110. With regard to the consequences of registration under the **Joint Proposal**, it has been explained that the Joint Proposal would not confer any rights with respect to geographical indications registered in the system, nor would it upset the current balance of rights and obligations of WTO Members under the TRIPS Agreement or generate burdens for developing countries.<sup>260</sup> It involved a straightforward process of registration, which would simply ensure that a notified geographical indication was duly recorded on the register. A registration itself would have no impact on the legal rights and obligations of Members in terms of the status of individual geographical indications. Members that had chosen to participate in the system would make a commitment to consult the database when making national decisions about protecting geographical indications. It would be up to the Member consulting the database to determine, according to the provisions of its domestic laws and registration requirements, what evidentiary weight to give to the registration of a geographical indication included in the database when making determinations on whether or not to protect a trademark or a geographical indication. Nationals from Members seeking protection would still be able to apply directly to national offices. There would be no legal consequences for non-participating Members, who would, however, have free access to the database. Consistent with the principle of territoriality, all decisions about geographical indications, including the applicability of the Article 24 exceptions, would therefore be left with national decision-makers in IP offices. The commitment to consult the database was a new, substantive and meaningful obligation that would ensure the

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<sup>255</sup> European Communities, TN/IP/M/16, para. 132, TN/IP/M/16, para. 151, TN/IP/M/17, para. 82.

<sup>256</sup> Argentina, TN/IP/M/17, para. 83.

<sup>257</sup> Argentina, TN/IP/M/17, para. 83.

<sup>258</sup> Argentina, TN/IP/M/14, para. 57.

<sup>259</sup> Chile, TN/IP/M/16, para. 155, TN/IP/M/17, para. 85.

<sup>260</sup> Argentina, TN/IP/M/14, para. 172.

facilitation of the protection of geographical indications in a manner consistent with the mandate of this Special Session.<sup>261</sup>

111. The question of whether the legal effects suggested by the Joint Proposal would be **sufficient to facilitate the protection of geographical indications and, therefore, to meet the mandate of Article 23.4 of the TRIPS Agreement**<sup>262</sup> has been discussed. The following arguments have been made in support of the view that it would not be:

- A database that simply compiled national information would be merely a source of information which would not facilitate the protection of GIs in other WTO Members.<sup>263</sup> Had the drafters of Article 23.4 had the intention of simply establishing a list of geographical indications, they would have clearly mandated that. In contrast to provisions in the TRIPS Agreement which explicitly indicated that some notification obligations were simply for the purposes of exchanging information, Article 23.4 went beyond that and mandated the establishment of a multilateral system for the notification and registration of geographical indications. Multilateral systems of registration, as all Members knew and agreed on, carried certain legal effects. Therefore, it still remained for Members to ensure that any proposed legal effects actually met the mandate of facilitating the protection of geographical indications.<sup>264</sup>
- The database would not contain reliable information. Knowing that the information available in this database would not be reliable, national authorities would be likely to prefer not to take account of what was in the database. In addition, due to the limited participation, the database would contain incomplete information.<sup>265</sup>
- The obligation to consult the register, without any mechanism to ensure that such an obligation would be respected, would not be sufficient to truly "facilitate" the protection of geographical indications, as required by Article 23.4 of the TRIPS Agreement.<sup>266</sup>

112. In response, the following arguments have been advanced:

- The obligation to consult the GI database was a serious and meaningful new commitment that would need to be built into Members' systems and procedures, and was one that participating Members would be expected to honour.<sup>267</sup> IP offices would probably welcome having access to such a transparent one-stop resource with easy access to information.<sup>268</sup> The register would be an unprecedented source of information that would facilitate protection by increasing awareness of notified geographical indications and would provide a useful tool in helping IP offices anywhere in the world avoid possible conflicts between trademarks and geographical indications.<sup>269</sup> Examiners would be aware that a term was protected in another

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<sup>261</sup> New Zealand, TN/IP/M/14, para. 156; TN/IP/M/16, para. 97; United States, TN/IP/M/14, para. 154, TN/IP/M/16, para. 126.

<sup>262</sup> European Communities, TN/IP/M/16, para. 131.

<sup>263</sup> Switzerland, TN/IP/M/16, para. 147.

<sup>264</sup> European Communities, TN/IP/M/17, para. 78.

<sup>265</sup> European Communities, TN/IP/M/16, para. 139.

<sup>266</sup> European Communities, TN/IP/M/16, paras. 131 and 139; Switzerland, TN/IP/M/14, para. 159, TN/IP/M/17, para. 75.

<sup>267</sup> Chile, TN/IP/M/16, para. 149; New Zealand, TN/IP/M/16, para. 148.

<sup>268</sup> Australia, TN/IP/M/17, para. 87; New Zealand, TN/IP/M/16, para. 148.

<sup>269</sup> Australia, TN/IP/M/17, para. 87; Canada, TN/IP/M/17, para. 79; New Zealand, TN/IP/M/16, para. 148, TN/IP/M/17, para. 86; United States, TN/IP/M/17, para. 84.

country whereas in the current situation there was not a single unified place to find such information.<sup>270</sup> It could be expected that the number of Members actually consulting the database would be higher than the number of Members obliged to do so.<sup>271</sup>

- If the intention of the framers of the TRIPS Agreement had been to increase GI protection through these negotiations, they would have used the language of Article 24.1 and not the language of Article 23.4, which simply referred to facilitating protection.<sup>272</sup> A system would have to be regarded as sufficient if it facilitated protection, but there seemed to be different interpretations of what "facilitation" meant. One of the major concerns that had led to the built-in agenda in Article 23.4 had been to ensure that trademarks containing, or consisting of, geographical indications would not be registered in third country markets, thus avoiding that these trademarks could prevent GI owners from selling their products in those markets. The mandate also reflected some Members' concern that, because not all Members protected geographical indications through a registration system, lack of information would put GI right holders at a disadvantage *vis-à-vis* trademark owners in protecting and enforcing their rights. Taking into account this background history, "facilitation" conveyed the idea of an information-based source which would not be in itself, in contrast to other proposals, the source of protection, nor give rise to a presumption of protection in Members' territories. The database under the Joint Proposal would sufficiently address these concerns by providing national IP offices with information on GI rights claimed by producers in the territory of another WTO Member, without increasing the protection of geographical indications at the expense of trademark holders and generics producers.<sup>273</sup>
- The information contained in the database would be reliable because it would be sent by WTO Members, who could be presumed to do so in good faith.<sup>274</sup>
- The issue of legal effects could not be simplistically characterized as one of whether the system to be established should or should not have legal effects. The challenge was to find a way to facilitate the protection of geographical indications under Article 23 of the TRIPS Agreement without negatively impacting upon the interests of different country's constituencies. The Joint Proposal would achieve that objective.<sup>275</sup> It contained a workable system that was fair to existing GI systems and could be implemented without necessarily requiring Members to adapt their legislation.<sup>276</sup> It was the only proposal consistent with the TRIPS Agreement and the principle of territoriality which fulfilled in good faith the requirements of Article 23.4, while at the same time preserving the existing balance of rights and obligations under the TRIPS Agreement. This was the kind of balance the proponents of the Joint Proposal were looking for.<sup>277</sup>

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<sup>270</sup> Canada, TN/IP/M/17, para. 79.

<sup>271</sup> New Zealand, TN/IP/M/16, para. 148.

<sup>272</sup> Chile, TN/IP/M/17, para. 80.

<sup>273</sup> Australia, TN/IP/M/16, para. 141, TN/IP/M/17, para. 88.

<sup>274</sup> Chile, TN/IP/M/16, para. 149.

<sup>275</sup> Australia, TN/IP/M/16, para. 142.

<sup>276</sup> New Zealand, TN/IP/M/16, para. 97; United States, TN/IP/M/17, para. 72.

<sup>277</sup> Australia, TN/IP/M/14, para. 34, TN/IP/M/16, para. 142; United States, TN/IP/M/14, para. 33, TN/IP/M/17, para. 72.

*In non-participating Members – HKC, E.2; JP, 6; EC, 5*

113. With regard to the legal effects in non-participating Members, it has been said that, while the Hong Kong, China proposal and the Joint Proposal would only have legal effects in participating Members, the EC proposal would also have legal effects in non-participating Members who had not lodged a reservation.<sup>278</sup> Therefore, after a certain time, the right to use certain flexibilities within the existing TRIPS Agreement would be removed even for non-participating Members.<sup>279</sup> This would be inequitable as a non-participating Member would receive no benefit but would incur additional obligations.<sup>280</sup>

114. In response, it has been argued that Article 23.4 clearly stipulated that the system should be "multilateral", and hence cover, and have effects in, all the WTO Members.<sup>281</sup> The effects provided for under the EC proposal for all Members, both participating and non-participating, only referred to the questions of the definition, homonymous geographical indications under Article 22.4 and generics under Article 24.6. The reason why the EC proposal limited the effects in non-participating Members to these aspects was to give meaning to the mandate under Article 23.4, which referred to a multilateral system and, at the same time hinted that there were differences between participating and non-participating Members. However, if Members would find it useful to include other TRIPS exceptions in their proposal as grounds for opposition, this could be considered.<sup>282</sup> It has also been argued that there was no reason to make a distinction between the legal effects of registration in Members who notify and in those who did not because the system to be set up would be a multilateral one with the sole objective of facilitating the protection that all Members, except LDCs, already had to offer, and not to increase such protection.<sup>283</sup>

*In least-developed country Members – EC, 6*

115. With regard to paragraph 6 of the EC proposal, it has been argued that this provision seemed superfluous in the light of the transitional period LDCs were currently enjoying under Article 66.1 of the TRIPS Agreement. The question was raised what would happen when LDCs started to apply the proposed system at the expiry of their transitional period. Would they have to protect all the pre-existing registered geographical indications or would there be a special system for LDCs to lodge reservations even before the expiration of their transitional period? If that were the case, would that mean that during the transitional period LDCs would be able to place reservations but not to notify geographical indications?<sup>284</sup>

116. In response, it has been said that, because the EC proposal allowed LDCs to be participating or non-participating Members, LDCs were not excluded from placing reservations. The LDCs provision of the EC proposal only related to the issue of legal effects, but if Members wished to address the issue of reservations by them, the establishment of a transitional mechanism could be discussed whereby LDCs which did not exercise their rights to examine the notified geographical indications during the 18-month period would have the opportunity to do so in a manner that would be not be burdensome to their administrations. This provision in the EC proposal had only attempted to reflect the situation that the protection to be facilitated under the mandate given to the Special Session

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<sup>278</sup> Argentina, TN/IP/M/14, para. 152; Canada, TN/IP/M/16, para. 91; Hong Kong, China, TN/IP/M/14, para. 149; New Zealand, TN/IP/M/14, para. 157.

<sup>279</sup> New Zealand, TN/IP/M/14, para. 157.

<sup>280</sup> Canada, TN/IP/M/16, para. 91.

<sup>281</sup> European Communities, TN/IP/M/16, paras. 110 and 156.

<sup>282</sup> European Communities, TN/IP/M/17, para. 53.

<sup>283</sup> Switzerland, TN/IP/M/14, para. 158.

<sup>284</sup> Argentina, TN/IP/M/14, para. 153.

was the one that applied to wines and spirits under Articles 22, 23 and 24 of the TRIPS Agreement, and that these provisions currently applied to all Members except LDCs.<sup>285</sup>

***DURATION AND RENEWALS OF REGISTRATIONS - HKC, C.1-2***

117. The question has been raised as to whether or not the ten-year renewable period of protection foreseen in the **Hong Kong, China proposal** would be in conformity with the TRIPS Agreement, since the TRIPS Agreement was silent on this matter. Contrary to other IPRs for which negotiators had expressly provided a term of protection, this silence had some meaning.<sup>286</sup> The ten-year term of protection would be a limitation to protection that is not foreseen in the TRIPS Agreement.<sup>287</sup> Another view was that, while the TRIPS Agreement had no provisions on duration as was the case for other IPRs, there was no objection to the approach taken by Hong Kong, China.<sup>288</sup> In response, it has been said that the proposal was aimed at keeping the register up to date. If details concerning a geographical indication had not changed, the renewal would be automatic, subject to payment of the required fees. The proposal did not impose any limitation on the number of renewals.<sup>289</sup>

***MODIFICATIONS AND WITHDRAWALS OF NOTIFICATIONS AND REGISTRATIONS - HKC, B.5 and C.3-6; JP, 7-8; EC, 7-8***

118. As regards the **EC proposal**, clarifications have been sought regarding withdrawals that were not notified to the system. While the second sentence of paragraph 8.1 of the EC proposal provided that, if the geographical indication ceased to fulfil the conditions for protection, the notifying Member should withdraw the relevant notification, there was no provision in the EC proposal to cover the case where a notifying Member did not make a notification of withdrawal. If, for example, a geographical indication had fallen into disuse or was no longer protected in its country of origin, what would happen in such a case, including in regard to any losses that producers in third countries might have incurred due to the legal effects produced by that notification?<sup>290</sup> In response, it has been said that, under the EC proposal, which was for an annex to the TRIPS Agreement, there would be a violation of the TRIPS Agreement if a Member did not make a notification of withdrawal of the registered geographical indication. There would be an obligation on each Member to notify, for example, that a geographical indication had ceased to be protected in that Member. The effects of this withdrawal for producers from third countries would depend on each country. In particular, it would depend on how Members had implemented Article 24.9 of the TRIPS Agreement, which allowed, but did not oblige, them to protect a geographical indication that was no longer protected in its country of origin. Members were therefore still free to continue protecting that particular geographical indication even if it was no longer protected in the country of origin.<sup>291</sup>

***TERMINATION OF PARTICIPATION IN THE SYSTEM - JP, 9; EC, 13***

119. The view has been expressed that the provision in the **Joint Proposal** allowing a Member to terminate, at any time, its participation in the system through a written notification to the WTO Secretariat, and further stipulating that all geographical indications notified by that Member must be removed from the database, was clear and transparent<sup>292</sup>, and respected the voluntary character of the proposed system in accordance with its fundamental principles and the mandate of Article 23.4.<sup>293</sup>

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<sup>285</sup> European Communities, TN/IP/M/14, para. 162.

<sup>286</sup> European Communities, TN/IP/M/15, paras. 8 and 14.

<sup>287</sup> Argentina, TN/IP/M/15, para. 19.

<sup>288</sup> Chile, TN/IP/M/15, para. 13.

<sup>289</sup> Hong Kong, China, TN/IP/M/15, para. 12.

<sup>290</sup> Argentina, TN/IP/M/15, para. 6.

<sup>291</sup> European Communities, TN/IP/M/15, para. 10.

<sup>292</sup> Argentina, TN/IP/M/15, para. 7.

<sup>293</sup> United States, TN/IP/M/15, para. 15.



120. With regard to the absence of a specific text in the **EC proposal** the point has been made that, given the legal effects of the EC system on participating and non-participating Members, it would be important for Members to know exactly what the regime would be for termination of participation.<sup>294</sup> In response, it has been said that, since non-participating Members would have some legal obligations, providing for the "termination" would not fit into the concept of a multilateral system as understood under the proposal.<sup>295</sup> Withdrawal from the system would only mean changing from the status of participating Member to that of a non-participating Member.<sup>296</sup>

**FEES AND COSTS – HKC, A-2 and footnote 3; EC, 9**

121. The view has been expressed that the system should be simple and uncomplicated<sup>297</sup>, that it should not be unduly costly<sup>298</sup>, that it should not impose undue costs or administrative burdens<sup>299</sup> on the WTO Secretariat<sup>300</sup> or the administering body<sup>301</sup> and on Members<sup>302</sup>, in particular non-participating countries<sup>303</sup> and developing countries<sup>304</sup>; and that costs generated by it should be supported largely by those participating Members that had notified geographical indications into it.<sup>305</sup> The system should be efficient for developing countries, keeping in mind the burdens they were already bearing and the fact that the Doha Round was a round for them.<sup>306</sup> The issues of costs and burdens were essential to many Members, in particular for those developing countries that were not wine or spirit producers.<sup>307</sup> It would be essential to take into account, in a horizontal way, the impact that every element of the system could have in terms of costs and burdens for developing countries.<sup>308</sup>

122. It has been said that the **Hong Kong, China** proposal was based on the user-pays principle; the system would be run on a full-cost recovery basis. The initial notification of a geographical indication would include "the requisite fee". Annex B<sup>309</sup> of the proposal gave, as an illustration, an approximate costing of a system based on formality examination only, i.e. without opposition procedures. One of the guiding principles of the proposal was that the establishment of the system should not impose undue financial or administrative burdens on Members, neither on those choosing to participate in the system nor on those opting out of the system.<sup>310</sup>

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<sup>294</sup> Argentina, TN/IP/M/15, para. 7.

<sup>295</sup> European Communities, TN/IP/M/15, para. 9.

<sup>296</sup> European Communities, TN/IP/M/15, para. 11.

<sup>297</sup> Singapore, TN/IP/M/16, para. 168; United States, TN/IP/M/14, para. 12.

<sup>298</sup> Costa Rica, TN/IP/M/16, para. 13; Guatemala, TN/IP/M/16, para. 9; India, TN/IP/M/16, para. 9; Korea, TN/IP/M/17, para. 19; Malaysia, TN/IP/M/16, para. 22; Philippines, TN/IP/M/16, para. 9; Singapore, TN/IP/M/16, paras. 21 and 168; United States, TN/IP/M/14, para. 12, TN/IP/M/16, para. 18.

<sup>299</sup> Hong Kong, China, TN/IP/M/14, para. 17; Japan, TN/IP/M/14, para. 11; Singapore, TN/IP/M/16, para. 168; Chinese Taipei, TN/IP/M/15, para. 36.

<sup>300</sup> Japan, TN/IP/M/15, para. 35.

<sup>301</sup> Costa Rica, TN/IP/M/16, para. 13; Guatemala, TN/IP/M/15, para. 17; Nicaragua, TN/IP/M/16, para. 20.

<sup>302</sup> Brazil, TN/IP/M/16, para. 16; Costa Rica, TN/IP/M/16, para. 13; Guatemala, TN/IP/M/16, para. 17; Hong Kong, China, TN/IP/M/14, para. 17; Japan, TN/IP/M/14, para. 11, TN/IP/M/15, para. 35; Nicaragua, TN/IP/M/16, para. 20; United States, TN/IP/M/16, para. 18.

<sup>303</sup> Hong Kong, China, TN/IP/M/14, para. 17; Korea, TN/IP/M/17, para. 19; Singapore, TN/IP/M/16, para. 21.

<sup>304</sup> Malaysia, TN/IP/M/16, para. 22; Philippines, TN/IP/M/16, para. 159.

<sup>305</sup> Chinese Taipei, TN/IP/M/15, para. 36; New Zealand, TN/IP/M/15, para. 22.

<sup>306</sup> Jordan, TN/IP/M/16, para. 46.

<sup>307</sup> Costa Rica, TN/IP/M/16, para. 169.

<sup>308</sup> Guatemala, TN/IP/M/16, para. 17.

<sup>309</sup> Annex B is not reproduced in TN/IP/W/12; see TN/IP/W/8.

<sup>310</sup> Hong Kong, China, TN/IP/M/14, para. 17.

123. The following points have been made on this part of the Hong Kong, China proposal:

- The proposal, which was less complex than the EC proposal, would be more costly than the Joint Proposal.<sup>311</sup>
- What would be the administrative cost involved for domestic registration offices as a result of notifications?<sup>312</sup>
- Annex B only dealt with a small portion of the real costs discussed, and did not address the costs that were causing concerns, such as additional costs to national systems, consumers and producers.<sup>313</sup>

124. In response, it has been said that there would not be any direct costs for non-participating Members because there would be no legal effects on them. With regard to indirect costs related to the monitoring of third markets, the situation would not be different from the present situation where geographical indications were protected as certification marks.<sup>314</sup>

125. It has been said that the **Joint Proposal** was based on the guiding principle that the system should be simple, transparent and cost effective and not be unduly bureaucratic.<sup>315</sup> It did not contain any provisions on fees and costs because the system proposed was simple and inexpensive<sup>316</sup> and there was thus no need to establish fees.<sup>317</sup> It was the lowest cost option on the table: it would entail minimal cost for participating Members and no costs for non-participating Members.<sup>318</sup> The system would not place any additional<sup>319</sup> or significant administrative and legal burdens on participating Members, let alone on non-participating ones, for whom there would be no costs,<sup>320</sup> therefore reflecting the truly voluntary character of the system.<sup>321</sup> Costs would be borne by the WTO in the same way as for other notification procedures.<sup>322</sup> It would, in fact, only carry nominal costs for the administering body to cover the maintenance of the system. Most importantly, there is no cost to non-participating Members. The Joint Proposal would not require a systematic and costly reviewing of all notified geographical indications.<sup>323</sup> There would be no need to review the register, lodge reservations or enter into bilateral negotiations on behalf of every interested party.<sup>324</sup> It would be beneficial for the majority of WTO Members, which are developing and least-developed countries and especially those who were not wine or spirit producers or do not have anything to gain from the system.<sup>325</sup>

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<sup>311</sup> United States, TN/IP/M/16, para. 181.

<sup>312</sup> Colombia, TN/IP/M/15, para. 37.

<sup>313</sup> New Zealand, TN/IP/M/15, para. 69.

<sup>314</sup> Hong Kong, China, TN/IP/M/15, para. 49.

<sup>315</sup> New Zealand, TN/IP/M/14, para. 70, TN/IP/M/15, para. 70.

<sup>316</sup> Chinese Taipei, TN/IP/M/16, para. 163; United States, TN/IP/M/16, para. 181.

<sup>317</sup> Argentina, TN/IP/M/16, para. 157.

<sup>318</sup> Canada, TN/IP/M/15, para. 34; New Zealand, TN/IP/M/15, para. 22.

<sup>319</sup> United States, TN/IP/M/16, para. 18.

<sup>320</sup> Australia, TN/IP/M/15, para. 21; Costa Rica, TN/IP/M/16, para. 169; United States, TN/IP/M16, para. 18.

<sup>321</sup> New Zealand, TN/IP/M/15, para. 70.

<sup>322</sup> Argentina, TN/IP/M15, para. 27.

<sup>323</sup> Canada, TN/IP/M/15, para. 34.

<sup>324</sup> Australia, TN/IP/M/15, para. 85.

<sup>325</sup> Argentina, TN/IP/M/14, para. 172; Australia, TN/IP/M/15, para. 85.

126. In commenting on the Joint Proposal and the above explanations, the following points have been made:

- The Joint Proposal would also involve costs, such as the obligation for courts and administrations at the national level to consult the database when making decisions regarding the protection of trademarks and geographical indications for wines and spirits. What would be the cost for a national administration or court to look into the database for every decision on GIs and trademarks?<sup>326</sup> This would be particularly relevant to developing countries, which might not have the equipment for consulting the database that would be available on the Internet.<sup>327</sup>
- Unlike the EC proposal, the Joint Proposal did not address the question of cost recovery.<sup>328</sup>

127. The following responses have been provided:

- Members had been mandated to negotiate a system that would facilitate the protection of geographical indications for wines and spirits.<sup>329</sup> The aim of the Joint Proposal was only to facilitate protection in an effective manner while at the same time being neutral as to rights and obligations under the TRIPS Agreement.<sup>330</sup> It was precisely to give effect to that mandate that the Joint Proposal had provided for a simple examination process in which national offices would have to consult a database of geographical indications. The proposed system stood in contrast to the complex and multifaceted approach proposed by the EC.<sup>331</sup>
- There would truly not be any additional costs in setting up a system because it would be sufficient to use existing systems, with the current ordinary costs of applying relevant information in accordance with the domestic laws of participating Members. The Joint Proposal would carry some minimal costs in establishing the database at the international level.<sup>332</sup>

128. As regards the **EC proposal**, the following explanations have been provided. The issue of costs and fees would depend on what was agreed on other issues, such as legal effects, participation or the number of notified geographical indications, taking into account the flexibility that the EC delegation had offered in this regard. Originally the proposal had not included provisions related to costs and fees. They had been later included in order to meet the concerns of other Members, under the principle that it should be the beneficiaries of the system who would mainly pay for its functioning. The EC was open to addressing further concerns Members might have under this item.<sup>333</sup> Under the EC proposal there were two different sets of costs: the costs for administering the system and the costs for Members. The first costs were basically those incurred by the administering body and would be minimal. They would derive from the reception, processing and circulation to Members of the notifications, annotations of challenges and updating the system, and would essentially be the same as those deriving from the other proposals on the table. The other set of costs were those that Members would incur and were related to the examination of the notifications. Such examinations would take place under the existing administrative and legislative structures that Members had already put in place as a result of their implementation of the TRIPS Agreement. This meant that most of

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<sup>326</sup> European Communities, TN/IP/M/15, para. 71.

<sup>327</sup> European Communities, TN/IP/M/15, para. 38.

<sup>328</sup> European Communities, TN/IP/M/15, paras. 38 and 40.

<sup>329</sup> New Zealand, TN/IP/M/15, para. 65.

<sup>330</sup> United States, TN/IP/M/15, para. 88.

<sup>331</sup> New Zealand, TN/IP/M/15, para. 65.

<sup>332</sup> United States, TN/IP/M/15, para. 88.

<sup>333</sup> European Communities, TN/IP/M/16, para. 171.

those administrative costs had already been borne by Members.<sup>334</sup> It was based on the principle that the cost of the system should be borne by countries in proportion to the benefits that they derived from it.<sup>335</sup> The mechanism proposed was largely inspired by the existing system embodied in the Madrid Protocol, which had proved to be a manageable one. It divided the fees into: (i) a basic fee to cover the administrative and functioning costs of the system including its setting-up costs, and (ii) an individual fee to cover the costs incurred by Members in monitoring past and future trademarks. Members would notify to the WTO the costs associated with the functioning of this system. The WTO Secretariat, the International Bureau of WIPO, or whichever body the WTO membership would agree upon as the managing body would be in charge of calculating the fees, collecting them from the notifying Members and redistributing them to the relevant WTO Members, following the model of the Madrid Protocol. This proposed system was aimed at responding to concerns that had been voiced on the issue of costs, thus permitting all WTO Members to be involved, either as participant or non-participant Members, without burdening their administrations. Many administrations would see the system as an opportunity to optimize existing GI registration systems that had been little used to date and to recoup costs which they had already incurred in putting such systems into place.<sup>336</sup> The EC proposal would entail cost savings for right holders in enforcing their rights in different jurisdictions: a Member would be able to lodge one single application that would then become a bundle of applications sent to national offices in other WTO Members.<sup>337</sup>

129. In commenting on the EC proposal, the following general points have been made:

- All the elements for a system, including costs, need to be analysed as a whole.<sup>338</sup> It was important to analyse and better understand the broad range of costs and burdens implied in the proposal.<sup>339</sup>
- There was a direct relationship between the structure of the system and the fees and costs involved. The more complex the system, the higher the costs would be. The EC system was more complex than the one proposed by Hong Kong, China but they were both more costly than the Joint Proposal.<sup>340</sup>
- The EC system would be complex<sup>341</sup>, costly, burdensome and overreaching<sup>342</sup> and would create uncertainties.<sup>343</sup> The experience of other international IP instruments that had detailed proposals on fee systems indicated that these issues tended to make negotiations much more difficult and lengthy.<sup>344</sup>

130. As regards the **mechanics of the system of fees proposed by the EC**, the following points have been made:

- The EC proposal contained elements that gave rise to uncertainties. For example, in paragraphs 9.2 and 9.3 there was no estimate of how much the core budget of the administering body would be. However, such a body would have to start its work on the basis of a credit which would only be paid back later. In order to dispel this

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<sup>334</sup> European Communities, TN/IP/M/16, para. 172.

<sup>335</sup> European Communities, TN/IP/M/16, para. 14.

<sup>336</sup> European Communities, TN/IP/M/15, paras. 20 and 38.

<sup>337</sup> European Communities, TN/IP/M/15, para. 39.

<sup>338</sup> United States, TN/IP/M/17, para. 48.

<sup>339</sup> Jordan, TN/IP/M/16, para. 166.

<sup>340</sup> United States, TN/IP/M/16, para. 181.

<sup>341</sup> Jordan, TN/IP/M/16, para. 166.

<sup>342</sup> United States, TN/IP/M/15, para. 56.

<sup>343</sup> Argentina, TN/IP/M/16, para. 157.

<sup>344</sup> United States, TN/IP/M/15, para. 56.

uncertainty, an estimate of the initial budget for such a system would be necessary before it started its work.<sup>345</sup>

- As regards the proposal contained in paragraph 9.8 that the national component of the individual fee which a Member wishes to receive may not be higher than the equivalent of the amount which the relevant administration of the WTO Member would be entitled to receive from a national applicant in the framework of a domestic procedure where such an individual fee is payable, clarification has been sought as to how Members could decide which domestic procedure to use as a reference in deciding the individual fee, given that not all WTO Members were signatories to the Lisbon Agreement or to the Madrid Protocol. If another Member complained that the individual fee was too high, how would the system manage to resolve the matter?<sup>346</sup>
- While in the first few years of the system there would be a high number of notifications in a short period of time and thus the administrative costs per registration, referred to under paragraph 9.2 of the EC proposal, could be relatively low, countries currently without a developed geographical indication system and that might thus only be interested in registering some geographical indications in five to ten years would then have to bear the extensive fixed administrative costs of the system at that time, making the unit cost for a single registration quite high. This would create an imbalance between those Members who had a developed GI system and those who did not have such a system.<sup>347</sup>
- With regard to the part of the individual fee relating to the monitoring of trademarks, the system appeared to create obligations that were not part of those foreseen in relation to notifications. As regards the advance payment of the fee at the time of the notification, the question has been raised as to how the WTO Secretariat would calculate the individual fees without knowing the costs incurred by Members in the monitoring and searching of trademarks.<sup>348</sup> Doubts have been expressed about whether developing countries would be able to afford to have search reports made.<sup>349</sup>
- Doubts have been expressed about the relevance of the Madrid Protocol and its fee structure. The Madrid Protocol was voluntary, whereas the EC proposal would be mandatory for all WTO Members<sup>350</sup>, and the dynamics of trademarks were completely different from those of GIs.<sup>351</sup> Moreover, much of the Madrid budget came from other WIPO sources, raising the question of how long the system proposed by the EC would be sustainable.<sup>352</sup>

131. The questions of the **range of costs and burdens that could be entailed by the EC proposal and the extent to which they would be covered by the fees proposed and could be handled using existing administrative arrangements** has been discussed. One view has been that there were grounds for concern on these counts and, in this connection, the following points have been made:

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<sup>345</sup> Argentina, TN/IP/M/15, para. 28; Chinese Taipei, TN/IP/M/15, para. 36.

<sup>346</sup> Chinese Taipei, TN/IP/M/16, para. 161.

<sup>347</sup> Colombia, TN/IP/M/15, para. 37.

<sup>348</sup> Argentina, TN/IP/M/15, para. 32; Chinese Taipei, TN/IP/M/15, para. 36.

<sup>349</sup> Argentina, TN/IP/M/14, para. 171, TN/IP/M/15, para. 60.

<sup>350</sup> Argentina, TN/IP/M/15, para. 60; Japan, TN/IP/M/15, para. 64.

<sup>351</sup> Argentina, TN/IP/M/15, para. 60.

<sup>352</sup> Argentina, TN/IP/M/15, para. 60.

- The EC system would entail various costs and burdens: examination costs<sup>353</sup>; costs for monitoring GIs<sup>354</sup>; costs for lodging reservations<sup>355</sup>; costs for the government to enter into bilateral negotiations<sup>356</sup>; costs for monitoring trademarks<sup>357</sup> and fees for trademark searches for purposes of notification of trademarks, which were normally carried out by lawyers or trademark practitioners<sup>358</sup> and costs for notifying such trademarks<sup>359</sup>; costs for governments to set up systems to deal with a flood of applications, including those associated with the additional human resources required and their capacity building<sup>360</sup> and equipment<sup>361</sup>; and costs relating to enforcement<sup>362</sup>, including border controls.<sup>363</sup> Members would also have the obligation to set up efficient processes for the purpose of collating the representations of their traders so as to lodge reservations within the short period of 18-month period. There would also be costs associated with liaising closely with traders and businesses so as to competently negotiate bilaterally on their behalf.<sup>364</sup>
- Many of the costs mentioned above were hidden costs<sup>365</sup> that would be borne by national administrations and would not be recoverable by the proposed fee mechanism, such as those stemming from the establishment of new regimes for the protection of geographical indications, which would not be a simple task for many Members that were currently protecting geographical indications through unfair competition or trademark systems<sup>366</sup>, or costs stemming from the reservations process<sup>367</sup> or from compulsory negotiations.<sup>368</sup>
- The user-pays principle should apply to the overall administration of the system, including the handling of oppositions. Would the notifying Member be prepared to take on any costs arising at the national level for other Members? In fact, the EC proposal required Members' governments to essentially sign a blank cheque for both participating and non-participating Members, which would be required to monitor all registered geographical indications and decide whether or not to lodge a reservation. They would have two alternatives: to accept a geographical indication without reservation, thus committing themselves to new obligations such as the constant monitoring of all geographical indications registered against nationally registered trademarks and, at the same time, losing certain existing rights and flexibilities

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<sup>353</sup> Argentina, TN/IP/M/16, para.179; Canada, TN/IP/M/15, paras. 33 and 62; Chinese Taipei, TN/IP/M/15, para. 36.

<sup>354</sup> Canada, TN/IP/M/15, para. 33; Chinese Taipei, TN/IP/M/15, para. 36; New Zealand, TN/IP/M/14, para. 121.

<sup>355</sup> Australia, TN/IP/M/16, para. 87; Canada, TN/IP/M/14, paras. 123 and 137, TN/IP/M/15, para. 33; Chinese Taipei, TN/IP/M/15, para. 36, TN/IP/M/16, para. 162; Costa Rica, TN/IP/M/16, para. 169; Philippines, TN/IP/M/16, para. 158; Singapore, TN/IP/M/16, para. 168.

<sup>356</sup> Argentina, TN/IP/M/16, para. 179; Australia, TN/IP/M/16, para. 87; Canada, TN/IP/M/15, para. 33; Chinese Taipei, TN/IP/M/15, para. 36, TN/IP/M/16, para. 16; Costa Rica, TN/IP/M/16, para. 169; New Zealand, TN/IP/M/14, para. 121; Philippines, TN/IP/M/16, para. 158; Singapore, TN/IP/M/16, para. 168.

<sup>357</sup> Philippines, TN/IP/M/16, para. 158.

<sup>358</sup> Canada, TN/IP/M/15, para. 33; Chinese Taipei, TN/IP/M/15, para. 36.

<sup>359</sup> New Zealand, TN/IP/M/14, para. 121.

<sup>360</sup> Canada, TN/IP/M/15, para. 33; Philippines, TN/IP/M/16, para. 158.

<sup>361</sup> Canada, TN/IP/M/15, para. 33.

<sup>362</sup> Argentina, TN/IP/M/16, para. 179; Canada, TN/IP/M/15, para. 33.

<sup>363</sup> Philippines, TN/IP/M/16, para. 158.

<sup>364</sup> Singapore, TN/IP/M/16, para. 168.

<sup>365</sup> Argentina, TN/IP/M/15, para. 27; Chinese Taipei, TN/IP/M/16, para. 162; Colombia, TN/IP/M/15, para. 37.

<sup>366</sup> Australia, TN/IP/M/15, para. 21.

<sup>367</sup> Australia, TN/IP/M/16, para. 177; Chinese Taipei, TN/IP/M/16, para. 162.

<sup>368</sup> Chinese Taipei, TN/IP/M/16, para. 162.

embodied in Article 24 of the TRIPS Agreement; or, to lodge a reservation, thus committing themselves to a series of bilateral negotiations.<sup>369</sup>

- Perhaps the highest cost associated with the EC proposal was that it would seriously tilt the balance of rights and obligations contained in the TRIPS Agreement in favour of GI right holders by placing new obligations on all Members and at the same time taking away some of their existing rights. This would occur at a time when many Members were still struggling to implement the existing level of obligations in the TRIPS Agreement.<sup>370</sup> Most of the flexibilities under Article 24 would entirely evaporate after 18 months, unless the Member had the resources and capacity to monitor and make reservations.<sup>371</sup>
- The TRIPS Agreement did not oblige Members to establish structures to examine GIs, and the majority of WTO Members did not have such costly structures or the financial resources to create them. If some member States of the European Communities had such systems, it was not because of the TRIPS Agreement but because they had had them in place for many years.<sup>372</sup> The point made that EC proposal would give other Members the possibility to optimize their existing GI registration systems was based upon the assumption that all those other Members had adopted registration systems similar to those of the EC, despite the fact that Article 1.1 of the TRIPS Agreement specifically allowed Members to decide how to best implement their obligations.<sup>373</sup> The system proposed would require changes with significant implications for how a country administered its system.<sup>374</sup> It would entail costs for adopting new regimes, which would not be a simple task for those Members currently using unfair competition or trademark laws.<sup>375</sup>
- As regards Members that currently had structures to deal with GIs for wines and spirits, the question was not whether these structures would have the capacity to take up the obligations, but whether they should have to do so, and whether Members' existing rights to use the exceptions in Article 24 of the TRIPS Agreement should be limited in the way proposed by the EC.<sup>376</sup>

132. In response to the views expressed in the two preceding paragraphs, the following points have been made:

- The EC proposal contained procedural obligations that did not change the substantive level of protection set out in Articles 22 and 23 of the TRIPS Agreement. The EC proposal could therefore be implemented appropriately by existing systems as already provided by the Agreement.<sup>377</sup> The notification of a GI would produce a bundle of national applications. The procedure at the national level would be the same as if the geographical indication had been notified directly in those Members. The costs to the national administration of a Member would be identical to those that it was already incurring on the basis of its national system, which allowed for the domestic registration of geographical indications. The examination of the notification could take place under the existing administrative and legislative structures that Members

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<sup>369</sup> Australia, TN/IP/M/15, para. 50; New Zealand, TN/IP/M/15, para. 23.

<sup>370</sup> New Zealand, TN/IP/M/15, para. 26.

<sup>371</sup> New Zealand, TN/IP/M/15, para. 66.

<sup>372</sup> Argentina, TN/IP/M/16, para. 180.

<sup>373</sup> New Zealand, TN/IP/M/15, para. 25.

<sup>374</sup> Philippines, TN/IP/M/16, para. 183.

<sup>375</sup> Australia, TN/IP/M/15, para. 21.

<sup>376</sup> Australia, TN/IP/M/15, para. 52.

<sup>377</sup> European Communities, TN/IP/M/15, para. 40, TN/IP/M/16, para. 178.

had already put in place as a result of their implementation of the TRIPS Agreement. There should be no significant additional costs of setting up structures or different systems.<sup>378</sup>

- With regard to costs associated with bilateral negotiations, Article 24.1 of the TRIPS Agreement already contained the obligation to be ready to negotiate a bilateral or multilateral agreement aimed at increasing the protection of individual geographical indications. This obligation related to a "protection" to be facilitated by the system. Since Members were already under this obligation, the fact that the EC proposal included a mechanism that would trigger these existing obligations would not necessarily add any extra costs to those already incurred by Members.<sup>379</sup>
- The reason behind the obligation to monitor trademarks was to bring to the fore information about possible conflicts with trademarks, in other words to have a mechanism that would help the functioning of the system as a whole. While searches for prior trademarks and monitoring trademark applications could entail a burden, this would be against the payment of a fee, the cost of which could be passed on to the right holders, something which already existed in international registration systems. One possible way to meet such requirements would be to entrust private firms with the task.<sup>380</sup>
- The system proposed would have some implications in terms of administrative workload regarding the examination of notified GIs, in particular with the number of notifications and the time-limit for examination and challenges. It would require the use by a Member of some resources for the determination of whether the notified geographical indications were, for example, generic, in accordance with the interpretation in that Member and on the basis of the information provided through the multilateral register. Ways to allay concerns about administrative burdens linked to the examination process could be explored, for example to limit the number of geographical indications to be notified annually into the system, to extend the period for examination<sup>381</sup>, or to provide for longer transition periods for developing countries.<sup>382</sup> The aim was to establish a well functioning register, not one bound to collapse due to a high number of notified geographical indications.<sup>383</sup> In any event, there would probably not be as many geographical indications as the number of trademarks that entered the Madrid system every year, which was in the magnitude of many thousands.<sup>384</sup>
- It should also be recalled that in a cost-recovery system it did not really matter how many notifications of GIs a Member received because it would be able to make applicants pay for them and with that payment finance the costs of its IP office and even enlarge its personnel.<sup>385</sup>
- As to further costs that might emerge, the EC proposal only referred explicitly to the individual fee covering those obligations to monitor past or future trademarks.

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<sup>378</sup> European Communities, TN/IP/M/15, para. 48, TN/IP/M/16, paras. 40 and 172.

<sup>379</sup> European Communities, TN/IP/M/15, paras. 41 and 73.

<sup>380</sup> European Communities, TN/IP/M/14, para. 160, TN/IP/M/15, para. 44.

<sup>381</sup> European Communities, TN/IP/M/16, para. 39, TN/IP/M/17, para. 8.

<sup>382</sup> European Communities, TN/IP/M/15, para. 42, TN/IP/M/17, para. 8.

<sup>383</sup> European Communities, TN/IP/M/16, para. 39, TN/IP/M/17, para. 8.

<sup>384</sup> European Communities, TN/IP/M/16, para. 39.

<sup>385</sup> European Communities, TN/IP/M/15, para. 82.



However, if there were further costs that Members believe should be covered, flexibility could be exercised in that respect.<sup>386</sup>

133. **The consequences of the EC proposal for producers and exporters of other countries** that have been using a term notified by a Member under the proposed system have been discussed. One view has been that such producers and exporters would have to bear costs in re-branding and re-labelling their products<sup>387</sup>, which would negatively affect product prices.<sup>388</sup> It has been said that, while the reversal of the burden of proof in favour of GI right holders would mean that they would save in litigation costs, because they would be able to litigate in those countries solely based on the protection given in their own territories, producers of third countries would be the ones who would have to go to courts to defend their rights.<sup>389</sup>

134. The question of the extent to which the EC proposal would **save costs for GI right holders** has been discussed. One view has been that it was a misunderstanding to believe that the EC proposal would, as a "one-stop shop", be less costly than using existing domestic systems. It was not clear what the cost-saving element would actually be as compared, for example, to applying for a certification mark in a Member under existing systems, given that fees could not be more than, but could at least be the same as, existing fees under current domestic procedures. In fact, the costs incurred under the EC proposed fee system could be higher because of the obligation to pay an individual fee in addition to the basic fee. At least under current domestic systems Members would only seek protection in markets where they actually sold their products.<sup>390</sup> As to individual fees, while the amount of each fee might not be high, the aggregate amount of these fees could be high, making the system an expensive one.<sup>391</sup>

135. In response, it has been said that, as regards cost savings for GI right holders, the greatest current difficulty was that, if they wanted to obtain protection in all WTO Members, they would have to hire lawyers to file applications in each Member. This made it very difficult to achieve general protection and, more importantly, a genuine global trade strategy for their exports, because right holders did not know where they were going to be protected and where they were not. Therefore, the very fact that a Member would be able to lodge one single application that would become a bundle of applications sent to national offices in other WTO Members would add value.<sup>392</sup> As regards the concern that the aggregate amount of individual fees would be high, the Madrid system of registration of marks was based on a similar mechanism and had proved quite successful.<sup>393</sup>

136. The question of whether the EC proposal would **shift the burdens from private parties onto governments** has been discussed. One view has been that the EC proposal would transfer directly to national governments all the country-by-country costs that currently were the responsibility of individual producers. This would mean that Members would have to assume all the costs of examining the notified GIs.<sup>394</sup> Given that geographical indications were private<sup>395</sup> and commercial rights<sup>396</sup>, right holders should bear the burden.<sup>397</sup> Members should not be required to lodge reservations and enter into bilateral negotiations on behalf of private rights. This would be

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<sup>386</sup> European Communities, TN/IP/M/16, para. 178.

<sup>387</sup> Jordan, TN/IP/M/16, para. 166; Philippines, TN/IP/M/16, para. 158.

<sup>388</sup> Jordan, TN/IP/M/16, para. 166.

<sup>389</sup> Argentina, TN/IP/M/14, para. 170.

<sup>390</sup> Australia, TN/IP/M/15, para. 21.

<sup>391</sup> Japan, TN/IP/M/15, para. 35.

<sup>392</sup> European Communities, TN/IP/M/15, para. 39.

<sup>393</sup> European Communities, TN/IP/M/15, para. 47.

<sup>394</sup> Argentina, TN/IP/M/14, para. 169.

<sup>395</sup> Australia, TN/IP/M/14, para. 110; Chinese Taipei, TN/IP/M/16, paras. 161 and 163; United States, TN/IP/M/14, para. 118.

<sup>396</sup> Australia, TN/IP/M/14, para. 110, TN/IP/M/16, para. 87.

<sup>397</sup> Chinese Taipei, TN/IP/M/16, para. 161.

burdensome for Members, developed and developing countries alike.<sup>398</sup> If registered geographical indications were to produce legal effects in all Members, the burden of enforcing GI rights would shift from their right holders to governments. As a result, there would be an increase in administrative costs and a change in the current balance of rights and obligations in the TRIPS Agreement.<sup>399</sup> This would pose problem for the governments of many developing countries in terms of funding and budgetary priorities.<sup>400</sup> In response, it has been said that it was to meet the concern about costs being shifted to governments that the EC proposal had included the possibility for Members to pass on these costs to GI right holders, by collecting fees from them.<sup>401</sup>

137. The question of the **costs and benefits of the EC proposal for developing country Members and non-participating Members** has been discussed. One view has been that there were considerable grounds for concern in this connection, for the following reasons:

- The proposal would entail additional costs and burdens for non-wine producing countries, and for those opting not to participate in the system.<sup>402</sup> It would only provide for obligations and costs and burdens, with no corresponding rights and benefits to non-participants<sup>403</sup>, and that would impose undue burdens and costs on developing countries, many of which would not have any economic interest in participating in the system because they had few or no wine or spirit geographical indications to protect.<sup>404</sup>
- In countries working on a cost-recovery basis, most of the costs of the system would necessarily be passed on to the applicants. However, if a country did not participate in the system, it would then not be able to fix or collect a fee, even though it would still have costs involved.<sup>405</sup>
- The EC proposal to have a system of double fees would create serious administrative and financial costs for developing countries. The individual fee would imply a continuous monitoring of GIs. While assurances have been given on reimbursement, it was not clear how the system would work in practice.<sup>406</sup>
- The EC proposal would require a high level of monitoring and administration, including to lodge reservations. Non-participating Members would have to lodge reservations and enter into compulsory negotiations in order to retain their rights to use existing exceptions. Who would pay for the costs associated with these obligations? This was a significant burden that even developed countries would find difficult to bear and one that would be beyond the means of developing countries.<sup>407</sup>

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<sup>398</sup> Australia, TN/IP/M/14, para. 110.

<sup>399</sup> Chinese Taipei, TN/IP/M/15, para. 36.

<sup>400</sup> Philippines, TN/IP/M/16, para. 158.

<sup>401</sup> European Communities, TN/IP/M/15, para. 86, TN/IP/M/16, para. 175.

<sup>402</sup> Australia, TN/IP/M/15, para. 50; Costa Rica, TN/IP/M/16, para. 169; Philippines, TN/IP/M/16, para. 158; Singapore, TN/IP/M/16, para. 167.

<sup>403</sup> United States, TN/IP/M/14, para. 43.

<sup>404</sup> Philippines, TN/IP/M/14, para. 48.

<sup>405</sup> Canada, TN/IP/M/15, para. 33; Chinese Taipei, TN/IP/M/15, para. 36.

<sup>406</sup> Argentina, TN/IP/M/16, para. 157.

<sup>407</sup> Australia, TN/IP/M/15, para. 50; Costa Rica, TN/IP/M/16, para. 169; Philippines, TN/IP/M/16, para. 158; Singapore, TN/IP/M/16, para. 167.

- The elaborate and complicated system proposed would impose fees that would become prohibitive for a developing country even if it had some interest in participating in the system.<sup>408</sup>
- Other obligations such as those relating to the monitoring of trademarks and the need for capacity building of examiners and personnel in IP offices for purposes of lodging reservations within the 18 month period would entail burdens and cost to non-participating Members, in particular developing countries.<sup>409</sup>
- Many developing countries were already finding it difficult to implement many of their obligations under the different WTO Agreements. It would therefore be difficult for them to explain and justify to their constituencies and stakeholders why they should undertake to implement a mandatory system that would put additional costs and burdens on governments while they had no economic interest in it.<sup>410</sup>

138. In response, it has been argued that:

- The proposed system would be particularly beneficial to producers without resources in seeking protection of their geographical indications who were more likely to be located in developing than in developed countries. There were not many producers that could go on a country-by-country basis to seek for the protection of their geographical indications. The reason for this was that most GI users were cooperatives or small producers with limited resources, and not multinational companies which could invest huge amounts of money in national litigation procedures. The system should serve to materialize the protection that Members were currently bound to provide under the TRIPS Agreement and that all countries were supposed to put at the disposal of right holders.<sup>411</sup>
- As regards the possibility for non-participating countries to claim fees, paragraph 9.8 of the EC proposal clearly referred to "WTO Members", meaning both participating and non-participating Members.<sup>412</sup> Non-participating Members would actually bear no costs because these would be fully recoverable.<sup>413</sup>

**REVIEW - HKC, F**

139. See section on Participation for discussion of the Hong Kong, China proposal on this point.

**CONTACT POINT - JP, 10; EC, 10**

140. This issue has not been discussed.

**ADMINISTERING BODY/OTHER BODIES - HKC, A.1, C.4; EC, 11-12**

141. With regard to the administering body under the **Joint Proposal**, it has been said that, while there was no strong preference as to which body – the TRIPS Council or any other international organization, such as WIPO – should be the administering body, it would be premature to decide on this issue at this stage of the negotiations.<sup>414</sup> However, implementation could be carried out in a

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<sup>408</sup> Philippines, TN/IP/M/16, para. 158.

<sup>409</sup> Philippines, TN/IP/M/16, para. 158.

<sup>410</sup> Philippines, TN/IP/M/16, para. 184.

<sup>411</sup> European Communities, TN/IP/M/15, para. 43.

<sup>412</sup> European Communities, TN/IP/M/15, para. 46.

<sup>413</sup> European Communities, TN/IP/M/15, para. 86.

<sup>414</sup> Australia, TN/IP/M/15, para. 93; United States, TN/IP/M/15, para. 100.

manner similar to how it was currently done by the WTO Secretariat in administering the Central Registry of Notifications. Therefore, there was more inclination to have the WTO Secretariat do this work because of the low overheads of the system proposed.<sup>415</sup>

142. With regard to the **EC proposal**, the following explanations have been provided. The functioning of the system would entail two kinds of tasks, namely norm-setting tasks and administrative tasks. The multilateral register should be a WTO instrument and therefore the body setting the different administrative rules that would allow the system to function would probably be the TRIPS Council. All the administrative rules that would be required should be agreed by all WTO Members. As for the day-to-day management of the system, such as receiving the applications and translating them, it could be the WTO Secretariat or any other body that had expertise in the area of intellectual property, in particular WIPO.<sup>416</sup> The administering body had been left undefined to avoid prejudging the decision on this matter. Some delegations had showed willingness to consider whether organizations other than the WTO Secretariat, such as WIPO, with experience in this area, could take care of the management of the system.<sup>417</sup>

143. In response, it has been said that it would not be appropriate to negotiate in the WTO an instrument which would then be administered by another organization. The WTO had no authority to impose administrative burdens on other organizations.<sup>418</sup> It would be helpful if the "administering body" were identified.<sup>419</sup>

144. The view has been expressed that the administering body should be an intermediary between Members in the administration of the system. Its tasks should therefore be to receive notifications and reservations by a Member, send them to all other Members or publish them online or in any other form that was decided. Another important task of the administering body should be, as suggested by Hong Kong, China, to carry out a formality examination of notifications to ensure that the formal requirements defined by Members would be fulfilled. The formality examination to be carried out by the administering body would serve to alleviate the workload of Members. The administering body should manage the system on a daily basis and regularly update the information contained in the register to take account of new notifications, modifications and withdrawals or removals of geographical indications, and communicate this information to Members. It was important to decide who would serve as the administering body. It could be the WTO Secretariat or another international organization with the capacity and expertise to carry out such work, such as the International Bureau of WIPO, which had the expertise of administering the Madrid Protocol and the Lisbon Agreement.<sup>420</sup>

#### ***DATE OF ENTRY INTO OPERATION - JP, 11; EC, 15***

145. This issue has not been discussed.

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<sup>415</sup> United States, TN/IP/M/15, para. 100.

<sup>416</sup> European Communities, TN/IP/M15, para. 90.

<sup>417</sup> European Communities, TN/IP/M/14, para. 73.

<sup>418</sup> Argentina, TN/IP/M/14, para. 62.

<sup>419</sup> Argentina, TN/IP/M/14, para. 88.

<sup>420</sup> Switzerland, TN/IP/M/15, para. 94.