



Ministero dello Sviluppo Economico

**Analysis
of the Relevant US Legislation
for the Protection of GIs
&
Recommendations
for Compromise Solutions on GIs
in the TTIP Negotiations**

06 October 2015

oriGIn

Organization for an International
Geographical Indications Network



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Introduction

oriGIn (Organization for an International Geographical Indications Network) is the global alliance of Geographical Indications, which counts among its members 400 associations of producers from 40 countries, including some of the most famous European Protected Designations of Origin (PDO), Protected Geographical Indications (PGI) and Geographical Indications (GIs). oriGIn advocates for a more effective legal protection of Geographical Indications at the national, regional and international level and promotes them as a sustainable development tool.¹

Over the years, the phenomenon of GIs has stimulated increased interest in the United States (US) both among consumers and producers. Since 2007, oriGIn has been following such process from the point of view of its US members as well as the one of its European Union (EU) members, both interested in securing an adequate level of protection in the US for the GIs they represent. In this context, through studies as well as seminars, conferences and a constant media presence, oriGIn has been contributing to nurture an open debate on the challenges arising from the protection of GIs in the US given the current legal framework, and facilitated a productive cross-cultural dialogue.²

With the launch of the Transatlantic Trade and Investment Partnership (TTIP) talks in 2013, oriGIn' s interest for the most pressing issues related to the protection of GIs in the US

¹ See oriGIn website: www.origin-gi.com

² The details of such efforts can be found @ <http://www.origin-gi.com/fr/209-ig-aux-états-unis/4979-les-ig-aux-etats-unis.html>



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has increased. As a result, oriGIn has worked with its members to develop solid legal and economic arguments underpinning the need for meaningful provisions on GI protection in the TTIP.

In light of the above, the present study – prepared by oriGIn at the request of the “Ministero dello Sviluppo Economico” (MiSE) and the “Agenzia per la promozione all’estero e l’internazionalizzazione delle imprese italiane” (ICE) – has the following objectives:

- To analyze the relevant US legislation for the protection of GIs;
- To identify the major problems encountered by European GI groups³ in their efforts to secure and enforce protection in the US through the available legal means;
- And to provide recommendations with respect to some compromise solutions on the GI Chapter within the TTIP, which could be acceptable by both negotiating parties.

The study builds upon the research carried out by oriGIn over the last few years, in particular the oriGIn 2008 publication “American Origin Products (AOP): Protecting a Legacy”⁴ and the information gathered from the oriGIn members in the context of the TTIP stakeholders meetings, where interested parties have the possibility to meet the TTIP negotiators from both the US and the EU and present their views.⁵

³ US GI groups face the same legal issues.

⁴ Available @ <http://www.origin-gi.com/fr/209-ig-aux-etats-unis/4979-les-ig-aux-etats-unis.html>

⁵ See http://www.origin-gi.com/index.php/fr/site_content/118-nouvelles/6762-16-07-2014-origin-événement-présentations-des-acteurs-intéressés-par-le-ttip.html



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1. Legal instruments to protect GIs in the US

1.1 Background

GIs are defined in Article 22.1 of the World Trade Organization's (WTO) 1995 Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) as "indications, which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin."

While Article 22.2 of TRIPS provides a general level of protection for all GIs ("Members shall provide the legal means for interested parties to prevent: the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good; any use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention (1967)"), TRIPS Article 23 gives WTO Members the obligation to protect GIs identifying wines and spirits through a higher level of protection. Such protection does not link a GI infringement to the public being misled



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by the use of the relevant geographical names, even when the true origin of the goods is indicated or the GI is used in translation or accompanied by expression such as kind, type, style, imitation or the like.⁶

The US government does not currently recognize GIs as a separate item of intellectual property, and there is no single list of US and foreign GIs. The US government views its trademark system, including traditional commercial trademarks as well as certification and collective marks, as adequately meeting the requirement of TRIPS with respect to GIs. On the other hand, a *sui generis* system is available for appellations identifying American wines.

1.2 Certification marks

The central method of GI protection in the US is the certification mark.

A certification mark is a particular type of trademark under US federal law regarding trademarks (Lanham Act). More specifically, it is a mark “used by a person other than its owner ... to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or

⁶ Uruguay Round Agreement: TRIPS, Section 3, Articles 22 and 23: *Protection of Geographic Indications, Additional Protection for Geographical Indications for Wines and Spirits*



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services or that the work or labor on the goods or services was performed by members of a union or other organization.”⁷

Section 2(e)(2) of the Lanham Act⁸ specifically exempts certification marks from the usual prohibition against registering primarily geographically descriptive terms in trademarks. In other words, to be registered as a certification mark, geographic terms⁹ do not require “acquired distinctiveness” (also known as “secondary meaning” - the primary meaning being the place of origin and the secondary meaning being the particular product or service¹⁰) or prior commercialization as a source identifier. As a result, if a certification mark includes a geographical term (either alone or as part of a composite mark) that functions to certify that a product originates in the specific geographical region identified by the term, it will not be considered to be primarily geographically descriptive. This is not the case for traditional trademarks and collective marks.

⁷ 15 U.S.C. 1127.

⁸ 15 U.S.C. 1052(e)(2).

⁹ A generic name, however, cannot be used as a certification mark.

¹⁰ Although Section 4 of the Lanham Act (15 U.S.C. 1054) states that certification marks are “subject to the provisions relating to the registration of trademarks, so far as they are applicable ...,” Section 2(e)(2) (15 U.S.C. 1052(e)(2) which prohibits the registration of primarily geographically descriptive marks, carves out a specific exception for “indications of regional origin” that are registered under Section 4.



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1.3 Traditional trademarks and collective marks

Other choices for GI protection exist in the US, although they are less conducive to GIs protection than certification marks.

Traditional trademarks are intended to indicate a single commercial source, which is rarely applicable to geographically distinctive products that usually have multiple producers. Trademarks including a geographic term that is descriptive of the origin of the goods are initially registered on the Supplemental Register.¹¹ When and if consumers come to recognize the mark as identifying the particular producer, the mark is said to have developed “secondary meaning.” When that happens, the mark can be registered on the Principal Register. Alternatively, a composite mark may be registered on the Principal Register at the outset, with the geographic term disclaimed. Either way, the trademark registrant would have the exclusive use of the mark, subject only to “fair use” (that is, the use of the geographic term by others in a non-trademark sense) and any licenses that the trademark holder might grant.

As noted above, another option for protecting GIs in the US is the collective mark. The applicant often is a group of producers or perhaps their trade association. As for traditional trademarks, only when and if a collective mark including a geographical term(s) develops a “secondary meaning”, it can be registered.

¹¹ Section 2(e)(2) of the Lanham Act (15 U.S.C. 1052(e)(2) bars the registration on the Principal Register of marks that are “primarily geographically descriptive” of the goods or services.



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Moreover, unlike certification marks, collective marks can be used only by the registrant and its members, who thereby retain exclusive use rights. As a result, collective mark are not effective for GIs that do not reach consumers in a “packaged” form. For instance, in the coffee sector, producers are interested in roasters buying GI-designated coffee and communicating its GI aspect to consumers. This will not be possible through a collective mark, because only producers – who do not generally sell to consumers – and not roasters - who generally sell to consumers – could use it.

1.4 Specific rule for GIs in the wine sector

In the wine sector, a *sui generis* system is available for appellations identifying American products. It includes American Viticultural Areas (AVAs) as well as the so-called political appellations, which are the names of the country, states and counties. Such system is administered by the TTB (Alcohol and Tobacco Tax and Trade Bureau), which is part of the US Treasury Department. This does not mean that a certification mark or other form of trademark cannot be registered with the US Patent and Trademark Office (PTO) under the same name as the AVA. Moreover, the TTB is not bound by any pre-existing certification marks in its AVA rulemaking. For instance, the TTB Final Rule establishing the North Coast AVA (48 Fed. Reg. 42973, September 21, 1983) established that the “North Coast AVA established by TTB is larger than the North Coast area set forth in the certification mark held by the California North Coast Grape Growers Association”. The TTB’s predecessor, the Bureau of Alcohol, Tobacco and Firearms (ATF) stated its position clearly in this Final Rule: “In the event a direct conflict arises between some or all of the rights granted by a registered certification



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mark under the Lanham Act and the right to use the name of a viticultural area established under the FAA Act [Federal Alcohol Administration Act], it is the position of ATF that the rights applicable to the viticultural area should control.”

An AVA is defined as “a delimited grape growing region distinguishable by geographical features, the boundaries of which have been recognized and defined” by TTB. (27 CFR 4.25(e)(1)) As of September 2015, some 220 AVAs have been established. AVAs are established through public rulemaking following the filing of a petition that includes the following:

1. Evidence that the name of the AVA is locally and/or nationally known as referring to the area specified in the application;
2. Historical or current evidence that the boundaries of the AVA are as specified in the application;
3. Evidence relating to the geographical features (climate, soil, elevation, physical features, etc.) which distinguish the viticultural features of the proposed AVA from surrounding areas; and
4. The specific boundaries of the AVA, based on features which can be found on U.S. Geological Survey maps of the largest applicable scale. (27 CFR 9.3(b)).

In terms of minimum percentage of grapes grown inside the appellation, for AVAs, at least 85 percent of the wine must be derived from grapes grown in the named AVA.



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Although neither the Federal Alcohol Administration Act, under which the appellation system was adopted, nor TTB's implementing regulations mention the phrase "geographical indications," the criterion of viticultural distinctiveness is taken into account to establish an AVA. However, not all AVAs are necessarily GIs. The fact that only 85 percent of a wine bearing an AVA is required to be made from grapes grown in that area may mean that there are no common characteristics in the resulting wine because of this blending. Unlike the European Protected Designations of Origin (PDO) and Protected Geographical Indications (PGI) for wines, AVAs entail no requirements related to grape growing or winemaking practices. Without these further restrictions on the growing and production processes, the wines of the given AVA may lack the quality or other characteristics that emanate from the land, as required by TRIPS. That being said, AVAs can develop a reputation tied to the place of origin and qualify as GIs on that basis.

The U.S. also allows the use of appellations of origin based on political boundaries (27 C.F.R. § 4.25). These political or administrative appellations include the United States, a State, two or no more than three States which are all contiguous, a county which must be identified with the word "county" in the same size of type and in letters as conspicuous as the name of the county and two or no more than three counties in the same State. In order to use this type of appellation on a wine label, at least 75 percent of the grapes must have been grown within the named area (27 C.F.R. § 4.25). In addition to this minimum requirement, the wine "must [conform] to the laws and regulations of the named appellation area governing the composition, method of manufacture and designation of wines made in such a place." Because a common quality or characteristic – viticultural, enological or otherwise – is not



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necessarily imparted to all wines from a given political or administrative appellation, the factor of reputation is likely the best way to evaluate these appellations for GI status. It is possible that some states and many counties might have boundaries that coincide with and capture distinguishing, viticulturally relevant physical features or might have adopted regulations regarding origin and processing requirements for wines from these areas such that the appellation's wines exhibit a common characteristic or quality.

TTB also has important carve-outs for geographic names that have become generic or semi-generic. A generic wine name is a designation for a particular class or type of wine sold in the US which has lost its original geographic significance.¹² Examples of generic designations of wine in the US include vermouth and sake, which no longer have to be made in Italy and Japan, respectively. These terms may be used on wine labels without any indication of origin.

Semi-generic names retain their original geographic reference but also indicate a type of wine under TTB regulations (27 CFR 4.21). There are 16 authorized semi-generic names (generic as to product characteristics but not as to origin) which may be used to designate wines from the original source or, when modified by an appropriate appellation of origin displayed in direct conjunction with the name, from some other source such as "California Sherry" (27 CFR 4.24(b)). These 16 names are Angelica, Burgundy, Claret, Chablis, Champagne, Chianti, Malaga, Marsala, Madeira, Moselle, Port, Rhine Wine, Sauterne, Haut Sauterne, Sherry and Tokay.

¹² Under the FAA Act, TTB has the authority to establish "Standards of Identity for Wine," which include various classes of wine (*e.g.*, grape wine, sparkling grape wine, fruit wine) and types of wine within each class (*e.g.*, table or dessert wine, champagne, berry wine as well as varietal types).



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In an effort to assure foreign governments and foreign producers that their place names will not fall into generic or semi-generic status in the future, TTB established in 1990 a category of non-generic names that may be used only to designate wines of the origin indicated by such names (27 CFR 4.24(c)). Non-generic status under TTB regulations are of two sorts. First, certain non-generic designations are deemed to be distinctive designations of particular wine types such that they suffice as class and type designations in their own right. These include Chateau Margaux, Graves, Medoc, Rhone and over 100 other names listed in 27 CFR Part 12, Subpart D. To be so classified, the names must be found by the TTB Administrator to be known to the US consumer and trade as designating a specific wine from a particular place, distinguishable from all other wines. Petitioners for such status have adduced a variety of evidence in support of their positions. The second type of non-generic name is that which can be used only to designate wine of the origin indicated by such name but which is not sufficiently well-recognized to serve as a class and type designation in the US. Such wine names, including Bandol, Piemonte, Rheinpfalz and others listed in Part 12, Subpart C, still must be accompanied by an acceptable class or type designation on the label.

The differences between these two categories of non-generic names are not well understood. Although both are non-generic, the second category seems to many observers to imply a lesser degree of protection. Additionally, those foreign wine names which are not entered on either list seemingly are left unprotected. In fact, this is not so because Subpart C of Part 12 lists only "examples" of foreign non-generic



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names rather than a comprehensive list, as is the case for Subpart D concerning foreign distinctive designations.

With respect to foreign wine appellations, TTB recognizes the name of a country, state, province, territory or other political subdivision of a country (27 CFR 4.25(a)(2)) and a viticultural area, defined as “a delimited place or region ..., the boundaries of which have been recognized and defined by the country of origin for use on labels of wine available for consumption within the country of origin” (27 CFR 4.25(e)((1)(ii)). TTB regulations also set forth the requirements for the use of these foreign appellations (27 CFR 4.25(a)(b)(2) and 4.25(e)(3)(iii)).

Moreover, in this context it should be mentioned that, by virtue of Article 7 of the Agreement between the European Community and the United States of America on trade in wine, the names listed in Annex IV, Part A (names of quality wines produced in specified regions and names of table wines with geographical indications), and Part B (names of Member States) must be used as names of origin for wine only to designate wines of the origin indicated by such a name.

1.5 Is the US legislation on GIs fully coherent with the TRIPS relevant provisions?

As it was mentioned earlier, certification marks or other forms of trademarks can be registered with the PTO under the same name as wine appellations, both domestic and foreign.



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To make the US trademark regulation in line with Article 23 of TRIPS, following the adoption of such Agreement, Congress amended the Lanham Act to prohibit the registration by the PTO of a “geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after [January 1, 1996].” This amendment brings US law into compliance with Article 23(2) of TRIPS which mandates that “the registration of a trademark for wines [or spirits] which contains or consists of a geographical indication identifying wines [or spirits] shall be refused or invalidated, *ex officio* if a Member's legislation so permits or at the request of an interested party, with respect to such wines or spirits not having this origin.

Whereas Article 23(2) of TRIPS concerns trademark registrations, Article 23(1) prohibits the *use* of a GI for wines or spirits not originating in the named place “even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as ‘kind’, ‘type’, ‘style’, ‘imitation’ or the like.” The US contends that Section 43(a) of the Lanham Act (15 USC 1125(a)(1)) complies with that provision of TRIPS insofar as it prohibits the use of a “false designation of origin.” However, to the extent that this provision requires a showing that the designation is false or misleading or that consumers rely on it in their purchase decisions, the absolute protection guaranteed by TRIPS does not seem to be fully provided by the US legislation.

Essentially, the PTO already has this obligation in administering section 2(a) of the Lanham Act (15 U.S.C. 1052(a)), which prohibits the registration of a designation



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that consists of or comprises a “geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after [January 1, 1996].”¹³ The PTO, however, has devised some very strict criteria to apply this section. According to the *Trademark Manual of Examining Procedure*, “A mark for wines or spirits that includes a geographical indication is unregistrable if: (1) purchasers would erroneously believe that the goods originate in the relevant geographic location; and (2) the quality, reputation, or characteristic associated with wines or spirits from that location would materially affect the purchaser’s decision to buy the goods.”¹⁴ There is no requirement under Article 23(2) of TRIPS, concerning the refusal of misdescriptive marks for wines and spirits, that consumers be misled by the mark or that they materially rely on it in their purchasing decisions. Additionally, although a goods-place association may be relevant to a determination of a GI’s reputation, it has no bearing on whether the product possesses the necessary quality or characteristics tied to its origin to qualify as a GI. Finally, material reliance by consumers is irrelevant to the reputation, quality or characteristics of the good.

¹³ This provision was added by the Uruguay Round Agreements Act, implementing TRIPS.

¹⁴ U.S. Department of Commerce, Patent and Trademark Office, *Trademark Manual of Examining Procedure* (5th ed. 2009), p. 677.



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2. Major problems for GIs in ensuring protection and enforcement in the US through trademarks

2.1 The “first in time, first in right” principle

The strict application of the “*first in time, first in right*” principle – which is at the core of the US trademark system, has the potential to make it extremely difficult, if not impossible, for the legitimate beneficiaries to secure protection in the US for the GIs they represent.

If the name corresponding to a GI (or a very similar one) is registered as a traditional trademark (or as part of a composite mark) before the legitimate beneficiaries by a third party with no genuine link with the GI at issue, the only available options are: to request the cancellation of the trademark as geographically misdescriptive; or to enter into negotiations to buy the trademark at issue (for instance, at the beginning of the ‘90s, the “Consorzio del Prosciutto di Parma” bought the trademark “PARMA HAM” from a local company and owns today 2 certification marks in the US: “PARMA HAM” and “PROSCIUTTO DI PARMA”). Both options though can be extremely expensive and there are no guarantee of success. Moreover, such costs could prove to be prohibitive for small GIs groups

This problem is not to be undervalued, especially in light of the use of *disclaimers* by which an applicant, provided that does not claim any exclusive right on the geographical (non-distinctive) elements of the requested trademark (in other words, any right to the exclusive use of said term are disclaimed), can easily secure



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the registration of a geographical name. In this respect, descriptive geographical indications can be registered as traditional trademarks with no need to prove that the name has acquired a secondary meaning among consumers.¹⁵

As a way of example, the PTO registration no. 2825286 “ROMANO” (with disclaimer) in relation to cheese, owned by the Grande Cheese Company, is currently in use for cheese made with cow milk. Such trademark was not challenged by the “Consorzio per la Tutela del Formaggio Pecorino Romano”, representing the legitimate beneficiaries of the PDO Pecorino Romano. At the time of the application at issue, the Consorzio owned in the US a collective mark including figurative elements (registration No. 1341101) “Pecorino Romano” with disclaimer respectively on both terms. More recently, the Consorzio obtained a certification mark “Pecorino Romano” (registration No. 2029475) with no disclaimer, having managed to prove that the proposed mark could not be considered generic in the US.

With respect to potential conflicts with previously registered trademarks, so-called “defensive registrations” – which are those trademarks corresponding to foreign GIs which would be registered by the legitimate beneficiaries to prevent others from acquiring an exclusive right over relevant geographical names in view of a forthcoming entrance in the US market – might raise problems in the US. Under section 8 of the Trademark Act, 15 U.S.C. §1058, the owner of a trademark must file a "Declaration of Use" between the fifth and sixth year following registration, attesting to the continued use or excusable nonuse of the mark on or in connection with the goods (and/or services) in the registration. In addition, the owner must file a

¹⁵ U.S. Trademarks Act of 1946, as amended, 15 U.S.C. § 1056.



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combined Declaration of Use (or Excusable Nonuse) and Application for Renewal between the ninth and tenth year after registration, and every 10 years thereafter, attesting to the continued use or excusable nonuse of the mark on or in connection with the goods and/or services in the registration and requesting to renew the registration. If these documents are not timely filed, the registration will expire or be cancelled and cannot be revived or reinstated. The purpose of such declaration is to remove marks no longer in use from the register. “Defensive registrations” could have represented an interesting option for those groups presenting GIs with international reputation, but that need time to finalize concrete marketing and export strategies to enter the US market.

With respect to potential conflict with previously registered trademarks, the relevant GIs European Regulations (for instance Article 14.2 of Regulation (EU) No 1151/2012 of the European Parliament and the of Council of 21 November 2012 on quality schemes for agricultural products and food stuff¹⁶) are more flexible, as they provide for the possibility of coexistence between GIs and trademarks previously registered in good faith. This provision reflects the nature of GIs, which normally have been in existence for centuries before their official recognition.

2.2 Registration and renewal costs

The costs of registering a trademark in the US typically exceed 10,000 USD. Moreover, a trademark registration must be renewed every 10 years, as long as the

¹⁶ Similar provisions are provided for PDO/PGI wines and GI spirits in their respective Regulations.



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owner meets the legal requirements for post-registration maintenance and renewal and timely files all necessary documents, with additional costs. While this is not an impossible obstacle to overtake, a number of GI groups, especially the small ones, might not be in the position to cover such costs.

Moreover, as the protection provided by trademarks is limited to confusingly similar signs (see below paragraph 2.3), GI groups might feel the need to register several trademarks, including some presenting figurative elements. As a way of example, the “Consorzio del Formaggio Parmigiano Reggiano” currently owns 13 certification marks in the US, some of them in combination with figurative elements. Registration and renewal costs are much higher under those circumstances.

2.3 Protection and enforcement costs

The guiding principle of the US system is the requirement of use and investment by GI groups before protection is granted to geographically distinctive names associated with products. This means that GI groups must finance the acquisition of trademarks (including collective and certification marks) and pay for all protection and enforcement efforts.

In terms of depth, the legal protection enjoyed by trademarks (including traditional trademarks, collective marks and certification marks) is limited to confusingly similar marks. Therefore, American and foreign GIs do not enjoy in the



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US the absolute protection available in the EU.¹⁷ As trademark protection is based on the risk of misleading the public, proving an infringement might be hard and expensive, involving consumers surveys and attorney costs.

Again, with respect to the depth of the legal protection provided by a trademark, another issue concerns the fact that the US legislation provides for limitations of the effect of the trademark such as, *in primis*, the descriptive use of the trademark. In other words, it does not allow the owner of the trademark to prohibit third parties from using descriptive indications in the course of trade relating to, *inter alia*, the geographical origin of the commercialised goods, provided the use is made in accordance with honest practices in industrial or commercial matters.¹⁸

Moreover, as no administrative protection is provided for trademarks in the US, monitoring constantly the market against potentially infringing uses of the GI as well as the subsequent requests of trademark registrations which might conflict with the GI, become crucial activities for interested GI groups. This level of monitoring requires again a significant investment of time and money, often necessitating the employment of a watchdog organization.¹⁹ If monitoring is not carried out, and this is another difference with the relevant EU Regulations, trademarks (including traditional trademarks, collective marks and certification marks) obtained over GIs are vulnerable to dilution or becoming generic in the US. As a way of example, the

¹⁷ The protection provided for instance by Articles 13 and 14 of Regulation (EU) No 1151/2012.

¹⁸ U.S. Trademarks Act of 1946, as amended, 15 U.S.C. 1115(b)(4) ('Fair use' doctrine):

http://www.uspto.gov/trademarks/law/Trademark_Statutes.pdf

Canadian Trade-marks Act, art. 20(1)(b): <http://laws-lois.justice.gc.ca/eng/acts/T-13/index.html>

¹⁹ S.C. Srivastava, *Protecting the Geographical Indication for Darjeeling Tea*, WTO, available at http://www.wto.org/english/res_e/booksp_e/casestudies_e/case16_e.htm (noting the high cost employing a watchdog company to monitor for potentially infringing uses of Darjeeling throughout the world).



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“Consorzio del Parmigiano Reggiano”, which as previously mentioned owns in the US several certification marks for the PDO Parmigiano Reggiano, in 2013 spent 20,000 USD for monitoring activities.

In the event that the monitoring reveals potentially infringing activity or confusingly similar registrations, the mark owner should then take action against the perpetrator. Sometimes this means simply sending a cease and desist letter to the offending party. Often, however, the required action entails the filing of an opposition proceeding to prevent the registration of the confusingly similar mark. Opposition proceedings before the Trademark Trial and Appeals Board (TTAB) can approximate litigation in federal court, with depositions, motions, testimony and substantial discovery. As such, an opposition proceeding can easily cost in excess of 100,000 USD. The risk of not opposing a mark, however, is too high to stand idly by. Were a mark holder to fail to oppose a mark, its trademark could be subject to dilution or cancellation. And every subsequent applicant to register a similarly offending mark would be able to point to the existing mark as evidence of lack of enforcement.²⁰

Historically, the PTO has taken a passive approach to preventing the registration of marks that would be confusingly similar to or even include a prior registered trademark (including traditional trademarks, collective marks and certification marks), including the ones concerning geographically distinctive names. Even marks that are on their face confusingly similar have been published for opposition. Thus, a GI group which holds trademark (including traditional trademarks, collective marks and certification marks) must be active and diligent in

²⁰ See *Tea Bd. of India v. Republic of Tea, Inc.*, 80 U.S.P.Q.2d 1881 (TTAB 2006).



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looking for potentially confusing marks even in situations that seem ripe for administrative denial. Because an opposition proceeding concerns the right to register a mark, there are no damages available. While a successful opposition will result in preventing the registration of a conflicting mark, it will do so with potentially high litigation expenses. Additionally, the TTAB Rules of Procedure prohibit awards of attorneys' fees.²¹ Moreover, an owner is effectively restricted in the amount of royalty it can charge to the users of its certification mark: too high a royalty risks being viewed as discriminating against certain producers. In sum, the US system effectively makes certification marks (and hence the benefits of GIs) available only to the well-financed or those with enough political and economic clout to have their local or state government control the certification mark for them. According to a survey conducted by the American Intellectual Property Law Association (AIPLA) in 2013, the average cost for a trademark opposition was 50,000 USD if done through discovery, and 80,000 USD if done through a decision of the Board.

As a practical examples of oppositions, a trademark application for the word mark "PARMASIO" for blended cheese was filed on 12 April 2012 and published for opposition on 4 September. The "Consorzio del Formaggio Parmigiano Reggiano", following an unsuccessful warning letter, lodged an opposition. Following that, the applicant abandoned the application on 15 April 2013. The Consorzio recently filed several other oppositions in similar circumstances. Likewise, the "Consorzio di Tutela Formaggio Asiago", which owns in the US a certification mark with figurative elements reproducing the Consorzio's logo and is waiting for a final decision of the PTO with respect to the certification mark "Asiago", has recently sent cease and desist

²¹ Trademark Trial and Appeals Board Manual of Procedure, TTAB, 502.05 (2004).



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letters or filed oppositions against trademark applications containing the word “Asiago”.

A more proactive approach of the PTO in policing registration and denying administratively applications for marks for similar goods that include a prior registered certification marks pertaining to GIs, would have saved the above-mentioned Consorzia important financial resources.

Perhaps the most costly expense for trademark (including traditional trademarks, collective marks and certification marks) holders is in the area of enforcement. When product substitution is discovered and litigation is commenced, the defendant in the enforcement action may seek to cancel the trademark. The grounds for cancellation are set forth in Section 14 of the Lanham Act (15 U.S.C.1064) and may include failure to adequately control the use of the mark, the mark holder engaging in the production or marketing of the goods to which the marks are applied, permitting the use of the mark for purposes other than to certify the certified goods, discriminately refusing to certify conforming goods and/or that the mark has become generic. Litigation in the US is time consuming and costly. The experience of several GI groups of the oriGIn network shows that an estimated budget for a litigation case ranges from 100,000 USD to 350,000 USD. For instance, the “Consorzio per la Tutela del Formaggio Pecorino Romano” recently spent 120,000 USD in an infringement case.



2.4 Specific issues affecting certification marks

For the reasons explained in paragraph 1, certification marks are the most adequate way to protect GIs in the US. However, on top of the issues affecting all trademarks, there are several important and unique limitations on certification marks.

First, the certification mark cannot be used for purposes other than to certify. This requirement is vague and can be interpreted very broadly. For example, may the mark be used in advertising? Second, the owner of the mark must exhibit control over the use of the mark. A failure to heed any of the requirements described above may subject the certification mark to cancellation.

Moreover, the anti-use rule creates an additional problem unrelated to costs. The anti-use by owner rule restricts another potential avenue to recoup some of the costs of ownership. Because the owner cannot use the mark, the owner²² cannot reap the rewards of its enforcement efforts through higher prices for the good.

Finally, a recent development in the US court system will further increase the costs to certification mark holders. In *Idaho Potato Commission v. M&M Produce Farm and Sales*, 335 F.3d 130 (2d Cir. 2003), and *State of Idaho Potato Commission v. G&T Terminal Packaging Co. Inc.*, 425 F.3d 708 (9th Cir. 2005), two appellate courts held

²² For this reason, most owners are governments, non-governmental organizations and organizations of producers.



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that certification mark holders were to be treated differently than trademark owners by concluding that certification marks are more like patents than trademarks. These two courts voided enforcement of “no challenge provisions” in certification mark license agreements, thus insuring that certification mark holders will face a significant rise in validity challenges to their marks and a corresponding rise in their litigation costs. Specifically, the courts held that a standard contractual provision commonly included in trademark licenses, which precludes licensees from challenging the validity of certification marks, was unenforceable as a matter of public policy. This ruling permitted a former licensee to proceed with its counterclaim seeking cancellation of the federal registration of the certification marks of the Idaho Potato Commission. Faced with the prospect of a counter claim seeking cancellation of its certification mark as an affirmative defense in an enforcement proceeding, the mark holder is confronted with a serious challenge. It is difficult to understand the public policy the two circuit courts based their decision on, when the objective of enforcement by a certification mark holder is to prevent consumer fraud and deception by one engaging in product substitution.

2.5 Names corresponding or conflicting with European PDO/PGI allegedly considered generic in the US

The issue of genericity can be seen from two angles. As mentioned above, contrary to the relevant EU GI Regulations, obtaining a trademark in the US (including a collective mark and a certification mark) does not prevent a name from becoming generic. In the EU on the contrary, once recognised as PDO, PGI or GI, the protected names are shielded from becoming generic.



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On the other hand, if a name (or part of it) is considered to have acquired a generic nature before registration as trademark is secured, the legitimate GI group cannot obtain protection altogether in the US. From this second point of view, the EU relevant GIs Regulations do not differ from the US law. Genericity is in fact an exception to GI rights recognized by TRIPS Article 24.6. A generic term is defined in such Article as the term customary in common language as the common name for such goods or services in the territory of that Member. The genericity of a given term, as a result, must to be assessed by each and every WTO Member individually and, if confirmed, exempt them from the obligation to provide protection with respect to foreign GIs which have acquired a generic nature in their jurisdiction.

As for European GIs in the wine sector, as it was mentioned in paragraph 1.4, there are today 16 authorized “semi-generic” names corresponding to European wine PDO/PGI (generic as to product characteristics but not as to origin) which may be used to designate wines from the original source or, when modified by an appropriate appellation of origin displayed in direct conjunction with the name. From an international law perspective, the “semi-generic” category is quite ambiguous (as it is not provided by TRIPS). It should be mentioned in this context that the 2006 Wine Agreement between the EU and the US calls for the cessation of any new domestic use



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of “semi-generic” wine names²³ on products that do not qualify for those appellations.²⁴

With respect to European GIs for agricultural products, essentially in the cheese sector, the debate over genericity has been informed by another ambiguous legal argument developed by the Consortium for Common Food Names (CCFN) – the lobby group representing US cheese producers.²⁵ According to the CCFN reasoning, some names (such as *Asiago, Bologna, Brie, Camembert, Chorizo, Feta, Fontina, Gorgonzola, Grana, Gruyère, Parmesan/Parmesano/Parmesão, Prosciutto, Ricotta, Romano, etc...*²⁶) have become “common food names”, as they have acquired a sort of international genericity to be recognised in each and every jurisdiction around the world. In other words, according to this argument, the alleged genericity of a name in a given country would generate rights internationally or at least in key export markets.

A few considerations must be made in this respect. First of all, as mentioned above, the concept of “common food names”, names of food products that would have become generic internationally, does not exist altogether in legal terms. When assessing the genericity of a given term, TRIPS requires the 160 WTO Members,

²³ Although unknown in trademark parlance, a semi-generic is defined under the Internal Revenue Code of 1986 (IRC) and the implementing TTB regulations as a name of geographic significance that also is a designation of a particular class or type of wine. A semi-generic name may be used to designate wine of an origin other than that indicated by its name only if there appears, in direct conjunction with the designation, an appropriate appellation of origin disclosing the true place of origin, and the wine so designated conforms with the standard of identity established by TTB. See *supra* at Section 1.2 (The Wine Sector).

²⁴ “Agreement between the United States of America and the European Community on Wine” (March 10, 2006), www.ttb.gov/agreements/us_ec_wine_agreement.shtml.

²⁵ See <http://www.commonfoodnames.com/>

²⁶ Complete list available @ <http://www.commonfoodnames.com/the-issue/names-at-risk/>



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including the US, to conduct an analysis limited to their respective jurisdictions. Secondly, in the large majority of cases, the names considered “at risk” by the CCFN are deemed as generic in the EU as well. On a limited number of cases, though, the issue of assessing the genericity of such names in the US might be relevant, as local cheese producers effectively use such names with respect to their products. However, it should be recalled here that genericity is not a “sociological” concept. Any allegations in this sense must be substantiated and confirmed by a tribunal or a trademark office decision. In this respect, genericity has never been legally established in the USA in relation to controversial names such as Asiago and Parmesan. Moreover, the fact that Asiago and Parmesan (as well as other controversial Italian and EU geographical names) are often used by US producers together with references (words, flag, symbols, landscapes, etc.) to the relevant European Union country of origin (Italy, France, Greece, Spain etc.), would rather be considered an indication that such names are not generic in the US. With specific reference to the alleged genericity of the name Parmesan in the US, some questions remain unanswered, such as: which kind of product would exactly designate such name in the US? Why do many American producers use such name together with the word “cheese”? Moreover, no consumer survey has been conducted among US consumers to assess how the term Parmesan is perceived in such market.



3. The Way Forward: compromise solutions within the TTIP

3.1 Preliminary considerations

From the point of view of European GI groups, bilateral negotiations affecting GIs conducted by the EU (either in the context of Trade Agreements, or of GIs Agreements as well as Technical Cooperation Agreements, etc. ...) can be considered satisfactory when certain elements are reflected therein :

- i. A number of EU PDO/PGI/GIs with market potential and/or legal issues in the counterpart jurisdiction are automatically recognized there via the agreement itself, without the need to go through the national administrative procedures, including oppositions. The possibility to recognize additional EU PDO/PGI/GIs in the counterpart jurisdiction after the conclusion of the agreement is also provided;
- ii. A solid level of protection is provided for the EU PDO/PGI/GIs listed in the agreement, as well as for those which will be included in the future. Such level of protection should at least match TRIPS Article 23 and be applicable for all GI products;



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- iii. Administrative protection and enforcement mechanisms, both with respect to trademark applications conflicting with the EU PDO/PGI/GIs recognized via the agreement, as well as to uses of protected names in commerce, are available. Likewise, the possibility to request the application of border measures in case of detected GI infringements is provided;
- iv. The possibility of coexistence between EU PDO/PGI/GIs and trademarks previously registered in good faith is expressly provided in the agreement. Likewise, the EU PDO/PGI/ GIs recognized in the counterpart jurisdiction via the agreement are shielded from becoming generic;
- v. Finally, the EU uses its “trade weigh” to obtain the phasing out alleged generic uses of certain EU PDO/PGI/GIs in the counterpart jurisdiction, granting local actors limited-in-time periods to terminate such uses.

Such provisions would provide a solid level of protection and enforcement for European a number of PDO/PGI/GIs in foreign markets and reduce the legal costs for groups associated with the recognition and enforcement of the GIs they represent. However, the practice shows that it is not always realistic to see all such elements included in an agreement and a number compromises have been found to take into account the specificities of certain trade counterparts’ legal systems.



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With specific reference to the US and the TTIP negotiations, two elements makes it extremely difficult to obtain all the above-mentioned elements to be included in the final agreement. First of all, the strong opposition made by a very powerful American lobby, the one of US cheese producers. The CCFN, while declaring no opposition to GIs in general, have been aggressively campaigning for the exclusion altogether of the GI Chapter from the TTIP. Secondly, a strong “philosophical” belief of the competent national authorities (the PTO in particular) that a private-oriented system – centered around trademarks – represents the most efficient way to protect GIs in the US, without violating relevant TRIPS obligations. According to this point of view, taxpayers’ money should not be used to monitor trademark applications potentially conflicting with GIs or the market itself to check for potential GI infringements. Enforcement remain primarily a task to be carried out by trademark holders.

As a matter of fact, the growing importance of GIs in the US, particularly in the agricultural sector, is evident. To the extent that future US trade policy emphasizes local and regional agriculture, rural development, small business and export, GIs will continue to feature prominently. In the long term, under the pressure of US producers and consumers, a *sui generis* system for agricultural GIs (like it has been the case for wines) might see the light in the US. However, in the short term and the for the purpose of the TTIP negotiations, compromise solutions will have to be found. A much less radical path to positive change would focus on working with existing trademark rules as well as proposing incremental improvements to the existing US trademark system.



3.2 Paths to explore for compromise solutions in the TTIP negotiations

In light of the above, the following recommendations (a. to e.,) have been developed with reference the points (i. to v.) described above in paragraph 3.1. As a compromise is sought for each of the issues raised in points i. to v., such recommendations must be evaluated individually and not as part of a unique package. If adequate trade-offs are envisaged, for some of the items identified a better solution compared to the one thereafter proposed can be achieved.

Recommendations:

- a. Helping EU groups to recognize the PDO/PGI/GIs they represent in the US is crucial.

In this respect, the North American Free Trade Agreement includes special protections for Kentucky bourbon and Tennessee whiskey.²⁷ Likewise, the US-EU Wine Agreement includes mutual recognition of certain wine “names of origin” in the US and the EU. In light of these precedents, including in the final agreement a list of EU PDO/PGI/GIs to be automatically recognized in the US should not be considered an impossible objective to achieve.

In alternative, a “fast-track” procedure for the EU PDO/PGI/GIs to be submitted to the PTO for scrutiny, should be explored. Such

²⁷ North American Free Trade Agreement, Chapter 3, Annex 313, <http://www.sice.oas.org/trade/NAFTA/NAFTATCE.asp>.



procedure should make it faster and less expensive for the relevant EU groups to secure protection as certification marks. This option would also require a high level of coordination between the Commission and the relevant EU GI groups. In either case (list of PDO/PGI/GIs recognized in the US via the agreement or “fast-track” procedure for such list), the focus should be as much as possible on EU PDO/PGI/GIs with existing export (or a significant potential) in the US market. This is particularly relevant in the latter case as certification marks owners have the obligation to use their marks to keep them on the registry (see paragraph 2.1).

- b. With respect to the level of protection to be provided for the EU PDO/PGI/GIs listed in the agreement (notwithstanding the approach adopted under item a. – direct recognition or scrutiny by the US competent authorities), the US should modify the *Trademark Manual of Examining Procedure*, with respect to applications conflicting with EU wines and spirits with GIs, because they link the refusal of misdescriptive marks for wines and spirits, that consumers be misled by the mark or that they materially rely on it in their purchasing decisions. Beyond the TTIP talks, this will allow the US legislation to be fully compatible with TRISP Article 23 (see paragraph 1.5).

Moreover, if the “fast-track” procedure is agreed upon, the possibility to include the EU PDO/PGI/GIs to be protected under the agreement in a new class of certification marks (Class C) – specifically conceived for GIs to certify a geographical origin – should be explored. Such list



should be open to US GIs as well. Certification marks in Class C should be protected against the use of phrasing such as “like” or “style” or “kind”, without the need to prove the public being misled by such uses. This option would require amendments of the Lenham Act.

An alternative would accord the EU PDO/PGI/GIs to be recognized in the US via the agreement the protection provided for well-known trademarks according to the World Intellectual Property Organization (WIPO) Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.²⁸ Such an approach has the advantage of not requiring necessarily changes in the US legal system, which recognizes well-known marks. However, this option might require to limit the list to a very core group of EU PDO/PGI/GIs and might exclude (but not necessarily) the option of an automatic recognition.

- c. As for administrative protection and enforcement mechanisms, while the public enforcement of GIs vis-à-vis unlawful uses of the protected names in commerce might be extremely difficult to be agreed upon by the US (existing US agencies for consumers’ protection in the food sector might be considered in this respect), a more active role of the PTO in policing its registration of trademarks corresponding and/or conflicting with the EU PDO/PGI/GIs to be

²⁸ See

<http://www.wipo.int/tools/en/gsearch.html?cx=016458537594905406506%3Ahmturfwvzzq&cof=FORID%3A11&q=well-known+trademarks>



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protected via the agreement seems a very reasonable compromise. This would not require necessarily legal changes in the US system (specific PTO guidelines should be prepared in this respect). Moreover, the establishment of the certification mark Class C would make this easier to implement. Applications for marks for similar goods that include a EU PDO/PGI/GIs protected via the agreement (or a certification mark obtained for EU PDO/PGI/GIs obtained via the agreement) should be administratively denied registration. This step would limit the obligation on owners to challenge even the most obviously offending marks. Additionally, the US should work to reduce the prohibitive cost of enforcement and opposition proceedings. One means of doing this is to allow for the award of attorneys' fees to the prevailing party in oppositions. Ideally, attorneys' fees would be available in any opposition proceeding, but at a minimum they should be available in cases in which the applicant applied for the mark in bad faith, seeking to trade off or damage the reputation of the prior certification mark. The United Kingdom has recently enacted a provision which allows for the award of at least partial costs to the prevailing party in their opposition proceedings.²⁹ The US should enact legislation correcting the erroneous court rulings regarding the licensee estoppel issue as well.

²⁹ *Cost of Proceedings*, UK Intellectual Property Office, available at <http://www.ipo.gov.uk/tm/t-decisionmaking/t-challenge/t-challenge-hearing/t-challenge-hearing-costs.htm> (last visited Dec. 19, 2007) (explaining that “contributory, not compensatory” costs are available to the “winning” party).



- d. If the “fast-track” solution is pursued, the possibility of coexistence between the EU PDO/PGI/GIs to be protected via the agreement (and future ones to be included later on) and previously registered trademarks seems not to be feasible, because it would be incompatible with the very principle of the US trademark system. Likewise, for the same reasons, the possibility for the certification marks obtained for EU PDO/PGI/GIs via the agreement to be shielded from becoming generic in the US would not be a feasible option. The need to help certification marks holders in the enforcement, though, at least with respect to subsequent conflicting trademark applications, would be reinforced if such an approach is chosen.

If the alternative approach of automatically recognizing a list of EU PDO/PGI/GIs in the US via the agreement prevails, there would be room to negotiate the two above-mentioned clauses.

- e. With respect to the alleged generic and semi-generic nature in the US of the names corresponding to EU PDO/PGI/GIs, the following considerations should be taken into account.

On the one hand, as mentioned above, the US-EU Wine Agreement calls for the cessation of any new domestic use of “semi-generic” wine names on products that do not qualify for those appellations. Thus, such a result must be obtained through the TTIP.



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On the other hand, on the controversial cheese names (see above, paragraph 2.5), any compromise with respect to the full protection for EU PDO/PGI should take into account the legal and market conditions in the US. In particular, any compromise should at least improve the situation of EU PDO/PGI which today witness not only the unfair use of protected names, but also the use of symbols (such as flags) related to the country or cultural environment of the PDO/PGI at stake, with further confusion for consumers.

In this context, it should be mentioned that, any concession with respect to the generic or semi-generic nature of EU PDO/PGI in the cheese sector, made to the US in other bilateral trade talks, when products bearing unfairly the name corresponding to the EU PDO/PGI at issue are practically not commercialized in the territory of the trade counterpart, would weaken tremendously the EU position in the TTIP. Moreover, it might be considered as an indirect recognition of the ambiguous legal argument by which the alleged genericity of a name in a given country (genericity which again has never been legally established in the USA in relation to names such as Asiago and Parmesan) would generate rights internationally or at least in key export markets.