

The Protection of European PDO/PGI in the US: Major Issues Faced by oriGIn Members

Introduction

The Organization for an International Geographical Indications Network (oriGIn) is an international network of geographical indications, representing 350 associations and over two-million producers from some 40 countries. oriGIn advocates for a more effective legal protection and enforcement of GIs at the national, regional and international level and promotes the recognition of the fundamental role of origin products in sustainable development.

In November 2012, oriGIn asked its EU members to provide inputs on: (1) the main obstacles which prevent the PDO/PGI they represent to be protected in the United States (US); (2) information on the protection obtained in the US via the trademark system by the beneficiaries of EU PDO/PGI, together with the question as to whether such level of protection proved to be satisfactory to prevent PDO/PGI misuses in the American market.

This short report is based on the answers received to the above-mentioned questions as well as on a thorough analysis of the US trademark system to protect GIs conducted by oriGIn in 2010: see *"American Origin Products: Protecting a Legacy"*, available at http://www.origin-gi.com/images/stories/PDFs/English/oriGIn_Publications_2010/American_Origin_Products_Protecting_a_Legacy_Final_23.02.pdf

1. Obstacles preventing European PDO/PGI to be protected in the US

a. Names considered generic

Several European PDO/PGI cannot secure protection in the US because their respective names (or part of them) are considered to have acquired a generic nature.

With respect to wines, the Alcohol and Tobacco Tax and Trade Bureau (TTB) oversees in the US the rules concerning the use of GIs and other indications of origin on wine labels and 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.¹ Semi-generic names retain their original geographic reference

¹ 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).

but also indicate a type of wine under TTB regulations. 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”. These 16 names are Angelica, Burgundy, Claret, Chablis, Champagne, Chianti, Malaga, Marsala, Madeira, Moselle, Port, Rhine Wine, Sauterne, Haut Sauterne, Sherry and Tokay².

As for agricultural products, various European Union (EU) PDO/PGI requested the protection as certification marks or trademarks, but their applications were rejected by the U.S. Patent and Trademarks Office (USPTO) based on the generic nature of the name. In this respect, it is worth recalling that standards for EU PDO/PGI for cheese products have been introduced in the Code Federal Regulation, under the U.S. Food and Drug Administration. Likewise, the establishment of the Consortium for Common Food Names in 2012 raises further concerns. The Consortium states on its web site that “*The list below contains examples of several common food names. Actions by the European Commission and related European court rulings put several of these common names at direct risk for monopolization attempts: Asiago, Feta, Fontina, Gorgonzola, Grana, Gruyère, Parmesan/Parmesano/Parmesão, Romano, and more.....*”.

On the other hand, it should also be mentioned that, the USPTO – in a recent decision of 2 October 2012 – issued a provisional refusal of the trademark application “ASIAGO FRESCO” for cheese applied for by Belgioioso INC. The USPTO considers that the trademark consists of or includes geographically deceptive and primarily geographically deceptively misdescriptive matter in relation to the identified goods. The decision, although not definitive, is very important as for Asiago producers, because it seems to reverse a precedent decision concerning the application by the Consorzio for a certification mark, which considered the name Asiago as generic (see page 4 of the attached decision). This shows that only judges and competent trademark offices (whose decisions can be challenged before a tribunal in the country at issue) should assess the generic status of a name.

b. Earlier trademarks

The strict application of the “*first in time, first in right principle*”, under certain circumstance, makes it extremely complex for some EU PDO/PGI, if not impossible, to obtain protection in the US.

² “American Origin Products: Protecting a Legacy”, oriGIn 2010, p. 29.

If the same or similar names have been already registered as a trademark (or as part of a composite mark) by a third party with no genuine link with PDO/PGI, only a few options remain available for the legitimate producers. One of them is to request the cancellation of the trademark: this is for instance the option that the French PDO “Morbier” is thinking of embarking upon. The “Syndicat Interprofessionnel de Défense du Morbier” cannot register as a certification mark in the US the PDO it represents because of the earlier trademark “Morbier du Haut-Livradois”. Such trademark was requested in 2001 by French cheese producers with respect to a product not corresponding to the PDO specification, and was registered in 2003 by the USPTO. Another option is to enter into negotiations with the view to buy the trademark at issue: 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 “PARMA HAM” and “PROSCIUTTO DI PARMA”.

This problem is made worst by 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, can easily secure the registration of a geographical name. In this respect, descriptive geographical indications are registered as traditional trademarks with no need to prove that the name has acquired a secondary meaning³.

c. Costs of registration

In spite of verified misuses of the PDO/PGI they represent, several small EU producers’ groups (for instance the one representing the Portuguese PDO “Queijo São Jorge”⁴) are not in the position to register a trademark (including certification and collective marks) in the USA, due to the system’s high costs.

2. An “insufficient” protection: flaws in the US trademark system

Even when a trademark (including a certification mark or a collective mark) is secured in the US, the protection is far from being satisfactory.

First of all, the costs of maintaining a US certification mark can be prohibitive. A certification mark owner must control the mark, protect it from dilution and becoming generic, and prevent its use for purposes other than to certify. Practically, this means that the

³ U.S. Trademarks Act of 1946, as amended, 15 U.S.C. § 1056.

⁴ See <http://www.wallywine.com/m-1839-matos-cheese-factory.aspx>

certification mark owner must be diligent in looking for registrations or uses of potentially confusing marks that include the certification mark. This level of monitoring requires a significant investment of time and money, often necessitating the employment of a watchdog organization.

In the event 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. 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 certification mark 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. Historically, the USPTO has taken a passive approach to preventing the registration of marks that would be confusingly similar to or even include a prior registered certification mark. Even marks that are on their face confusingly similar have been published for opposition. Thus a certification mark holder must be active and diligent in looking for potentially confusing marks even in situations that seem ripe for administrative denial⁵.

A few examples illustrate the above-mentioned issues. In 1993, the Spanish PDO “Idiazabal” registered a trademark in the USA. In spite of having detected various cases of the corresponding name being used with respect to products not respecting the PDO product specification, the Spanish group was not in the position to enforce its right due to high litigation costs.

Furthermore, in December 15, 2010, in spite of the several certification marks secured by the “Consorzio” in the US covering the denomination “Parmigiano Reggiano” in combination with various logos, the application for registration of the figurative trademark “PARMA BITES” with respect to cheese products was filed before the USPTO by a US Company (Serial number 85198201). The trademark application contains the disclaimer concerning the exclusive right to use “PARMA APART FROM THE MARK AS SHOWN” but the Distinctiveness Limitation Statement to “PARMA BITES”. The approval of such an application, in spite of the disclaimer, would grant the owner to use the trademark at issue not only for cheeses originating in Parma not complying with the specification for the PDO “Parmigiano Reggiano”, but also for cheeses not originating in

⁵ “American Origin Products: Protecting a Legacy”, oriGIn 2010, pp 28-29.

Parma. The Consorzio filed opposition against this application. The case is still pending. Likewise, on April 7, 2007, the application for registration of the verbal trademark “PARMIGIANO REGGIANO CRISPS” for “Cheese flavoured snacks, namely, cheese curls” was filed before the USPTO by a US Company (Serial number 77151333). The trademark application contains the disclaimer concerning the exclusive right to use “PARMIGIANO REGGIANO APART FROM THE MARK AS SHOWN”. The approval of such application, in spite of the disclaimer, would grant the owner to use the trademark at issue for snacks not containing “Parmigiano Reggiano”; even in the case of snacks containing the PDO, this would exploit the product reputation. The Consorzio filed opposition against this application: the application was suspended pending the close of prosecution of some of the pending Consorzio’s applications.

Other problems concern the fact that trademarks (including certification and collective marks) enjoy protection from confusingly similar marks, but are vulnerable to dilution, abandonment, or becoming generic. The Spanish PDO “Manchego” was registered in the US in 2004. A US company, however, had lodged an opposition, which was finally withdrawn when the “Consejo Regulador” representing the PDO agreed to authorise such company the right to use the name⁶. As a result, the name has been used in the American market as a generic denomination with respect to cheese products (also with respect to imported products from Mexico, Argentina and Colombia).

As the protection of trademarks is based on the risk of misleading the public, proving an infringement might prove to be hard and expensive. On the one hand, the French PDO “Chaource” was registered as a certification mark in the USA in 2012 (application submitted in 2010) by the “Syndicat de défense du fromage de Chaource”. In spite of this, a procedure is still pending vis-à-vis an unauthorised user of the corresponding name. On the other hand, certification marks composed of two geographical names (such as “Parmigiano Reggiano”), have additional problems in protecting the 2 names individually.

Another issue concerns the fact that the American 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 matters⁷.

⁶ See www.oldeuropecheese.com

⁷ 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>

Finally, a specific concern about certification marks is that these are not intended for “production or marketing of the goods or services to which the mark is applied.” This means that producers’ groups representing PDO/PGI and having secured a certification mark in the US in principle would not be allowed to carry out promotional activities in such market.

3. *Specific issues concerning wines with PDO/PGI*

The US Congress did amend the Lanham Act following the adoption of TRIPS to prohibit the registration by the USPTO 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 is denied⁸.

4. *Other problems*

Other problems were mentioned in the answers received by oriGIn, such as commercial obstacle and non tariff barriers to the export of spirits and meat products (ham in particular).

⁸ “American Origin Products: Protecting a Legacy”, oriGIn 2010, pp 31-34.