

Geographical Indications in CETA, the Comprehensive Economic and Trade Agreement between Canada and the EU

Bernard O'Connor¹

Synthesis

The EU and Canada have recently concluded a draft free trade agreement containing provisions on geographical indications. This note looks at the text of the agreement and asks whether the approach taken by the EU negotiators achieves the objective of protecting the EU's 'living cultural and gastronomic heritage'. The draft agreement goes some way to protecting, in Canada, certain geographical names considered economically important for the EU and introduces a degree of coexistence between specific trade marks and geographical indications. It does not, however, address the more fundamental problem of the coexistence of trade marks and geographical indications as two distinct forms of intellectual property or establish principles to guide the resolution of conflict in specific cases. It is to be hoped that the approach taken will not be repeated in the free trade agreement currently being negotiated between the EU and the United States.

Bernard O'Connor is a practicing lawyer and teacher and has written extensively on the law of geographical indications.

Introduction

On the 26th of September 2014 the text of the Comprehensive Economic and Trade Agreement (CETA or the Agreement) between Canada and the EU was made public.² It is not clear that this will be the final text even if the parties have indicated that it is. The Agreement has not been signed by the parties and the process for its ratification has not begun. Thus it is not clear when the Agreement would enter into force, if at all, and whether there will be amendments to the contents before the ratification process starts. That being

¹Bernard O'Connor practices EU and WTO law in Milan and Brussels and teaches Food Law at the State University of Milan and Trade Law as part of the MILE programme in Bern and IELPO programme in Barcelona. Elena Bertolotto and Ornella Belfiori helped with research.

²The text can be accessed at: http://ec.europa.eu/trade/policy/in-focus/ceta/index_en.htm#outcome.

said, it appears that the political will to implement CETA in the exact terms as presented in September remains strong on both sides of the North Atlantic.

This note looks at the provisions in the CETA in relation to geographical indications (GIs). About 20 of the almost 1600 pages of CETA concern GIs. CETA Article 7 sets out the principles applicable to agricultural or food GIs while provisions in relation to certain names and product classes are set out in annexes. There are three annexes. Annex I Part A lists the EU GIs to be protected in Canada (wines and spirits are not included as these form part of a separate EU-Canada Agreement from 2004)³. This list contains 173 GIs. By way of reference, as of the end of October 2014, there were about 1,438 registered agriculture and food GIs in the EU. Annex I Part B lists the Canadian GIs to be protected in the EU. This part of the annex is empty. Annex II(a) and Annex II(b) list certain terms which can be registered as trademarks in Canada (even if they are considered protected in the EU). Annex III lists certain 'product classes' which form part of the definition of GIs for the purposes of Article 7 and CETA as a whole. For convenience, the text of Article 7 in English along with the three annexes can be found as a stand alone document on the website of NCTM Studio Legale.⁴

The very inclusion of a provision on GIs can be considered as a negotiating success by the EU given the traditional position of Canada in relation to the EU's concept on GIs and the conflicts in relation to some names between the two entities. A second positive from the negotiations is that the EU has achieved some protection for some EU GIs in Canada where before there could be none. However, the way in which these undoubted successes have been achieved may undermine the EU's long term strategy of the promotion of strong protection in the global market for geographical indications.

The scope of the provisions on GIs

Article 7.1 defines GIs for the purposes of the Agreement. A GI is 'an indication which identifies an agricultural product or foodstuff'where a given quality, reputation or other characteristic is essentially attributable to its geographical origin'. This definition is, in part, a replication of the definition to be found in Article 22(1) of the WTO TRIPs Agreement^{5,6}. The key similarity is that the

³ The text of the Agreement between the European Community and Canada on trade in wines and spirits drinks entered in force on June 2004 can be accessed at: <http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&treatyId=292>

⁴ <http://www.nctm.it/en/salastampa/english-consolidated-text-of-ceta-article-7-geographical-indications/>

⁵ Article 22(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) reads as follows: "Geographical indications are, for the purposes of this Agreement,

definition used maintains the 'essentially attributable' test. The key difference is that the TRIPs definition refers to 'goods' in general while CETA refers to 'agricultural products and foodstuffs' only. Leaving aside for a moment the basic question as to why the EU was prepared to agree to a different definition than that of TRIPs, these two features merit examination in and of themselves.

The 'essentially attributable' or 'essentially or exclusively due' tests to determine when a name can be considered a geographical indication are central to the EU concept of GIs. They form part of the definitions of protected designations of origin (PDO) and protected geographical indication (PGI) in Article 5 of the basic EU GI law (Regulation (EU) No 1151/2012) ("GI Regulation").⁷ Article 7(f) of the GI Regulation provides that product specification for a GIs must include details establishing the 'link' between the qualities of the product and the geographical environment or geographical origin. Article 8 of the GI Regulation shows that the link is a key part of the application for registration.

It is not clear, however, that systems for the protections of GIs based on trade mark law fulfil the 'essentially attributable' test. In most systems for the registration of trade marks there is no administrative examination of whether the known qualities, characteristics or reputation of a particular product is essentially attributable to its geographical environment or origin. As there is no examination or evaluation of the link between the indication and the product's characteristics there is no implementation of the essentially attributable test. In accepting the inclusion of this test in CETA, Canada has confirmed the obligations already accepted under TRIPs. The question arises as to whether the EU negotiators enquired of Canada as to whether it did have a system for the implementation of the essentially attributable test and therefore would be able to comply with this provision. This appears to be in contest to the approach taken in the EU-South Korea Free Trade Agreement⁸ in which there was the acceptance by both parties that their respective GIs laws were adequate to fulfil obligations.

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."

⁶ The *Agreement on Trade-Related Aspects of Intellectual Property Rights* is Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, signed in Marrakesh, Morocco, on 15 April 1994. It can be accessed at: http://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm

⁷ Regulation (EU) No 1151/2012 of 21 November 2012 on quality schemes for agricultural products and foodstuffs, OJ L 343 of 14 December 2012, p.1.

⁸ The *Free trade Agreement between the EU and its Member States, of the one part, and the Republic of Korea, of the other* ('EU Korea FTA') (OJ L 127 of 14 May 2011, p.6) entered into force in July 2011 and is the EU's first trade deal with an Asian country. It can be accessed at: <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=OJ:L:2011:127:TOC>

The substitution of the word 'good' with the words 'agricultural product or foodstuff' in the Article 7.1 definition has the effect of limiting significantly the scope of the potential protection under CETA. Both Canada and the EU are obliged under TRIPs to have a system for the protection of GIs in relation to the much more comprehensive concept of 'goods', a word that includes agricultural products and foodstuffs. This may be due to the fact that Article 2 of the GI Regulation provides that the Regulation only applies to agricultural products and foodstuffs.⁹ However, the EU Commission is in the process of considering the extension of the protection to non-agricultural goods. A consultation document was published in 2014. And a legislative proposal can be expected in the course of 2015. This consultation is an inherent recognition that, to the extent that the EU can be considered to have a system for the protection of non-agricultural GIs, there is a difference in treatment between the two classes of goods (agricultural and non-agricultural) and that this difference needs to be addressed so as i) to ensure clear and transparent compliance with TRIPs and ii) to ensure coherence in the very idea of GIs within the Union. If the EU considers that the proper implementation of TRIPs requires a special stand-alone form of protection for GIs for agricultural products and foodstuffs there does not appear to be a strong justification as to why the stand-alone system should not also apply to non-agricultural goods. A very practical outcome of the CETA negotiations is that, in the absence of an amendment, with all that amending implies, non-agricultural GIs, of which there are many in the EU, cannot benefit from the provisions of Article 7.

A further limitation of the scope of Article 7 is to be found in Article 7.2. The Agreement only applies to geographical indications identifying products falling within the product classes set out in Annex III. This list of product classes does not correspond to the scope of the EU GI Regulation as set out in Article 2. The scope of the EU GI Regulation is set out in Annex I to the Regulation and Annex I to the Treaty.¹⁰ The EU allows the registration of names in relation to products that derive from primary agricultural production such as cotton, wool, wicker, flax, leather, fur and feathers, for example. CETA does not. The question arises as to whether this further limitation is to do with the on-going dispute between the EU and Canada in relation to seal fur.

The approach of limiting the protection to indications identifying products within specific product class cuts off the possibility of replicating at the international

⁹ Article 2(1) of the GI Regulation provides that: “*This Regulation covers agricultural products intended for human consumption listed in Annex I to the Treaty and other agricultural products and foodstuffs listed in Annex I to this Regulation.(..)*”

¹⁰ *Consolidated version of the Treaty on the functioning of the European Union*, OJ C 326 of 26 October 2012, p.47.

level the scope of protection at EU level. Once a name is registered in the EU, whether as a PDO or a PGI it can gain a reputation above and beyond its origin as a geographical indication. For example, the protected PDO 'Champagne' or the protected PGI 'Darjeeling' begin to be used in relation to other products: Darjeeling is the Champagne of teas or Champagne is the Darjeeling of sparkling white wines. In both cases there is a misuse of the protected name. Article 13(1)(a) of the EU GI Regulation protects registered names 'any direct or indirect commercial use of a registered name in respect of products not covered by the registration..' A recent decision of an OHIM (the EU's trade mark registry) Appeal Board refused the registration of the word 'Champagnoteque' in relation to a shop only selling different types of Champagne on the basis that it was exploiting the reputation of Champagne.¹¹

The final observation in relation to the definition of GIs in CETA, and the scope of the protection, is that CETA increases the number of definitions of GIs in International Law. There are the basic definitions of GIs in the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration¹² and the TRIPs Agreement. But the EU FTAs are adding to these. The definitions in the Economic Partnership Agreements and the EU Korea FTA (all of which incorporate the definition in EU law) are different from the definition in CETA and different again from the definition in the EU Colombia and Peru FTA.¹³ While all the definitions have similarities and incorporate the 'essentially or exclusively due' or 'essentially attributable' tests the differences remain. To what extent will this cause problems in the future is not clear. Article 5 of the EU GI Regulation¹⁴ uses the terms separately in relation to PDOs and PGI. Does this have a significance in the EU's international agreements?

Negotiating lists of GIs to be protected

Annex I Part A lists 173 EU GIs which must be protected in Canada 'according to the level of protection laid down in this Article 7'. As indicated in the

¹¹ OHIM Decision in Case R 1413/2013-5, *Eric Vauthier v Comité Interprofessionnel du vin de Champagne (CIVC)*, 10 July 2014.

¹² *Lisbon Agreement for the protection of Appellations of Origin and their International registration* of 31 October 1958, accessible at http://www.wipo.int/lisbon/en/legal_texts/lisbon_agreement.html

¹³ *Trade Agreement between the EU and Colombia and Peru* (OJ, L 354 of 21 December 2012, p.3) can be accessed at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2012:354:TOC>

¹⁴ Article 5 of the GI Regulation for foodstuffs defines the '*designation of origin*' as a name identifying a product: (...) '(b) whose quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors (...)', and defines an '*geographical indication*' as a name identifying a product '(b) whose given quality, reputation or other characteristic is essentially attributable to its geographical origin'.

introduction to this note there are, of October 2014, 1,438 GIs registered on the basis of Regulation (EU) No 1151/2012. In addition, and even among those 173 GIs, the EU has accepted that further subsets of GIs should have a level of protection different from the others. The very simple question is why has the EU accepted that protection in Canada be limited to a subset of all EU GIs and that the level of protection be different even among this subset. An explanation that some names are considered generic in Canada while they are considered specific in the EU does not meet the facts.

In a previous article published in English in the October to December 2012 edition of the Italian food law journal, *Rivista di Diritto Alimentare*,¹⁵ this author and Laura Richardson compared the lists of GIs protected in a variety of EU bilateral agreements, and in particular the EU Korea FTA, the EU Colombia Peru Agreement, the EU Central America Agreement¹⁶ and the EU Singapore Agreement¹⁷. While there were some significant constants like Scotch Whisky and Prosciutto di Parma in all the agreements there were significant differences in the listed names as between them. CETA adds to the differences. The only constant is that not all EU GIs are protected under the bilateral agreements examined. And for those that are included in at least one agreement, the protection is not necessarily the same across all agreements.

CETA Article 7.4 provides that, subject to exceptions that will be examined below, for the GIs listed in Annex I, interested parties can prevent the use of the GI for any product that falls within the product class linked to the GI. This protection is extended even to the prohibition of the use of the words 'kind, type, style, imitation or the like' even where the true origin of the product is indicated. Thus, the EU has negotiated the extension of the protection to the TRIPs Article 23 protection for wines and spirits.¹⁸ Furthermore, the registration of a trade mark containing or consistent of the GI 'shall be refused or invalidated' in relation to any product falling within the product class specified in Annex I for that GI. This can genuinely be considered a good level of protection. The EU

¹⁵ The article can be accessed at: <http://www.rivistadirittoalimentare.it/rivista/2012-04/2012-04.pdf>

¹⁶ *Agreement establishing an association between Central America and the EU*, signed on 29 June 2012, can be accessed at: <http://ec.europa.eu/trade/policy/countries-and-regions/regions/central-america/>

¹⁷ The initialled text of a *Free Trade Agreement between EU and Singapore* can be accessed at: <http://ec.europa.eu/trade/policy/countries-and-regions/countries/singapore/>

¹⁸ Article 23(1) of the TRIPs reads as follows: “*Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, 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. (..)*”

has achieved protection in relation to names which might have been considered generic in Canada and thus inherently not capable of protection under trade mark law for lack of distinctiveness.

CETA Article 7.6 sets out the exceptions and creates the subcategories among the protected GIs on the Annex I list. In relation to the EU GIs, Asiago, Feta, Fontina, Gorgonzola and Munster, Canada will not be obliged to prevent their use when the names are accompanied by the terms 'kind', 'type', 'style', 'imitation' or 'the like' in combination with a visible indication of the true origin. In addition, Canadian producers of cheese who made use of these names prior to 18 October 2013 can, along with their successors and assignees, continue to do so. In relation to one product, Nurnberger Bratwurst, Canadian producers who used the name for five years prior to October 2013 can continue to do so. Those Canadian producers who used the name for less than five years must cease to use the name after five years. In relation to Jambon de Bayonne and Beaufort, these latter period are 10 years. These provisions of Article 7 would seem to confirm that the EU was mainly concerned in the negotiations with seeking protection of names considered to be generic in Canada.

There are clearly some negotiating successes for the EU on GIs in CETA. Names which were not protected before can now be protected. The level of protection for some GIs is good while it appears that it is the best that could be achieved for others. The agreement on Asiago, Feta, Fontina, Gorgonzola and Munster maybe points the way forward for those difficult GIs which are considered specific in the EU while generic in other countries.

CETA Article 7.6.5 is a coexistence clause. Where trade marks have been applied for, or registered in good faith, prior to the date of the signing of the Agreement these trade marks are valid and owners shall have the right to use them even if they are identical to a GI in Annex I. On a more detailed note CETA Article 7.6.11, allows the registration as a trade mark in Canada of a list of names set out Annex II(a). Two more names are set out in Annex II(b) to which further difference in relation to trade marks apply.

The fact that the Agreement recognises the need for coexistence in relation to some GIs raises the question as to why this approach was not adopted as the basis of the EU's negotiating position for the whole GI chapter. It is limited to the GIs listed in CETA, rather than a basis for coexistence between a sui generis system for the protection of GIs as in the EU and the trade mark system in Canada. Coexistence seems to be buried in the middle of Article 7 rather as the basis for an agreement as a whole.

GIs are a form of intellectual property (IP). They are recognised as such in international law. The first international IP agreement, the Paris Convention¹⁹ from 1893 recognised indications of source, or appellations of origin, as being within the scope of intellectual property. The TRIPs Agreement recognises GIs as one of six forms of IP. The WTO's dispute settlement body confirmed that these different IP forms are both distinct and equal when it found that TRIPs Article 16 in relation to trade marks²⁰ did not trump the provisions on GIs even though the terms of Article 16 seem to give trade mark owners rights to prevent the use of identical or similar signs or marks.²¹

By conceiving of its negotiation strategy as a means to protect a limited number of specific GIs (even if the protected GIs are the most significant exports to Canada and thus economically important), the EU undermines the very idea that GIs are a form of intellectual property independent of all other forms of IPs and equal to trade marks. This can be seen most clearly if the EU's approach to GIs was applied to copyright. Would the EU ever conceive of negotiating to protect rights in relation to the Irish author James Joyce but not in relation to the Italian author Primo Levi on the basis of economic considerations and current sales (or difficulties in current sales) or on the basis that Canada did not like the very idea of Copyright? It seems improbable. And in the CETA negotiations, it was not the way adopted in relation to Patents. The EU negotiated the length of protection not the idea of protection or the protection of individual patents.

The folly of negotiating on the basis of individual and/or economically significant GIs is seen clearly when CETA Article 7.7 is considered. This Article provides for amendments to Annex I. In other words, the inclusion of new GIs on the list of GIs to be protected or the removal a GI from the list. The second paragraph of 7.7.1 provides: 'A geographical indication shall not in principle be added to Part A of Annex I, if it is a name that on the date of signing of this Agreement is listed in the relevant Register of the European Union with a status of "Registered", in respect of a Member State of the European Union'. This single provision denies about 1,265 EU GIs the possibility of protection or growth in

¹⁹ *Paris Convention for the Protection of the Industrial Property*, signed on 2 March 1883, accessible at: http://www.wipo.int/treaties/en/text.jsp?file_id=288514

²⁰ Article 16(1) of the TRIPs provides: "*The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.(..)*"

²¹ *EC – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*, Panel Report of 20 April 2005 (WT/DS174/R e WT/DS290/R).

Canada. It is hard to find any economic, social, political or intellectual underpinning to this approach.

The third paragraph of Article 7.7.1 gives priority to trade marks over GIs. In accepting this provision the EU has diminished its rights and Canada's obligations under the TRIPs Agreement which, as we have seen, considers the two types of IP as being equal. The idea that two sets of rights and obligations like trade marks and geographical indications might give rise to conflicts is nothing unusual, in law. Nor is it unusual that specific problems that arise at the edges or at the overlap between the two sets of laws. And that those problems need to be resolved. Resolution comes either through the setting of guiding principles by the legislator or by courts of law.

The problem of the potential conflict between protections given under trade mark and GI law remains. In addition, CETA does nothing to clarify a set of rules or principles that could be used to deal with the idea that names can be, at one and the same time, both specific and generic depending on the perceptions in the market. It presumes that these perceptions remain fixed forever and do not allow for changes in perceptions over time. An important opportunity to address these issues has been lost. It is to be hoped that the same opportunity which must surely arise within the context of the Trans Atlantic Trade and Investment Partnership (TTIP)²² negotiations is not also lost.

Conclusions

The first recital to Regulation (EU) No 1151/2012 provides that the protection of GIs is a means of protecting the EU's 'living cultural and gastronomic heritage'. GIs are part of the EU's culture, its traditions, its heritage, its shared values. And as such the EU is obliged, under Article 3(5) on the Treaty of European Union,²³ to uphold and promote the Union's values and interests in its relations with the wider world. Article 3(3) of the same Treaty²⁴ provides that Union must

²² Further information on TTIP can be found at: http://ec.europa.eu/trade/policy/in-focus/ttip/about-ttip/index_en.htm

²³ Article 5(5) of the Treaty on the European Union (TEU) (OJ C 326 of 26 October 2012, p.13) provides that: "*In its relations with the wider world, the Union shall uphold and promote its values and interests and contribute to the protection of its citizens. It shall contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter (...).*"

²⁴ Article 3(3) of the TEU provides that: "*The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It*

ensure that Europe's cultural heritage is safeguarded and enhanced. Article 167 of the Treaty on the Functioning of the EU provides that the Union shall take cultural aspects into account in all its actions. In addition, general EU law requires that any discrimination (in this case between the listed and non listed GIs) must be objectively justified. Can the difference in treatment be so justified? So, in extremis, it can even be considered that the Commission's negotiating strategy is in breach of Union Treaty law.

A coherent negotiating policy must advance beyond the policy sketched out in the DG AGRI working document on international protection of EU Geographical Indications: objectives, outcome and challenges of 25 June 2012.²⁵ This document sets out the approach which aims at and results in the protection of individual GIs. This is a very limited and short-sighted approach even if negotiating to achieve something more ambitious might at first sight seem daunting. The object of any international negotiations must be to seek recognition of GIs as a separate form of IP law requiring an 'essentially attributable' test and to seek coexistence with both GI and trade mark law. It should seek to set out principles to deal with problems surrounding names which can be considered both generic and specific by consumers in different markets. A system that recognises and applies the TRIPs essentially attributable test may not necessarily be the same as the EU's. But it would have to be something different from the trade mark system currently used in the US, in Canada and in other common law jurisdictions which do not currently comply with the TRIPs obligations. The trade mark laws of these countries, as the trade mark law in the EU, do not contain an essentially attributable examination prior to protection.

There are a number of difficult examples, particularly in relation to cheeses, where there is significant overlap between names considered specific in the EU and generic elsewhere. And to the extent that the EU can negotiate some protection in those countries which consider these names generic, the negotiations can be considered a success. But these individual successes cannot mask the failure to address the underlying need to get practical

shall promote scientific and technological advance. It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child. It shall promote economic, social and territorial cohesion, and solidarity among Member States. It shall respect its rich cultural and linguistic diversity, and shall ensure that Europe's cultural heritage is safeguarded and enhanced."

²⁵ Advisory Group International Aspect of Agriculture, DG AGRI working document on international protection of EU Geographical Indications: objectives, outcome and challenges, Meeting of 25 June 2012, Ares(2012)669394-06/06/2012, accessible at http://ec.europa.eu/agriculture/consultations/advisory-groups/international/2012-06-25/agri-working-doc_en.pdf

recognition for GIs as a legitimate form of intellectual property and one which must coexist with trade mark law.