

Study on Control and Enforcement Rules for geographical indication (GI) protection for non- agricultural products in the EU

Workshop summary

On 13 July 2021 from 09:30 to 13:30, the European Commission held a workshop in Brussels to present and discuss the preliminary findings of this study.

1 Opening of the workshop

The meeting was opened by Mr. Kamil KILJANSKI, Head of Unit of the Intangible Economy Unit in DG GROW, who explained that the aim of the meeting is to explore how the control and enforcement of the names of authentically geographically-linked industrial and handcraft products should look like in a future EU-wide system to be efficient. This involves considering the desired degree of private/public intervention, what is the scope of the legal protection of authentic geographically-linked industrial and handcraft products as defined by court practice, and how to address new challenges like geographical indication protection on the digital market.

Ms. Claudia MARTINEZ FELIX, Deputy Head of the Intangible Economy Unit in DG GROW, then gave a brief introduction to the workshop. She outlined that the study is almost finalised, and that the workshop was an opportunity to present these results.

2 Presentation of the study results

Mr. Frithjof MICHAELSEN (VVA) opened the presentation by going through the agenda of the presentation and introducing the project team, VVA and AND international, together with Mr. Andrea ZAPPALAGLIO from the University of Sheffield, a senior expert in the field.

Mr. MICHAELSEN outlined the three key objectives of the study:

- To map the control and enforcement mechanisms of existing protection systems for non-agricultural GIs (in the EU and non-EU countries).
- To analyse the existing mechanisms and compare them to each other and, as a benchmark, to the mechanisms that exist for agricultural products.
- To develop recommendations for the control and enforcement mechanism of a potential protection system at EU level.

These objectives translated more or less directly into three main tasks or phases of the study. The first was to collect data on existing protection systems. Based on that data, the study team carried out an assessment of the existing protection systems to understand how effective, cost-effective and relevant they are. Lastly, the study team developed three models of how control and enforcement could look under a potential EU system. The workshop itself formed an important part of the final phase of the study: the validation and finalisation phase.

2.1 Presentation of research scope and activities

Mr. Frithjof MICHAELSEN (VVA) gave an **overview of the existing systems**, at EU and national level, for the protection of geographically rooted products. The study covers six protection systems. The first three are trade mark-based protection systems: EU collective marks, that are used to indicate that a product comes from a certain group of producers; and EU and national collective marks, that are used to certify certain characteristics of a product. The fourth and fifth protection systems are

sui generis GI protection systems, meaning that their main purpose is to designate the geographical origin of products, unlike the mark-based systems. The final group is non-EU protection systems: a heterogeneous group covering both sui generis GI and trade mark-based systems in non-EU countries.

There was also a vertical element to the scope of the study, namely the **different phases of the control and enforcement process**. The first is the establishment of the link between the product and the geographical territory and the related product characteristics. The second phase is the verification of the product characteristics and the underlying production process. The third is the monitoring of the market – how and by whom is the geographical name used on the market? The final phase is enforcement in the strict sense: if an infringing product is found on the market, what can be done about it and how can infringing producers be sanctioned?

Mr. MICHAELSEN went on to present the **research sample of products** that were subject to in-depth analysis. The selection of products was as geographically representative as possible, with five products being selected from each of the six protection systems. However, there were some limitations to the composition of the research sample, often due to a lack of many or even any products.

In terms of research activities, the study team carried out **three main research activities**: desk research, interviews and an online survey. The first two focussed only on the 30 products from the sample. The scope of the survey was larger; it was not limited to the products from the research sample but targeted producers of geographically rooted products across the whole EU and also beyond. All the research activities followed the vertical scope of the study, that is the four phases of the control and enforcement process. Based on the data collected the study team developed six case studies, one for each of the protection systems within the study's scope. These case studies formed the basis for the analysis.

2.2 Presentation of results of the analysis

Mr. Tanguy CHEVER (AND) presented the **results of the study, namely a comparison of the protection systems based on the case studies and desk research**. It is important to note several limitations on the comparison between products and protection schemes:

- Specific objectives and rules are defined for each protection system, and so not all aspects are comparable.
- There is some flexibility for implementation at country / producer level for each protection system.
- Protection of intellectual property rights is not the only objective for stakeholders: communication, increased reputation, quality management and collective organisation are all other objectives.

In terms of effectiveness, generally all six systems are seen as effective in terms of their control and enforcement mechanisms. However, there are **large differences in practices in terms of the effectiveness of verification**, ranging from no formal verification in some cases to annual verification by a third party in other cases. For agri-food products, certification marks and non-agri GIs in France, verification is mandatory.

Effectiveness of monitoring is not directly linked to the type of protection system but on stakeholders' strategy. Some producers did not conduct any monitoring, others followed a 'light approach' where they conducted monitoring online, and in exceptional circumstances producers may use specific service providers to monitor the market. The level of monitoring depends on 1) the budget allocated to this task, 2) the possible involvement of public authorities and 3) the perceived risk of infringement.

Where there is less monitoring, there is often a lack of enforcement. The **effectiveness of enforcement** depends on the existing legal framework (national or EU protection), the strategy implemented by stakeholders, and the involvement of public authorities (ex officio protection). A 'gradual approach' was clearly identified in the data collection and analysis, whereby producer groups prefer to solve the problem first through a low-level solution (e.g. a letter), and then to escalate the problem where needed (e.g. a letter drafted by a lawyer). Cases of escalation (ultimately resulting in a court case) were found to be the exception rather than a frequently occurring phenomenon.

Mr. CHEVER went on to provide an analysis of the **cost-effectiveness for producers**. Key costs for this group are those associated with the application procedure, registration costs (which vary from being free to EUR 1,800) and costs to use the rights. Costs associated with verification depend on the frequency and type of verification used (from no costs to up to EUR 20,000 per year per company, the maximum costs observed for some certification marks). For agri-food and drinks GIs, costs are a few hundred euros per year for a farmer and a few thousand euros for a processor. No detailed information could be provided on the costs for producers in terms of monitoring, but they were generally limited. Costs for producers relating to enforcement ranged from a few euros for a registered letter, a few hundred euros for a registered letter by a lawyer, and around EUR 20,000-30,000 for a court case.

In terms of **costs for public authorities**, it was possible to identify higher costs for GIs than for trade marks due to more complex scrutiny procedures based on the link to the territory. For agri-food GIs at the EU level, there is often the involvement of a technical department (e.g. DG AGRI for wine, DG MARE for seafood products) and translation into several languages needed. The average cost for a new registration of an agri-food and drink GI at the EU level is assessed as being EUR 33,500. When considering cost-effectiveness, it was generally considered that costs are proportionate for each protection system. Higher costs are related to specific objectives (e.g. an assessment of the link to the territory) and to increased effectiveness. 'Light enforcement' was seen as effective in a large share of the situations where a legal framework exists.

Mr. CHEVER concluded by presenting the findings of the study linked to **relevance**. EU certification marks and national certification marks in most MSs cannot be used to protect an origin, whereas this is possible for collective marks. In terms of GIs, the use of a geographical name is public and is managed in many cases by a producer group, with the involvement of public authorities. For the monitoring and enforcement phase of the process, relevant enforcement tools are available for each protection system.

2.3 Presentation of recommendations

Mr. Frithjof MICHAELSEN (VVA) proceeded to the **recommendations of the study**. These were developed in response to the question 'if the EU were to adopt an EU-wide system for the protection of non-agricultural GIs, how could the control and enforcement part of such a system look like?' Three different models are proposed in terms of an EU GI protection system, each with a slightly different emphasis. These models were based on stakeholders' needs and how well the existing systems respond to these needs.

The **first model is inspired by the existing trade mark-based system**. Producers are responsible for designing the product characteristic criteria, verification, monitoring and enforcement systems. This gives them a lot of freedom, but also means that producers need to have the necessary resources to do this.

The **second model is inspired by national sui generis GI protection system**. While the setting of product criteria and verification are under mixed public-private responsibility, monitoring and enforcement remain under private responsibility. There is an increased role of public authorities, and

there is no private ownership (unlike in the first model). This model is flexible in that producers can choose the intensity of monitoring and enforcement that suits them best.

The **third model is inspired by the existing agri-food GI protection system**. In this model, the product characteristic criteria, verification, monitoring and enforcement systems are all under mixed public-private responsibility. The rationale behind this is that there are products that have very small producer groups with few resources, and so this model helps to guarantee that protection is also relevant for such products.

Mr. MICHAELSEN concluded the presentation from the consortium by providing a succinct summary. He then opened the floor for questions and comments.

2.4 Questions and comments from the audience

Ms. Claudia MARTINEZ FELIX (DG GROW) thanked the consortium for the presentation and opened the floor for questions. She started this process by asking participants to the workshop to respond to a Slido question on how they would see industrial and handicraft products labelled in a future EU-wide protection system. The options were:

- I do not want any label to appear.
- With a QR label.
- With one of the logos currently used on agricultural products.
- With a logo specific to industrial and handicraft products.

In the absence of any immediate questions from participants, Ms. MARTINEZ FELIX gave a recap of the three recommended models. She asked the consortium to what extent the models have been based on the different stakeholders' needs, and how they could respond to these concrete needs. The costs should be borne in mind here.

Mr. MICHAELSEN responded that the landscape and needs are very diverse, ranging from producers' needs for protection to authorities' needs (both national IP authorities in a supervisory function and local / regional authorities, who are often interested from the perspective of the products being rooted culturally and historically in the region) to the needs of consumers. The models respond to these needs by weighting different aspects. For example, the first model allows producers to define the product characteristics. In cases where infringing products are not seen as a particular issue, public involvement in the monitoring and enforcement processes may not be seen as necessary. Equally, the stronger the value we see in protecting such products from a cultural and historical point of view, the more interest there may be in models two or three where public involvement is stronger.

Mr. Patrick TEMPLE (Donegal Tweed Weavers Association) asked how we can collectively create a simple enough legislation to reduce the costs in a potential EU-wide system for the protection of non-agricultural GIs. Ms. MARTINEZ FELIX (DG GROW) mentioned that the Commission's upcoming impact assessment will take into consideration the simplest and most cost-effective measure, considering an appropriate balance in expenses from all stakeholders. Mr. MICHAELSEN (VVA) mentioned that GI systems will always be more costly than trade mark-based systems due to a greater role being needed from public authorities, yet these need to be weighed against the positive impacts. Mr. Brian McGEE (Design and Crafts Council Ireland) mentioned that costs might also fall naturally over time once a strong protection is in place that will deter infringing producers, thereby reducing infringements.

Ms. Audrey AUBARD (Association Française des Indications Géographiques Industrielles et Artisanales – AFIGIA) reiterated the point that IPR is not the only aspect of GIs. They should be seen from a wider point of view with multiple motivations behind protection. In terms of the application procedure, it would be needed to set up local communities with people who are not used to working together, but who are rather competitors. In order to create such a community, time needs to be

allocated. In relation to enforcement and the costs of court actions, these are less expensive in France than the average costs mentioned in the study. Ms. AUBARD reiterated that court action is really a final resort, and warning letters are often enough in order to remove infringing products from the market. Lastly, she suggested to include an assessment of the different types of controls of producers (ex. private controls, public controls) in the study.

Mr. CHEVER replied that the information on court costs could be updated with more information if it were provided from additional stakeholders. Regarding the types of control, this is expanded upon in the report.

Mr. Brian McGEE (Design and Crafts Council Ireland) mentioned in writing whether protection is not also about prioritising the EU sustainability agenda. Trade marks are not rooted to a location, can be purchased and outsourced to anywhere, as has happened so often in the EU.

3 Roundtable discussions on control and defence of non-agricultural GIs in practice: the views of different stakeholders

Following a short coffee break, Ms. Claudia MARTINEZ FELIX (DG GROW) introduced the roundtable discussions.

3.1 Discussion 1: Producers' views on control and enforcement

Ms. Valerie Marie D'AVIGNEAU (DG GROW) introduced the first panel, where the discussion focussed around the following questions: How should a control and enforcement system be built to be efficient? What would producers recommend as to the steps and actors (including public) to be involved in production control? Would producers have same/distinct views about checking the products' quality once products are on the market? What are the current risks in terms of counterfeit and imitation of GIs?

Ms. Valerie Marie D'AVIGNEAU introduced the three speakers: Ms. Tiphaine PAQUETTE (Association Pierre de Bourgogne), Mr. Andreas LEWERINGHAUS (Chamber of Industry and Commerce Solingen) and Mr Patrick TEMPLE (Donegal Tweed Weavers Association).

Ms. Tiphaine PAQUETTE (Association Pierre de Bourgogne) began by giving a background to the Association Pierre de Bourgogne. There are 83 varieties of stone which are used everywhere in the world, including for the British Museum and at the base of the Eiffel Tower. The GI was registered on 29 June 2018 and is based on three main criteria: specific qualities of the limestone, notoriety of Pierre de Bourgogne and know-how of professionals in the sector (as the process must be carried out by certified professionals). Verification is carried out every year for factories, and every 3 years for quarries. Objectives of the GI protection for Pierre de Bourgogne include protecting products from counterfeiting, perpetuating the local industrial sector, and valuing local know-how. Infringement of the GI can be sanctioned by fines or imprisonment. GI raising awareness tools have been used, as well as protection tools (including warning letters and monitoring use on the internet). Today there are 14 certified companies. Going forward, there is a need to strengthen the protection strategy in France and abroad, as well as a need to protect GIs such as this at the EU level.

Mr. Andreas LEWERINGHAUS (Chamber of Industry and Commerce Solingen) detailed the control and defence of non-agricultural GIs in practice. The Chamber of Industry and Commerce enforces the protection of the Solingen designation for cutlery. In Germany Solingen is a protected GI based on Paragraph 137 of the German law on trade marks and specific legislation. To enforce GIs and trade marks, the Chamber of Industry and Commerce cooperates closely with producers. The producers of Solingen cutlery must be based in Solingen. There is a board that closely develops quality requirements, and adjusts them on a regular basis. Companies monitor their market and inform the Chamber of Industry and Commerce about counterfeits, who initiate enforcement actions

(also involving other authorities). The Chamber of Industry and Commerce is able to take legal action, from letters of cease and desist to (irregular) court action. The German law also allows companies to take their own legal action based on unfair competition, which helps to share the burden of enforcement. The Chamber of Industry and Commerce is generally positive towards an EU system on non-agri GIs, but would prefer to keep the management and control of non-agricultural GIs local. Open questions from the Chamber of Industry and Commerce are:

- How to identify similar products with a more or less homogeneous group of producers?
- How to deal with different types of products regarding quality requirements?
- How to integrate the different legal frameworks and strategies already employed nationally in the EU?

Mr. Patrick TEMPLE (Donegal Tweed Weavers Association) introduced Donegal Tweed, which has been around for centuries. It is a woven fabric with a colourful flecked character, produced from 85% (or more) wool, fine animal hair or natural fibres. The Donegal Tweed Weavers Association started in around the 1960s, when it was predominantly hand weaving that occurred in the region. The key factor is that the tweed is produced in County Donegal. The Donegal Tweed Weavers Association is quite small, hence why the third model presented by the Consortium may be most appropriate. The design and craft sector in Ireland is estimated to have 14,000 direct employees, with an estimated value of EUR 750 million. GI protection would create greater consumer clarity, also of huge benefit to Donegal County. The Donegal Tweed Weavers Association is relatively small, but represents key skills which are crucial to maintaining heritage. GI protection would therefore help to maintain key heritage skills. GI protection of non-agricultural products could fit in with European Commission President von der Leyen's approach to the circular economy and the 'next-generation EU'. Given the small size of the Donegal Tweed Weavers Association, investment in significant legal protection and enforcement is not feasible. A cost-effective framework that puts the fundamental protection measure in place for non-agricultural GI products that equals or goes beyond the current trade mark system is therefore needed.

Ms. Valerie Marie D'AVIGNEAU concluded the presentations by highlighting the common theme that a 'stronger together' approach was clearly identified in terms of a future GI protection system.

Ms. Krisztina KOVACS (DG GROW) asked the speakers if they could specify one element that they would like to have the most and least in a potential EU-wide protection system. Mr. LEWERINGHAUS said that for him, keeping control of the minimum quality control requirements locally was most important. Enforcement should match this, as local companies know how to identify infringements in quality standards. For Mr. TEMPLE, the third model where there is shared public-private verification, monitoring and enforcement would be most suitable for smaller producer associations with fewer resources.

Mr. Frithjof MICHAELSEN (VVA) thanked the producers for their presentations, which showcased the diversity of products and needs. Member States should be able to find a way to implement a protection system in a flexible manner, in addition to the flexibility that is needed from producers' side.

3.2 Discussion 2: Public authorities' views on state involvement in control and enforcement of GIs

Mr. Philipp RUNGE (DG GROW) introduced the second panel discussion which focused on:

- What the role should be of the state and its public authorities in a future EU wide system for non-agri.
- GIs in relation to control and enforcement.
- Should the state (directly or indirectly, through an independent body) be involved?

- Should the state in particular define the content of a GI, inspect the products, bear the costs of an enforcement system, and act directly to protect specific GIs?
- What would be the grounds for such a role (e.g. guarding against unfair exclusion, protect common heritage, other?)
- Should we, and how to (best), address the balance between the state and private actors in GI control and enforcement implementation?

The first speaker was Mr. Rui SOLNADO DA CRUZ (Director of the Extinction of Rights Directorate, Portugal – Instituto Nacional da Propriedade Industrial). In Portugal, the Industrial Property Code contains general provisions that shape a *sui generis* system applicable to non-agricultural GIs. Registration is done online, with the digital form identifying the applicant, product and GI. Following the application, there is a formal examination and publication of the application with a two-month window for opposition. After this is the decision to grant or refuse, followed by a publication of the decision with another two-month window to allow for an appeal to court on the basis of invalidity. Grounds for refusal of the application include that the applicant does not have capacity, that the GI does not meet the conditions to be protected, or that GI protection may lead to unfair competition. GI protection is a way to attract tourism and increase sustainability. In response to the criticism that GIs are obstacles to innovation, the view of the Instituto Nacional da Propriedade Industrial is that GIs help to keep the past in the present, and that patents are the appropriate IP tool to guarantee innovation. The territorial link with GIs is essentially a human factor (the producer's traditional know-how and skills) and reputation. However, factors such as the climate, origins of raw materials and environmental elements can influence the end product.

The second speaker was Ms. Anna DACHOWSKA (Patent Office of Poland). In Poland there is a *sui generis* system for the protection of non-agri GIs, yet it is complex and often not suited to non-agricultural products (having been designed for agricultural GIs). This means that to date there are no product registrations for non-agricultural GIs. That said, there is a pending application for Koniaków Lace. There is also a draft proposal to change the law in relation to non-agricultural GIs in order to adjust national legislation to the specificity of non-agricultural products, via the simplification and streamlining of the registration procedure. One of the new requirements will be for at least one of the production stages to take place in the given area. There is currently no measure in place in Poland for the control of EU-wide non-agricultural GI protection. A combination of public and private monitoring and enforcement would be preferred in Poland.

Mr. Philipp RUNGE (DG GROW) asked what policy conclusions can be drawn from the fact that there are no food security considerations for non-agri GIs. Mr. SOLNADO DA CRUZ replied that there is protection from IP rights, competition and tradition/culture that needs to be considered, so many other considerations. Ms. DACHOWSKA confirmed that the specificity of the culture and region remains an important consideration.

3.3 Discussion 3: Legal practitioners' view

Mr. Philipp RUNGE introduced the third panel discussion, which considered what legal practitioners recommend, in particular on the issue of imitation and of design protection that are of specific interest to GI owners.

Mr. Andrea ZAPPALAGLIO (School of Law of the University of Sheffield) discussed the legal challenge of protecting and defending authentic geographically-linked industrial and handicraft products. Evocation is a key point given that it does not exist in trade mark law, and so was developed by the Court of Justice of the EU in its case law. In brief, evocation strikes as a trigger in the mind of the average EU consumer a particular product. This concept gradually expanded over time. In a case from 1999, the CJEU ruled that the name Cambozola evokes Gorgonzola, even if technically the producer was not pretending to make Gorgonzola. In another case, it was ruled that the name Glen Buchenbach (a German Whisky) evokes Scottish Whisky, many of which have the word Glen in their

name. In a case from 2017 the CJEU held that the use of names and imagery of Don Quijote was an evocation to Manchego cheese, as Don Quijote is associated with La Mancha. The recent CJEU Morbier case (Case C-490/19) from 2020 involved Morbier cheese, which has a black line running through it which is expressly referred to in the product description. However, not only Morbier cheese adopts this feature. After the national (French) courts of first and second instance had ruled in favour of the defendant, the CJEU ruled against the defendant. It held that it is necessary to determine whether that reproduction may mislead consumers taking into account all the relevant factors, including the way in which the product is presented to the public and marketed and the factual context. Many believe that this case is just the beginning of protection of GI products which look like (in terms of shape, colour etc.) or even taste/smell like others. The same process would also apply to non-agricultural products.

The final speaker was Ms. Pilar MONTERO (Professor at the Commercial Law Department of the University of Alicante, Director of the Magister Lvcentinvs). She focused on the online challenges of GI protection. Domain names are a big challenge, as GIs (being without an owner) cannot be protected with the same strength as protection as trade marks. There were many cases of domain names including names of registered GIs where courts decided that the domains had to be taken down. This included for example the domains champagnejavea.com or coolchampagne.com. Such domains can only be registered if there is a trade mark protection that precedes the GI registration, which was the case for example for certain domains for Gorgonzola cheese.

4 Closing remarks

Ms. Claudia MARTINEZ FELIX (DG GROW) thanked the participants for their input. She recalled that part of the policy of creation a GI protection for non-agricultural products goes beyond the protection system available under trade mark-based systems.

The need to work together is fundamental, from producer groups to national groups and authorities, to those on the EU level. Subsidiarity is a key consideration when trying to design a potential future system to protect non-agricultural GIs at the EU level. Flexibility is also key to ensuring that the protection system has the most impact.

Ms. MARTINEZ FELIX briefly presented the results of the Slido questionnaire asking participants how they would see industrial and handicraft products being labelled in a future EU-wide protection system. The results were:

- I do not want any label to appear: 6%
- With a QR label: 11%
- With one of the logos currently used on agricultural products: 22%
- **With a logo specific to industrial and handicraft product: 61%**

Ms. MARTINEZ FELIX closed the webinar by thanking the consortium for the study. She encouraged workshop participants to stay tuned in relation to the upcoming European Commission impact assessment.