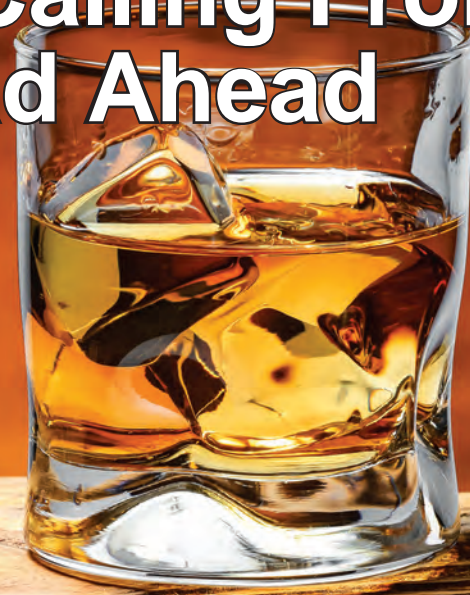


Where They're Calling From: GIs and the Road Ahead



Asian nations are actively expanding their list of GIs and see some of their most valuable goods protected through a myriad of national trademark laws and free trade agreements. **Michelle Ko** reports on protection efforts for tea, apples, rice, pepper and more.

Take a sip of Scotch and let that Roquefort cheese melt in your mouth. Maybe the two are not the best match – it would also depend on how smoky your Scotch is – but they are two of the most famous examples of geographical indicators (GI).

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*- Li Yuncheng, attorney,
CCPIT Patent and Trademark Law Office, Beijing*

GI identifies a good as originating from a particular region where the good's qualities, characteristics and/or reputation are essentially attributable to its geographical origin. The premise of GI lies with the assumption that the geographical location produces qualities that cannot be replicated anywhere else, making it different from trademark which distinguishes qualities of one enterprise from another, or the sole consideration of uniqueness of process, traditional knowledge or traditional cultural expressions. As highlighted in the European Court of Justice press release on the registration of Feta cheese, a GI lies at the intersection of "the natural factors and the specific human factors" such as traditional production method.

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Currently, the majority of registered GI originates in Europe and is mostly wines and spirits followed by cheeses

and other foodstuffs and agricultural products. With “indications of source” and “appellations of origin” originally referred to as “industrial property” in the Paris Convention of 1883, the concept of GI was further recognized as a key IP asset in the Madrid Agreement for the False or Deceptive Indications of Source on

rural development.

GIs address some issues on the asymmetry of information by providing a way for consumers to distinguish product quality, as producers should be more familiar with their products’ characteristics than consumers are. GIs effectively “institutionalize” reputation to help prevent consumer loss and correct market failure caused by asymmetric information and free-riding on another’s reputation.

Others argue that GIs help improve market access for producers by highlighting a region’s natural, cultural and historical resources, erecting barriers that protect even small producers in an effect akin to trademark protection. Furthermore, as GIs create a collective monopoly on the protected good, it offers potential for producers to capture a premium.

Some also advocate the role of GIs in helping developing countries extract value by enabling rural producers to enter niche markets and command a price premium for their traditional processes or local culture. The economic potential of GIs has also been linked to the preservation of biodiversity and traditional knowledge. “In China, local government agencies encourage

regional producers and their groups or institutions to set up and develop GI schemes for the purpose of strengthening local economies,” says Li Yuncheng, an attorney at CCPIT Patent and Trademark Law Office in Beijing, of the significance of GIs on a local level.

But Are Benefits Skewed to Incumbents?

Despite the belief that better GI protection is beneficial to all quality producers, the regime has been seen by many as a legalized means to extend the divide between Old and New World trade, with GIs mainly protecting European agricultural

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- George Chan, partner,
Simmons & Simmons, Beijing

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Goods of 1891, and the Lisbon Agreement for the Protection of Appellations of Origin of 1958. GI further entered the global scene following the adoption of the World Trade Organization (WTO)’s Trade-Related Intellectual Property Rights (TRIPS) Agreement. GI is therefore at once an issue of intellectual property, trade and agricultural policy on both the national and international fronts.

Boons for Quality Producers

Proponents of GIs emphasize that the IP regime serves the key purposes of: consumer protection, producer protection and

Country	<i>Sui generis</i> system	Trademark regime	Unfair Competition
Thailand	✓		✓
Vietnam	✓		✓
Laos	✓		✓
Cambodia	✓		✓
Indonesia	✓		✓
Malaysia	✓		✓
Myanmar		✓	✓
Singapore	✓		✓
Brunei		✓	✓
Philippines		✓	✓

Table 1: Comparison of channels for GI protection in ASEAN members. Source: WTO

products where farmers are a highly-subsidized group with strong lobbying power. The EU's active push for stringent GI protection under TRIPS can be seen as an effort to continue trade dominance and command price premiums under an increasingly global and commoditized trade regime.

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If Sri Lanka GIs are not pursued, promoted and adopted, there won't be demand on the part of the general public. Consumers must recognize the link between the GI and the specific product characteristics. If this is not understood, Ceylon tea would be same as any other tea in the eyes of the consumer.

- John Wilson, managing partner,
John Wilson Partners, Colombo

In fact, the scholarly journal *The World Economy* estimates that the share of wine exports from non-European countries rose 600 percent between the early 1990s and the early 2000s, prompting Pascal Lamy, former EU chief trade negotiator and then-director general of the WTO, to say "the future of European agriculture lies not in quantity of exports but quality. That is why we are fighting to stop appropriation of the image of our products and improve protection." (Since Lamy's statement, according to a 2013 story in *BK Wine Magazine*, while France, Italy and Spain are still the largest global producers of wine, European production of wine have continued to lose market share to new world countries and China.)

Europe's vested interest in GIs seem to reveal itself further in the special treatment received by wine and spirits, which made up around 69 percent of European GIs in 2010 and remains the only category of GI receiving expanded protection. Beyond the basic level of protection under Article 22, Article 23 of the TRIPS Agreement provides for a "higher

or enhanced level of protection" for GIs for wines and spirits, stating that these goods need to be protected even if misuses would not cause the public to be misled.

For example, one may not imply a place of origin as "in the style of Roquefort" even though the wording technically does not mislead consumers to believe the product is actually French Roquefort cheese. The Doha Round of trade negotiations among WTO members, which began in November 2001 and was suspended in June 2006 after negotiators failed to reach an agreement, was yet another battleground on whether the higher level of protection can be extended beyond wines and spirits. No consensus has yet been reached.

Current State of GI Protection in Asia

Despite the ongoing debates, many Asian countries have been active in expanding their list of GIs and see some of their most valuable goods protected through a myriad of national trademark laws or regional and bilateral free trade agreements (RTAs and FTAs), such as India's Darjeeling tea, Malaysia's Sarawak pepper and Sri Lanka's Ceylon tea.

The current mechanism of GI protection for WTO members – comprising over 160 jurisdictions – only stipulates a minimum standard of protection to all GIs, and leaves it to individual

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If there is one thing that I would like to change about the current system of GIs, it would be the enforcement measures. As of now, police officials and courts are getting well-versed with protecting forms of intellectual property like patents, trademarks and copyrights, but enforcement of GI is one area which needs to improve.

- Gunjan Paharia, managing partner,
ZeusIP, New Delhi

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jurisdictions to establish legal protection of their own. National-level GI protection generally comes mainly in two ways: *sui generis* systems and national trademark and unfair competition

laws.

The *sui generis* system offers special regimes of GI protection as a particular category of IPR bound by the territoriality principle, limiting the *sui generis* right to within the jurisdiction it is granted. For example, Thailand established the Thai GI Protection Act in 2003 to facilitate registration and protection of GIs. India's Geographical Indications of Goods (Registration and Protection) Act of 1999 also came into effect in 2003. In the case of Europe, the EU has a *sui generis* protection system concerning wines and spirits, agricultural products and foodstuffs that covers the entire territory of the EU.

On the other hand, countries like Myanmar, Brunei and the Philippines rely on existing trademark regimes (collective mark and certification mark) and unfair competition laws to fill the gap in GI protection. This means the definition, scope, registration requirement and even availability of a GI registry and its content are subject to variable national standards and strengths of enforcement.

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Stakeholders from emerging markets often do not have the resources nor the global experience to promote their products to different cultures and markets around the world. A properly-regulated institution, answerable to stakeholders, to manage the GI and fairly distribute the benefits needs to be created.

- Rachel Li-Mei Tan, head of China trademarks,
Rouse, Beijing

Even with a *sui generis* system, jurisdictions like India often have yet to iron out discrepancies and details in the actual implementation. "The current overlap between the Indian Trademarks Law and GI laws is a challenge for rights holders. Presently, a trademark can be opposed or invalidated on grounds of a prior GI; however, there is no formal examination by the Trade Marks Registry where prior registered geographical indications are cited, so the entire burden of preventing offending marks from being registered falls on the rights holders," says Gunjan Paharia, managing partner of ZeusIP in New Delhi. "The manual of trademarks procedure is presently under revision by the Trade Marks Registry, and it is hoped that trademark examination is improved from the perspective of owners of geographical indications."

China faces a similar challenge in enforcing GI protection, not for the lack of a *sui generis* system but perhaps for its proliferation: the Provisions on the Protection of Geographical Indication Products and the Measures for the Administration of Geographical Indications of Agricultural Products govern GI

products and agricultural products respectively, often creating unnecessary confusion and duplication of efforts.

"To date there are three different administrative organizations that have the power to issue GIs: the Trademark Office under the State Administration of Industry and Commerce, the Administration of Quality Supervision, Inspection and Quarantine, and the Ministry of Agriculture," says George Chan, a partner at Simons & Simmons in Beijing.

"The GI certification body and the quality of goods under a same GI certification mark can differ according to the body that issues that GI certification," Chan says. "This is contrary to one of the underlying principle of GIs, which is to protect traditional knowledge. Oftentimes, consumers may be confused as to which GI represents a particular type of good from a particular region. In addition, to secure the broadest possible protection and account for the division of power, some rights holders will need to apply for all three types of GIs available in China, which is a burden to GI administrative bodies."

But even with trademark legislation and *sui generis* systems, Asian countries in general face challenges in helping their GIs gain international protection. As of May 2017, no common law jurisdiction is party to the Lisbon Agreement. This means GI owners will have to apply nationally in countries they are exporting to, resulting in increased costs and administrative burden that could be avoided under a single filing procedure.

Rachel Li-Mei Tan, head of Rouse's China trademarks group in Beijing, offers some examples. "Six Thai products have acquired GI certification overseas. For example, Hom Mali Thung Kula Ronghai rice, Doi Tung coffee, Doi Chang coffee, and Pattalung Sung Yod rice in the EU; Isaan local silk obtained GI protection in Vietnam; and Lampoon Yok Dok silk recently obtained GI protection in Indonesia," Tan says, highlighting both the recent successes but also cumbersome process in securing GI protection in individual jurisdictions.

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It is also due to the continued debate of grounds and scope for GI at the global level that RTAs and FTAs become the key instrument to enable GI protection across jurisdictions on a less expansive scale. For example, since the ASEAN-EU FTA came to a stand-still in 2009, the European Commission had pursued bilateral FTA negotiations with ASEAN members, launching negotiations with Singapore and Malaysia in 2010, Vietnam in 2012, Thailand in 2013, the Philippines in 2015 and Indonesia in 2016. Two of the earlier FTAs to materialize, the EU-Singapore and EU-Vietnam FTAs, both carry the obligation to provide for a *sui generis* system complete with a register and administrative and legal processes around the evaluation, objection, rectification and cancellation of register entries and use of GIs.

More recently in June 2017, the European Commission and the Ministry of Commerce in China published a list of 200 GIs (around 100 on each side) to be included in a bilateral agreement by the end of 2017. The fruit of over 10 years of negotiation, the list includes some of Europe's most famous GIs, including Feta, Bayerisches Bier and Prosciutto di Parma, while

Chinese products like Yantai apples, Hengshian jasmine tea and Panjin rice found their way into the agreement.

Opportunities and Challenges Ahead

At the level of producers, obtaining a GI does not necessarily mean increased profitability. The price premium potential of a GI is usually a function of factors like product quality, brand name and consumer awareness, and strength of protection against non-compliance.

For one, producers need to clearly define their product's characteristics, production process and origin of materials among other specifications, and reach consensus on both the technical and marketable value propositions of the product. After the GI registration, concerted marketing efforts need to be devised to raise awareness of the GI status, because consumers are not trademark lawyers and they do not normally keep up with IP developments.

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The challenge for Malaysia in making better use of GIs is that because GIs are collective IP rights, they generally belong to a group of regional producers. This has the effect that regional producers may tend to rely on government initiatives to boost the protection of GIs because these regional producers may have limited resources and a lack of awareness on IP rights.

- Karen Abraham, partner,

Shearn Delamore & Co, Kuala Lumpur

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"I think the major challenge is that many local producers and groups in China are in need of the knowledge and practice of comprehensive GI scheme or strategy. A bad GI scheme or ill management of a GI may have a bad effect on the GI and cause a loss of regional property or even a national heritage," Li points out.

Tan says that "the success of a GI is contingent on the stakeholder being able to effectively market and promote the product." These marketing efforts could mean a recognizable logo, an institutionalized system for producer communication and coordination, labeling rules and quality control system, and a centralized industry promotion organization backed by regional or national governments. In the case of Darjeeling tea, the state agency Tea Board of India controls the growing, exporting and quality verification of Darjeeling tea under the Tea Act 1953.

The Tea Board also designed the logo that is administered by the Darjeeling Tea Association, a trade association of tea

producers, and holds the IP rights to the logo and the word Darjeeling. The Tea Board further coordinates international marketing through liaising with the European Trade Council and the German Tea Association, administering and promoting the Darjeeling brand as an item on the national agenda. "A successful model of GI scheme therefore may include one group, several leading enterprises and individual or family producers," says Li.

John Wilson, managing partner at John Wilson Partners in Colombo, concurs with the need for strong consumer education as he raises the case of Ceylon cinnamon, approved as a GI in April 2017 and to be included in a GI registry. "If Sri Lanka GIs are not pursued, promoted and adopted, there won't be demand on the part of the general public," he cautions. "So it's a question of education for the producers. Consumers must recognize the link between the GI and the specific product characteristics. If this is not understood, by way of simple example, Ceylon tea would be same as any other tea in the eyes of the consumer."

But all this effort in absence of a strong compliance system would only lead to free-riding of an expensively-maintained GI brand. India's Tea Board employed the trademark watching services of CompuMark to constantly detect infringement globally. Internal quality control and monitoring of local partners, sales force and distributors are also important to prevent market failure. The GI-holding organization should also work with administrative bodies like the police force and customs office through means like raids on production facilities, fines, and detention and destruction of infringing goods to protect GIs within and at the border.

"If there is one thing that I would like to change about the current system of GIs, it would be the enforcement measures," says Paharia. "As of now, police officials and courts are getting well-versed with protecting forms of intellectual property like patents, trademarks and copyrights, but enforcement of GI is one area which needs to improve. Education among public officials and the judiciary would

certainly help Indian traders and the manufacturing community, which would prosper with a strong enforcement regime."

Ultimately, the success of GIs rests in the cooperation on various fronts, with the result of ensuring individual rights owners, instead of infringers or a large and nameless representative organization, receive the fair share of benefit.

"Stakeholders from emerging markets often do not have the resources nor the global experience to promote their products to different cultures and markets around the world. It is also questionable whether the benefits from acquiring GI status reaches the actual producers or artisans who make the products. Here again, a properly regulated institution, answerable to stakeholders, to manage the GI and fairly distribute the benefits needs to be created," Tan points out.

Karen Abraham, a partner at Shearn Delamore & Co. in Kuala Lumpur, shares the view that strong GI protection doesn't necessarily mean that end producers will benefit. "The challenge

for Malaysia in making better use of GIs is that because GIs are collective IP rights, they generally belong to a group of regional

and a lack of awareness on IP rights," says Abraham.

Hemant Singh, managing partner of Intl Advocare in New Delhi, suggests that while technologies like global supply chain tracking using radio frequency identification (RFID) can help GI producers, grass roots initiatives like soliciting consumer monitoring through social media campaigns can also strengthen GI protection. On the other hand, legislation can be appropriated to channel rewards and longer-term incentives to the producers.

"The law must be amended to align with international developments as well as ground realities. It should include a well-defined and comprehensive benefit-sharing model so that actual producers are profited, not only via monetary compensation, but also with other benefits such as capacity-building initiatives, infrastructural development and community development. The need

of the hour is a multi-tiered approach to protection of GIs," Singh says. AIP

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*- Hemant Singh, managing partner,
INTTL Advocare, New Delhi*

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