

Chapter 1

Overview

1.1 Outline of This book

Why This Monograph (Book)? Several books (monographs) dedicated to the law of indications of geographical origin (hereinafter IGOs) (or geographical indications as this term is more commonly used in the legal literature¹) have already been written including books published in recent years. So, there are books published in English, namely more than three decades ago published book edited by *Cohen H. Jehoram*,² a book by *Bernard O'Connor*³ published in 2004 by Cameron May, a book by *Marsha A. Echols*,⁴ and a book by *Dev Gangjee*⁵ published recently in 2012 by the Cambridge University Press. There are also books published in German such as the authoritative book by *Prof. Winfried Tilmann*,⁶ a book by *Alfred Jung*,⁷ and a recent book by *Stefan Jonas Schröter*⁸ published in 2011. In addition, there is a vast range of books on intellectual property (hereinafter IP) law where a separate chapter or even several chapters are dedicated to the theme of IGOs including separate books on distinctive signs such as the recently published authoritative book by *Prof. Paul Lange*.⁹

¹ For the terminology in the law of IGOs, substantiation of the use of the term ‘an indication of geographical origin’ used in this book, and unresolved terminology issues, see Sect. 1.3 below.

² Jehoram (1980).

³ O'Connor (2004); also another his book was published 1 year earlier (O'Connor 2003).

⁴ Echols (2008).

⁵ Gangjee (2012).

⁶ Tilmann (1976).

⁷ Jung (1988).

⁸ Schröter (2011). For its review, see Backhaus (2011) [Book review].

⁹ Lange (2012). There is also another book on distinctive signs in German from the international perspective edited by prof. Lange (2009).

The logical and natural question, therefore, could be why having those earlier fine books, especially, those published recently in years 2011–2012, there is a necessity to write and publish another book on the theme of IGOs which seems, as described briefly above, to have been studied before by different authors in different time periods.

In fact, the answer to this obvious question is that on the surface—there is still a gap both in the theory and practice of the law of IGOs within the effective European Union (hereinafter the EU). The reason for the existence of such a gap lies in the fact that the theme of IGOs for long years could be characterised as the ‘unattended garden’ in the field of IP law.

From the theoretical point of view, there exists only fragmentary coverage of the early history of the law of IGOs and its development till modern times. So far, several academic commentators have mentioned several unrelated dates in the context of the historical development of the law of IGOs. Yet comprehensive coverage of the historical foundations of the law on IGOs has been neither studied nor published so far.

Moreover, it would be imprudent to believe that this issue is purely theoretical because it has a topical practical meaning. As can be seen from the overview of historical foundations of the law of IGOs, it serves a twofold meaning. Firstly, it reveals the paths which led to the current state of the law thus helping to understand the effective international law and national law in the field IGOs. Secondly, it brilliantly shows, as it will be discussed within this book, that imitations of existing IGOs which we face nowadays merely repeat previous efforts (or are their modifications) of previous generations of imitators existing during previous centuries. In addition, other theoretical questions of the law of IGOs are still unrevealed and unstudied including their place in the IP system or legal subjectivity issue having both theoretical and practical meanings. The latter conclusion especially relates to the issue of legal subjectivity arising in situations when state or municipal institutions apply for registration of particular IGOs in such a way as to monopolise the use of those IGOs.¹⁰

Furthermore, it must be admitted that none of previous books comprehensively covers the effective EU law in conjuncture with recent judgments of the Court of Justice of the European Union (hereinafter the CJEU). This consideration has nothing to do with the fine quality of previous books but it is related to the dynamic development of EU law concerning IGOs. Since dramatic changes to EU law on IGOs occurred between 2006 and 2009 and with the continuing development of that law by further initiatives of EU legislators and through interpretation given by the CJEU, there is a lack of studies on the current state of EU law on IGOs and its in-depth analysis. Comprehensive coverage means not only to study the law from the point of view of different legislative pieces, but to study the EU law on IGOs as a system established as a result of these recent reforms indicated above. The commentary approach exploited in this book for study of the system of regulation

¹⁰ For details and discussion of the legal subjectivity issue, *see* Sect. 3.2 below.

of IGOs in EU law therefore could be of interest to those interested in studying and practising not only within the field of the law of IGOs but also in the broad field of the entire law on IP and its related legal disciplines. In addition, such commentary approach for reviewing respective EU regulations has not been carried out so far though such approach is used in respect of other IP objects such as copyright and related rights.¹¹

Moreover, so far studies on the EU law on IGOs have been focused on the review of that law without its critical discussion from the systematic and conceptual point of view. This book is intended to cover that gap by discussing the relevant EU law and court practice not only comprehensively but also by reviewing it critically both from a theoretical and a practical point of view.

Furthermore, from the point of view of the current development of the law, interrelation between international law, EU law, and the national laws of EU Member States is based on completely different approaches from that which applied 10 and more years ago. Now it covers not only protection, liability, and other aspects concerning infringements of IGOs but also competence aspects of relevant state and other institutions in this field as required by the effective EU law.

All above aspects even if taken separately emphasise the need for study of the IGOs in the effective EU law using the approaches described above. Therefore, despite the previous books described above, the present book has its own significance and motivation.

The Scope of This Book The coverage of the present book is related to the theoretical and practical aspects of the law of IGOs focusing on the EU law and its interrelation with the national law of EU Member States. This book has four distinct yet mutually related aims. First, it is to discuss theoretical issues of the law of IGOs including historical foundations of that law, terminology, protection models, legal subjectivity, and related aspects. Second, it is to cover the EU law on IGOs from the systematic point of view based on the commentary approach. Third, it is to reveal the interrelation of the EU law, from one side, and the national laws of EU Member States, from the other side, focusing on harmonised and non-harmonised areas of law. Fourth, it is to discuss current legislative initiatives and further development possibilities for the EU law on IGOs.

The Structure of This Book This book is divided into three parts: Part I, Part II, and Part III. The first part covers theoretical issues of the law on IGOs common to all jurisdictions, while the latter two parts cover its practical issues by focusing on EU law in conjuncture with the national laws of EU Member States.

Part I starts with the introductory first chapter which deals with three issues. First, it provides the necessity for the present book by characterising its objectives from the point of view of competing books (see above). Further, it deals with the necessity for the regulation of IGOs by posing a question as to why it is necessary to

¹¹ Walter and von Lewinski (2010).

protect IGOs. The introductory chapter finishes with terminology issues in the law on IGOs from the point of view of international treaties, national law, and legal literature.

After the introductory chapter, Part I reviews the theoretical foundations of the law of IGOs over the next three chapters.

Chapter 2 covers the historical foundations of the law of IGOs starting with ancient times up to modern times. It provides substantiation of the understanding of IGOs already existing in ancient times and their protection which existed in the rudimentary form in Ancient Rome, by referring to and discussing relevant Roman laws. Further it reveals the development of the law on IGOs through the Middle Ages up to nowadays, testifying that imitations of the present forms of IGOs have always existed and are not only creatures of modern times.

Chapter 3 is devoted to the place of IGOs in the IP system covering its concept, function, interrelation with other IP objects with particular attention being paid to the similarities and differences between IGOs and trade marks, legal subjectivity issues, and existing protection models.

Chapter 4 deals with the decline and fall of IGOs—losing the protection of geographical designations as IGOs transform either in generic designations or trade marks. By analysing both types of transformation of IGOs, different examples are provided from different jurisdictions in order to show the complex nature of the transformation and its evaluation.

Further, Part II turns to practical issues of the law on IGOs and discusses an effective EU system for the regulation of IGOs. Chapter 5 provides a general overview of the EU system by analysing the regulation of IGOs both through primary law and secondary law. In the beginning, the regulation of IGOs in the primary law is reviewed in conjunction with jurisprudence of the Court of Justice of the European Union (hereinafter the CJEU) already since the early ages of the functioning of the EU and its subsequent development till modern times. Furthermore, a review of secondary law is provided by distinguishing between direct and indirect protection of IGOs within EU law with substantiation of this division, revealing principles for the regulation of IGOs through both such protection systems.

As the direct protection of IGOs is regulated by four directly applicable Regulations, each Regulation is reviewed separately in each of subsequent Chaps. 6–9 utilising a commentary approach. Though these four Regulations contain similar provisions (yet with certain differences), it is still appropriate to examine these regulations separately as it allows a comprehensive review to be provided of the specific elements of each of the applicable regulations and highlight respective differences. In such a way, each of these chapters contains an excerpt from the particular regulation together with a commentary on the provisions from the excerpt.

Afterwards, Chap. 10 examines the protection of IGOs within trade mark law at the EU level through the registration of IGOs as Community collective marks. This chapter examines the nature of a Community collective mark protection system for the protection of IGOs, it provides commentary of the respective provisions of the

Codifying Community Trade Mark Regulation¹² and, finally, provides analysis of the difference between the Community collective mark protection system and the direct protection system discussed in the previous chapters by showing the advantages and disadvantages of both of these protection systems.

The EU indirect protection system and its essential elements are discussed further in Chap. 11—the last chapter in Part II. As the indirect protection system of IGOs in EU law is ensured mainly through three directives, they are reviewed separately with a review of other directives provided at the end of this chapter.

The present book finishes with Part III, dedicated to the interrelation of EU law and the national laws of EU Member States.

Chapter 13 examines the exclusive nature of the direct protection system and the non-exclusive nature of the indirect protection of IGOs in EU law, through analysing their impact on the national laws of EU Member States.

Chapter 14 deals with liability issues for infringements of IGOs by distinguishing civil, administrative, and criminal liability. By analysing these three liability models, an overview of the national laws of selected EU Member States is provided by revealing differences that exist among EU Member States, not only from the point of view of regulatory approaches, but also from the pre-conditions of liability under these three liability models.

The last Chap. 15 deals with competence issues of EU Member States as provided for by the applicable regulations. It is related to the responsibility of EU Member States to ensure the protection of IGOs registered within the direct protection system and to combat infringements of such IGOs within their jurisdictions.

Sources Different types of sources have been used in the preparation of this book.

First, there are legal texts comprising international treaties, EU legal acts, and national laws of both EU Member States and non-EU Member States. **Second**, the case law of the CJEU including Advocates-General Opinions, case law of EU Member States and non-EU Member States as well as decisions of specialised industrial property institutions, i.e. OHIM and national patent offices. **Third**, legal literature concerning the law of IGOs and related problem questions including references to previous studies of these issues written by the author of these lines.

Abbreviations Abbreviations for concepts have been used for the sake of better understanding and easier reading. Examples include an IGO for an indication of geographical origin or IGOs for indications of geographical origin; IP for intellectual property; and others mentioned in the list of abbreviations. In addition, other commonly used abbreviations for such matters as different international treaties, for instance, TRIPS being official abbreviation¹³ and international organisations such

¹² Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version) [Codifying Community Trade Mark Regulation]. OJ, L 78, 24.03.2009, pp. 1–42.

¹³ Katzenberger and Kur (1996), p. 2.

as WIPO or WTO. As regards EU law, the titles of the four main regulations discussed within this book have been abbreviated which is not unusual as abbreviations of separate effective or already repealed regulations were used previously in the legal literature,¹⁴ namely, the Foodstuffs Regulation¹⁵ (now repealed by adopting the Quality Schemes Regulation¹⁶ in 2012), the Aromatised Wines Regulation¹⁷ and the Spirits Regulation¹⁸; the abbreviation of the fourth regulation is included in the title of a regulation itself, i.e. the Single CMO Regulation.¹⁹

Similarly, the present book uses generally accepted abbreviations of journals' titles, for instance, the title of the journal *International Review of Intellectual Property and Competition law* is abbreviated as IIC. The citation form of journal articles, books, and other studies upon which this book was written have been used in a consistent manner throughout the present book.

The full list of abbreviations including those discussed within this section may be found in the beginning of this book.

Specific Remarks Concerning Court Abbreviations In addition, it should be mentioned that the abbreviation for the Court of Justice of the European Union, i.e. CJEU, will be used also in the case of judgments adopted earlier when the title of this court was different, i.e. the European Court of Justice (ECJ); similarly with the Court of First Instance has been abbreviated as CFI and used also in respect of earlier judgments when it was known as the General Court. Other abbreviations will also be used and these relate to the EU founding agreements such as the TFEU and the TEU in relation of provisions to those treaties amended after the entry into force of the Treaty of Lisbon.²⁰

¹⁴ Knaak (1996), pp. 125 and 132; Gevers (1999), p. 153; Mantrov (2012), pp. 174–202.

¹⁵ Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. OJ, L 93, 31.03.2006, pp. 12–25 [Foodstuffs Regulation].

¹⁶ Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. OJ, L 343, 14.12.2012, pp. 1–29 [Quality Schemes Regulation].

¹⁷ Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. OJ, L 149, 14.06.1991, pp. 1–9 [Aromatised Wines Regulation].

¹⁸ Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89. OJ, L 39, 13.02.2008, pp. 16–54 [Spirits Regulation].

¹⁹ Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). OJ, L 299, 16.11.2007, pp. 1–149 [Single CMO Regulation].

²⁰ Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007. OJ, C 306, 17.12.2007, pp. 1–271.

1.2 Necessity for the Protection of Indications of Geographical Origin

Goods and services offered in the market for consumers are denoted by designations of different kind and character. These designations may be differentiated not only from the point of view of their applicable legal regime and scope of protection but also from their conceptual and functional meaning. Among these designations, there are those which refer to a particular geographical place by establishing a link between such geographical place and the particular goods (and services) which originated there. The designations which indicate the geographical origin of goods to consumers are covered by the concept of IGOs.

The theme of IGOs is not such an issue which came into our lives only in modern times. For centuries, producers of different goods developed different designations whose characteristics were acquired due to their origin in a particular geographical place. By acquiring recognition not only in a place where goods were produced but also far outside that place, certain IGOs became more and more known and distinguishable among consumers not only in that particular geographical location but far beyond its borders. As it is justly indicated in this regard, '[o]ver time, trade de-localized consumption and, in the process, established reputations for goods produced in distant places'.²¹ This was due to investments being made into the development and promotion of goods bearing IGOs. Therefore, as justly concluded by Prof. Reto Hilty, 'the value of such designations [meaning EU protected qualified IGOs – author's remark] or a specific character arises only if there have been sufficient investments with regard to the products involved (respectively, this depends on investments on an on-going basis), in the sense that a special appreciation develops and continues to exist on the part of customers which is associated with the specific designation in question'.²²

As a result, goods denoted by these IGOs attracted more and more consumers' attention only because of their geographical origin. Nowadays, there are plenty of such well-known and even famous IGOs concerning different type of goods without whom we cannot imagine our lives—like *Cognac* or *Armagnac* in respect of brandy produced in two of France's regions; *Champagne*, *Cava*, or *Asti*—sparkling wine originating respectively in France, Spain, or Italy; *Rioja*—wine from Spain; *Parmigiano Reggiano*—in respect of cheese from Italy; *Feta*—cheese from Greece; *Budweiser*—famous beer from Czech Republic; *Bohemian glass*—products made of glass from the Czech Republic; or the *Swiss Army knife* (unique for its quality and multi-functionality)—from Switzerland.

The interrelation between those and many other IGOs and consumers' perception of the impact on their purchase habits is revealed by different consumer surveys. Consumer surveys testify that consumers pay attention to the geographical

²¹ Hughes (2006), p. 300.

²² Hilty (2007), p. 31.

place (a country, a region, or a location) from which particular goods originate and by doing so they pay attention to IGOs which are exploited to reveal the geographical origin of goods or services. In accordance with the EU consumer survey performed in 1999 referred to by the European Commission, 40 % of consumers are ready to pay a 10 % premium for origin-guaranteed products.²³ Such consumers' attitude towards goods denoted by IGOs is testified by consumer surveys in EU Member States. Consumer survey carried out in Belgium, France, Germany, Italy, Netherlands, Portugal, Spain, Switzerland and the UK showed that consumers are demanding higher quality products.²⁴ A similar survey carried out in separate EU Member State, namely, Latvia, showed that the country of origin of the goods is important to 61 % of consumers,²⁵ i.e. two thirds of Latvian consumers pay attention to the origin of the goods they buy.

On other hand, the faith of those and other well-known and famous IGOs was similar to other famous distinctive signs, for instance, famous trade marks,—as the more they gained recognition, as the more were there efforts to imitate them. This situation shows a paradox in the development of IGOs: more and more development of IGOs is followed by more and more imitations becoming more and more sophisticated and which are hardly able to be identified. As it will be revealed in the next chapter concerning historical foundations of the law on IGOs, the first imitators of well-known and famous IGOs undoubtedly existed for centuries before and appeared not later than in ancient times. This situation explains why the EU law on IGOs switched its protection approach in last 20 years from just simple protection against misleading uses of IGOs, i.e. relative protection, to protection even without any misleading consequences just by the very fact of imitation, i.e. absolute protection.

The necessity for preventing erosion and causing detriment to IGOs, especially those which have become well-known and famous, is the core of the law of IGOs both at the international level including European Union (EU) law and at the national level of separate countries around the world. The law on IGOs effective in the EU will be the focus of this book and will be examined further from different theoretical and practical aspects.

Yet the necessity for IGOs naturally arises from the very fact that they attract consumers' attention and therefore become valuable assets as briefly characterised above and discussed in depth in Chap. 3 concerning the concept and role of an IGO.

From this point of view, IGOs are one of the important types of designations of goods and services which show consumers the geographical origin of goods and services.

²³ European Commission (2003).

²⁴ O'Connor (2005), p. 253.

²⁵ Survey of Latvian consumers (2006). Available at http://www.tns.lv/newsletters/2006/11/?category=tns11&id=MR_izvelies_Latvijas_preci.

EU Law on Indications of Geographical Origin
Theory and Practice

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2014, XXVIII, 367 p. 1 illus., Hardcover

ISBN: 978-3-319-05689-0