Introduction – the three pillars
INTRODUCTION

The European Union has adopted several regulations on implementing quality schemes for the wine sector.

The aim is to promote the unique characteristics of certain products, linked to their geographical origin as well as traditional know-how.

Protected Designations of Origin (PDO) and Protected Geographical Indications (PGI) are tools to achieve that aim.

The GI recognition (PDO and PGI) enables consumers to trust and distinguish quality products while also helping producers to market their products better.

PDO and PGI are intellectual property rights; geographical indications play an increasingly important role in trade negotiations between the EU and other countries (FTA).

There are other EU quality schemes that underline the traditional production process or products made in difficult natural areas such as mountains or islands.
PDO AND PGI

Geographical Indications

EU Regulation – general overview
PDO versus PGI – Industrial Property Rights
Promotion and protection – high level of protection

Legal nature
Who is entitled to apply for registration?
An example of communal property?
A group of producers (1st pillar)

Quality guarantee and origin
Specifications (2nd pillar)

Certification body (3rd pillar)
Who can use the geographical indication?
MAIN LEGAL ACTS

EU Acts (most important):
EU Regulation 1151/2012, 21 November 2012, on quality schemes for agricultural products and foodstuffs (PDO, PGI and TSG)
EU Regulation 110/2008, 15 January 2008, on the definition, description, presentation, labeling and the protection of geographical indications of spirit drinks (GI on spirits)
EU Regulation 1308/2013, 17 December 2013, establishing a common organization of the markets in agricultural products (PDO, PGI on wines)
EU Regulation No 251/2014 of 26 February 2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products
EU Regulation 1169/2011, 25 October 2011, on the provision of food information to consumers
CAP POLICY

Quality policy and CAP – a CAP instrument

Treaty on the Functioning of the European Union – TFEU - Article 39.1

The objectives of the common agricultural policy shall be:

(a) to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilization of the factors of production, in particular labor;

(b) thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;

(c) to stabilize markets;

(d) to assure the availability of supplies;

(e) to ensure that supplies reach consumers at reasonable prices.

Article 40.1.

In order to attain the objectives set out in Article 39, a common organization of agricultural markets shall be established.
PDO AND PGI

- **Means of identification** of the products on the marketplace (symbol of quality)
- **Quality and diversity** of agricultural products
- **Tool at the service of producers and traders**
- **Fair return for farmers and producers**
- **High level of protection**
  - European Union
  - Internationally
  - Respect of intellectual property rights
- **Protection of cultural and gastronomic heritage** – a territory
- **Economic relevance** – in 2013 trade in GIs was worth €54 billion a year
- **A competitive tool on a competitive market**
- **A tool to promote the rural development and the maintenance of the rural population**
- **European success** – an example for the world (with the exception of few…)
- **A “territorial mark”** – it is not possible to produce in other countries with the same name
- **The image of a region**, a territory, a country in a globalized world
- **Identification**: better price (for the control and image)
- Tourism development (several types)
GI legal nature
LEGAL NATURE

German type of common property and not the roman type

Communal property

- Interests of the community prevails over private interests
- Indivisible right used independently
  - one right that belongs to the community

Who can apply for registration?
- a group of producers

Owner of the right versus “owner” of the registration

Ownership and exercise of the right – authorization
- control and certification body
WHAT RIGHTS DOES A GI PROVIDE?

GI are IPR

- Trade distinctive signs
  
  A certain content – level of protection

The owners are the producers (legal nature)

They have the right to:

- Be members of the group of producers.
- Have their products certified by the control and certification body.
- Have the right to use the GI.
- Have the right to forbid the use of the GI by others.
- They have an exclusive right – a property right.
WHO CAN USE A GI?

Those whose products comply with a specification

- Geographical origin
- Quality
- Conformity with a specification

Scheme of certification

The right belongs to all the producers (in a large concept) of the demarcated region whose products comply with a specification

The appellation of origin or the geographical indication is owned by the collectivity of the producers, but each producer can use that right independently from the others.
How are geographical indications protected?
WORLD OF SIGNS
GEOGRAPHICAL INDICATIONS
IN EUROPE AND INTERNATIONALLY

Protection in the European Union

Registration system – special procedure
High level of protection – an IPR
Problems – conflicts with trademarks and generic terms
PDO and PGI with reputation – special protection

Internationally:

Paris Convention – a first step
Madrid Agreement – a second step
Lisbon Agreement – a unique example
TRIPS Agreement – a important example
Bilateral Agreements – an important tool
FTA and DCFTA
MEANS OF PROTECTION

Unfair competition rules or passing-off
  • Anglo-Saxon countries

* Sui generis system
  • Specially for some products

Registration mechanism
  • PDO/PGI in Europe

Administrative schemes of protection
  • Customs or other authorities (approving labels)

Trademark system
  • Certification marks or collective marks
European Union protection
EUROPEAN UNION

- The great development of appellations of origin and geographical indications was with the
  - European law (1992) and the
  - TRIPS agreement
- High level of protection
  - Industrial property right
- In the EU – an alternative to CAP
- A registration system
  - The best system
- EU is promoting PGI and PDO
- FTA – a mechanism to promote GIs and “close the markets”
EUROPEAN REGISTRATION SYSTEM

A registration system – some difficulties:

- Generic names
  - Feta, Parmesan, Bayerisches Bier
- Relationship with trade marks
  - The Check geographical indications protected in the European Union «Budějovické pivo», «Českobudějovické pivo» and «Budějovický měšťanský var» for beer and the prior trademarks «Budweiser» and «Bud» for beer
  - The German geographical indication «Bayerisches Bier» protected as a PGI for beer and the prior trademarks «Bavaria» and «Høker Bajer»
- Homonymous names
- Communal property
- Exclusive system – except enforcement
HIGH LEVEL OF PROTECTION

Positive right

- Right to use the PDO/PGI
- Authorization to use
- Intellectual Property Right
- Not only unfair competition
- A great evolution on the last decades
- A distinctive sign that is a subjective right
- Similar to a trademark, a patent or other IPR
HIGH LEVEL OF PROTECTION

Negative rights:

• Any direct or indirect commercial use of a protected name by comparable products not compliant with the product specification of the protected name, or in so far as such use exploits the reputation of a designation of origin or a geographical indication;

• Any misuse, imitation or evocation, even if the true origin of the product or service is indicated or if the protected name is translated or accompanied by an expression such as ‘style’, ‘type’, ‘method’, ‘as produced in’, ‘imitation’, ‘flavor’, ‘like’ or similar;

• Any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the wine product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;

• Any other practice liable to mislead the consumer as to the true origin of the product

• Use of PDO and PGI as an ingredient (pizza and chocolates issues)
HIGH LEVEL OF PROTECTION

Member States:

- Member States shall take the steps necessary to stop unlawful use of PDOs/PGIs.
- *Ex officio* protection?
  - Criminal measures (national level)
- ECJ position (parmesan case)
  - Unfair competition
  - Civil action
  - Criminal measures (?)
- ACTA / TRIPS
**HIGH LEVEL OF PROTECTION**

PDO/PGIs vs. Trademarks:

- A PDO/PGI application may be rejected if it conflicts with an existing reputed or well-known trademark (likelihood of confusion as to the true identity of the product)
- A registered PDO/PGI prevails over a trademark application
- An existing trademark may continue to be protected even though an identical or similar PDO/PGI is further registered = co-existence
- ECJ conflicts
SOME EXAMPLES

Comparable products:
Cambozola (trademark) versus Gongozola (PDO)
Grana Biraghi (trademark) versus Grana Padano (PDO)
Konjakki (trademark in Finland) versus Cognac (PDO)
Castel (trademark) versus Castell (PGI)

Non comparable products:
DIPORTOFINO versus PORTO
Perfumaria Bordeaux versus Bordeaux
Miller-High Life – The Champagne of Beers versus Champagne
Royal Cognac versus Cognac
Bordeaux Buffet versus Bordeaux
Champagner bekommen, Sekt bezahlen: IBM Aptiva jetzt zum Vobis-Preis versus Champagne
Biscuits Champagne versus Champagne
PORTO

versus European trademark «DIPORTOFINO» for coffee, tea, cocoa, sugar, rice, bread, ice-cream, honey, salt, spices, sauces, etc.

The OHIM said: «the applicant would benefit from the fame of the traditional appellation of origin PORTO (...) it takes unfair advantage of the distinctive character and the prestige of the appellation of origin».

Besides, Portofino is a well-known luxury and touristic place in Italy…
ROYAL COGNAC

COGNAC

versus European trademark «Royal Cognac» for precious metals; jewelry, precious stones; horological and chronometric instruments; advertising; business management; education; providing of training; entertainment; sporting and cultural activities; etc.

Decision:

«(…) divert to their own benefit part of the investment made by the holder of the earlier right. (…) the application may profit from the renown of the opponent’s sign, which in the present case is a French AOC, by exploiting its prestige. (…) it reflects an image of excellence, reliability or quality, or some other positive message, which could influence the choice of the consumer in favor of other producers’ goods. (…) the use of this trade mark of repute in connection with different products or services will facilitate their commercial success. (…) was likely to misappropriate or weaken the reputation (…) a business with a well-chosen name, such as ROYAL COGNAC could, and certainly would benefit from the fame of the traditional denomination COGNAC (…) is trying to benefit ‘royally’ from an image already created without its contribution. Again, the lack of due cause can be observed.»

«(…) the Board finds that the mark applied for, ROYAL COGNAC, would be capable of taking advantage of the repute of the French AOC COGNAC.»
PORT RUIGHE

PORT

*Versus European trademark «Port Ruighe»* for whisky and whisky based beverages.

Decision:

«The contested whisky and whisky based beverages are similar to the earlier fortified wine, since they can have the same nature (alcoholic beverages) and they can coincide in distribution channels and methods of use (aperitif or digestive). Furthermore, they are in competition since one can substitute the other as they serve a similar purpose and are offered to the same actual and potential customers.(…)

Taking into account the abovementioned visual, aural and conceptual coincidences, it is considered that the signs under comparison are similar. (…)

(…) the Office finds that the contested application is confusingly similar to the protected terms (…)»
PORT CHARLOTTE

Porto/Port versus European trademark «Port Charlotte» for whisky

The ECJ decision has two parts:

1. The European system of registration and protection of PDO and PGI is exhaustive and exclusive, which means that the national systems are not applicable. It is a uniform and unique system, even if the national systems could give a better or higher (additional) protection to those IPR. The only exception will be the products or services not covered by the EU law. Enforcement and unfair competition rules are not covered by this decision.

   The General Court had taken a different position.

2. Port Charlotte is not a imitation or evocation of the PDO Port and it does not exploits its reputation.

   The ECJ completely ignored the selling-power of this PDO and its significance as a PDO.
   The Advocate General understood that there was an evocation of the PDO Port.
   «EUIPO, in particular, stated that ‘Porto and Port are generic terms’, although it later qualified its earlier assertion by claiming that ‘they have a certain generic connotation’ [free translation]» - extract from the advocate general conclusions, footnote 43.
PORT CHARLOTTE

The ECJ ignored that Port is a PDO with reputation and prestige. For the ECJ Port is only a harbor, an area of water near the coast where ships are kept.

If I go to a bar and ask for a Port… I will get a … ship?

So, the ECJ didn’t make the necessary relationship between the sign and the products that the sign distinguishes…

Remember: «Apple»; «Carrefour»; etc.

The ECJ in the decision always compares whisky with Port and not whisky with a fortified wine (or liqueur wine); so, for the ECJ Port is a name of a product – this is very dangerous.

For the ECJ Port is a very weak sign: any trademark that adds to the sign Port another word, will have distinctiveness even if it differentiates alcoholic beverages – the *ius excludendi omnes alios* is denied to the owners of the PDO Port.
PORT CHARLOTTE

«Port» and «Port Charlotte» distinguishes alcohol beverages, consumed in the same moments, in the same places, distributed on the same channels.

If I go to bar and ask for a Port … will I get a wine or a whisky?

Port Charlotte is a place in Scotland (the «most attractive village on Islay») well-known for the production of whisky (founded in 1828)

Where is the distinctive character?

For the ECJ there is no risk of confusion, association, evocation and there is no undue exploitation of the reputation

The Advocate General said that there was exploitation of the reputation of the PDO Port and there was evocation of the PDO.
PORT CHARLOTTE

Some interesting details concerning this case:

a) The name that is protected in the EU as PDO is «Oporto»; Port and Porto are equivalent terms!!

b) «Port» is a term that exists in the Portuguese dictionary… (I have never found this term…)

c) «Oporto» is a the name of a city in Portugal… (I don’t know where…)

d) Many times in this case there is a confusion between liquor and liqueur – liquor is not a wine, is a spirit drink..

Well, if we don’t know the name that is protected as a PDO and consider Port as a generic term, why do we care about designations of origin and geographical indications?
PDO or PGI as an ingredient «Champagner Sorbet» Case

Or how to destroy the content of an IPR
INGREDIENTS

The product incorporates a certain percentage of the product that has the right to use a PDO or a PGI

Which percentage?

Gives an aroma, a taste, a shape…

List of ingredients – descriptive

The main issue is when that product (chocolate, for example) indicates the PDO or the PGI as:

the name (generic term) of the product or as

the distinctive sign of that product (as a trademark)
CHAMPAGNE

Champagne

«FOIS GRAS DE CANARD AUX POIVRES ET AU CHAMPAGNE».

The French court said the following: «(…) risque de détournement et d’affaiblissement de notoriété de l’appellation». 
Montfort innovë fort !

Sur l’entier...

“Le foie gras au Champagne et 2 poivres”

Une recette d’exception, raffinée au goût subtil alliant des ingrédients de Prestige.

Un packaging rupturiste et luxueux.
MAC CHEESE

«MAC CHEESE recette au Beaufort fondu»
«MAC CHEESE sauce au Reblochon»
«MAC CHEESE sauce à la Tomme de Savoie fondue»

The French court said: «(…) n’avait eu pour but que de tirer indument profit en les affaiblissant et en les dévalorisant, de la réputation et de la notoriété de ces AOC et IGP (…) discréditer la qualité (…)». 
The ECJ decision:

1. The use of the name Champagne as part of the name under which is sold a foodstuff (ice cream) that contains, as an ingredient, Champagne, constitutes exploitation of the reputation.

2. However, the exploitation of the reputation is not undue or is justified if that foodstuff has, as one of its essential characteristics, a taste or aroma attributable primarily to the presence of that ingredient in the composition of the foodstuff.

3. The Court was very clear: the use of the name Champagne (on the denomination of the product) may extend to the ice cream the reputation, the image of luxury and prestige of the Champagne.

4. But it is necessary to examine if such use constitutes a means of taking unfair advantage of the reputation.
CHAMPAGNER SORBET
The sorbet producer is taking undue advantage of the reputation (or unfair exploitation of the reputation) of the PDO Champagne.

There is **no legitimate interest** (or a justified reason or due cause) that can justify such an attitude, that is, such a use of the PDO Champagne.

We are not facing a descriptive use…but a **commercial intent**.

Taking into consideration all the elements (the label, the glass, the bottle, the cork, etc.) there is a clear intention to exploit the prestige of the PDO and appropriate its reputation – **for this there is no justification**!

There is a clear intention of association between the ice cream and the Champagne in order to benefit from the prestige and reputation of Champagne to succeed on the market of ice creams…
CHAMPAGNER SORBET

Such a use of the PDO Champagne is beyond the limits of content of this right – it destroys that content.

There is no justified reason or due cause for such a use.

Such a use is not in conformity with the loyal and honest practices of the trade.

It is a use of the PDO “as a trademark” (or any other trade distinctive sign) by the sorbet producer.

The image of the PDO Champagne is clearly transferred to the sorbet.

In fact we could even think that we were facing a iced Champagne...
COCA-COLA SORBET
SORBET HEINEKEN

Heineken

Strawberry Beer Sorbet
CONSEQUENCES

Dilution of the distinctive power of the DO or the GI

Watering or Verwässerung;

The designation of origin or geographical indication will lose its connection with a certain product;

It will lose its brightness because it will be associated with several products or services;

It will lose its distinctive power connected with a product; it would identify and differentiate several products.
CONSEQUENCES

Risk to the distinctive character of the DO and GI

When there is a risk of negative associations, for examples because the products are of bad quality or there is incompatibility between the products, for example the image of quality (Champagne, Port) and services of rat removal or disinfection or transport of waste (this would create negative associations).
CONSEQUENCES

Takes unfair advantage of the DO and GI

In this case we are trying to avoid free riding attitudes, or parasites;

Someone is taking undue advantage of the reputation or distinctive power of the designation of origin or geographical indication;

Someone is “dressing” himself with the clothes or the feathers of someone else;

Someone is taking advantage – without any legal justification – of the reputation that others have built;

It is a temptation to use famous names in order to attract the consumer. It would be completely different if I sold pencils with the name Rolls Royce or with my name…
CONSEQUENCES

Contribute to its degeneration

Sales denomination

Generic term

Sorbet Champagne / Strawberry Ice cream / Orange Sorbet
Port Chocolate / Chocolate with almonds / Chocolate with milk
Cookies with Heineken / Coca-Cola Ice cream
Cookies with Chivas or Jack Daniels
WHAT IS THE PROBLEM?

The problem is not protecting the consumer or misleading the consumer

The problem is the **protection of the investment** made by producers and traders on the use of the PDO or PGI

Protect the selling-power of the PDO or PGI

This only happens when we are facing PDO or PGI that have great distinctive power.

Why is that?

And why does it not happen with trademarks?
INTERNATIONAL PROTECTION

Bilateral agreements:

• Concluded by each country
• Celebrated by the European Union
  • South Africa, Canada, Chile
    • “phasing-out”
  • USA
    • “The maintenance of past sins” and no phasing-out
    • New negotiations (TTIP)
• Australia
  • Homonymous: “Port Phillip”
  • MERCOSUL, Japan, China, Mexico.

Registration systems:

• India, Brazil, Peru, Colombia, Central America.
INTERNATIONAL PROTECTION

Multilateral agreements:

• Paris Convention (1883)
  • Very weak protection
• Madrid agreement for the repression of false or deceptive indications of source on goods (1891)
  • Wine appellations of origin cannot become generic
• Lisbon agreement for the protection of appellations of origin and their international registration (1958)
  • Strong protection
  • Geneva Act (2015)
• TRIPs agreement
  • Unbalance agreement
  • “The maintenance of past sins”
• Other Multilateral agreements
Conclusion

PDO and IGP

- Competition tools
- Symbols: quality, origin, culture, know-how, history, uniqueness.
- High level of protection
- Loyalty of the trade among producers
- Origin protection
- Quality assurance
- Consumer protection

Industrial property rights

- Legal functions:
  - Geographical origin
  - Quality
    - Conformity with a specification