



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

Directive 2005/29/EC, 11 May 2005, concerning unfair business-consumer commercial practices

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)



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

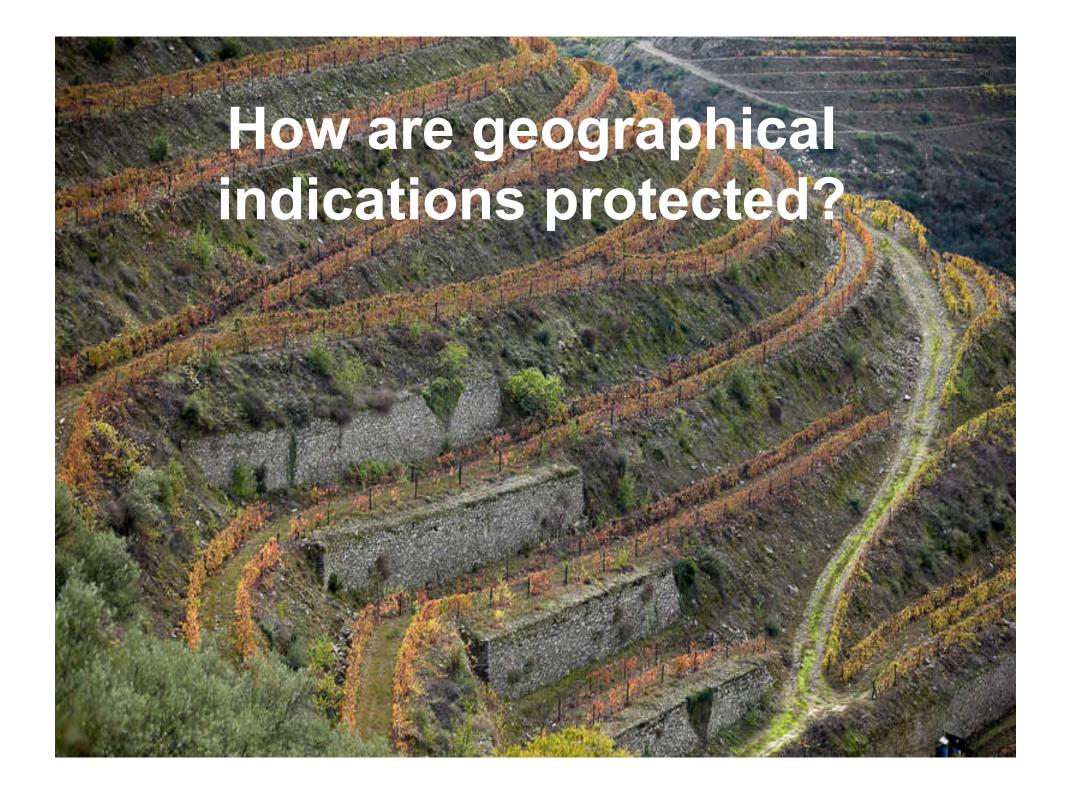
Quality

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.



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

- 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"

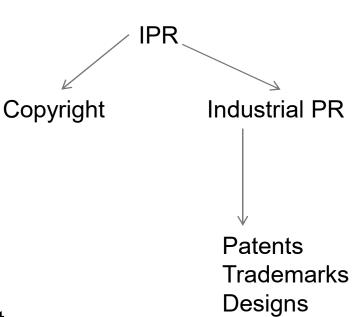
EUROPEAN REGISTRATION SYSTEM

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

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



GI

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)

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
- Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights



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 (tardemark) 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

DIPORTOFINO

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 (...)»

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.

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 made 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» 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?

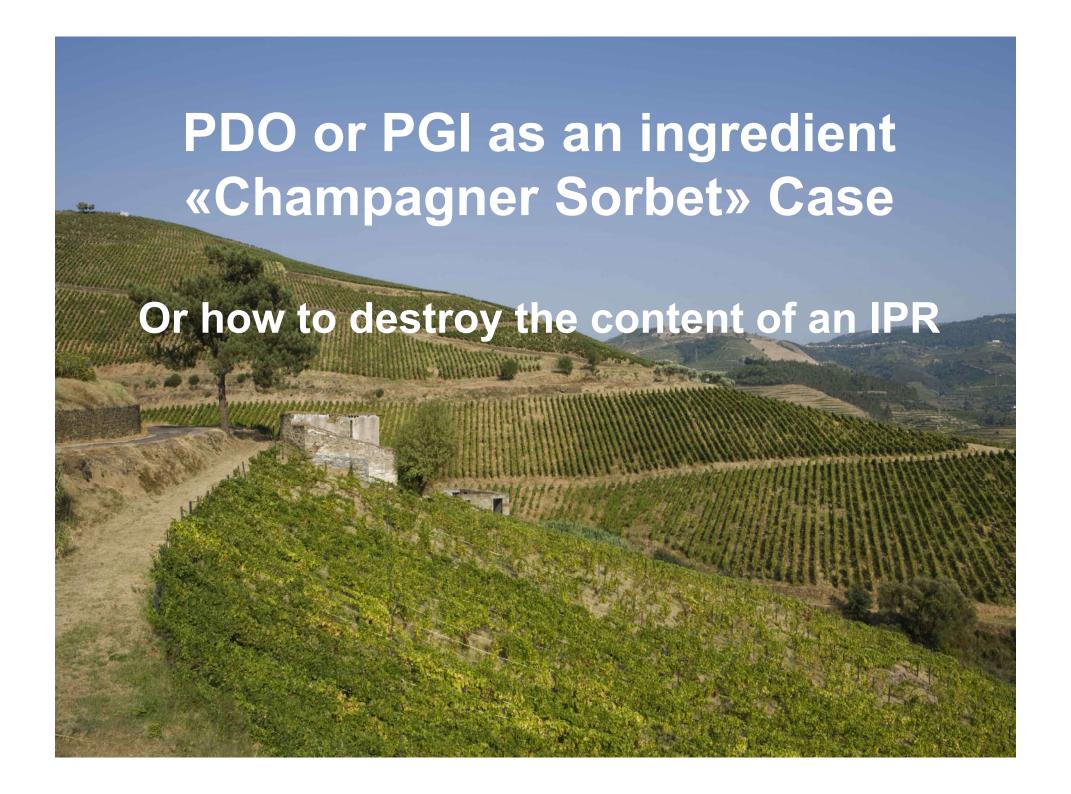
For the ECJ there is **no risk of confusion**, **association**, **evocation** and there is **no undue exploitation of the reputation**

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

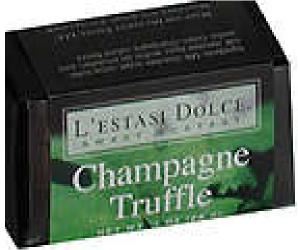
Some interesting details concerning this case:

- 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..

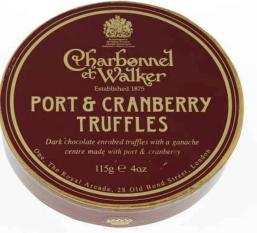
Well, if we don't **know the name that is protected as a PDO and consider Port as a generic term**, why do we care about designations of origin and geographical indications?

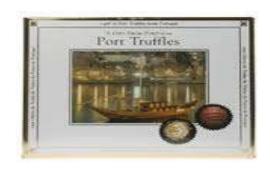








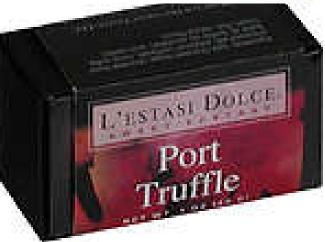












INGREDIENTS

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 innove fort!

Sur l'entier...



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.









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...

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

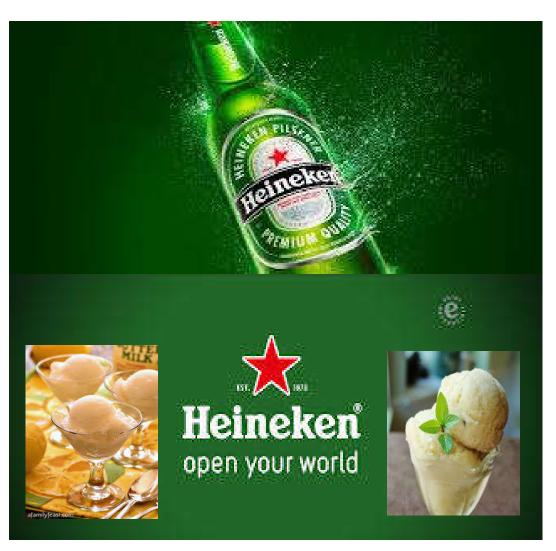
The **image** of the PDO Champagne is clearly **transferred** to the sorbet

In fact we could even think that we were facing a **iced Champagne...**

COCA-COLA SORBET



SORBET HEINEKEN











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.

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).

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...

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

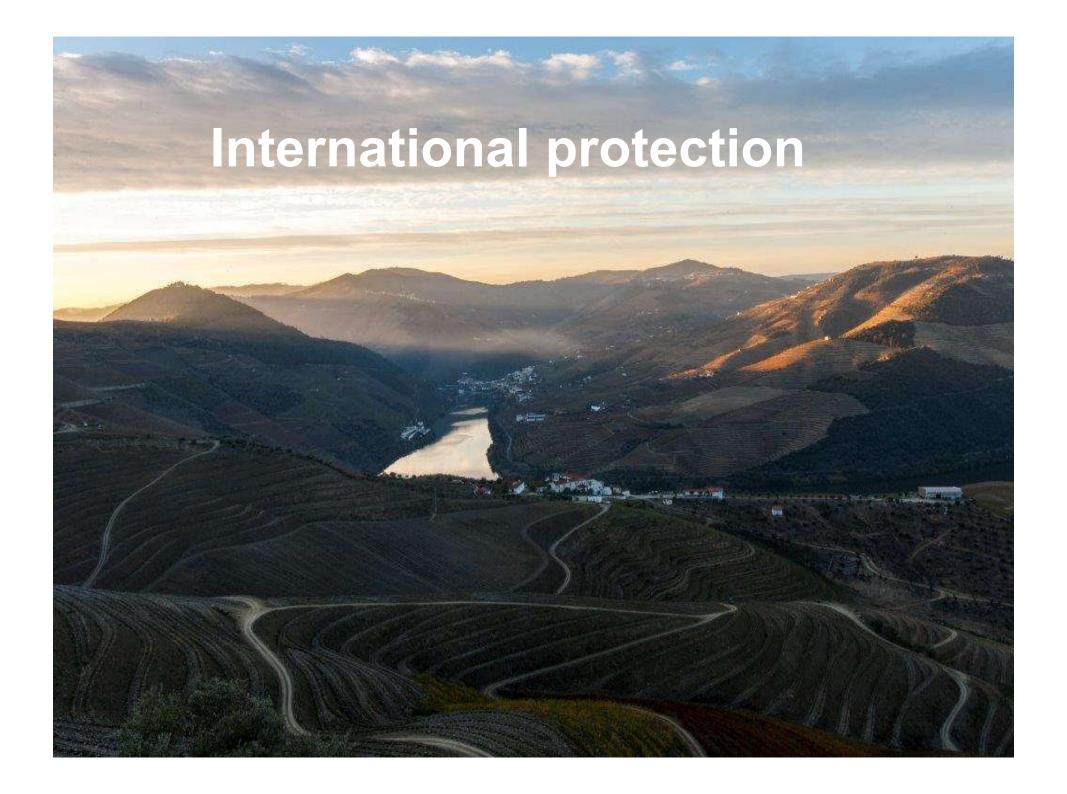
The problem is the **protection of the investment** made by producers and traders on the use of the PDO or PGI

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 no 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.



Map of Pangaea

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

