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GI Inconsistency Cries out for new rules

Shakespeare famously asked: "What's in a name? That which we call a rose by any other name would smell as sweet". The answer these days has a lot to do with where the name originates, because, to owners of geographical indications (GIs), names have everything to do with a product's premium.

This article will explore the existing framework for protection of GIs in India, some practical issues around the of GIs against the larger framework of TRIPS Agreement and the proposed new law on GIs passed by the Indian parliament.

The first international agreement to use the expression 'geographical indication' was the TRIPS Agreement which defines the expression as "indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin".

The international protection of GIs has evolved stage by stage and on various levels. Until the TRIPS Agreement, protection was mainly based on the Paris Convention and its special agreements namely, the Madrid Agreement 1891 (Article 19) and the Lisbon Agreement of 1958. Further, there is a more recent regional agreement through the EC regulation 2081/92 to protect geographical indications and designations of origin for agricultural products and foodstuffs.

Before the TRIPS Agreement, national protection for GIs was afforded through two means; through a *sui generis* legislation (e.g., the Scotch Whiskey Act for protection of Scotch Whisky) and through the certification trademark scheme (such as protection of "Stilton Cheese" as a certification trademark in the UK).

Forms of Protection

The international community was propelled to think of a specific protection for GIs only after the TRIPS Agreement. The TRIPS Agreement warrants the WTO members to provide for two levels of protection for GIs. At a general level, under Art. 22 every WTO member is obliged to protect GIs against consumer deception and against acts of unfair competition. Towards this end, members are to provide legal means for interested parties to prevent

the use of indications deceptive as to origin or misleading indications. Further, members are to bar registration of trademarks that contain or consist of false GIs.

Under Art 23, there is a more specific level warranted and it would not be incorrect to say that this level was incorporated to strictly serve the interests of some major wine producing countries. Additional protection is stipulated for GIs relating to wines and spirits, even where there is no possibility of misleading the public. In other words, where the true origin of the goods is indicated or where the geographical indication is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” etc.

The Indian Situation

The existing legal framework does not specifically provide for protection of GIs. However, it is possible to protect GIs under three existing legislations in India, namely, the Trade & Merchandise Marks Act, 1958, the Consumer Protection Act, 1986 and the Monopolies and Restrictive Trade Practices Act, 1969.

The Trade & Merchandise Marks Act, 1958 ('TMM Act')

There are two types of protection available under the TMM Act, namely, protection as a Certification Trade Mark and protection through a passing off action.

Certification Trade Mark

Section 2 (c) of the TMM Act defines “certification trademarks” to mean “a mark adapted in relation to goods to distinguish in the course of trade, goods certified by any person in respect of origin, material, mode of manufacturer, quality, accuracy or other characteristics from goods not so certified and registrable as such”.

So a certification mark certifies that the goods conform to certain standards that are laid down and enforced by the owner of the mark. The owner does not carry on business, but licenses the mark for use to those who want to use it and ensures that the standards are met by all the licensees. Examples of GIs registered as certification trademarks in India are the ‘Darjeeling’ logo as well as the ‘Darjeeling’ name by the Tea Board of India in respect of Darjeeling Tea, ‘Woolmark’, etc.

Passing-off

At its simplest, the principle of passing-off can be stated as “no one is entitled to pass off his goods as those of another”. Passing off is concerned with misrepresentations made by one trader which damage the goodwill of another. Misrepresentation, damage and goodwill are, therefore, the three essential elements of the tort of passing off. The principle of passing off is recognized under the TMM Act under section 28, which provides for protection of unregistered trademarks.

Scotch whisky is one oft-protected GI through passing off actions before Indian courts. The actions initiated by the Scotch Whisky Association have restrained the use of expressions such as “Peter Scot”, “Highland Chief”, “Blended with Scotch” etc., by defendants in respect of Indian made whiskies. India being a common law country, it becomes easy for rights holders to protect GIs by merely proving reputation and goodwill enjoyed by their GIs in India. They have an added advantage of the extremely liberal interpretation of trans-border reputation by Indian courts where physical presence of the goods or services in India is not mandatory.

Consumer Protection Act, 1986 ('CPA') & Monopolies and Restrictive Trade Practices Act, 1969 ('MRTP Act')

The MRTP Act defines “unfair trade practices” as a trade practice which, for the purpose of promoting the sale, use or supply of any goods or for the provision of any services, adopts one or more of the following practices and thereby causes loss or injury to the consumers of such goods or services whether by elimination or restricting competition or otherwise:

The practice of making any statement, whether orally or in writing or by visual representation which:

- (i) falsely represents that the goods are of a particular standard, quality, grade, composition, style or model;
- (ii) falsely represents that the services are of a particular standard, quality or grade;
- (iii) represents that the goods or services have sponsorship, approval, performance, characteristics, accessories, uses or benefit which such goods or services do not have.

The definition of ‘unfair trade practices’ in the MRTP Act is incorporated in the CPA. It is, therefore, possible under these two legislations to initiate action against untrue representations. Some instances of successful action are where defendants were restrained from making representations such as

“Egyptian Cotton” in respect of cotton of non-Egyptian origin, “Made in Japan” in respect of tape-recorders of non-Japanese make etc.

Global GI protection

Ideally, any legislation to protect a GI should simply create a public register of defined characteristics of registered geographical indications, which will serve as a point of reference for determining whether or not a given product is genuinely entitled to the geographical indication concerned. In other words, any person who meets the recorded characteristics is entitled to use the geographical indication without any formalities as to registration or licensing. Any kind of misuse or abuse of the same will be monitored by the collective body responsible for the protection of the GI which would be usually a trader’s association like the Scotch Whisky Association.

However various countries follow various frameworks for protection of GIs. In this context it would be interesting to examine three specific problems that arise in the international protection of GIs as discussed below:

(1) Although there is a specific mandate for member states under TRIPS to protect GIs, countries like the US and UK still do not have any specific legislation enacted to this effect and they claim that their certification trademark regime is sufficient to protect GIs. It is not clear how these countries are being tolerated by WTO for not enacting specific legislation for protection of GIs. Even regional trade groups like the EU are too harsh on developing countries like India. When India wanted to protect some of its GIs pertaining to agricultural products under the EC Regulation 2081/92 through the reciprocal arrangement provision offered therein to non-EU members, she was informed that the existing Certification Trademark regime would not be considered sufficient for the purposes of reciprocity and that there should be a separate legislation for protection of GIs.

Other countries like Japan offer protection to GIs under their “Collective mark” regime. A collective mark regime, is where members of a particular association are allowed to use the mark. There is no requirement about maintaining quality or conforming to conditions in a collective mark. However, pursuant to TRIPS, various countries like India, Singapore, Malaysia etc., have enacted specific national legislations for protection of GIs.

Lastly, there are countries which are not members of WTO and flout all possible rights in GIs belonging to other countries.

It can, therefore, be seen that despite the TRIPS mandate, the framework for protection offered by various countries for GIs varies. So the first problem faced by a GI unlike other IP rights is that it does not have a consistent form of protection in all countries. It can, therefore, be seen that a particular GI may not enjoy the same standard of protection in say US, India and Japan. This makes it difficult for the rights owners to have a uniform and standard protection for GIs.

(2) The second problem faced by GIs arise out of the civil law and common law divide among various jurisdictions. In a civil law country, protection is afforded to a foreign GI only if there is a home registration coupled with a prior registration in that country. However, in common law countries like India and the UK, GIs are protected purely based on the reputation enjoyed by the GI in these countries. Hence, although France being a civil law country insists on home registration and registration in France to protect a foreign GI, one of France's most prized GIs, Champagne will be protected by Indian or UK courts devoid of any home registration or registration in these countries. However, if an unregistered Indian GI is being violated in France, it becomes very difficult for India to assert its rights due to the rigid framework existing in France which will not grant protection to a GI merely based on the reputation and goodwill enjoyed by the GI in France and India.

Another related issue is when a GI is misused in a civil law country in respect of entirely different goods, even a home registration and registration in the country where protection is sought does not help and protection is denied on the ground that the use/registration relates to entirely different goods. However, the GIs of civil law countries, if misused in respect of dissimilar goods, are protected in common law countries by applying the principle of dilution to these GIs. One such instance is the Elder Flower Champagne case where Champagne houses of France successfully prevented the use of Champagne in respect of non alcoholic beverages in the UK.

(3) The third problem relates to the higher level of protection mandated for wines and spirits under Article 23 of TRIPS. It is opportune for the world community to look into countries whose economies are dependent on products other than wines and spirits. Very often developing countries like India are at a loss to understand why their prized GIs are mercilessly violated in some countries.

Proposed GI law in India

The Indian Parliament has enacted the Geographical Indication of Goods (Registration and Protection) Act in the year 1999. The Rules under the Act also have been framed in the year 2001. However, the Act is yet to be notified into effect. The definition of GIs in the Act is heavily borrowed from Art. 22 of TRIPS and Art. 22.1 of EC Regulation 2081/92. The definition reads as follows:

“geographical indication in relation to goods, means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in any case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be”.

The Act defines “goods” to mean ‘any agricultural, natural or manufactured goods or any goods of handicraft or of industry and includes foodstuff’.

Yet another definition worth mentioning here is that of “authorized user”, defined under the Act to mean the authorized user of a geographical indication.

The Act creates a geographical indications registry as well as a geographical indications register to be kept at the GI registry. All the registered geographical indications with the names, addresses and descriptions of the proprietors and authorised users and such other matters relating to registered geographical indications are to be entered in the register.

The Act does not protect geographical indications, *inter alia*, which have become generic names and, therefore, cease to be protected in their country of origin or which have fallen into disuse in their country of origin.

Any association of persons or producers representing the interests of the producers of the concerned goods may apply in writing in the prescribed format to the Registrar seeking registration of the GI concerned. Such application shall contain, *inter alia*, a statement as to how the GI serves to designate the goods as originating from the concerned territory or region in respect of the specific quality, reputation or other characteristics of which are due to the geographical environment with its inherent natural and human factors and the production, processing, preparation etc. The

statement is to also contain particulars of the producers of the concerned goods.

Any person claiming to be an authorised user of the GI may also apply in writing in the prescribed manner to the Registrar for registering him as an authorized user of such GI.

The Act gives exclusive rights to authorized users for use of the GI. It also provides for a remedy of an action for infringement for authorized users and registered proprietors in the case of a registered GI. It also provides for a remedy of passing off in respect of unregistered geographical indications. A registered GI is infringed by a person who not being an authorized user thereof, *inter alia*, uses such GI in a manner which misleads the persons as to the geographical origin of such goods or uses it in such a manner as to constitute unfair competition or passing off.

The Act prohibits registration of GIs as trademarks. However, in compliance with TRIPS, if a trademark was adopted / applied for/ registered in good faith before the commencement of the Act or before the date of filing of the application for registration of such GI under the Act, nothing in the Act will prejudice the registrability or the validity of the registration of such trademark, or the right to use such trademark on the ground that such trademark is identical with or similar to such geographical indication. Like Art. 24.5 of TRIPS, the Act has also decided to leave it ambiguous as to whether the trademark owner can actually oppose such registration of the GI or whether such trademark and GI can co-exist. It appears that the legislators have blindly copied Art. 24.5 of the TRIPS.

The Act makes it a criminal offence *inter alia*, to falsify a GI or falsely apply a GI.

What ails the new law?

The obvious lacuna of the new law is that it has an excessive flavour of trademark law. It appears as though most of the provisions of trademark law were blindly incorporated into the new law. Let us look at some of the major defects of the new law.

- (i) Though the definition of "goods" under the Act has been expanded to cover "goods of handicraft" and "foodstuff", the definition of "geographical indication" does not reflect the full ambit of the definition of "goods" and is apparently restricted to "agricultural goods, natural goods or manufactured goods" only. It would be necessary to clarify that the definition of geographical indication

under the Act would apply to all the categories of goods as defined thereunder.

- (ii) The Act does not bar subsequent applications for registration of the same GI. This will result in multiple conflicting specifications of a GI and, besides causing administrative difficulties, could create confusion as to characteristics in the market place, thereby diluting or whittling down the integrity and significance of such GI.
- (iii) The requirement that in an application for a GI particulars of the producers of the concerned goods must be mentioned is not only irrelevant to the objective of the Act, but also practically impossible to administer.
- (iv) The concept of an authorized user is an anomaly since, as explained before, the purpose of any GI law should be to simply create a public register of defined characteristics of registered geographical indications, which will serve as a point of reference for determining whether or not a given product is genuinely entitled to the geographical indication concerned. The intention was not to interfere with the right of use of legitimate producers by subjecting them to a procedure for registration.
- (v) The provision giving exclusive right of use of the GI to authorized users is inconsistent with the provision which enables all users to register themselves as authorised users. Even though the rights of such multiple authorised users are preserved as against themselves, the provision enacted in this behalf is misconceived because it has its origin in the TMM Act and is intended to cover situations of honest concurrent users of identical or similar trademarks registered on the register under section 12 (3) of the Act.
- (vi) Rule 32 of the Geographical Indication of Goods (Registration & Protection) Rules 2001 which stipulates the contents of the application for registration of a GI has certain impossible requirements. As explained before, the application should contain a statement containing certain particulars about producers of the goods etc. The following is an extract from one of the requirements in the statement given in Rule 32 (1) (6) (g):

"A comprehensive textual description of the proposed boundary in respect of geographical indication in relation to the goods in respect of which registration is sought. The text must identify the natural features, man-made features and the grid difference that have been

used. The boundary must begin from a well-defined starting point and the description should follow a clockwise direction”

With provisions like this there is no denying that the new Act is more restrictive than liberal to rights holders. It has to be seen how many GIs would get registered under the new law.

The unfinished agenda

India is a country with diverse agricultural, natural and manufactured products. Each and every state in India has regions that are famous for certain products, whether manufactured or produced. For instance, Paschmina wool shawls from Jammu & Kashmir, Basmati rice from the states of UP, Haryana & Punjab, Darjeeling tea from West Bengal, Sambhalpuri cotton from Orissa, Alphonso mangoes from Maharashtra, Pochampalli Silk from Andhra Pradesh, Coorg Coffee, Mysore sandal and Mysore silks from Karnataka, Malabar pepper from Kerala, Kancheevaram silks from Tamil nadu etc. The list goes on and on. Despite the new GI law, is India any better off in protection of its GIs nationally? Devoid of an effective framework for national protection, how far can India claim protection of these GIs in foreign jurisdictions?

India has been pushing its case before the WTO for an Art. 23 type protection for its geographical indications. In an economy against the backdrop of technological advances, and, where national boundaries are disappearing along with trade barriers, can the WTO afford to serve the interest of just one section of wine traders and ignore the rest? Even today, there are some developed countries like Australia and Canada which have GI legislations only in respect of wines and spirits. It is a debatable issue whether these countries are in violation of Art. 22 of TRIPS. How can a country like India which has more GIs relating to agricultural and manufactured products protect its rights in these countries? Also, what steps can be taken at the WTO level to standardize the protection for GIs internationally? It would also be interesting to examine what answers WTO or TRIPS Agreement has for these and other issues like the civil law versus common law question.