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Protection of Trademarks and Geographical Indications

SUMMARY: 1. Introduction. – 2. Geographical indications used as Trademarks: the ‘Iceland vs. Iceland’ case. – 3. The protection of Geographical Indications. – 4. Conclusion.

1. *Introduction*

Historically, the use of Trademarks has been fundamental – and it is still today – to identify and distinguish goods and products from each other, and to provide businesses with a revenue from the exclusivity of their goods. However, it should be noted that today competition is fiercer than ever so, for a business it may not be enough to be recognizable through its brand: a further element is needed to distinguish goods and services.² It is in this context that Geographical Indications prove to be essential. Trademarks and Geographical Indications are both distinctive signs of a good or service that allow consumers to associate a particular quality with a product. In particular, Geographical Indications work as a guarantee of terri-

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² M. BLAKENEY, «Proposals for the International Regulation of Geographical Indications», *The Journal of World Intellectual Property*, IV, 5, p 629 – 630.

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torial origin, while Trademarks, having a distinctive and attractive function, provide a guarantee for the source of the product.

The article 22.1 of the TRIPS Agreement³ defines geographical indications as *«indications which identify a good as originating in the territory of a Member [of the World Trade Organization], 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 idea behind Geographical Indications is simple and familiar to every consumer who chooses to buy products like "Cognac", "Porto", "Havana" and many others, which are famous for their geographical origin. Although the geographical indication is generally applied to agricultural products such as foods, wines, beers and others, their use is not limited to them only. Think of handcraft goods that are often produced in accordance with local resources and traditions

Essentially, if a sign works as a Geographical Indication, it is a question of national legislation and consumer prerogative, in fact, a Geographical Indication can be both the name of the place where the product originates or the name associated with it. Furthermore, a Geographical Indication is properly working if it creates a direct link between the product and its original place of production, which should confer quality or a high reputation to it.

By way of exemplification take the appellation "SWISS" related to a watch. It means that the watch was originated in Switzerland in accordance with the quality, tradition, and know-how principles of Swiss watchmaking, which is known to be one of the most important around the world.

The Federation of the Swiss Watch Industry ruled upon the use of the term "SWISS", declaring that the aim is to *«guarantee satisfaction of the consumer who, when buying a Swiss made watch, expect it to correspond to the quality and the reputation of Swiss watchmaking tradition and therefore to be manufactured in Switzerland and to incorporate a high added value of Swiss origin»*.

³ Agreement on Trade-Related Aspects of Intellectual Property Rights, signed at Marrakesh on April 15, 1994.

Despite several similarities between Trademarks and Geographical Indications, however there are also some differences, that have to be highlighted in order to accurately address the relationship between Trademarks and Geographical Indications.

On the one hand, a Trademark helps consumers to link a good or service with a specific company. It could be used by its owner or by someone else who is authorized, it could be also assigned or licensed to anyone and everywhere around the world, since it is related to a company and not to a specific place. On the other hand, a Geographical Indication helps consumers associate a product with a particular quality, reputation or characteristic, due to its place of origin. It may be used by everyone in the specific area of production, and it can be assigned or licensed to anyone only in that location, not to someone outside the place of origin.

However, it is not rare to encounter a Geographical Indication working as a Trademark. The European Court of Justice (ECJ) ruled upon this issue in the famous Chiemsee case,⁴ where it declared that geographic marks can be registered, as long as the public does not associate that mark with the geographic area, but rather with the Trademark owner. The majority of the Trademark law systems agree that a mark that designates a geographic location is insufficiently distinctive, legally speaking.

A company located close to the lake Chiemsee (in Bavaria, Germany) registered the Trademark “Chiemsee” as a picture mark to be used in relation with sportswear under German law. Another company – a direct competitor – also was using a picture mark with the designation “Chiemsee”, and so it took objection against the second company, arguing that

⁴ Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber and Franz Attenberger, Joined cases C-108/97 and C-109/97.

under Article 3(1)(c) of the Harmonization Directive⁵ the mark was unregistrable because it was a “geographically descriptive” mark, since consisted of the name of the lake. The case was brought before the ECJ after reaching the national court of last resort. The latter asked the question whether any and all registrations for geographically descriptive marks must be refused under the First Council Directive 89/104/EEC of December 21, 1988. The Court ruled that it is not true that since the word “Chiemsee” is an indication that designates geographical origin, therefore it must remain available for use by others. Instead, the ECJ held that there is no absolute obstacle to the registration of a geographical name if the applicant can prove that the Trademark in question has acquired a sufficient secondary meaning so that it identifies the origin of the goods and the Trademark can distinguish it from competitors.⁶

The problem has also arisen on the other side of the Atlantic Ocean, where if the Trademark consists in the name of the place of origin of the good being sold or the service being offered, this cannot be registered and therefore it would be a weak Trademark. Generally, geographic indications remain public so businesses operating in those geographic areas can exploit that word without violating any rights. But, this is true for places known to Americans, in fact, the Court of Appeals for the Federal Circuit in *In re the Newbridge Cutlery Co.* case,⁷ held that despite the Trademark “Newbridge Home” involved the name of the place as the source of the goods (cutlery from Newbridge, Ireland), since Americans are generally unaware of that place, the Trademark was not geographically descriptive, meaning that it wasn’t misleading and, therefore, registrable. Finally, in the US system the registration of a Trademark consisting of a place name will be barred if it would mislead people as to the origin or location of your goods or services.

⁵ First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, available here: <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:31989L0104&from=IT>.

⁶ See supra n. 4, paragraph 55.

⁷ USPTO Board of appeal, 15 January 2015, available here: https://efoia.uspto.gov/Foia/RetrievePdf?system=FCA&flNm=13-1535_1.

2. *Geographical indications used as Trademarks: the 'Iceland vs. Iceland' case*

A very serious problem is the use and registration of a country name as a Trademark, since it becomes impossible for the country itself and its companies to use the name, i.e. in state promotional messages. And of course, this causes confusion about the origin and the quality of products and services on the market. The first issue is to understand and define the expression "country name".

The WIPO is currently discussing this by trying to gather international consensus around a "country name" definition that does not undermine competition, as the US emphasized during the 37th session of the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, where many states tried to draft a first definition, and the result was that the term "country name" defines *«the official or formal name of the State, the name that is in common use, translation and transliteration of that name, the short name of the State, as well as use of the name in abbreviated form and as an adjective»*.⁸

This definition received comments by many Member States, including:

France:

«Under national Trademark law, country names do not constitute a specific category. They constitute a type of geographical term that can be validly filed as a mark like any other denomination, as long as it is distinctive. The French system does not derogate from this principle in the case of country names, as long as the term is neither descriptive nor deceptive. National practice can in fact consider

⁸ Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, Thirty-Seventh Session Geneva, March 27 to 30, 2017, available here: http://www.wipo.int/edocs/mdocs/sct/en/sct_37/sct_37_3.pdf

all the alternatives proposed in possible Area of Convergence No. 1. However, these different variations are not automatically or systematically protected».

Germany:

«Under national Trademark law, “country names” do not form a category of their own. They are a particular type of indication of geographical origin. As a rule, such indications are refused registration as a descriptive reference to the origin of the goods and services as well as the lack of distinctive character. However, Germany supports the definition of what is deemed a country name in possible Area of Convergence No. 1».

Italy:

«According to Article 11, paragraph 4 of the Industrial Property Code (CPI) a geographic mark may be registered, provided that it does not create situations of unjustified privilege and/or undue advantage and it does not hinder the development of similar initiatives in the region».

Iceland:

«In Iceland, a country name is considered to cover, at least for the purposes of examination, the official or formal name of the State, the name that is in common use, translation and transliteration of that name, the short name of the State, as well as use of the name in abbreviated form and as an adjective. According to established practice of the Icelandic Patent Office (IPO), Trademarks consisting solely of a country name are not registered as wordmarks. Marks which contain a country name can, however, be registered if the overall impression is considered distinctive and not deceptive for the goods/services in question. Examples of national practice are provided on page 1 of Annex II».

As demonstrate this is a very complex defining work which stimulates the international debate on the protection that it is necessary for country names. Obviously, this issue is not just theoretical, but also practical. In fact, it is not rare that businesses use country name as Trademark.

The last reference about Iceland is not casual: it has been at the center of what the tabloids called “the cold war”.

The Iceland case is exemplary and shows strong gaps in the international protection of country names. Indeed, Iceland has signed the Paris Convention for the Protection of Industrial Property, is an active member of the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO), but independently of that it had to fight to defend itself in a number of cases involving the misuse of its country name. The most well-known case was called by newspaper headlines: Iceland vs. Iceland.

The State brought a legal action against a British supermarket chain, Iceland Foods Ltd., which registered the name "Iceland" in the United Kingdom in 1997 for the sale of food and beverages, and extended it, in 2002, to the services area. Furthermore, a Trademark by the EUIPO (European Union Intellectual Property Office) was granted, in 2014, in eight classes: 7,11,16,29,30,31,32 and 35. Although many Icelandic companies tried to officially and legally block the supermarket company, however the Trademark was successfully registered on the 16th of September, 2014.⁹

Therefore, Iceland Foods Limited exercised its exclusive right to prevent any Icelandic or non-Icelandic companies from register an "Iceland" Trademark and, above all, the Icelandic State which wanted to register the "Inspired by Iceland"¹⁰ motto.

In addition, the supermarket chain was accused of strongly attempting to sue the companies that were using the word "Iceland". Thus, the Icelandic government, in recent years, has tried to negotiate with Iceland Foods Ltd. the use of the word "Iceland" with the aim of protecting small local businesses interested in using it. These attempts to negotiate between the two parties have failed, in fact now the government has decided to attack the supermarket chain in order to officially invalidate its "Iceland" Trademark.

⁹ For more information: <https://euipo.europa.eu/eSearch/#details/trademarks/011565736>.

¹⁰ Opposition No B 2 584 459, available here:

<https://euipo.europa.eu/eSearch/#details/trademarks/014350094>

Last November, the Iceland's Minister of Foreign Affairs, SA-Business Iceland¹¹ and Promote Iceland¹² promoted a judgment before the EUIPO asking it to rule upon the invalidity of the registered Trademark since it is descriptive and hasn't distinctive character, since it is a mere geographical indication.

It must be highlighted that in the United Kingdom the mark could be recognized as a well-known Trademark because of its certain distinctive character, meaning that the satisfaction for the Icelandic Government could be limited. But, can the same be said for the other several countries throughout the European Union, such as Spain, Portugal, Greece and Franc, in which the English chain also operates, creating confusion about the actual origin of the products?

Recently, Iceland Foods Ltd. seemed interested in making an effort to resolve amicably the dispute with the Icelandic government. For both parties, a settlement would certainly represent the best outcome, as it could potentially lead to avoid a rather lengthy and costly legal battle through the EU Courts. But also, those negotiations have broken down: the Icelandic government clearly do not think that the Trademark by Iceland Foods is eligible, so by apply for a declaration of invalidity, the Government claims that the mark should never have been registered in the first place. According to the plaintiff, this mark is lacking of any distinctive character since it may only serve in trade to designate the geographical origin of the goods or service. Furthermore, it deceives the public because of its nature, for instance as to the quality, nature or geographical origin of the goods or services.

¹¹ SA-Business Iceland is a service organization for Icelandic businesses. SA projects include negotiations of collective agreements with unions on wages and working conditions, the advocacy of an internationally competitive legal and regulatory environment, and the interpretation and communication of decisions by governmental authorities that directly affect the business environment. More information available here: <http://sa.is/sa-business-iceland>.

¹² Promote Iceland is a public-private partnership established to improve the competitiveness of Icelandic companies in foreign markets and to stimulate economic growth through increased export. More information available here: <http://www.islandsstofa.is/en/about>.

As the case is pending, it is likely, taking into consideration the current policy of EUIPO and the European jurisdiction, that the Trademark registration for “Iceland” will be abolished. Therefore, if Iceland Foods Ltd. wants to save its right, will then have to prove the acquired distinctiveness through use in the EU.

In the end, it is likely that whether a Geographical Indications can be used as a Trademark is an issue that will be decided with a case-by-case approach.

3. *The protection of Geographical Indications*

Another important issue is, with regard to the subject of this paper, which system provides a better protection for Geographical Indications? The debate is focused on two options: the existing Trademark law, or some new *sui generis* right. Arguments are raised in both directions, and there seems to be no global consensus on this issue.

3.1) Protection by means of *sui generis* right

In some countries, Geographical Indications are protected through a specific system tailored upon them. This system generates generic rights, distinct from the Trademark or any other IP rights. This type of protection exists already in several States such as India and Switzerland, and also in the European Union, with exclusive reference to wines and spirits, agricultural products and foodstuffs. If these States agree upon the necessity of a *sui generis* uniformed system, the same cannot be said for its specific rules. Generally, a registration request must contain:

- 1) the delimitation of the geographical area within the goods or services are produced or supplied;
- 2) a description of its characteristics;
- 3) the standards to which the user of the right should conform.

All of this constitutes in a document called "the product specification". Such a *sui generis* right protects the use of the Geographical Indication that would mislead consumers on the true geographical origin of the product.

Examples of goods protected by means of a *sui generis* right are the Argan Oil, a particular oil from Morocco, and Gruyère, a cheese form from Switzerland.

3.2) Protection by means of Collective marks and certification marks

Other countries like China, USA and Australia, instead, protect Geographical Indications under Trademark law and, more specifically, through collective marks and certifications marks. Going from state to state there are many differences between collective marks and certifications marks, but the common feature is that there may be more than one person using this type of marks, as long as:

- 1) the users respect the rules and the standards decided by the holder;
- 2) the mark must be used only in relation to goods connected with that particular geographical area or with those specific characteristics.

The main difference between the collective marks and the certification marks is that the former can only be used by associated parties, while the certification marks can be used by anyone who adjusts to what the holder has decided. Therefore, the protection of Geographical Indications is guaranteed, under Trademark law, against those who use it in a trade *«without having the owner's consent to use in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the Trademark is registered where such use would result in a likelihood of confusion»*.¹³

Examples of goods protected by collective marks or certification marks are Idaho Potato for potatoes grown in the State of Idaho, in the United States of America, and Puer for a dark tea from the Yunnan province, in China.

¹³ Article 16 of the TRIPS Agreement, available here: https://www.wto.org/english/docs_e/legal_e/27-trips_04_e.htm.

In the end countries could create a specific system for Geographical Indication protection, or they could award protection to the Geographical Indications by means of Trademark law.¹⁴ Nevertheless, the rights related to Geographical Indications are granted to every producer¹⁵ of that particular good, in that particular geographical area. As already pointed out, the right to use the Geographical Indication is not conceded to producers who operate outside the geographical area, and it cannot be transferred to anyone else.

4. Conclusion

Nowadays it has been established the tendency among consumers to buy goods and food of particular origin, even if it is very costly. Therefore, consumers want to know the geographical and commercial origin of the goods and services they desire. That is why Geographical Indications, functioning as guarantees for these features, are indispensable. As for Geographical Indications to play this key role in the international marketplace, it is preferable a transnational *sui generis* system, in which the legal framework should be reliable and efficient. Since there is a world-wide issue at stake, what it is needed is a multilateral approach, in which all the States cooperate in order to achieve a sustainable and commonly accepted outcome.

¹⁴ F. ADDOR, A. GRAZIOLI, «Geographical Indications beyond Wines and Spirits: A Roadmap for a Better Protection for Geographical Indications in the WTO/TRIPS Agreement», *The Journal of World Intellectual Property*, V, 6, p. 869.

¹⁵ See *supra* n 1, p. 632.