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## TRADEMARKS

The future of the TTIP and the future of the prevailing regime for GIs are both uncertain. Trademark and GI owners should prepare to interact with the new administration to ensure that their interests are taken into account.

### What Reviving the TTIP Agreement Could Mean for the Future of Geographical Indications



BY KIRSTEN E. DONALDSON AND JOHN V. HOBGOOD

Some of the most famous and luxurious brands (Champagne, Bordeaux, Port) around the world are geographical indications (GIs) and bring in substantial revenue for the United States and Europe. According to the European Commission Agricultural and Rural Development Department, the EU accounts for 45 percent of world wine-growing areas, 65 percent of production, 57 percent of global consumption and 70 percent of wine exports globally. Per data from the Wine Institute, the U.S. has been the largest wine consuming nation in

*John V. Hobgood is a partner and Kirsten E. Donaldson is a counsel at Wilmer Cutler Pickering Hale and Dorr LLP. The remarks and views expressed herein do not reflect the business or legal opinions of WilmerHale. The remarks and views expressed in this paper are not legal advice, and the remarks contained herein reflect the authors' opinions at the time they were written and such opinions may change over time.*

the world since 2010 and U.S. wine exports, 90 percent from California, reached a record \$1.61 billion in winery revenues in 2015, with the majority of exports going to the EU.

While President Donald Trump has not formulated a final position on whether his administration will pursue the Transatlantic Trade and Investment Partnership Agreement (TTIP), a White House official has indicated that TTIP “could be considered a one-on-one trade deal given the way that the EU, with its shared economy, acts as a single economic bloc.” (Megan Cassella, “White House officials leave door open to resume TTIP talks,” Mar. 10, 2017.)

This article offers an analysis of one of the most controversial provisions being contemplated in TTIP: geographical indications. It gives a brief background on GI protection and enforcement in the U.S. and the EU; analyses the potential effect of TTIP; and concludes with observations on the future of GI protection in advance of TTIP's potential ratification.

### What are Geographical Indications?

#### TRIPS:

Article 22 of the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) defines GIs 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.” (TRIPS, Article 22.) A good identified by a GI may have exceptional quality due to its physical source; but, a GI's distinction also often comes from the specific (of-

ten age-old) processes and qualities that accompany production of such a good.

As members of the WTO, the U.S. and the EU are both subject to the requirements of the TRIPS agreement, which entered into force in 1995. TRIPS requires members to legally prevent the use of GIs that “indicate[] or suggest[] that the good in question originates in a geographical area other than the true place of origin in a manner which *misleads the public* as to the geographical origin of the good.” (TRIPS, Article 22.) TRIPS Article 23 provides heightened protection for wines and spirits, *even where* the true origin of the goods is indicated or the geographical indication is accompanied by expressions such as ‘kind’, ‘type’, ‘imitation’ or the like.” TRIPS, Article 23. In other words, even if the consumer is not confused that the “Cognac-type” spirit is not from “Cognac,” TRIPS disallows such use.

As in most treaties, certain exceptions to the rules are allowed, for instance, for GIs and trademarks that were in continuous and good faith use prior to the date of application of the TRIPS Agreement (TRIPS, 24(4-5)) or where so-called “homonymous” GIs exist (different regions with identically-named products) (TRIPS, 23(3)).

But the most hotly contested exception is in Paragraph 6 of TRIPS Article 24, which allows a country to use “genericization” as a defense to protecting another country’s GIs, so long as the term became generic in that country prior to 1995. For example, Korbel’s “California Champagne,” was allowed to continue use of its U.S. trademark, since it was in existence before 1995. Although use of “champagne” was narrowed in the 2006 U.S.-EU bilateral wine agreement, Article 24 exceptions created a disparity of GI protection between the U.S. and the EU that remain an issue of contention in agreements under negotiation today.

Lastly, under Article 41, the TRIPS Agreement requires that members ensure availability of enforcement procedures “so as to permit effective action against any act of infringement of intellectual property rights. . .” Article 42 requires that civil judicial procedures be made available. Article 44 creates the opportunity for injunctive relief, whereas Article 45 allows a court to award “damages adequate to compensate for the injury the right holder has suffered” from a *knowing* infringer, including possible additional compensation for attorney’s fees. Moreover, nothing in TRIPS prevents a Member State from enhancing protections consistent with, but beyond the treaty, such as additional fines and criminal sanctions enacted in some EU countries.

### Other Bilateral Treaties

Beyond the agreed upon provisions for GI protection in TRIPS, the U.S. and EU have entered into two bilateral agreements: one for protection of GIs for spirits and one for protection of GIs for wine.

The first was in 1994 on “the mutual recognition of distilled spirits and spirit drinks” which guarantees protection for the following six EU names in the U.S.: Scotch Whisky, Irish Whiskey/Irish Whisky, Cognac, Armagnac, Calvados, Brandy de Jerez. The U.S. names protected in the EU are: Tennessee whiskey, Bourbon whiskey/Bourbon whiskey, and Bourbon. (See Mutual Recognition of Distilled Spirits and Spirit Drinks, U.S.-E.U., Mar. 15, 1994, L 157 (24/06/1994).)

In 2006, the U.S. and EU entered into another bilateral agreement regarding the trade of wine. Moving for-

ward, the U.S. agreed to limit the use of certain “semi-generic” terms to wines originating in the European Community for the U.S. market, including Burgundy, Chablis, Champagne, Chianti, Claret, Haut, Hock, Madeira, Malaga, Marsala, Moselle, Port, Retsina, Rhine, Sauterne, Sherry, and Tokay. In practical terms, the U.S. de-genericized the aforementioned EU GIs. The U.S. grandfathered in, however, wines with labels approved prior to signature of the agreement. In exchange, the EU agreed to allow U.S. wine producers to use certain previously prohibited terms on wine labels exported to the EC, including chateau, classic, clos, cream, crusted/crusting, fine, late bottled vintage, noble, ruby, superior, sur lie, tawny, vintage, and vintage character. (See Agreement Between the European Community and the United States of America on Trade in Wine, U.S. – E.U., Sept. 3, 2006, L 87 (24/03/2006).)

### Current state of play

There are two aspects to protection of GIs: registration and enforcement.

#### Registering GIs.

In the U.S., post-TRIPS, GIs have primarily been protected through U.S. trademark laws (as well as some unfair competition laws and at agencies that monitor agricultural goods). (See 15 U.S.C. §§ 1051-1071.)

U.S. trademark laws require proof of commercial use of an applied-for trademark or service mark in order for the mark to be registered. Section 2(a) of the Lanham Act, which in part is specific to wines and spirits, provides that improper use of a GI on such products is grounds for rejection. For other goods, trademark protection can also be used, so long as the mark is not primarily geographically descriptive (absent secondary meaning). (15 U.S.C. §§ 1052(e).) However, under no circumstances can a trademark consist of a mark which, “when used on or in connection with the goods of the applicant is primarily geographically *deceptively misdescriptive*” (regardless of a showing of secondary meaning). (15 U.S.C. §§ 1052(e)(3).)

Certification marks (a word, name, symbol that informs purchasers that the good meets certain qualifications) are also commonly used in the U.S. as a means for protection, particularly for food products. (15 U.S.C. §§ 1054.) For instance, potato growers in Idaho must apply to the certification mark owner for use of the “Idaho Potato” mark and, only after confirmation that detailed standards (variety, minimum size, ounce requirement, free from freezing, injury, or serious damage caused by dirt, sunburn, etc.) set forth by the certifier have been met, can the applicant use the mark on their potatoes.

Third parties may oppose pending applications and seek to cancel registered GIs that have been registered for less than five years on the same grounds the PTO uses to reject GI applications. One can also seek to cancel a registered GI if has become the generic name for the goods or services. (15 U.S.C. §§ 1064(3).) This requires interested parties (e.g., competitors) to actively monitor published applications and issued registrations and act affirmatively if they believe a GI has been improperly approved for publication or registered by the PTO. This can be costly and time-consuming, as critics of the U.S. GI protection system are apt to point out.

In contrast, the EU has enacted a *sui generis* system that provides a registration system that differs from traditional EU trademark registration.

Regulation 510/2006 details the registration procedure for agriculture products and foodstuffs; Regulation 1234/2007 provides the procedure for wines; and Regulation 110/2008 addresses spirits. Although EU registration for spirits enjoys an abbreviated filing path, all Regulations require at least some actions at both the national and EU levels.

GI registration is free for applicants. Once an application is submitted, the national or EU authorities verify that all specifications of the applicable regulation are met, including that geographical indication identifies a good as originating in a territory, region or locality, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. The registration process also includes publication for opposition, so that any country may object to the registration. For food and wine, an opposition period also takes place at the national level.

GIs that survive the examination process are then published on a register, announcing for the public the names entitled to heightened protection. Registered GIs are protected from direct or indirect commercial use and misuse, imitation or evocation of the name on a non-registered product (for example, qualifiers like “style” and “type” would not be permitted). GI registration protects against false or misleading information about the origin, nature or qualities. And a GI cannot become generic in the EU, nor is protection conditioned on use in the market, in contrast to the EU’s trademark laws. A GI can be registered and co-exist with an existing trademark if all the GI requirements are met, however, a trademark cannot be registered if a GI name is already protected. (See David Thual, Fanny Lossy, Q&A Manual, *European Legislation on Geographical Indications*.)

### Enforcing GIs.

U.S. enforcement of GIs consists primarily of traditional trademark remedies in U.S. courts (i.e., litigation). As with policing for attempts by others to register potentially problematic GIs, the U.S. system requires owners of GIs to act (by filing suit) to protect their rights. Critics claim this aspect of the U.S. system is a further example of inappropriate shifting of the cost and burden of the U.S. GI system onto mark owners.

In contrast, the EU GI laws provide heightened protection for GIs beyond what is available through EU trademark laws. Unlike in the U.S., registered GIs are enforced through administrative policing at the state and local levels. Although enforcement varies between EU Member States, it can take the form of civil and/or penal actions, as well as destruction of infringing goods.

### What is the current status of TTIP?

On June 17, 2013, President Barack Obama and European Commission President Jose Manuel Barroso announced that the U.S. and EU would launch into negotiations on TTIP, “an ambitious, comprehensive, and high-standards trade and investment agreement. . .to boost economic growth. . .and add to the more than 13 million American and EU jobs already supported by transatlantic trade and investment.” (*Fact Sheet: Transatlantic Trade and Investment Partnership (T-TIP)*, June 17, 2013.) Several rounds have already occurred; the fifteenth round concluded on October 7, 2016. As

has been the trend with other trade agreements, the intellectual property chapters are often considered some of the most difficult to negotiate and therefore left until the final negotiation rounds – a rubric that TTIP followed as well.

TTIP rounds came to a halt when Donald Trump was elected president of the U.S. When a president of a different political party assumes office, negotiations typically pause as new personnel are put in place and negotiating strategy and goals reevaluated to ensure consistency with the new president’s philosophy and approach. The “withdrawal” from Trans-Pacific Partnership Agreement by Trump was highly unusual—the president has signaled that future agreements will be negotiated bilaterally, with the NAFTA (three-party) renegotiation an initial exception. Until recently, it was feared that Trump would not move forward with TTIP. However, given Robert Lighthizer’s, the president’s pick for U.S. trade representative, recent Senate confirmation and German Chancellor Angela Merkel’s visit to the U.S., a White House official recently noted that TTIP may proceed since the EU acts *en bloc*, similar to the way individual countries would in a bilateral trade deal. This could mean additional rounds of negotiation for TTIP, with the controversial intellectual property, agriculture, and GI negotiations still ahead.

While the U.S.’s GI negotiation plan has not been made public, we do have some guidance from the EU on what they hope to achieve. (*The European Commission Paper on Geographical Indications (GIs) in the EU – U.S. Transatlantic Trade and Investment Partnership*, prepared by the European Commission, March 21, 2016.) For instance, the EU requests that the U.S. expand protection for GIs, such as through increased regulation at agencies like the Food and Drug Administration and the Federal Trade Commission (with regard to unfair competition laws). The EU also seeks to abolish or even limit the grandfathering of generic GIs between the U.S. and the EU that was allowed in both TRIPS and the 2006 wine treaty. However, recent reports indicate that the EU may be willing to scale back the number of specific food GI protections from about 200 on their original proposal to about 50. (*TTIP Round Produces Signs OF New Flexibilities On GIs, Services Exceptions*, Daily News, Inside U.S. Trade, April 29, 2016.) This trend of providing specific lists of protected GIs was done in both the wine- and spirit-specific bilateral treaties and may provide important certainty for both the U.S. and EU.

### Observations for the Future of GI Protection

Throughout the many iterations of GI treaty negotiations and implementations, it seems clear that both the U.S. and EU have sought to “quiet title” for their citizens relying on intellectual property and GI protection in each country of origin at the time that the treaties enter into force.

Accordingly, registering a trademark or GI in one’s home country before TTIP negotiations conclude may be important to preserve rights if a “grandfather” clause is instituted in TTIP similar to those we have seen in prior treaties. This is particularly true for U.S. brand names, given that the U.S. protection of GIs is perceived by some as less than that in the EU. Moreover, if U.S. applicants are contemplating filing for GIs in the EU, they must first secure trademark protection

in the U.S., and applicants must ensure their request meets the exacting standards of the GI specification required by the EU regulation: a hurdle that is often a challenge for non-Europeans seeking registration in the EU.

### **Conclusion**

Although the future of TTIP is still uncertain, trademark and GI owners in the U.S. and the EU would be best served to continue looking ahead for what an

agreement, or lack thereof, may mean for their businesses. For U.S. residents planning for prospective GI ownership in the EU, securing trademarks and collective marks in their countries of origin sooner rather than later may be the best course of action. However, should the “protective GI list” method prevail, trademark and GI owners, particularly in the U.S., should consider how best to promote their products to the new administration, which will be forming U.S. strategy and GI lists, as part of an important domestic industry that merits protection.