

# Case Analysis: EU Communities-Protection of Trademarks & Geographical Indication for Agricultural Products and Foodstuffs (2005)

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**Abstract:** *The dispute European Communities—Protection of trademarks and geographical indications for agricultural products and foodstuffs, which opposes the European Union with the United States and Australia, has been raised by the European regulation concerning the protection of geographical indications (GIs). This dispute has two important issues. First, the Panel has demonstrated that the European Regulation does not comply with national treatment promulgated by the Agreement on Trade-Related Aspects of Intellectual Property Rights and the General Agreement on Tariffs and Trade 1994. Second, the Panel affirmed the possibility of some coexistence between GIs and identical prior trademarks. This article considers these issues and describes the positions of the parties at the end of the dispute over protection of GIs. The first part discusses the Panel's conclusions on national treatment and the coexistence of GIs and prior trademarks. The second part provides an analysis of the relationship between national treatment and international harmonization of the rules on the protection of GIs. This shows that if the Panel findings do not annihilate the European system of protection of GIs, the United States will find it advantageous to free ride and resist any move towards the European system of protection.*

**Keywords:** European Communities, United States, Geographical Indication, Trademark

**Citation:** WT/DS174/R

**Date of Decision:** 15 March 2005

**Parties:** United States & European Union; Australia & European Union

**Third parties:** Argentina, Australia, Brazil, Canada, China, Colombia, Guatemala, India, Mexico, New Zealand, Taiwan, Penghu, Kinmen, Matsu (Chinese Taipei), Turkey

## 1. Factual Background

The Complaint was filed by the United States (“U.S.”) regarding EC Council Regulation (EEC) No. 2081/92 of 14 July 1992 (“**Regulation**”) on the protection of GI and designation of origins for agricultural products and foodstuffs and enforcement measures. Before delving into the substantive factual background of the case, it is important to look into the procedural side of the case.

Date	Particulars
14 July 1992	The regulation for protection of GI and origins was passed.
9 July 1999	The U.S. and European Communities (“EC”) held consultations pursuant to Art. 4 of DSU, Art. 64 of TRIPS, and Art. XXII of GATT 1994 but failed to resolve the dispute.
4 April 2003	Additional request for consultations was made by the U.S. but these consultations also failed pursuant to discussions on 27 May 2003.
18 August 2003	The U.S. requested the Dispute Settlement Body (“DSB”) to establish a panel with standard terms of reference.
2 October 2003	Panels were established for the U.S. and Australia.
23 February 2004	U.S. and Australia requested Director General to decide composition of the tribunal.
16 November 2004	Panel submitted its interim report to parties.
21 December 2004	Panel submitted its final report to the parties.

### Main contention of U.S.

Measures at issue are inconsistent with EC’s obligations with Art. 1.1., 3.1, 4, 16.1, 22.2, 41.1, 41.2, 41.4, 42, 44.1,

65.1 of TRIPS Agreement, Art. 2 of Paris Convention (1967), and Art. I:1, III:4 of GATT 1994.

### Main contention of EC

The measures were not adopted at the time panel was established and contentions of Paris Convention are outside the terms of reference of the Panel.

## 2. Issues

### Preliminary Issues:

- 1) Consistency of Panel Requests with Art. 6.2 of DSU.
- 2) Measures adopted post establishment of Panel.
- 3) Claims under Art. 2(2) of Paris convention (incorporated by Art. 2.1. of TRIPS).
- 4) Claim for objection procedures under GATT 1994.
- 5) Request by a third party to suggest ways on implementation.
- 6) Order of Analysis of Claims

### Substantive Issues:

- 1) National Treatment Claims
- 2) Trademark Claim
- 3) Other Claims
  - a) MFN treatment claims.
  - b) Minimum Standards of GI protection.
  - c) Claims under Part III, Art. 1.1. and 65.1. of TRIPS.

## 3. Analysis

### 3.1 Preliminary Issues

- 1) On the issue of inconsistency of panel requests, it was argued by EC that reference failed to identify the specific

measure at issue and the summary of legal basis. Panel decided that the reference identified regulation and it was not necessary that the reference had to identify specific aspects of specific measures.

- 2) On measures adopted after establishment of panel, the panel held that the regulation was not amended after the institution of the complaint and further, the measures taken after the complaint can be used as factual evidences by panel and U.S. has not challenged individual registrations.
- 3) On Paris Convention, U.S. argued that regulation imposed a requirement of domicile or establishment in EC for availability of registration. EC claimed that it was outside the terms of reference. The panel held that national treatment claims under GATT and TRIPS were enough for satisfaction of Art. 2 of Paris Convention.
- 4) On claim for objection procedures, EC claimed that U.S. had argued objection under TRIPS and not GATT. The panel decided that due process had been observed by EC and it had responded to GATT obligations.
- 5) On claim for third party requests, Mexico's request was rejected on the ground that it was outside the terms of reference. Further, the panel decided that the claims will be decided in the following order:

Section B: National Treatment Claims

Section C: Trademark Claim

Section D: Other Claims

### 3.2 Substantive issues

#### 1) National Treatment Claim

U.S. made claims for national treatment under Art. 3.1 TRIPS and Art. III:4 of GATT on the grounds of availability of protection, identification, objection, inspection structure, and labelling requirement. The panel found that equivalence and reciprocity conditions for GI protection violated the national treatment obligations by according less favourable treatment to non-EC nationals and products than to EC nationals by providing formally identical but factually different procedures based on location.

#### 2) Trademark Claims

The U.S. claimed that the coexistence of GI and prior identical trademarks infringed exclusive rights of trademark owners under Art. 16(1) of TRIPS. The collective right of GI holders contradicted the private right of trademark owners. GI holders were obliged to comply with precise product specifications. The U.S. attached little importance to GI and focussed on a trademark model. The panel held that the coexistence of these two formed a limited exception envisaged in Art. 17. The regulation took legitimate interests of trademark owners. Thus, the claim was dismissed.

#### 3) Other Claims

##### a) MFN treatment claims.

Taking the precedent of GATT Panel Report in Belgium-Family Allowances case, the U.S. argued that the regulation imposes a condition of 'reciprocity' and 'equivalence' on the availability of protection. Nationals of WTO members who satisfy these conditions are accorded more favourable than nationals of members who do not. EC responded with the

argument that the conditions in Art. 12(1) of the Regulation do not apply to nations but geographical locations and are the same for every country. It distinguished Belgium-Family Allowance case on the ground that in that case, protection was selectively given to certain countries. It discussed that MFN treatment applies to the protection of intellectual property, even where measures provide a higher level of protection. For the second condition, it discussed that the U.S. had established a clear case that Art. 12(1) accorded differential treatment to EC members which were advantageous for them.

##### b) Minimum Standards of GI Protection.

The U.S. argued that the regulation is inconsistent with Art. 22.2 of TRIPS on the following grounds:-

- Doesn't provide for interested parties in members which do not fulfil equivalence and reciprocity.
- Interested parties in other WTO members have to depend on their government to intercede.
- Inconsistency w.r.t. objections which cannot be directly presented.

EC responded with the following arguments:-

- Conditions of equivalence and reciprocity do not apply to WTO members. Moreover, the regulation was not the only means to prevent acts mentioned in Art. 22.2. Additional measures were given in the regulation.
- Transmission of applications was a modality of process and U.S. had failed that it contravened Art. 62.1 of TRIPS.
- Art. 22.2 does not confer a right to object and such right can be made subject to reasonability. Further, registration is not 'use' under Art 22.2.

Panel discussed that U.S. has already established that the registration is not available for GIs located in third countries. Further, a member of a third country doesn't have power for transmission of application unless its government does. W.r.t. Art. 22.2 objections, no provision of Part II provide for objections to registration of GI. Thus, the panel held that U.S. had failed to establish this claim.

##### c) Claims under Part III, Art. 1.1. and 65.1. of TRIPS.

###### Part III of TRIPS

The U.S. argued that the regulation is violative of Part III of TRIPS and particularly Art. 41.1, 41.2, 41.4, 42, and 44.1 of TRIPS as it denied the owner of a registered trademark the right under Art. 16.1 and 22.2 of TRIPS and added that enforcement obligations of TRIPS apply to the regulation. EC argued that Part III does not apply to the regulation as it merely lays down administrative procedure for acquisition of GI via registration and does not regulate the enforcement procedure. Panel ruled that claim was dependent on claim on Part II, thus does not need to be answered.

###### Art. 1.1 of TRIPS

U.S. claimed that due to inspection structures requirements, the EC is unilaterally requiring other WTO members to adopt its system. EC claimed that the requirements were exclusive to GI protection in EC and not other members. Panel decided that the claim of U.S. was unfounded as it had failed to show that inspections concern other WTO Members' system of protection.

Art. 65.1 of TRIPS

U.S. argued that the regulation was against EC's obligation to apply the provisions of TRIPS. Panel dismissed the claim on the ground of it being a consequential claim.

#### 4. Conclusion & Recommendation

Section A: Preliminary findings

The panel ruled that the reference was consistent with the requirements envisaged in Art. 6.2 of DSU and the claims under Art. 2(2) of Paris Convention were within the panel's terms of reference.

Section B: National Treatment Claims

The panel ruled that U.S. had made a prima facie case establishing that reciprocity and equivalence requirements were envisaged under the regulation. The regulation was inconsistent with Art. 3.1. of TRIPS w.r.t. application procedures, objection procedures, standing requirement for objections, and requirements of government intervention. Regulation does not impose a requirement of domicile or establishment and thus, was not inconsistent with Art 2.1 of Paris Convention. Regulation was held to be inconsistent with Art. III:4 of GATT in respect of reciprocity and equivalence as to availability of GI, application procedure, requirement of govt. participation but the U.S. had failed to establish a case for objections, prescriptive requirement for inspection structures and labelling.

Section C: Trademark Claims

The regulation was held to be inconsistent with Art. 16.1 of TRIPS but is covered under exception of Art. 17 and Art. 24.3 and 24.5 of TRIPS.

Section D: Other Claims

The panel rejected U.S. claims under Art. 4, 22.2 and 1.1. of TRIPS. The panel exercised judicial economy w.r.t. Art. 2 of Paris Convention, Art. 4, 41.1, 41.2, 41.4, 42, 44.1, 65.1 of TRIPS, and Art. I:1 of GATT. The panel recommended that EC brings the regulation in conformity with TRIPS and GATT by means of an amendment.

According to my personal understanding which is limited, I believe that the decision is a comment on the growing problems by European Union's growing monopoly and its desire to regulate itself despite agreeing to WTO and GATT. This can be further evidenced by way of EU's proposal of a multilateral court, bringing down the importance of WTO mechanism to resolve disputes. Secondly, the decision speaks volumes about the need to harmonise the intellectual property standards across nations and a need for an international agreement for the same. This shows that if the Panel findings do not condemn the European system of protection of GIs, the United States will find it advantageous to free ride and resist any move towards the European system of protection.<sup>1</sup>

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<sup>1</sup> Xinzhe Song, The role played by the regime of collective and certification marks in the protection of geographical indications—Comparative study of law and practice in France, the EU and China, *The Journal of World Intellectual Property*, 21, 5-6, (437-457), (2018).