

Kalliopi Dani

# Community Collective Marks: Status, Scope and Rivals in the European Signs Landscape



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Munich, August 2014

*Kalliopi Dani*



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## Abstract

In the modern marketplace, characterised by a profusion of signs and labels, Community collective marks seem rather absent. Although provided for in the European trade mark legislation, they are underutilised in practice and quite neglected in legal theory. In those cases of commentaries where the section dedicated to Community collective marks exceeds simple statements, the impression given is one of vagueness and uncertainty. At the same time, the ambiguity of the respective provisions and the lack of sufficient jurisprudence offer few tools to solve the conundrum, which goes as far as suggesting that Community collective marks incorporate certification marks.

This paper concludes that Community collective marks in their present form are intended to also accommodate marks certifying a product's or service's certain characteristics, but only in cases where the applicant of the mark is an association of traders conditioning use of the mark upon membership in that union. This situation has arisen out of necessity and not due to systematic overlap. However, from a doctrinal point of view, collective and certification marks should be distinguished from one another. The fact that the proposal for a new European Trade Mark Regulation goes towards this direction is thus an encouraging development.

Geographical Indications (GIs) are the principle counterpart of collective and certification marks, because the way they have developed, their structure and partly their functions are similar to the ones of trade marks. The rationale of market efficiency underscoring trade mark law, however, only partly covers the GI considerations, so accommodation of GIs in the trade mark system would be a compromise.

Despite not being able to efficiently accommodate GIs, Community collective marks can still be a valuable alternative in cases where registration for non-agricultural goods or services is sought, where the sign is not a word mark or where reputation or connection to a place cannot be established. They can also be helpful where time is an issue, where international protection or protection as a domain name are a priority or where the circumstances require flexibility regarding possibilities for transfer, licensing, relocating, changing production modes or trial of innovative techniques.



## Acronyms and Abbreviations

CJEU	Court of Justice of the European Union
CTM	Community Trade Mark
CTMR	Community Trade Mark Regulation
Ed.	Editor
ed.	edition
fn.	footnote
GI(s)	Geographical Indication(s)
Lisbon Agreement	Lisbon Agreement for the Protection of Appellations of Origin and their International Registration
Madrid Agreement	Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods
n.	note
OHIM	Office for Harmonisation in the Internal Market
para.	paragraph
PC	Paris Convention for the Protection of Industrial Property
PDO	Protected Designation of Origin
PGI	Protected Geographical Indication
TFEU	Treaty for the Functioning of the European Union
TRIPS	Agreement on Trade Related Aspects of Intellectual Property Rights
TSG	Traditional Specialty Guaranteed
WIPO	World Intellectual Property Organisation



## I. Introduction

In the modern marketplace characterised by a profusion of signs and labels, Community collective marks seem rather absent. Although provided for in the European trade mark legislation, they are underutilised in practice and quite neglected in legal theory, which, in its vast majority, is restricted in mere repetitions and reformulations of the legislative text. In those cases of commentaries where the section dedicated to Community collective marks exceeds simple statements, the impression given is one of vagueness, uncertainty and conflicting opinions as to the nature of this type of marks, their functions and their content. At the same time, the ambiguity of the respective provisions and the lack of sufficient jurisprudence offer few tools to solve the conundrum, which goes as far as suggesting that Community collective marks incorporate certification marks.

### *A. The topic, structure and methodology of the paper*

The present thesis is devoted to the analysis of the characteristics of Community collective marks with a view to elucidate their complex nature and to draw the line regarding “expansionist” arguments. Specifically the question of whether certification marks are covered by collective marks is dealt with by separating it into two parts: the sub-question of what was the legislator’s true intention and the sub-question of doctrinal soundness, reading “what should be the correct solution?”. To that end, the legislative history, the opinions of the OHIM as well as the views in the academic literature are presented, compared and contrasted.

As certification marks are not recognised in the European trade mark regime, the difficulty of juxtaposition is highlighted as well as the need for definitional clarity. Certification marks are examined through the compilation of the basic common characteristics found for them in the major jurisdictions they are encountered in, whereas mention is made to the way forward by looking into the proposal of the European Commission for a new European Trade Mark Regulation, made public in March 2013.

Since the basic rule of descriptiveness of geographical terms does not apply in the case of Community collective marks, there has been a notion

## *I. Introduction*

that the latter can provide sufficient housing for geographical indications (hereinafter GIs). This type of sign is considered as the main rival of collective marks not only at the European Union level, but also internationally. The fourth chapter is, therefore, occupied with the anatomy of GIs, as established in the European *sui generis* regime. Light is particularly shed to their requirements, their ambit as well as the policy considerations that underlie their existence and justify the strong protection they grant. While the similarities and connections to trade mark law are admitted, it is maintained that GIs should continue constituting a separate body of law, distinct from trade marks.

The position ultimately taken is no hymn to GIs, but rather yet another acknowledgement of the different objectives they target. The role of Community collective marks is, consequently, not disregarded. On the contrary, the sixth chapter explores their benefits and weaknesses, emphasising the need to clarify and promote them instead of concentrating on abolishing GIs. Although the latter cannot be easily accommodated in the collective or certification mark system, it is, finally, shown that there are advantages from their protection in the trade mark regime, without denying their systematic autonomy.

## *B. Delimitations*

This analysis should begin with the delimitation that the paper focuses, on the one hand, on “collective” trade marks, and, on the other, on “Community” trade marks. This means that individual trade marks are only briefly explained and in so far as they help distinguishing the role of collective marks, whereas national rights are touched upon solely to the extent necessary in order to demonstrate the scope of the Community ones. Further, with regard to the criteria of choice between systems, the analysis is mostly held on the axis of effective protection of the sign, rather than the effects on competition.

## II. Community collective marks

### *A. Objective and place in the European trade mark regime*

Contrary to individual trade marks, whose target is to differentiate products originating from distinct commercial undertakings, a Community collective mark is a type of mark used to distinguish products originating from members of an association. Consequently, collective marks on the European trade mark plane enable their users to show to the consuming public the element of common commercial origin of a product or service. Provisions dedicated to Community collective marks are included in the Community Trade Mark Regulation,<sup>1</sup> but the general rules on individual trade marks apply to them, in so far as the specific rules so permit. Collective Community marks must be applied for as such; therefore it has to be stated in the application for registration that the sign is of the collective type.

The mentality behind Community collective marks is mainly giving groups of traders or legal entities a tool to promote their products or services under one label, so that the advertising costs and the costs of maintaining that label can be reduced, i.e. not borne by each single business operator but shared by the collectivity, which proves very helpful especially for small enterprises.<sup>2</sup> From a practical point of view, traders can use both the collective trade mark and their own brand in relation to their goods or services,<sup>3</sup> so the collective mark does not wash away the identity of each individual's business.

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1 Council Regulation (EC) 207/2009 of 26 February 2009 on the Community trade mark [2009] OJ L 78/1 (hereinafter CTMR).

2 Christophe Charlier & Mai-Anh Ngo, *Agro Food's Quality Signs and Free Movement of Goods. What Strategies for the European Operators?*, 12<sup>th</sup> EAAE Congress “People, Food and Environments: Global Trends and European Strategies” (August 2008, Ghent) [number 44316], at 4, 6.

3 See Question 2.B.10 on the Application Procedure available at the OHIM's website: <https://oami.europa.eu/ohimportal/en/application-procedure#2.B.10> (last accessed Jun 19, 2014).

## II. Community collective marks

### B. Ownership issues

The ownership scheme of collective marks is different from the one for individual marks.<sup>4</sup> Proprietors and users of collective marks can be legal entities of two types and more specifically, according to Article 64.1 CTMR, *“Associations of manufacturers, producers, suppliers of services, or traders which, under the terms of the law governing them, have the capacity in their own name to have rights and obligations of all kinds, to make contracts or accomplish other legal acts and to sue and be sued, as well as legal persons governed by public law”*.

With regard to the first category, the wording of the article does not imply that a collective mark has multiple proprietors,<sup>5</sup> but rather that all members of the association owning the mark can use this mark for their goods or services and can benefit from the rights it confers.<sup>6</sup> This does not happen by way of license, as is the case for individual trade marks; instead the members of the association obtain the right to use the collective mark automatically by joining the association, so there is no licensor-licensee relationship between the association and its constituents.<sup>7</sup> Additionally, in case the association-proprietor of the mark has other associations as members, these associations, as well as their members, are able to use the mark.<sup>8</sup> The use of the collective mark by the members of the association is attributed to the latter, so if a member affixes the mark to their product, it is the association that is considered as using the mark.<sup>9</sup>

Little has been written on the issue of ownership of Community collective marks, while it seems that the vast majority of commentators simply reformulate and reproduce the proviso of Article 64.1 CTMR, underscoring the

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4 ALEXANDER PEUKERT, THE COMPETITIVE ADVANTAGE OF COLLECTIVE TRADE MARKS in JAN ROSÉN (ED.), INDIVIDUALISM AND COLLECTIVENESS IN INTELLECTUAL PROPERTY LAW 241 (Edward Elgar Publishing 2012).

5 If, however, an association is not eligible for application for a collective Community mark, then this number of people can apply for an individual mark, which can be owned jointly by several persons, as follows from the wording of Article 16 in conjunction with Article 21 CTMR.

6 See Question 2.B.10 on the Application Procedure, *supra* n. 3.

7 J. FELDGES & I. FROST, COLLECTIVE TRADE MARKS in MARIO FRANZOSI (ED.), EUROPEAN COMMUNITY TRADE MARK – COMMENTARY TO THE EUROPEAN COMMUNITY REGULATION, 331 (Kluwer Law International 1997).

8 DAVID TATHAM & WILLIAM RICHARDS, ECTA GUIDE TO THE E.U. TRADE MARK LEGISLATION, 864 (Sweet & Maxwell 1998).

9 J. FELDGES & I. FROST, *supra* n. 7, at 330.

necessity of the body applying to have legal personality and legal capacity, so that it can manage the sign and enforce the rights granted.<sup>10</sup> What is clear, however, is that associations-amalgams, composed by not only producers or sellers but also consumers, cannot be proprietors of Community collective marks; in fact in general the associations should engage in commercial activity in order to be eligible for application, which is not the case for individual trade marks.<sup>11</sup>

The common notion is that the proprietor of a collective mark is not just responsible for setting up the regulations of use of the mark, but can also use that mark itself, although this is not the purpose of a mark of collective nature and it would not be considered ideal.<sup>12</sup> It is also argued that Article 66 CTMR does not contain anything to the contrary, because it is not obligatory for a Community collective mark to have a guarantee function,<sup>13</sup> in which case the use of the mark by the association would run counter its impartiality. Fezer makes at this point an interesting distinction: the association owning the Community collective mark can only use the mark in so far this is done for identification reasons, but it cannot use it for its own products or services.<sup>14</sup> Mühlendahl et al. put it in a more neutral way: usually, the association itself does not have business operation, so it can use the mark in advertising or marketing material etc., which suffices to satisfy the general use requirement.<sup>15</sup> Further to this last issue, it seems that the use requirement, as prescribed in Article 15 CTMR, is fulfilled if at least one member of the association uses the mark or even when only the association itself uses the mark and no member of it. This is not clearly stated in the CTMR, but the conclusion in relevant literature is drawn through the transposition of the Trade Mark Directive<sup>16</sup> into the German legal order.<sup>17</sup>

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10 DAVID T. KEELING, DAVID LLEWELYN, JAMES MELLOR, KERLY'S LAW OF TRADE MARKS AND TRADE NAMES, 385-409 (Sweet & Maxwell, 15<sup>th</sup> ed. 2011).

11 J. Feldges & I. Frost, *supra* n. 7, at 321.

12 J. Feldges & I. Frost, *supra* n. 7, at 330-331.

13 RUTH E. ANNAND & HELEN E. NORMAN, GUIDE TO THE COMMUNITY TRADE MARK, 279 (Blackstone Press Limited 1998).

14 KARL-HEINZ FEZER, HANDBUCH DER MARKENPRAXIS – BAND II. MARKENVERTRAGSRECHT, 220 (Verlag C.H. Beck 2007).

15 ALEXANDER VON MÜHLENDAHL ET AL., DIE GEMEINSCHAFTSMARKE, 88 (Stämpfli Verlag 1998).

16 Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks [2008] OJ L 299/25 (hereinafter Trade Mark Directive).

17 REINHARDT INGERL, DIE GEMEINSCHAFTSMARKE, 121-122 (Boorberg 1996).

## II. Community collective marks

Regarding the second type of legal entities, “legal persons governed by public law” are considered as comprising not only enterprises but also state bodies. According to the OHIM, the provision allows for the European Union, States or municipalities to apply, even though they do not possess mercantile features nor do they constitute associations. As a natural outcome, the general requirement for submitting rules of membership, existing for the first type of legal entities eligible to apply for Community collective marks, does not apply to them.<sup>18</sup>

### C. Nature and function

According to Article 67 CTMR, the applicants have to submit regulations, which should include “*the persons authorised to use the mark, the conditions of membership of the association and, where they exist, the conditions of use of the mark, including sanctions*”.<sup>19</sup> Relying on this wording probably (“*where they exist*”) and in an effort to specify what exactly should be the content of the regulations, the OHIM is of the opinion that they “*do not necessarily certify the quality of the goods, although this is sometimes the case*”<sup>20</sup> (emphasis added), and also they “*may or may not certify certain characteristics or quality of the goods but this must be done by a collective body*”<sup>21</sup> (emphasis added). The requirement for submission of regulations itself is a rather unusual one for a mark based on private interests.<sup>22</sup>

Community collective marks share functions with individual trade marks in an analogous way. Individual trade marks distinguish products between different enterprises, while collective marks identify products of an associ-

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18 OHIM’s “Manual of Trade Mark Practice”, Part B (Examination), Section 4 (Absolute grounds for Refusal and Community Collective Marks) at 47-48, available at [https://oami.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/contentPdfs/law\\_and\\_practice/trade\\_marks\\_practice\\_manual/part%20\\_b\\_section\\_4\\_ag\\_manual\\_after\\_g1\\_en.pdf](https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/trade_marks_practice_manual/part%20_b_section_4_ag_manual_after_g1_en.pdf) (last accessed Jun 19, 2014).

19 See also Rule 43 of Commission Regulation (EC) 2868/95 of 13 December 1995 implementing Council Regulation (EC) No 40/94 on the Community trade mark [1995] OJ L 303.

20 OHIM’s Manual, Part B, Section 4, *supra* n. 18 , at 46.

21 Guidelines Concerning Proceedings before the OHIM, Part B, Examination (April 2008), Section 4, at 58, available at <http://oami.europa.eu/en/mark/marque/pdf/examination-23042008-EN.pdf> (last accessed Jun 19, 2014).

22 J. Feldges & I. Frost, *supra* n. 7 , at 322.

ation's members from products of distinct enterprises. This means that the function of a trade mark, either individual or collective, is to signal commercial origin. This function, as constituting the sole function of a conventional trade mark, has been subtly doubted in trade mark theory and misconceived in practice. Because the associations owning collective marks usually set in their regulations standards and level of quality for the goods their members produce, there have been voices indicating that collective marks also guarantee quality.<sup>23</sup>

This line of thinking argues that Community collective marks can accommodate certification marks, since both of them signal quality, but in fact even the OHIM itself does not possess a consolidated opinion on this matter. To illustrate the scale of confusion within the OHIM, one can look at the following examples. As to the aim and objectives, it is stated that these marks distinguish goods/services of an association's members from those of distinct companies not belonging to the association. "*Therefore, the Community collective mark qualifies the commercial origin of goods/services*" (emphasis added).<sup>24</sup> Elsewhere it is explained that "*their main objective is not to indicate that the goods or services originate from a specific source but to indicate that the respective goods or services originate from a certain region and/or comply with certain characteristics or qualities*" (emphasis added).<sup>25</sup>

Further, in the case AFNOR/NFB, the 2<sup>nd</sup> Board of Appeal stated that "*whereas the function of an individual trade mark is to distinguish between the goods and services offered by a certain enterprise from similar goods or services of others, the function of a collective mark is to distinguish the*

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23 P.A.C.E. VAN DER KOIJ, THE COMMUNITY TRADE MARK REGULATION – AN ARTICLE BY ARTICLE GUIDE, 122-123 (Sweet & Maxwell, 1st ed. 2000). See also Miguel Angel Medina Gonzalez, *Collective, guarantee and certification marks and GIs: connections and dissimilarities*, 7(4) JIPLR 258 (2012). Note, however, that, even though it is suggested that nuggets of guarantee function are found in Community collective marks, it is not explicitly argued that guarantee marks are included in them. But somewhat different position: JEFFREY BELSON, CERTIFICATION MARKS: SPECIAL REPORT, 21-22 (Sweet & Maxwell 2002).

24 OHIM's Manual, Part B, Section 4, *supra* n. 18 , at 46.

25 OHIM's Opposition Guidelines Part 6, Proof of Use (2.6.2014) at 54-55, available at [https://oami.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/contentPdfs/law\\_and\\_practice/trade\\_marks\\_guidelines/16\\_part\\_c\\_opposition\\_section\\_6\\_proof\\_of\\_use/clean\\_version/16\\_part\\_c\\_opposition\\_section\\_6\\_proof\\_of\\_use\\_clean\\_en.pdf](https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/trade_marks_guidelines/16_part_c_opposition_section_6_proof_of_use/clean_version/16_part_c_opposition_section_6_proof_of_use_clean_en.pdf) (last accessed Jun 19, 2014).

## II. Community collective marks

**goods and services offered, for example, by the members of an association, which is the proprietor of such a collective mark, from those of other enterprises which are not members of the respective association. Hence, a collective mark does not primarily indicate the origin of a certain business but refers to certain characteristics of the respective goods and services. Collective marks are not only used by one company, but by a group of companies, and the respective collective marks primarily stand for particular characteristics of the respective goods and services”** (emphasis added).<sup>26</sup>

Although, these observations find indeed basis on the way undertakings or collective bodies operate, the issue arises whether they are sufficient as to suggest that collective trade marks include certification marks.

At this point, it might make sense to distinguish between two crucial questions: the first one is more pragmatic, reading “was the intention of the European legislator to include certification marks into Community collective marks?”, whereas the second one is rather deontological-doctrinal and asks whether including certification marks into Community collective marks is the right choice. The first question is answered at the end in this section, whereas the second is dealt with at a later stage of this paper.<sup>27</sup>

The historical interpretation, as of the content of the travaux préparatoires, shows that up until the adoption of the Community Trade Mark Regulation, provisions for both collective and guarantee – as they were titled – marks had been proposed, but in the end only collective marks made it to the final document. This proposed collective mark crossbreed had elements of both types: indication of collective commercial origin as well as an accompanying obligation for submission of governing regulations setting the conditions under which the mark is to be used, setting, in other words, a quality standard. Feldges and Frost contribute that, despite the heated debate and disagreement between Member States, “*this solution seemed to be better*”, but fail to provide the underlying rationale.<sup>28</sup> German commentators, on the other hand, seem much more certain, explaining that the wording of the provisions on Community collective marks is so broad and comprehensive that it includes guarantee and certification marks, without referring to the drafting history at all.<sup>29</sup>

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26 Case R-9702008-2 *Association Française de Normalisation/NFB Transport Systems AB* [2009] 2<sup>nd</sup> BoA, para. 18.

27 See *infra* Chapter III.B.4.

28 J. Feldges & I. Frost, *supra* n. 7, at 320.

29 See in particular Karl-Heinz Fezer, *supra* n. 14, at 218.

There are, however, a series of arguments which suggest that Community collective marks are distinct from certification marks. The CTMR, as finally adopted, mentions only “collective marks”, whereas the Trade Mark Directive, in Articles 1, 10 and 15 thereof, lists, apart from individual marks, all three major types – collective, certification, guarantee – which a Member State can recognise in its national legal order.<sup>30</sup> This difference in wording leaves the reader wonder on the reasons of such a choice. If the European legislator intended for Community collective marks to include certification marks, would they not have stated it explicitly? It is this point that has lead many authors to argue definitively that the CTMR does not acknowledge certification marks.<sup>31</sup>

As a matter of fact, this debate sheds light to the real problem lying behind the confusion and inconsistencies in literature, and that is the one of definition. The fact that both the CTMR and the Directive on the Community Trade Mark use terminology which is not clearly explained, has led commentators to interpret the provisions on Community collective marks, based on their knowledge and experience from their respective legal systems and the way each system recognises (or not) the different types of marks.

An illustrative example is the explanation given by Mühlendahl et al. about the forms a Community collective mark can take: a guarantee mark can also be *registered* as Community collective mark. In that case the mark denotes both membership in an association as well as specific characteristics (qualities) of the goods or services, but only if the proprietor is a collectivity. However, this is not acceptable, when it comes to certification marks as acknowledged in certain legal orders, mainly the common law countries. There the owner is a single undertaking which independently sets quality criteria and establishes the conditions under which producers, as third parties, can use the mark. In such cases, where the regulations governing use do not belong to an association for internal “own consumption”, the mark should be registered as an individual mark and others can use it by way of

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30 It might be interesting to note that the terms “certification” and “guarantee” marks seem to be used interchangeably in the text of the Trade Mark Directive as two different ways of naming the same type of mark, whereas no definition is given for any type of mark, probably because this is up to the Member State to determine.

31 David Tatham & William Richards, *supra* n. 8, at 863; Ruth E. Annand & Helen E. Norman, *supra* n. 13, at 279; CAROLINE LE GOFFIC, LA PROTECTION DES INDICATIONS GÉOGRAPHIQUES – FRANCE, UNION EUROPÉENNE, ETATS-UNIS, 63-64 (IRPI 2010).

## II. Community collective marks

licensing.<sup>32</sup> Concomitantly, following this opinion, the issue is the ownership status: a mark denoting quality can be registered as a Community collective mark, if the applicant is a collective body, but as an individual trade mark, if the applicant is a single enterprise. As a side note, it is underlined that this explanation presupposes that guarantee marks are distinct types of marks, which, in the absence of a suitable slot, can find a place in the register under the collective category. This in turn somewhat implies that this is a solution out of necessity.

Contrary to that view, according to the OHIM, a mark indicating observance of absolute standards should be registered as an individual trade mark.<sup>33</sup> No special distinction is made as to ownership, the importance, therefore, in this case, seems to be shifted to the function of the mark, instead of the proprietorship. It follows that Community collective marks cannot connote compliance to absolute criteria, but rather “guarantee”<sup>34</sup> a consistent level of quality. They practically inform the customer that a product or service comes from a member of an association and that this product or service is of the same quality level as the rest provided by the association.

Moreover, by reason of Article 7.1.c CTMR, trade marks consisting of indications signalling quality of the goods or services cannot be accepted in the register. Since Community collective marks follow the general provisions of individual marks, an application for a collective mark designating quality should be rejected by grounds for absolute refusal as being descriptive, unless the mark applied for does not imply quality in trade, so it is used in an arbitrary way.

In line with Article 68.2 CTMR, the Second Board of Appeal of OHIM, apart from reminding that the CTMR does not provide for certification marks, also notes that “*an application for a collective Community mark shall also be refused if the public is liable to be misled as regards the character or the significance of the mark, in particular if it is likely to be taken to be something other than a collective mark*”. It was ruled, therefore, not possible to register a mark that is indicated by its applicant as comparable to “*a seal of guarantee*”.<sup>35</sup>

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32 Alexander v. Mühlendahl et al., *supra* n. 15, at 84.

33 *Supra* n. 21.

34 On the problematic use of the word “guarantee” in a trade mark context: Jeffrey Belson, *Certification marks, guarantees and trust*, 24(7) E.I.P.R. 340 (2002).

35 Case R 675/2010-2 *Demeter Association, Inc/OHIM* (2011) 2<sup>nd</sup> BoA, para. 19-20.

This ruling comes in direct clash with a view in literature that registration should be denied when the mark contains quality assurance, which does not correspond to the submitted regulations of use.<sup>36</sup> The problem is here concentrated on the inconsistency between the signified of the mark and the content of the regulations, whereas the OHIM refused registration based exactly on the signified.

Another example of a mark not eligible for registration as collective, because it is misleading, is the case where a mark gives the impression that third parties may use the sign, if they follow the same objective standards, even without being members of the association.<sup>37</sup> This condition reveals the nature of Community collective marks as “club rights”. They are open to anyone agreeing to follow the regulations of use, as long as they are willing to join the union. The association is given leeway to determine the conditions on membership as it sees fit according to its financial interests. The results might, in reality, be very restrictive for outsiders, so the openness of the mark seems self-defeating. In that sense, collective marks cannot be considered “public goods”, because they are “*congestible*”.<sup>38</sup>

What is, subsequently, understood as “collective mark” or “certification mark” or “guarantee mark” at a European Union level? The above paragraphs show lack of clarity of the legislative texts, which has subsequently caused lack of uniformity as regards the analyses of those texts by experts. Taking the different interpretations into account, it can be concluded that Community collective marks, as they appear in the present version of the CTMR, have aspects that certainly denote collective business origin, and that they are open to the possibility of showing also quality, provided that the proprietor is a collectivity and the use of the mark is made by its members. This does not mean that Community collective marks include certification marks, but rather that merely a kind of the latter type can be registered as collective mark at the European level. *A contrario*, certification marks owned by an independent body that do not condition the use of the mark on a membership scheme, but are open for any adherent to privilege from, are excluded from the scope of the provisions for Community collective marks.

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36 Alexander v. Mühlendahl et al., *supra* n. 15 , at 86.

37 Joint Statements by the Council and the Commission of the European Communities as embodied in the minutes for the adoption of the CTMR on December 20, 1993, OHIM OJ 5/96, p. 619, as reported in Ruth E. Annand & Helen E. Norman, *supra* n. 13 , at 281.

38 Christophe Charlier & Mai-Anh Ngo, *supra* n. 2 , at 4-5.

## *II. Community collective marks*

In conformity with the preceding analysis, the answer to the first crucial question of this paper should thus be positive, but only partly.

This complexity is inevitable to cause confusion and might be a source of problems in business practice, as it is difficult to differentiate and perhaps even use the options offered by the CTMR in a fruitful way. This might be the explanation as to why Community collective trade marks seem under-utilised in practice. The limited jurisprudence appears to support this finding. The fact that the OHIM has dealt with very few cases on collective marks so far, demonstrates either that the existing system works perfectly or that it is so blurry as to discourage potentially interested parties from using it. The pendulum seems to swing towards the second, unless proven in practice that it is just not useful as unable to meet the needs of the business world.

### III. Certification marks – Guarantee marks

Certification and/or guarantee marks are left to the discretion of the Member States, but are not recognised as such in the circle of Community marks. Although legislation on these categories of marks is not yet harmonised,<sup>39</sup> many Member States have rules on them as separate categories of marks or they house them – as in the case of Italy – in the collective type of mark.<sup>40</sup> It follows from this situation that no uniform definition can be provided, as terminology in each legal system varies and so do the characteristics of the mark. Further, the reason why a proper comparison between Community collective marks and certification marks (and whether the latter are embodied in the first) cannot be performed becomes more apparent, since there is no point of reference in order to compare and contrast them, apart from the legislative history.

Certification and guarantee (or warranty) marks are very similar in content, but are considered distinct types of marks, with the certification type being much more recognised throughout the legal systems than the guarantee one. There are also instances where the two terms are used interchangeably.

#### A. Guarantee marks

Guarantee marks are considered the ones that attest elements common among enterprises, such as level of quality, characteristics of the products or services, manufacturing methods, geographical origin and the like.<sup>41</sup> They cannot be owned by bodies comprised of producers or traders, whereas the proprietor is not allowed to use the mark itself.<sup>42</sup> Use of guarantee marks is usually not subject to membership; ergo anyone being able to prove having the common features guaranteed can take advantage of its significance.<sup>43</sup>

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39 *Supra* n. 30.

40 Orazio Olivieri, *Using Collective Marks for the Protection of Traditional Products*, available at [http://www.wipo.int/sme/en/documents/collective\\_mark\\_fulltext.html](http://www.wipo.int/sme/en/documents/collective_mark_fulltext.html) (last accessed Jun 19, 2014).

41 BERNARD O' CONNOR, THE LAW OF GIs, 72 (Cameron May 2004).

42 David Tatham & William Richards, *supra* n. 8, at 863.

43 See, by way of example, Article 21 of the Swiss Trade Mark Act.

### III. Certification marks – Guarantee marks

Guarantee marks are simple signs of control aiming to guarantee specific qualities of a product or service. The German legal theory acknowledges the problem of lack of uniformity with regard to terminology on an international level, but “Garantiemarken”, as guarantee marks are called in Germany, are considered as corresponding to the common law term of certification marks, so the two terms are used somehow interchangeably. Guarantee marks can be registered as collective marks, but it is, nevertheless, underscored that guarantee marks as such are not collective marks and, vice versa, collective marks as such are not guarantee marks. In fact, guarantee marks under the German legal thinking are not trade marks in the sense of the Trade Mark Act, because they do not serve any commercial origin function. Guarantee marks do not distinguish products made from distinct undertakings, their sole purpose rather being to ascertain in a positive way the products’ characteristics.<sup>44</sup>

#### B. Certification marks

Moving on to certification marks, this type, according to the majority of opinions, does not serve to indicate commercial origin in the sense of the source function of trade marks. Certification marks rather signal that a certain product or service complies with rules set by an independent authority, public or private, which is responsible for establishing production criteria and possibly a certification mechanism, but which does not itself take part in the actual production.<sup>45</sup> Use of certification marks is not dependent on membership, but it is open to anyone who complies with the established standards.<sup>46</sup>

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44 KARL-HEINZ FEZER, *Markenrecht – MarkenG* § 97, Abs. 1 Rn 9, KOLLEKTIVMARKEN (Verlag C.H. Beck München 2009).

45 SHAHID ALIKHAN AND R. A. MASHELKAR, INTELLECTUAL PROPERTY AND COMPETITIVE STRATEGIES IN THE 21<sup>st</sup> CENTURY 14-15 (Kluwer Law International 2009).

46 Bernard O’ Connor, *supra* n. 41, at 72, but opposite opinion in David Tatham & William Richards, *supra* n. 8, at 863.

## 1. Ownership

So, a certification mark is typically owned by a body – a private entity or an authority or even a State (e.g. the United States in particular) – other than the undertakings actually using the mark. That is why this body is considered as more objective, being an external third party which sets the standards and monitors their observance, but does not profit from affixing the mark to its products or from connecting the mark to its services.<sup>47</sup> To avoid possible conflicts of interests, therefore, a producers' association cannot own a certification mark, whereas no problem exists for government bodies, trade unions or research institutes.<sup>48</sup>

## 2. Categories of certification marks

Many authors distinguish types of certification marks, but even this categorisation is not uniform. A common division is into those signalling goods/services' geographical origin, those ascertaining goods/services' particular quality, composition or production method and those showing seller's either compliance with standards or membership in a group or union.<sup>49</sup> Others speak of marks guaranteeing "functionality or quality" and of marks guaranteeing "environmental quality",<sup>50</sup> but the list is actually endless.

## 3. Distinction from a "warranty"

Certification marks, despite their function as quality guarantees, do not have the legal consequences of a warranty. The certification they provide neither gives customers a claim for redress, nor binds the certifier legally in contractual or tort terms, when its mark is connected to products or services not worthy of the sign.<sup>51</sup> Nevertheless, certification marks invoke some type of

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47 Jeffrey Belson, *Certification marks*, *supra* n. 23 , at 32.

48 Peter Munzinger, *Blue jeans and other GIs: an overview of protection systems for GIs*, 7(4) JIPLP, 290 (2012).

49 See Alikhan & Mashelkar, *supra* n. 45 , at 16 and Bernard O' Connor, *supra* n. 41 , at 72-73.

50 Herbert Johnston & Roberto Rozas, *Impact of certification marks on innovation and the global market place*, 19(10) EIPR 598-599 (1997).

51 Jeffrey Belson, *Certification Marks*, *supra* n. 23 , at 72-80.

### III. Certification marks – Guarantee marks

assurance to the buyers; therefore there is usually protection against misleading practices and the certifier has standing against anyone who tries to register a false indicator. In Greece, for instance, where a certification mark does not in principle fall within the general trade mark law provisions, but to a special legislative regime, because it does not indicate commercial origin as conventional trade marks do, use of the certification mark requires administrative license to avoid cases of registration of a misleading sign.<sup>52</sup>

Moreover, what seems important is the competence of this third independent certifier to actually perform such activity. In many jurisdictions, the interested party wishing to register a certification mark has to serve proof of competence.<sup>53</sup>

#### 4. Comparison and contrast to collective marks

The primary function of a certification mark is, consequently, to assure compliance with specific standards in an absolute way, in contrast to conventional or collective trade marks that connote mere consistency as to the quality of products originating from an undertaking or members of an association.<sup>54</sup> In the case of certification marks, an independent party sets standards to serve third persons' trading interests. In contrast, for collective marks, the regulations, which detail the parties that can use the mark, membership requirements and rules on use, constitute an internally adopted instrument for internal consumption, because they are decided jointly by the members for them to exploit in relation to their products or services. As a general comment, therefore, it can be concluded that collective marks should not include certification marks; certification marks embody a self-standing genre of mark distinct from collective marks. The answer to the second crucial question of this paper should thus be negative: housing certification marks under collective marks is not the appropriate option, because of the

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52 MICH.-THEOD. D. MARINOS, DIKAIΟ SIMATWN, 360 (Dikaio kai Oikonomia – P.N. Sakkoulas 2007) [in Greek – transliterated title].

53 Jeffrey Belson, *Certification Marks*, *supra* n. 23 , at 28. However, he also stresses the lack of transparency in Belson, *Certification marks, guarantees and trust*, *supra* n. 34 , at 340. On similar issues of accountability see Margaret Chon, *Marks of Rectitude*,77 FORDHAM LAW REVIEW 119-130 (2009).

54 Jeffrey Belson, *Certification Marks*, *supra* n. 23 , at 20.

different structure of the marks, the different function and because such a choice would create confusion among the consumers.

## 5. The proposal for a new Regulation

From the perspective outlined above, the proposal for a new Community Trade Mark Regulation moves to the right direction. The need for an update of the European trade mark regime was recognised in 2009, when the European Commission invited submission of comments in an effort to consider which areas of the legislation had to be amended, to what effect and in which way, as to make the regime more accessible, more apt to respond to the latest developments and more beneficial for the users and the society as a whole.

In the study prepared by the Max Planck Institute for Intellectual Property and Competition Law in 2011, it was identified that collective marks and certification marks are two different types of marks chiefly in terms of structure,<sup>55</sup> fact that also defines their function. Collective marks are used by members of an association owning the mark, whereas certification marks are held by individuals or other bodies that allow people in line with the requirements set by the holder to use the mark. It is specifically concluded that “*certification marks are signs of supervised quality, whereas collective marks do not imply a quality claim*”. The suggestion was, therefore, that separate provisions on certification marks be inserted in the CTMR. Apart from the doctrinal explanation, it was submitted, from a practical point of view, that provisions on certification marks would help bridge the gap between national rules and the CTM regime, while offering the chance to interested parties to make use of the system, which, as is at present, cannot apply to their cases.<sup>56</sup>

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55 The same view is expressed by the WIPO, stating that “*the difference is one of form rather than of substance*”. See WIPO, Standing Committee on the law of trademarks, industrial designs and GIs, SCT/8/4, 2002, at 9.

56 Study on the Overall Functioning of the European Trade Mark System presented by Max Planck Institute for Intellectual Property and Competition Law, 15.2.2011, at 212, available at [http://ec.europa.eu/internal\\_market/indprop/docs/tm/20110308\\_allensbach-study\\_en.pdf](http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf) (last accessed Jun 19, 2014).

### III. Certification marks – Guarantee marks

The proposal for the new regulation<sup>57</sup> affirms the Institute's comments and does take the above mentioned suggestions into consideration. According to the proposal, a second section on European certification marks is inserted to Title VIII (Articles 74b-74k). European certification marks would then be marks used to distinguish certified products or services from the ones that are not, so they will not signal commercial origin. The proposed article lists what aspects of a product the mark will provide certification for, namely “*geographical origin, material, mode of manufacture of goods or performance of services, quality, accuracy*”, but those are not exhaustive.

Further, the ownership status is made clear in the proposal, as parties eligible to apply would be legal persons that do not engage in commercial activity with respect to the goods or services they certify and that can prove their competency to operate certification schemes.

European certification marks are proposed, as presently Community collective marks, to be able to accommodate signs with geographical components, so the descriptiveness barrier would be here also overcome, but for the restraint as to traders using the sign in an honest manner, who would not be obstructed from doing so. The requirement of regulations governing use is inserted here too, so the applicant would have to submit who would be qualified for use, what the qualities certified are, the procedure to be followed for examining those qualities and to monitor the use of the mark thereafter and finally the terms of use of the sign. The proposal is very specific with regard to the issue of transfer by explicitly stating that European certification Marks would be transferable but only to those who meet the eligibility criteria for this type of mark. In the CTMR no mention is made concerning the transfer of Community collective marks, perhaps because it is considered self-evident that the transfer can only be effectuated if the transferee fulfils the requirements of Article 66, so individuals are excluded. It is to the proposal's advantage that it is so clearly phrased, for it leaves no doubts as to the intention of the legislator.

All the above points considered, the introduction of certification marks as a separate category of marks in the proposal for the new Regulation is a positive step forward. It assists in the clarification of the European trade mark system, makes it more inclusive as it addresses more potentially in-

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<sup>57</sup> Commission, Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community trade mark, COM(2013) 161 final, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0161:FIN:EN:PDF> (last accessed Jun 19, 2014).

terested parties, provides legal certainty and helps so that consumers are not confused as to the message each mark aims to convey.

What remains open, nevertheless, is the way aspiring certifiers would prove their competence. If the proposal for the new Regulation is adopted, which is not anticipated before the spring of 2014,<sup>58</sup> further action should be taken so that competency criteria are drafted. In such a case, additionally, an explanation would still be necessary as to the status of what are called European collective marks in relation to European certification marks. If we follow the opinion that certification marks are, under the current regime, included in Community collective marks, would this dual nature be maintained after the amendment of the Regulation? In the text of the proposal there is no substantive amendment as to the character of collective marks, so the respective provisions, as they now stand in the CTMR, remain unchanged. Would that, in turn, mean that there will be two types of certification marks at the European level, one pure and one masked within the penumbra of collective marks? What about the “certification marks” already accepted in the register as collective ones? For European certification marks it is expressly stated that they cannot be used by their proprietor; the present uncertainty concerning collective marks is not touched upon in the proposal, so this vagueness should be also raised. Since the first step towards doctrinal clarity has been taken, it would be a pity if dysfunctional and confusing compromises of the past are left to haunt the future.

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58 Mark Lerach, *Modernisierung des Europäischen Markensystems: ein erster Blick auf den Vorschlag der EU-Kommission*, GRUR-PRAX 198 (2013).

## IV. Geographical Indications

Shifting the focus to the relation of collective Community marks to GIs, the present analysis expands both to their function as well as to the rationale underlying them and the policy considerations that insist on a separate regulatory system.

### *A. Nature and Function*

GIs do not flag business source, but geographical origin with a double meaning: a product bearing a GI-protected label is the one coming from a specific territory and manufactured in accordance with local practices that give to the product a special character. The message conveyed by a GI concerns, therefore, the triptych “product-geographical origin-quality”.<sup>59</sup> This connection to location carries along a certain message about the uniqueness of the product, precisely because of the particular elements of the territory itself or the human factors that have been formed in that territory and at times due to a combination of both those aspects.<sup>60</sup>

GIs are closely connected to history and customs, as they are the outcome of traditions and/or lifestyle existing in a place thus being considered as part of the cultural heritage of the respective locality or even as a symbol of that place in some cases.<sup>61</sup> In that sense, they can be classified as “territorial brands”, because the products they mark are neither made as a response to the needs of the market nor on the initiative of one business operator; they rather correspond to products already found in a certain place, having been

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59 Dwijen Rangnekar, *The Socio-Economics of GIs – A Review of Empirical Evidence from Europe*, UNCTAD-ICTSD Project on IPRs and Sustainable Development, Issue Paper No. 8 (May 2004) at 24.

60 DANIELE GIOVANNUCCI ET AL., *Guide to GIs – Linking Products and their Origins*, 5-6 (ITC Publications 2009).

61 Hélène Ilbert & Michel Petit, *Are GIs a Valid Property Right? Global Trends and Challenges*, 27(5) DEVELOP POL REV 504 (September 2009).

developed there throughout the years, thus being connected to that place in a natural way.<sup>62</sup>

All the above considered, the obvious question arises why GIs are considered as intellectual property in the first place, which furthermore is an issue for this paper in so far as it examines them as worthy “opponents” of collective trade marks of geographical character. The reasons are mainly historical and are related to the similarity of GIs to trade marks. GIs are signs too, which convey a set of information about the product, but protect the label and not the product itself, whereas the rights they confer are similar to those granted by property. GIs are included, as distinct categories, in the major international legal instruments for the protection of intellectual and industrial property: in Article 1 (2) of the Paris Convention for the Protection of Industrial Property and in Section 3 of the TRIPS Agreement. Their character as types of industrial property rights has also been recognised on a European Union level by the CJEU.<sup>63</sup>

### B. The European Union *sui generis* regime

In the European Union, GIs are protected in a harmonised way through Regulation 1151/2012,<sup>64</sup> which applies to agricultural products and food-stuffs only and which establishes full harmonisation in this field. As a result, the European Union has exclusive competence for the registration of these goods, thus ruling out the possibility of parallel, coexisting, national reg-

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62 Steve Charters & Nathalie Spielmann, *Characteristics of strong territorial brands: The case of champagne*, JOURNAL OF BUSINESS RESEARCH 1-2 (2013) [forthcoming].

63 Case C-108/01, Consorzio del Prosciutto di Parma and Salumificio S. Rita SpA v Asda Stores Ltd and Hygrade Foods Ltd (2003) para. 64.

64 Regulation (EU) 1151/2012 of 21 November 2012 on quality schemes for agricultural products and foodstuffs [2012] OJ L 343/1 (hereinafter the Regulation). After the recent reform, with the view to simplify the regime of protection of agricultural products and concentrate the relevant provisions in one legal document, this new Regulation repeals and replaces Regulation (EC) 510/2006 of 20 March 2006 on the protection of GIs and designations of origin for agricultural products and foodstuffs [2006] OJ L 93/12 and Regulation (EC) 509/2006 of 20 March 2006 on agricultural products and foodstuffs as traditional specialities guaranteed [2006] OJ L 93/1.

#### IV. Geographical Indications

istries in the Member States.<sup>65</sup> The established European regime for the regulation of GIs is of a *sui generis* nature, meaning that these signs are registered and protected through a system distinct from the one dedicated to trade marks. Due to the European scope of this paper, the general term “products” is used herein in relation to GIs as referring to agricultural products and foodstuffs, although, on an international level, GI protection is not restricted to solely such kinds of products, but it can encompass any type of good.<sup>66</sup>

No harmonised legislation covers GIs for industrial products or services,<sup>67</sup> although there has lately been a proposal for covering non-agricultural products as well.<sup>68</sup> Despite the positive arguments to that end,<sup>69</sup> the procedure has been put on hold. Nevertheless, even in the case of agricultural products and foodstuffs, not every such good is eligible for protection of its name. Mineral and spring waters are excluded,<sup>70</sup> while wines, aromatised

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65 DG Agriculture and Rural Development Working Document, *GIs*, Background Paper to the Green Paper on Agricultural Product Quality, October 2008, at 4, available at [http://ec.europa.eu/agriculture/quality/policy/workingdocs/gi\\_en.pdf](http://ec.europa.eu/agriculture/quality/policy/workingdocs/gi_en.pdf) (last accessed Jun 19, 2014).

66 Article 10 PC; Article 1.1 Madrid Agreement; Article 2 Lisbon Agreement; Article 22 TRIPS do not specify particular types of goods, but rather use the term in a general manner.

67 GIs cannot be registered for services at an international level either. The Swiss proposal during the negotiations for drafting Article 22.1 TRIPS was finally not adopted. See DWIEN RANGNEKAR, SLICE OF PARMA HAM: UNDERSTANDING THE PROTECTION OF GIs IN PETER K. YU (ED.), INTELLECTUAL PROPERTY AND INFORMATION WEALTH: ISSUES AND PRACTICES IN THE DIGITAL AGE, 285 (Greenwood Publishing Group 2007).

68 The contributions at the public hearing on April 22, 2013 can be found at [http://ec.europa.eu/internal\\_market/indprop/geo-indications/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/geo-indications/index_en.htm) (last accessed Jun 19, 2014).

69 The analysis and results of the comprehensive study are available at [http://ec.europa.eu/internal\\_market/indprop/docs/geo-indications/130322\\_geo-indications-non-agri-study\\_en.pdf](http://ec.europa.eu/internal_market/indprop/docs/geo-indications/130322_geo-indications-non-agri-study_en.pdf) (last accessed Jun 19, 2014).

70 For the reasons why this is so, see Bernard O’Connor, *supra* n.41, at 129.

wines and spirits are regulated through different rules,<sup>71</sup> except wine vinegars that fall under Regulation 1151/2012. Products for which registration can actually be sought are laid down in Annex I to the Regulation, referring to categories of agricultural products intended for human consumption, some types not intended for human consumption and certain foodstuffs. These do not include prepared condiment sauces, soups and broths, ice-cream and sorbets, which could be registered as Traditional Specialties Guaranteed in the predecessor of the Regulation, but do not appear in the Annex of the new Regulation. Chocolate and other cocoa based foods are, after the 2012 reform, added to the Annex, as well as leather, fur and feathers.

By virtue of Article 5 of the Regulation, registration is available only for names, so no other type of sign can be accepted.<sup>72</sup> These names can be tra-

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71 For wines, see Regulation (EC) 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) [2007] OJ L 299/1 (as lastly amended by Regulation (EC) 491/2009 of 25 May 2009) as well as Regulation (EC) 479/2008 of 29 April 2008 on the common organisation of the market in wine, amending Regulations (EC) No 1493/1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and repealing Regulations (EEC) No 2392/86 and (EC) No 1493/1999 [2008] OJ L 148/1. For aromatised wines, see Regulation (EEC) 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatised wines, aromatised wine-based drinks and aromatised wine-product cocktails [1991] OJ L 149. For spirits, see Regulation (EC) 110/2008 of 15 January 2008 on the definition, description, presentation, labelling and the protection of spirit drinks and repealing Regulation (EEC) No 1576/89 [2008] OJ L 39/16.

72 Contrary to that, TRIPS is more generous. The term “indications”, in Article 22.1 thereof, is accepted to be wide enough as to include words, figurative signs and even shapes, as explained in DEV GANGEE, PROTECTING GIs AS COLLECTIVE TRADE MARKS – THE PROSPECTS AND PITFALLS, 4 (IIP 2006).

#### IV. Geographical Indications

ditional geographical (e.g. Porto) or non-geographical (e.g. feta) ones<sup>73</sup> and of course cannot be fictional, for the point is that the name corresponds to an existing place tied to a product.<sup>74</sup>

#### C. Levels of protection

There are two levels of protection and three categories of sign available<sup>75</sup> depending on the link between the product and the place: a PDO, which stands for Protected Designation of Origin, a PGI, i.e. a Protected Geographical Indication, and a TSG, that is Traditional Specialty Guaranteed.

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73 This phrasing belonged to Article 2.2 of Regulation 510/2006. For reasons of completeness, it is mentioned that there have been voices arguing that traditional non-geographical names can be registered only as PDOs, but not as PGIs, which can solely be granted to geographical names. See by way of example Irina Kireeva, *How to register GIs in the European Community*, 33(1) WORLD PATENT INFORMATION 73 (2011); Gail E. Evans & Michael Blakeney, *The Protection of GIs after Doha: Quo Vadis?*, 9(3) JIEL 584 (2006); Working Document of the Commission Services, *Protection of GIs, Designations of Origin and Certificates of Specific Character for Agricultural Products and Foodstuffs*, Guide to Community Regulations (2<sup>nd</sup> ed. August 2004) at 11, available at [http://ec.europa.eu/agriculture/publi/gi/broch\\_en.pdf](http://ec.europa.eu/agriculture/publi/gi/broch_en.pdf) (last accessed Jun 19, 2014). Since no reason is furnished why this separation makes sense and because the wording of the old Article did not really support this statement, justifying it seems rather difficult. See to the contrary, Gail E. Evans, *The Comparative Advantages of GIs and Community Trade Marks for the Marketing of Agricultural Production in the European Union*, 41 IIC fn. 32 (2010), where no differentiation is made between PDOs and PGIs as regards traditional non-geographical names. Anyhow, the importance of this phrase might be low, since it has not been included in the text of the new Regulation.

74 WORF-FRIEDRICH MICHEL, DER SCHUTZ GEOGRAPHISCHER HERKUNFTSANGABEN DURCH DAS MARKENRECHT UND CERTIFICATION MARKS, 32 and 36 (Berlin Verlag Arno SpitzGmbH 1995).

75 For the historical background that led to this “compromise”-provision with signs accommodating both *terroir* based goods and reputation based ones, see Dev Gangjee, *Melton Mowbray and the GI pie in the sky: Exploring Cartographies of Protection*, 3 IPQ 301-306 (2006).

## 1. The PDO/PGI level

The criteria for a PDO,<sup>76</sup> which apply cumulatively, are the following:

- name of a region, a specific place or, in exceptional cases, a country;
- that name is used to distinguish an agricultural product or a foodstuff;
- the product originates in that region, specific place or country;
- the quality or characteristics of the product are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and
- the production, processing and preparation of the product, i.e. all “production steps” according to Article 3.7, take place in the specified geographical area.

The conditions for a PGI<sup>77</sup> can also be displayed like this:

- name of a region, a specific place or, in exceptional cases, a country;
- that name is used to distinguish an agricultural product or a foodstuff;
- the product originates in that region, specific place or country;
- the product possesses a specific quality, reputation or some other characteristic essentially attributable to that place of origin, and
- the production and/or processing and/or preparation of the product, so at least one of the production steps, take place in the specified geographical area.

The main difference between the two above mentioned categories is the level of connection of a product to a place. The PDO requirements are much stricter, whereas the prerequisite for a PGI is quite loose. For the PGI, the affinity to a place is somewhat subjective, since it suffices that the product has some relation to the region’s reputation, hence the term “attributable” in contrast to “essentially or exclusively” used for the PDO.<sup>78</sup> The rationale behind this choice has exactly to do with increasing the possibility for more products to be eligible for protection, even though the territorial link in their case is relatively weak, and from a practical point of view very few products will not meet any of the prerequisites.<sup>79</sup>

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76 Article 5.1 of the Regulation.

77 Article 5.2 of the Regulation.

78 Irina Kireeva, *supra* n. 73, at 73.

79 GAIL E. EVANS, A COMPARATIVE ANALYSIS OF THE PROTECTION OF GIs IN THE EUROPEAN UNION AND THE UNITED STATES UNDER SUI GENERIS AND TRADEMARK SYSTEMS in TOSHIKOSAKA TAKENAKA (ED.), INTELLECTUAL PROPERTY IN COMMON LAW AND CIVIL LAW, 255-256 (Edward Elgar Publishing 2013).

#### IV. Geographical Indications

Another issue is the territory where the production, processing and preparation take place. Following the same logic as before, for a PDO all three procedures have to cumulatively happen in the locality claimed as the origin of the end product, whereas for a PGI only one of them happening in that locality is sufficient to make the end product eligible for protection. The most commonly mentioned example is raw materials that are accepted to originate from a place different than the one defined in the specification, especially after the CJEU's ruling on the case of Spreewälder Gurken stating it explicitly.<sup>80</sup> However, Article 5.3 *in fine* of the Regulation restricts "raw materials" to "*live animals, meat and milk*" only.

Due to the fact that a PDO extends over the whole spectrum of making, from the supply of raw materials till delivering the end product, a product fulfilling those requirements should be applied for as a PDO rather than a PGI, because the protection that will be achieved is far more complete than it would be under the PGI. This does not mean that PDOs enjoy greater protection than PGIs, it just means that, from a practical point of view, operators will be able to enforce their exclusive rights for a wider array of practices and against infringing conduct covering any of the stages of making. This became evident in the case of Prosciutto di Parma, where it was decided that the producers could control even the slicing of the ham that was taking place outside the defined area and contrary to the specification.<sup>81</sup>

## 2. The TSG level

The TSG sign identifies traditional production techniques and recipes and the rationale behind its introduction is to facilitate marketing and advertising of the respective goods. Famous TSG are for example the Spanish Jamón Serrano and the Italian Mozzarella.

The requirements for registration as a TSG<sup>82</sup> are:

- a name identifying a product or foodstuff;
- the said name has been traditionally used to distinguish this product or it stresses the traditional or special qualities of this product;

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<sup>80</sup> Case C-269/99 Carl Kühne GmbH & Co. KG and Others v Jütro Konservenfabrik GmbH & Co. KG (2001) para. 61.

<sup>81</sup> Prosciutto di Parma, *supra* n. 63.

<sup>82</sup> Article 18 of the Regulation.

## *B. Registration procedure*

- this product or foodstuff is the outcome of production methods having been traditionally developed for this good to be made, and
- the composition of the good is based on the traditional ingredients used for the production thereof.

A TSG is different from a PDO or a PGI as far as the link to a geographical area is concerned. A TSG mainly focuses on the ingredients and the method of production, but does not call for a specific link to a geographical place. TSG are so far underutilised, fact which is underscored also in recital 34 of the Regulation with the hope that the amendments therein will reveal their true potential.

### *A. Persons entitled to apply for a GI*

Potential applicants can be groups of producers, but in exceptional circumstances even individuals can be considered as a group. According to Article 49.1 of the Regulation, a single person, be they natural or legal, can apply for a GI if (i) no other producer in a specified area wishes to apply and (ii) this specified area is characterised by elements which are considerably different as compared to those of neighbouring areas or the product's characteristics differ as opposed to those of products from neighbouring areas. This is a major difference between GIs and Community collective marks, because the latter can in no case be owned by individuals. Further, GIs can be applied for by producers, which is not possible in the case of certifications marks, at least if the general notion is taken into consideration. Additionally, the applicant of a GI need not have legal personality, so a group of producers may apply irrespective of their legal status.<sup>83</sup> This aspect is critical especially where producers do not have the means to afford setting up an entity with legal personality because of lack of financial resources, bureaucracy and other administrative obstacles or even lack of time.

### *B. Registration procedure*

The application for a GI has to go through a two-tier procedure, same for PDOs, PGIs and TSG, first at a national level and later at a Union level.

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83 Article 3.2 of the Regulation.

#### *IV. Geographical Indications*

##### 1. The national level

At the national level, a group of producers operating in the same region and specialising in the production of the same good can redact an application and submit it to the responsible national authority of the country the region belongs to. The application should include, apart from the identification details of the group applying, the status of the GI chosen, so whether it is for a PDO or a PGI as well as extensive information about the product, whose name protection is sought for. This set of information constitutes what is known as “product specification”, which, according to Article 7 of the Regulation, should state the following: the name of the good and the description of its characteristics, the definition of the concerned locality, proof that the good indeed originates therefrom, delineation of the production technique followed together with packaging details if necessary, the connection between the good and the geographical area as appropriate to the type opted for (specific qualities for the PDO or reputation for the PGI), designation of the authority responsible for quality controls and certifying observance of the specification and possible details on labelling.

For a TSG, the application is similar and should also be accompanied by the appropriate specification listing the name of the good, including its translated versions in which it is marketed, full description of the good and its composition that gives the unique character, the method of production and any important points advocating its traditional status. The rest of the process is the same as in the case for PDOs and PGIs.

The specification is of utmost significance, because it lays down the characteristics rendering the good unique, what is called the “typicity” of the good.<sup>84</sup> On the one hand, at the application stage, it informs people of the process initiated and gives the essential points potential oppositions against it can be based on. On the other hand, after registration has been achieved, it defines the criteria of use of the sign, so the way any interested party could start manufacturing the good so as to be able to profit from the sign, and it notifies producers from other areas or the ones not complying with the rules of what they have to avoid so as not to infringe the GI. In that sense it is also a tool for the producers to better police and enforce their rights against

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84 Dwijen Rangnekar, *supra* n.59, at 25.

wrongdoers. Further, it functions as a type of check-list for the subsequent inspections guaranteeing adherence to the standards.<sup>85</sup>

The application, once received by the competent national authority, is closely examined in order to be determined whether the requirements are satisfied. The examination is coupled with the opening of the national objections procedure for a reasonable time frame, as judged by the national authority, giving the opportunity to persons with legitimate interests to block the registration. Once this phase is completed and the application is deemed sound and as soon as the objections have been dealt with, the national authority forwards the application to the European Commission for the second and final check.<sup>86</sup> It is in the producers' best interest that the national authority performs thorough scrutiny, because the procedure will carry on without delays.

## 2. The European Commission level

Upon receipt, the Commission investigates the application in terms of completeness and substantiation. This stage should take no more than six months, if the information sent by the Member State is sufficient. At the opposite instance, the Commission would have to call for additional evidence, which would reset the six-month deadline from the time this request has been satisfied.<sup>87</sup> Thereafter, another six-month period commences. The application is published in the Official Journal of the European Union and is open to the second round of objections for three months. In case an objection is founded, the Commission directs the issue to the respective Member States, giving them three months (extendable up to three months if need be) to reach a consensus solving the disagreement and, if they fail, it is up to the Commission to decide. In the absence of objections or after the matter is resolved, the name finds its place in the register and the registration is published in the Official Journal of the European Union.<sup>88</sup>

The above description of the registration procedure stresses the attention given to each application which corresponds to the weight attached to the registered names and the effort to include only the names really deserving

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85 Working Document of the Commission Services, *supra* n. 73 , at 11.

86 Article 49.2-49.3 of the Regulation.

87 Working Document of the Commission Services, *supra* n. 73 , at 16.

88 Articles 11, 50, 51 and 52 of the Regulation.

#### *IV. Geographical Indications*

the elevated protection granted. It also illustrates how detailed and how time consuming the whole procedure can be, which might be a useful hint for prospective applicants to bear in mind when they consider their options for protection. This is all the more so, if one takes into account that a similar procedure along the above lines is followed each time the specification is amended,<sup>89</sup> so updating it is not an easy task.

#### *C. Scope of protection*

GIIs do not simply reveal territorial origin, but more importantly a special connection to a place that results in a product of high quality due to that connection. Hence, GIIs, even though restricted to names and not any kind of sign, enjoy in the European Union an increased level of protection. Like in the trade mark regime, there cannot be registration as a GI of a generic name. Once having reached the register, however, a GI is not allowed to slip into genericism.<sup>90</sup> Consequently, a GI may indeed be cancelled if the specifications are no longer observed, but it is impossible to be erased due to perception or reference to it by the consuming public as the genus.<sup>91</sup>

Furthermore, according to Article 13 of the Regulation, a PDO or a PGI is protected irrespective of likelihood of confusion and not only where the goods are comparable, but also when the reputation of the name is taken advantage of.<sup>92</sup> In this second case, consequently, a GI can be protected even if the goods are dissimilar and even in cases where the GI is used to identify an ingredient. A GI is also to be defended against incorrect use, copying or evocation of the name, even if the true origin of a good is not being hidden, as well as against translated versions of the name and against “type- phrases” indicating the resemblance of a good to the GI, again even if the indication points to an ingredient and not the product itself. Protection is granted also for untrue or deceptive indications with regard to the GI’s origin or characteristics or any other potentially misleading practice. This broad scope of protection makes GIIs distinguishable from other types of marks, while they can be seen as a quasi-combination and elaboration of conventional trade

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89 Article 53 of the Regulation.

90 Article 13.2 of the Regulation.

91 Gail E. Evans, *A comparative analysis*, *supra* n. 79, at 268.

92 Miguel Angel Medina Gonzalez, *supra* n. 23, at 260.

marks with a reputation,<sup>93</sup> collective trade marks of geographical reference and certification marks.

A point similar to the scope of protection is the priority recognised for GIs as opposed to trade marks including the name, which are already in use. According to Article 15 of the Regulation, from the time of the publication of the specification in the Official Journal, trade mark owners have a five-year time frame to adapt their brands so as not to conflict with the GI, which in practice results in those owners actually being obliged to remarket their products.

For a TSG, on the other hand, the scope of protection is much narrower. TSG, by virtue of Article 24.1 of the Regulation, are shielded only against any misuse, copying or evocation, or against any conduct which is likely to mislead the consumer. In parallel, Member States undertake the obligation of streamlining the product descriptions existing on a national scale so that they do not clash with any registered TSG or they are mistaken as such.

#### D. GIs as common goods

GIs constitute a common good, rather than a private asset as is the case of trade marks.<sup>94</sup> This, in turn, is the reason why GIs – contrary to trade marks<sup>95</sup> – cannot be “delocalised”, i.e. they cannot be assigned, transferred or licensed outside the respective locality.<sup>96</sup> Because of this nature, State intervention and supervision is more present in the case of GIs.<sup>97</sup> Aside from the role States play in the registration procedure already mentioned, States have a duty, vested in them by Articles 36-40 of the Regulation, to have in place a mechanism for inspections both before the product enters the market as

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93 LASSE A SØNDERGAARD CHRISTENSEN AND JANNE BRITT HANSEN, A CONTRAST WITH TRADE MARK LAW: THE PERMITTED USE OF GIs IN JEREMY PHILLIPS, *Trade Marks at the Limit*, 40 (Edward Elgar Publishing 2006).

94 William Van Caenegem, *Registered GIs: Intellectual Property, Agricultural Policy and International Trade*, 26(4) EIPR 176 (2004).

95 With respect to collective Community marks, in particular, it has to be noted, however, that the mark can only be transferred to an association again and not to an individual, because of its inherently collective character. See Alexander v. Mühlen-dahl, *supra* n. 15 , at 88.

96 Bernard O'Connor, *supra* n. 41 , at 113.

97 Dev Gangjee, *Quibbling Siblings: Conflicts between Trade marks and GIs*, 82 CHI.-KENT L. REV. 1267-1268 (2007).

well as throughout its use in commerce. Such inspections are to be carried out in an unbiased way to make sure that the provisions laid down in the Regulation are respected and the product specifications are being observed, while States also assume tasks of a watchdog concerning the use of registered names, so that their protection is ensured. Where any of these tasks are performed by bodies other than the competent national authorities, these bodies have to be accredited by the State and should follow specific standards. In either case, information on the responsible bodies for official controls should be communicated to the public for reasons of transparency. This meticulous oversight reflects the degree of significance States lay on GIs as an instrument of collective growth. As recital 46 puts it, it is this monitoring scheme that awards credibility to the added value of GIs, and it is the one establishing consumer trust, so that purchasers are convinced to pay the premium.

The notion that GIs are different from trade marks in the intellectual property ontology is partly also based on European legal tradition, having evolved from the appellation of origin public law regime,<sup>98</sup> but it is still regarded as such in the European Union plane. This observation springs from the objectives of the harmonised European GI legislation, which in a nutshell targets diversification of production in the agricultural sector, preservation of local traditional methods, enhancement of rural development, promotion of value-added goods and elevation of consumer awareness as to the quality of the available products.<sup>99</sup> GIs are a type of intellectual property as well as a policy tool for agriculture, so – as van Caenegem notes – their status is mixed.<sup>100</sup> Their regulation and protection is therefore being discussed in several fora, which in turn highlight different policy arguments in favour of their protection. In the European Union, for instance, the protection of GIs is founded in Article 43 of the TFEU for the implementation of the Common Agricultural Policy, so their importance is stressed not only in the area of trade but also in the field of agriculture and rural development.

Specifically on the issue of GIs being common goods, it has been suggested that PGIs are public goods based on two reasons: on the one hand, only groups of people and not individuals have the right to apply for a PGI,

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98 DAVID VIVAS-EUGUI & CHRISTOPHE SPENNEMANN, THE EVOLVING REGIME FOR GIs IN WTO AND IN FREE TRADE AGREEMENTS in CARLOS M. CORREA & ABDULQAWI A. YUSUF (Eds), INTELLECTUAL PROPERTY AND INTERNATIONAL TRADE: THE TRIPS AGREEMENT, 209 (Kluwer Law International, 2nd ed. 2008).

99 Mateo Gragnani, *The Law of GIs in the EU*, 7(4) JIPLP 273 (2012).

100 William Van Caenegem, *Registered GIs*, *supra* n. 94, at 171.

and on the other, this initial group cannot prohibit other people conforming to the specification from using the protected term. This nature is enhanced if one considers that the groups apply for protection wishing to continue a tradition or anyway basing their claim on already existing knowledge and reputation of a specific good rather than coming up with a new product. Further, this is why the protection of the term, once granted, has no temporal boundaries and does not depend on renewals. As long as the producers continue working along the specification lines,<sup>101</sup> they do not need to maintain their registration, which is infinite.<sup>102</sup> A GI cannot be lost if production ceases and can revive once manufacturing commences again, without this gap making it vulnerable to others exploiting the term based on arguments of non use.<sup>103</sup>

Contrary to this social aspect that flows through GIs, collective trade marks can, but do not necessarily signal value derived from a pre-existing, known practice. They can be registered also for new products or services and their existence, although indefinite, depends on periodic renewals (every ten years). What is more, the procedure follows the general rules of trade mark law on absolute and relative grounds of refusal, without any scrutiny – as is the case for GIs – from the respective Member State and the European Commission as to the legitimacy and authenticity of the sign based on the contents of the application and possible objections. This means that the examination in the case of GIs is of a substantive character; the approval is given to those products that are really worth the title.

The social importance of GIs is reflected even in the duration of the whole procedure till the actual registration, which might take up to 3 years.<sup>104</sup> Moreover, the ownership of the sign in many cases is vested to the Member State or a parastatal organisation representing the producers of the specified region, unless it remains a public right.<sup>105</sup> These facts – together with the austere procedure, the involvement of the State and the strong protection afforded – shows that the GI system is aligned with the high value of the

101 Article 12 of the Regulation.

102 Gail E. Evans, *A comparative analysis*, *supra* n. 79 , at 263.

103 Christophe Charlier & Mai-Anh Ngo, *GIs outside the European Regulation on PGIs, and the rule of free movement of goods: lessons from cases judged by the Court of Justice of the European Communities*, 34(1) EUR J LAW ECON 21-22 (2012).

104 Irina Kireeva, *supra* n. 73 , at 76.

105 Dwijen Rangnekar, *supra* n. 59 , at 16; Tim Josling, *The war on terroir: GIs as a Transatlantic Conflict*, 57(3) JOURNAL OF AGRICULTURAL ECONOMICS 348 (2006); Gail E. Evans, *A comparative analysis*, *supra* n. 79 , at 260.

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underlying product for maintaining local traditions, bolstering environmental sustainability and boosting progress in rural areas.

The State involvement is meant also in terms of advertising not only of the product but also of the country itself. This is so, because GIs are generally attributed to countries rather than the traders' group responsible for their production,<sup>106</sup> so they also function as ambassadors, thereby raising a country's positive image among the public.<sup>107</sup> In this sense, they are utilised by the States also for their promotion in tourist campaigns, as a piece of their culture and their people's modus vivendi.<sup>108</sup> This is more apparent in the case of small scale GIs, so called "micro GIs", restricted territorially and unknown but for their locality, whose economic impact for producers is debated, but which play a role as a tourist attraction by helping highlighting the local character.<sup>109</sup>

#### *E. GIs as a distinct genre of intellectual property*

From the above analysis it follows that GIs are very similar to trade marks. Both cases mirror kinds of signs that, on the one hand, help producers differentiate their products in the marketplace, while giving them incentives to invest in a sign and, on the other, assist consumers in making informed choices in a time- and cost efficient manner.<sup>110</sup> At the same time, both cat-

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106 Take the example of DOOR, the official website of the European Union listing the registrations and applications for PDOs, PGIs and TSG, available at <http://ec.europa.eu/agriculture/quality/door/list.html;jsessionid=pL0hLqqLXhNm-FQyFl1b24mY3t9dJQPflg3xbL2YphGT4k6zdWn34!-370879141> (last accessed on Jun 19, 2014). The products are categorised based on the country of origin and not the group of producers that initiated the registration procedure. The same holds true for the European electronic database for wines (E-Bacchus), available at <http://ec.europa.eu/agriculture/markets/wine/e-bacchus/index.cfm?event=searchPEc-cgis&language=EN> (last accessed Jun 19, 2014), and the respective database for spirits (E-SPIRIT-DRINKS), available at <http://ec.europa.eu/agriculture/spirits/index.cfm?event=searchIndication> (last accessed Jun 19, 2014).

107 Warren Moran, *Rural Space as Intellectual Property*, 12(3) POLITICAL GEOGRAPHY 266 (1993).

108 Eleonora Lorenzini et al., *Territorial Brands for Tourism Development, A statistical analysis on the Marche Region* 38(2) ANNALS OF TOURISM RESEARCH, 543 (2011).

109 Tim Josling, *The War on Terroir*, *supra* n. 105 , at 360.

110 Nicholas S. Economides, *The Economics of Trademarks*, 78 TRADEMARK REP. 525-527 (1988). On GIs, see recitals 18 and 34 of the Regulation.

egories of signs provide some information about the characteristics of the product they represent (commercial source, some level of quality or geographical origin), while the reputation that GIs are meant to foster is sometimes seen as the equivalent of goodwill of trade marks.<sup>111</sup>

Further, the principle of specialty, meaning the attribution of the sign to specific categories of products thereby precluding the use of the sign in abstract, also applies to both of them,<sup>112</sup> whereas most analyses on the function and economic importance of GIs are inspired by or follow the trade mark scheme.<sup>113</sup> Especially collective and certification marks have been suggested as a suited means of protecting GIs, because the first is appropriate for collective management of rights, whereas the second serves the quality function.<sup>114</sup> Neither sign accepts generic terms in the register,<sup>115</sup> but both signs can have perpetual duration. Finally, both types offer a centralised and unified procedure for application and registration, since protection is granted for the entire European Union with a single application. If this is the case, the evident question then is why there are two types of marks having the same elements and ultimately why we need them kept separate, if at all. This last aspect basically seeks the explanation for the need of stronger protection of GIs in contrast to trade marks.

The reasons why GIs emerged are mostly historical and the justification of keeping them as a distinct category of signs is based on the objectives these marks are intended to achieve. GIs were developed out of the inability of the trade mark system in the early days to grant ownership rights to collectivities; proprietors of trade marks were individuals. What is more, trade marks could not be registered for geographical terms and finally protection was afforded with the logic of helping traders defend their goodwill and avoiding consumers being misled without covering any public policy concerns.<sup>116</sup>

A category of sign was needed that would allow many people to participate in the ownership structure and benefit from its use, problem which was overcome through the introduction of collective marks. The issue with ge-

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111 Dwijen Rangnekar, *supra* n. 59 , at 2.

112 Gail E. Evans & Michael Blakeney, *supra* n.73 , at 584.

113 Wolf-Friedrich Michel, *supra* n. 74 , at 25-26.

114 Tim Josling, *What's in a Name? The economics, law and politics of GIs for food and beverages*, IIIS Discussion Paper No. 109 (January 2006) at 27.

115 Article 7.d CTMR in conjunction with Article 6.1 of the Regulation.

116 Dev Gangjee, *PROTECTING GIs*, *supra* n. 72 , at 8.

ographical terms being rejected as invalid in the register as descriptive was given solution via the introduction of exceptions, such as fair use provisions and acquired distinctiveness ones or, in countries of common law tradition, via the introduction of types of marks permitting geographical terms, most notably certification marks.<sup>117</sup> On the European Union level more specifically, both issues have found their solution in the category of collective Community marks, since this type, by virtue of Article 66 CTMR, is open to everyone who complies with the rules, and can be registered for geographical terms without proof of fair use or acquired distinctiveness. Is that then all it takes?

The third point of public policy considerations is a sensitive one and the one that actually distinguishes GIs from trade marks, partly because it shifts the conversation to a different forum, namely agriculture and rural development. In 1992 the European Union reformed its agricultural agenda with the view to reinvigorate the economy and progress of rural areas and so as to give more importance to food quality than food quantity.<sup>118</sup> This would become reality through indirect measures rather than financial help in the form of cash grants or low-interest loans and price control tools, which comprised the strategy up to that point. Interested parties would be given motivation to stay in rural regions and invest in products that contribute to the progress of that region, maintain cultural diversity and also achieve high prices on the market because of their high quality and/or reputation, thus giving to the owners a competitive advantage. These positive outcomes are the ones targeted with the Regulation, as recital 2 to 5 thereof clearly state. From a legal point of view, this goal would be achieved by granting stronger protection to geographical names than the one given to trade marks, creating consequently a system of legal monopoly of geographical terms.<sup>119</sup>

Beyond the policy considerations, the issue of quality should not be disregarded. The criteria for registration and the subsequent inspections reveal a system that can better guarantee the quality of the good and the methods

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117 See by way of example the UK provisions on both collective and certification marks in Schedule 1, para. 3, and Schedule 2, para. 3 Trade Marks Act 1994 and the US provision on certification marks in 15 USC § 1054.

118 Tilman Cornelius Becker & Alexander Staus, *European Food Quality Policy: the Importance of GIs, Organic Certification and Food Quality Insurance in European Countries*, 12<sup>th</sup> EAAE Congress “People, Food and Environments: Global Trends and European Strategies” (August 2008, Ghent) [number 44455] at 1.

119 *Ibid* at 4.

followed to produce it. Collective and certification marks may surmount some obstacles, but they are based on private initiative and do not statutorily impose adherence to a comprehensive set of standards.<sup>120</sup> There are, therefore, justifications for GIs being a separate type of sign, non-regulated on a trade mark mentality.

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120 Erick Camilo Castellanos, *Indications of Geographical Origin Vis-a-Vis Trade marks Analysis in the Light of 'Café De Colombia*, 18 Tilburg University Legal Studies Working Paper Series 24 (2010).

## V. Descriptive elements in Community collective marks

The preceding anatomy of Community collective marks and GIs raises the issues of descriptiveness of geographical terms, the way they fit into trade mark law, especially in collective marks, and their scope of protection therein. It is widely accepted that geographical names are of descriptive character, which prevents registration in the trade mark system according to Article 7.1.c CTMR, as these terms should be kept free for everyone to use. This position holds true for conventional trade marks,<sup>121</sup> although it can be overturned if acquired distinctiveness can be proven<sup>122</sup> or on grounds of fair use.<sup>123</sup> The problem, however, is completely bypassed in the case of collective trade marks, as the CTMR itself, in Article 66.2 thereof, explicitly provides for derogation from this rule.

The rationale of this provision is the accommodation of GIs in the trade mark regime. As a matter of fact, the same holds true for collective (and certification) marks at the international level.<sup>124</sup> The provision, subsequently, is formed in a GI mentality, but the protection it offers is adjusted to the trade mark philosophy. In other words, collective marks with a geographical component are warded, in line with the general trade mark rules, against confusion likely to be created by identical or similar signs in connection to the same or similar goods or against dilution if being well-known marks, as prescribed in Article 9 CTMR. The protection is thus dependent on confusion, whereas the protection of GIs is not conditioned by that. Additionally, protection of a mark of geographical nature is excluded from the ambit of Community collective marks for dissimilar products or services, unless it is a mark with a reputation and provided of course that the rest of the requirements of Article 9.1.c are met.

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121 Alberto Francisco Ribeiro de Almeida, *Key Differences between Trade Marks and GIs*, 30(10) EIPR 408 (2008).

122 Article 7.3 CTMR.

123 Uche U. Ewelukwa, *Comparative Trade mark Law: Fair Use Defense*, 13 WIDNER LAW REVIEW 141-149 (2006). See also DEV GANGJEE, OVERLAPS BETWEEN TRADE MARKS AND GIs in NEIL WILKOF & SHAMNAD BASHEER (EDS.), *OVERLAPPING INTELLECTUAL PROPERTY RIGHTS*, 282 (Oxford University Press, 1st ed. 2012).

124 WIPO, *supra* n. 55 , at 8.

To that general scheme there is, however, an exception. A collective trade mark proprietor cannot prohibit the use of the geographical sign or indication by anyone who profits from it in the course of honest industrial or commercial conduct or by anyone authorised to use it.<sup>125</sup> In this case, consequently, a third party should be able to show that they operate in good faith and based on fair commercial practices and business ethics, or they have been granted a right. This principle should accordingly be reflected in the regulations governing use of the collective mark, which have to be phrased in a way as to permit membership status to persons manufacturing products in the geographical place concerned.<sup>126</sup>

If the view of inclusion of certification marks in Community collective marks is accepted, at least to the extent described in Chapter II, then other elements that can be descriptive might be quality, method of manufacturing and the like depending on what the mark is intended to guarantee. Since there is no derogation for this type of elements, as the one existing for geographical origin, these elements can be accepted in the register on condition they fulfil the requirements of the general provisions for individual trade marks. Further, their scope of protection should follow the general pattern, meaning their distinctiveness would be lower and therefore it would be more difficult to stop someone from using a similar sign.

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125 Article 66.2 CTMR.

126 Article 67.2 CTMR.

## VI. Synthesis and strategic choice between systems

Several studies have elucidated possible benefits or encumbrances of the use of collective trade marks, which pose a question as to both the criteria and circumstances, under which a collective trade mark can be successful, and the alternative solutions available. Thereupon, this section is dedicated to the significance and the role of Community collective trade marks in the marketplace, with the view of identifying the advantages they can offer for the efficient protection of the mark *per se*, as well as their importance for the marketing of the respective products. The issues will be covered to the extent possible for a legal paper, whereas the economic impact is only briefly discussed.

### *A. From the perspective of legal requirements*

Since Community collective marks follow the general scheme of individual Community marks, the choice of the desired sign is vast, meaning a Community collective mark, according to Article 4 CTMR, can be anything provided it fulfils the requirement of graphical representation and is of course used as a commercial source identifier.<sup>127</sup> The same can be said with respect to certification marks, where they are recognised, as there is nothing contrary to that view. By contrast, for GIs the options in the European Union system are quite limited, in the sense that a geographical indication is basically only a name, thus excluding any other symbols. Consequently, if the interested parties wish to register e.g. a figurative mark, a composite mark or a shape mark, which would possibly enjoy greater visibility and would increase the distinctiveness of the sign as a whole, they have to opt for a type of trade mark or examine the possibility of applying for both a trade mark and a geographical indication.

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127 ANDREAS EBERT-WEIDENFELLER ET AL., MARQUE COMMUNAUTAIRE, 193 (WIPLA 2000).

In this last case, the additional advantage is that the registration of a trade mark can be chosen as to play a preventive role<sup>128</sup> until a geographical indication is published in the Official Journal or until the producers set up the mechanism needed to support a GI scheme, if it is still in the establishment phase. This is because the procedure of registering a trade mark is less time-consuming,<sup>129</sup> as it does not have to pass control from the national authorities nor scrutiny from the European Commission.

Further, again according to Article 4 CTMR, a trade mark can be registered in connection to products as well as services, while there is no restriction as to what types of products. The spectrum of GIs, on the other hand, is rather narrow, as protection is afforded only in relation to foodstuffs and agricultural products. Concomitantly, there is no possibility for someone or for a community to register for instance their traditional handicrafts as GIs under the European system or to register a GI for a type of yoga or massage, which leaves them with the option of Community collective marks, since they encompass also non-agricultural products as well as services.

Collective marks can also be of help, when producers cannot easily establish the link between the product's characteristics to the territory or where no proof of certain reputation can be furnished due to lack of evidence for instance. Collective marks do not require for such elements, because, as explained above, it is not mandatory for the regulations to certify a certain quality nor is it compulsory to claim and justify a certain link between the good and a region to achieve protection. Producers may be situated in areas far from each other, but they can still achieve trade mark protection without necessarily violating the regulations.<sup>130</sup>

At the same time and on the flipside of the above point, collective marks cannot be a proof of the genuineness of a product as GIs can, exactly because there is no examination of this element when applying for such a mark. Apart from the procedural or administrative issues listed in Articles 7 and 8 CTMR as absolute and relative grounds of refusal as well as the opposition procedure and observations of parties based again on those principles, there is no way to tell whether a product or service is authentic and in essence worth

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128 BENJAMIN FONTAINE, *LES INDICATIONS GEOGRAPHIQUES ET LE SYSTEME DE LA MARQUE COMMUNAUTAIRE*, 123 (E.G.Y.P. 2010).

129 Lennart Schüßler, *Protecting 'Single-Origin Coffee' within the Global Coffee Market: The Role of GIs and Trade marks*, 10(1) THE ESTEY CENTRE JOURNAL OF INTERNATIONAL LAW AND TRADE POLICY 170 (2009).

130 Gail E. Evans, *The Comparative Advantages*, *supra* n. 73 , at 654-655.

the mark. One would think that the regulations governing use of a collective mark serve to that end, but this holds true in the cases where the business operators so decide; in other words, it is not obligatory for the regulations to include such information,<sup>131</sup> but even if it were, it would still not be sufficient. In the absence of mandatory inspections like the ones in place for GIs, how is adherence to the regulations to be secured?

Continuing on the issue of lack of reputation, this point is the one most highlighted with regard to third countries' considerations of opting for protection of their labels under a GI sign in the European Union. It has been noted that producers of goods not as widely acclaimed as e.g. Prosciutto di Parma, would need to invest large amounts on marketing – of often doubtful efficiency – to make them recognisable among the consumers so that the latter are convinced to pay a premium for them.<sup>132</sup> Choosing the GI path may lead to products of high quality, respectful of the local traditions, but successful results are by no means guaranteed, as the marketing position of GI labelled products in the supply chain is reported as rather anaemic.<sup>133</sup> That taken into account, the argument is extended in cases where third countries examine the possibility of adopting a *sui generis* GI system in their legal order. It is questionable whether a country of poor financial resources should prioritise GIs over trade marks.<sup>134</sup> If one takes into account also the fact that the producers in a certain locality are the ones to bear the cost of inspections to confirm the high level of the good's quality,<sup>135</sup> it becomes apparent that the expenditures rise sharply.

Moreover, where protection in an online environment stands as a priority, the option of collective marks seems much more favourable.<sup>136</sup> In case of infringement of a domain name that is also a protected trade mark, the Uniform Domain-Name Dispute-Resolution Policy under the aegis of the ICANN provides for ways to settle differences either before courts or

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131 Christophe Charlier and Mai-Anh Ngo, *supra* n. 2, at 4.

132 William A. Kerr, *Enjoying a Good Port with Clear Conscience: Geographic Indicators, Rent Seeking and Development*, 7(1) THE ESTEY CENTRE JOURNAL OF INTERNATIONAL LAW AND TRADE POLICY 8-9 (2006).

133 Luis Miguel Albisu, *Link between OLP and local production systems, supply chain analysis*, Final Report, Concerted Action DOLPHINS (July 2002) at 9, available at <http://www.origin-food.org/pdf/wp2/wp2-1.pdf> (last accessed Jun 19, 2014).

134 William van Caenegem, *Registered GIs Between Intellectual Property and Rural Policy—Part II*, 6(6) JWIP 874 (2003).

135 Article 37.1 *in fine* of the Regulation.

136 Benjamin Fontaine, *supra* n. 128, at 125.

through arbitration. This procedure for domain names is in place solely for trade marks, so a name protected as a GI will not qualify for profiting from this mechanism.

Furthermore, collective marks can be protected abroad, in the countries members to the Paris Convention, according to its Article 7bis, whereas such kind of protection is not available for GIs. The only issue with that option is that the procedure for an international application is not centralised in the case of collective marks, since the Madrid Agreement and its Protocol offer that opportunity only for individual marks, so that one has to bear with multiple applications to register a collective mark.<sup>137</sup>

On the international plane, another plus of trade marks in general, is definitional clarity, in contrast with GIs that follow national (in the case of the European Union, both national and regional) schemes, in which the terminology differs, there is no uniform applicability covering all products and there might not even be a *sui generis* system for them, but rather inclusion under the trade mark umbrella. Trade mark regimes are in place everywhere, that is why the trade mark option offers ease of registration both at a national and international level, or transfer from the one level to the other.

Certification marks have long been suggested as appropriate counterparts of GIs and indeed there are points of contact between them, mainly since both are used to guarantee high quality products in line with monitoring mechanisms and are open to anyone fulfilling the criteria. The difference lies in the way the quality standard is policed. Certification bodies set standards upon the owners' private initiative without the certifier being obliged to set specific standards of quality corresponding to the needs of each particular product, whereas GI producers are subjected to the body responsible for inspection, which oversees the compliance with every aspect of the specification.<sup>138</sup> The said body can be the association itself, a State agency or a private body accredited to perform regular inspections and report possible misconduct, as already mentioned.

The interest of the State in maintaining the quality standards is all the more elevated, because it is the one enforcing the right either on its own motion or after the collectivity has brought a problem to its attention.<sup>139</sup> Unlike in the case of certification marks, where a private entity has to prove competence to certify and undertakes the certification process, with regard

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137 Marco Ricolfi, *Is the European GIs Policy in Need of Rethinking?*, IIC 124 (2009).

138 Caenegem, *Registered GIs*, *supra* n. 94, at 177.

139 Working Document of the Commission Services, *supra* n. 73, at 21.

## *VI. Synthesis and strategic choice between systems*

to GIs it is the State that is entrusted with the duty to designate the authorities responsible for official controls as to respect of the Regulation and for corroborating the product's alignment with its specification.<sup>140</sup> It has specific obligations to control a fixed set of factors, while the certification body can, but does not necessarily cover all aspects of the product's quality.

### *B. From the perspective of promotion and marketing*

Generally speaking, collective and certification marks can be an appropriate alternative to the use of GIs, despite their drawbacks mainly with regard to narrow scope and protection, because they are a better fit for the modern marketplace. This is due to the way markets function, based on supply and demand, so the way market forces interact, without State protectionism or intervention of any kind, which is the case for GIs. Choice between systems also depends on the priorities a country or the producers set and what they consider would be viable for their specific case. Where mass production is the target, use of collective or certification marks should be encouraged, because these marks are more easily adaptable to the needs of large scale production. The regulations governing use can change through internal procedures, meaning that reforms are less time-consuming and they can take into account the economic reality and adapt to it without losing their rights, as would be the case with GIs.<sup>141</sup> A crisis or any natural, commercial or financial instability might dictate change of place of production or processing, adoption of more modern ergo possibly more efficient methods of manufacture or change in the conditions of membership to cover a wider area or alternate fabricating techniques.<sup>142</sup>

GIs are not that flexible in such a context. One of the points of GIs is preservation of local traditional practices, which might welcome technological advancements, but only up to a certain point, namely that of not distorting the core of the technique. And further, potential reform of a traditional method in the context of GIs would entail State intervention, since it requires change in a public policy matter.<sup>143</sup> It has indeed been argued that GIs may pose obstacles to innovation, even though they support the making of dif-

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140 Articles 10 and 11 of the Regulation.

141 Gail E. Evans, *The comparative advantages*, *supra* n. 73 , at 653-654.

142 *Ibid*, at 673.

143 Tim Josling, *The War on Terroir*, *supra* n. 105 , at 361, fn. 39.

ferentiated products and they mobilise producers improve production conduct to safeguard quality and concomitantly purchasers' loyalty, because of the strong tenacity for traditional methods.<sup>144</sup>

Small enterprises are more likely to keep those techniques alive than bigger businesses operating with a view to quicker results, but not necessarily of low quality, at a lower cost. Economic studies have shown that where quality is high, production is limited, which in the case of GIs means that the strict product specifications are the reason for the narrow output. The problem becomes worse where the standard product on the market, the equivalent to the GI protected one, is already of high quality, so the GI producers have to boost the quality of their protected good to get a competitive result, which entails increased expenditure for an optimal effect.<sup>145</sup>

### C. Keeping GIs as a separate regime

The GI system cannot be described as flawless.<sup>146</sup> As a matter of fact, it has been heavily accused of favouring State protectionism<sup>147</sup> and that its economic benefits for the producers and the informational advantages for the purchasers lack factual evidential proof,<sup>148</sup> so they cannot provide a solid argument for the need of the system. Moreover, the significance of the *terroir* as giving the product unique characteristics unable to be found anywhere else is heavily doubted because of its transient nature.<sup>149</sup> It is also argued that its importance nowadays is anyway limited, because consumers are

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144 Jean Christophe Bureau & Egizio Valceschini, *European Food-Labeling Policy: Successes and Limitations* 34(3) JOURNAL OF FOOD DISTRIBUTION RESEARCH, 71, 72, 74 (2003).

145 Zohra Bouamra-Mechemache & Jad Chaaban, *Protected Designation of Origin Revisited* 8(1) JOURNAL OF AGRICULTURAL & FOOD INDUSTRIAL ORGANISATION, 9 and 21 [Article 5] (2010).

146 For an extensive critique, see William van Caenegem, *Registered GIs: Between Intellectual Property and Rural Policy – Part I*, 6(5) JWIP 699 (2003).

147 Tim Josling, *What's in a name*, *supra* n. 114 , at 4-7.

148 Tim Josling, *The War on Terroir*, *supra* n. 105 , at 339.

149 Justin Hughes, *Champagne, Feta and Bourbon: The spirited debate about GIs*, 58 HASTINGS LAW JOURNAL. 352-368 (2006). For a critical view of the subject from the perspective of geography and sociology, see BRONWYN PARRY, GIs: NOT ALL “CHAMPAGNE AND ROSES” in LIONEL BENTLY, JENNIFER DAVIS AND JANE C. GINSBURG (Eds.), TRADE MARKS AND BRANDS: AN INTERDISCIPLINARY CRITIQUE, 364 (Cambridge University Press 2011).

shifting from geographical labels to social ones, i.e. environmentally friendly brands, non-animal tested, fair trade, organic or sustainable ones.<sup>150</sup> Finally, there are voices saying that the GI corpus of law has developed much beyond what its underlying rationale calls for.<sup>151</sup>

The ideal solution, according to the above critique, would be to protect GIs as trade marks. The difficulty of incorporating GIs in the trade mark system expands in two axes: the way of safeguarding quality of the product and the way to promote social policies extending beyond private interests, both of which were analysed in the previous chapters. Incentivising people to invest in less “industrialised” methods of production to preserve cultural diversity and product differentiation and promoting social cohesion without marginalising rural areas falls outside the scope of trade mark law and that is why the protection is limited.

The advantages of the trade mark system, described in the preceding sections, are not enough for the trade mark system to replace the GI one and that is due to the different function of marks and GIs, because the first is concentrated on market efficiency, whereas the second’s purpose has also a socio-cultural nuance.<sup>152</sup> Trade marks are by nature closer to monopoly, whereas GIs are for everyone to use. Even in the case of collective marks, where anyone can join, the need for a group to have legal personality and the obligation of someone to become a member in order to profit from the mark (thereby taking part in the defence of the right and in its promotion) can lead to phenomena of dominance or to restrictions in terms of access that, in this form, are foreign to the GIs regime.<sup>153</sup> GIs have been characterised as “collective monopoly rights”, because they do not belong to a single enterprise,<sup>154</sup> but the monopoly aspect serves specific policy considerations that are not for the trade mark system to resolve.

Establishing the reasons why a territorial link results in product differentiation is surely a complex task, which belongs to an ongoing debate. The difficulty in finding absolute criteria advocating the causal factor between

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150 Jean Christophe Bureau & Egizio Valceschini, *supra* n. 144 , at 75.

151 Kal Raustiala & Stephen R. Munzer, *The Global Struggle over Geographic Indications*, 18(2) EJIL 363-365 (2007).

152 DEV GANGJEE, (Re)LOCATING GIs: A RESPONSE TO BRONWYN PARRY in LIONEL BENTLY, JENNIFER DAVIS AND JANE C. GINSBURG (Eds.), TRADE MARKS AND BRANDS: AN INTERDISCIPLINARY CRITIQUE, 396-397 (Cambridge University Press 2011).

153 Günter Berg, *Die geographische Herkunftsangabe – ein Konkurrent für die Marke?*, GRUR Int 428 (1996).

154 Dwijen Rangnekar, *supra* n.59 , at 2.

place and quality does not mean that the GI system should be abandoned altogether, but rather that appropriate criteria have to be found.<sup>155</sup> Beyond this struggle for proof though, the broad scope of protection in the case of GIs is attributed to the objectives the system is aiming at.

As a result, the trade mark system, particularly via collective and certification marks, can provide a successful substitute for GIs, but this is accepted in case of absence of a better alternative.<sup>156</sup> The question of sufficiency of the trade mark option is very difficult to answer, whereas the exact practical gains from the GI system economically and socially still remain a riddle due to the multiple factors influencing the outcome, economic, social, psychological, historical, political and market related, to name but a few. These factors, however, require thorough and interdisciplinary analysis beyond the scope of this paper.

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155 Dev Gangjee, *Melton Mowbray*, *supra* n. 75, at 308-309.

156 *Ibid* at 432.

## VII. Concluding remarks

This study aims at explaining the characteristics and functions of the existing signs used for distinguishing products, for promoting their values and helping protecting the goodwill of the producing undertakings in the market-place. Points of reference are the provisions for collective marks, certification marks and GIs in the law of the European Union.

### *A. Summary of the findings*

It has been demonstrated that Community collective marks in their present form are intended to also accommodate marks certifying a product's or service's certain characteristics, in the sole case when the applicant for the mark is an association of traders which conditions use of the mark upon membership in that union. The existing literature based on the legislative history reveals that this situation has arisen out of necessity and not due to systematic overlap. Looking at the results, it can be contended that the impact of such a choice in the CTMR was not carefully measured, as it has caused confusion among legal commentators and remains underexploited in practice, despite its promising potential. The system is thus inaccessible for certain business operators and it is potentially misleading for the consumers, who cannot be safely guided if a mark conveys multiple messages, sometimes mutually exclusive.

Community collective marks reveal primarily collective commercial origin and guarantee observance of an association's consistent quality standards. These standards are set by the association itself and the use of the mark is conditioned upon membership in the association. In that sense and from a doctrinal point of view, collective marks should be distinguished from certification ones.

To this day, there are no Community certification marks, but certification marks are recognised in many national jurisdictions. Because of the discrepancies in terminologies, making a comparison between Community collective and certification marks is challenging, and the conclusion has been drawn through a compilation of their common elements. It appears as widely accepted that certification marks are owned by individuals or bodies not

engaging in commercial activity connected to the products for which they certify quality. They set, in an objective manner, certification mechanisms for compliance with absolute standards. Use of the certification mark is permitted to anyone observing these standards without becoming a member of any group. For all those reasons, the proposal for a new European Trade Mark Regulation goes towards this direction. It divides the marks into two separate categories allowing for legal certainty, for more interested parties to benefit from its centralised system and for reconciling different national provisions, thus achieving definitional clarity.

GI s are the principle counterpart of collective and certification marks, because the way they have developed, their structure and partly their function are similar to the ones of trade marks. GI s, however, do not signal business origin or simply quality of a product. They flag the interconnection of product, geographical source and quality, which results in a unique outcome, formed out of the particular geographical and human factors developed in a place. GI s are part of a region's cultural legacy and they serve as an instrument of not just bridging information asymmetries in the marketplace or protecting the traders' goodwill, but also of promoting socio-economic objectives. These include sustainable development, preservation of local traditions, support of non-standardised goods and reward of populations producing them as well as mobilisation of progress in rural regions. Hence, GI s are debated in diverse fora, not only within the trade regime, but also in an agriculture framework and are included in a State's policy agenda.

The rationale of market efficiency underscoring trade mark law only partly covers the GI considerations, so accommodation of GI s in the trade mark system would be out of compromise. Collective and certification marks do not necessarily provide for quality standards as strict as the ones prescribed in a *sui generis* regime, nor do they afford a high level of protection, such as to align with the GI mentality.

Although GI s should be maintained as a separate legal regime, Community collective marks and certification marks are not rendered automatically useless. These types of trade marks can be a valuable alternative in cases where registration for non-agricultural goods or services is sought, where the sign is not a word mark or where reputation of or link to a place cannot be established. They can also help where time is an issue, where international protection or protection as a domain name are a priority or where the circumstances require flexibility regarding possibilities for transfer, licensing, relocating, changing production modes or trial of innovative techniques.

## *VII. Concluding remarks*

### *B. Epilogue*

As a penultimate note to this paper, it is not argued that the GI system is better than the trade mark one or vice versa. With that in mind, the title of this paper appears misleading, because it somehow predisposes for a conflict, when a symbiotic relation is actually endorsed.

The result of this study is that each system serves a different purpose, so they should not be assimilated. It is an advantage for producers to have many arrows in their quiver, from which they can choose in accordance with their needs. However, and besides the sonorous call for awareness raising in a marketplace battered by labels, one aspect that might deserve attention and improvement, is precision both in definitions as well as in intentions. What is understood under each type of sign should be made clear, whereas, to the extent possible, more solid criteria should be drafted for the way the link between a good and a geographical place is established. This would help avoiding excessive and undeserved protection that discredits the system, distorts its rationale and objectives, while creating scepticism among consumers as well as suspicion and disbelief between competitors.

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