

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.¹²⁷ 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.

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 role¹²⁸ 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,¹²⁹ 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.¹³⁰

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

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

129 Lennart Schübler, *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,¹³¹ 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.¹³² 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.¹³³ 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.¹³⁴ 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,¹³⁵ 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.¹³⁶ 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

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.¹³⁷

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.¹³⁸ 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.¹³⁹ Unlike in the case of certification marks, where a private entity has to prove competence to certify and undertakes the certification process, with regard

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.

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.¹⁴⁰ 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.¹⁴¹ 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.¹⁴²

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.¹⁴³ It has indeed been argued that GIs may pose obstacles to innovation, even though they support the making of dif-

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.¹⁴⁴

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.¹⁴⁵

C. Keeping GIs as a separate regime

The GI system cannot be described as flawless.¹⁴⁶ As a matter of fact, it has been heavily accused of favouring State protectionism¹⁴⁷ and that its economic benefits for the producers and the informational advantages for the purchasers lack factual evidential proof,¹⁴⁸ 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.¹⁴⁹ It is also argued that its importance nowadays is anyway limited, because consumers are

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.¹⁵⁰ Finally, there are voices saying that the GI corpus of law has developed much beyond what its underlying rationale calls for.¹⁵¹

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.¹⁵² 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.¹⁵³ GIs have been characterised as “collective monopoly rights”, because they do not belong to a single enterprise,¹⁵⁴ 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

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.¹⁵⁵ 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.¹⁵⁶ 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.

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

156 *Ibid* at 432.