



Indications of Geographical Origin in the context of Unfair Competition rules

Martín Cortese, Sandra Negro

► To cite this version:

Martín Cortese, Sandra Negro. Indications of Geographical Origin in the context of Unfair Competition rules. Worldwide Perspectives on Geographical Indications, Centre de Coopération Internationale en Recherche Agronomique pour le Développement [Cirad], Jul 2022, Montpellier, France. hal-03791205

HAL Id: hal-03791205

<https://hal.science/hal-03791205>

Submitted on 29 Sep 2022

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L'archive ouverte pluridisciplinaire **HAL**, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d'enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.

Indications of Geographical Origin exclusive rights through the Unfair Competition rules

Martín Augusto Cortese, Mag. and J.D. Sandra Cecilia Negro, J.D.¹

Abstract – As Distinctive Signs, Indications of Geographical Origin are subject to special protection regimes in international treaties, as well as through the legislation of integration processes.

There are three usual legal instruments which could be used for the protection of IGO: unfair competition rules, trademark law, and sui generis systems. The last two are based on granting legal monopolies.

Although producers establish the distinctive sign's goodwill, to take advantage for new markets, sometimes the legal monopoly granted might be turned into an abuse of dominant position in the market.

The real problem is not legal structures per se, but preventing these legal tools from being used for harmful actions.

The distinctive signs must be recognized for producers and legitimate users of IGO, but the enforcement of such rights must be exercised with special patterns.

As there is not a single definition for IGOs, unlike other Intellectual Property Rights, a new criterion of legal interpretation with international scope should be promoted.

So for the legal evaluation to determine the existence or not of an infringement against an IGO, legal operators should rely on a classic approach such as the one used in the context of article 10 bis of the Paris Convention.

Keywords: Distinctive Signs, Indications of Geographical Origin, Unfair Competition Rules.

INTRODUCTION

Geographical Indications and Appellations of Origin – the last ones also called Denominations of Origin– are Intellectual Property Rights. Also, are one kind of Distinctive Signs, along with others such as trademarks and trade names.

Both are subject to special protection regimes with its own characteristics anchored in various International Treaties.

At first was released the Paris Convention for the Protection of Industrial Property (1883), which mentions Denominations of Origin as IPR but gives no special regulation.

Long after, the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (1958) appears, which ensure protection against any usurpation or imitation, even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as: kind, type, make, imitation, etc. The Lisbon Agreement does not differentiate the type of product for which the AO is to be used.

Finally, the creation of the World Trade Organization brings with it a whole package of bindings legal instruments.

Among them is the Trade-Related Aspects of Intellectual Property Rights Agreement (1994). This Treaty gives two types of protection. The first one, known as relative protection, for general product, and which is legally based on the Unfair Competition regulation, placing the burden on the owner of the sign to prove the infringement of its illegitimate use. On the other hand, there is an absolute protection, but only for wines and spirits, similar as granted by Lisbon Agreement, which makes it easier to prove the illegitimate use of the sign.

LEGAL PROTECTION ALTERNATIVES

According with TRIPs –articles 1 and 22–, there are three legal instruments which could be used for term's protection involved in Indications of Geographical Origin, those are: (i) unfair competition regulation, (ii) trademark law, and (iii) sui generis systems.

Also have to add the legislation of integration markets, as for example: in Mercosur –Mercado Común del Sur– the Protocol for Harmonization of Rules on Intellectual Property in the field of Trademarks, Indications of Source and Denominations of Origin; in CAN –Comunidad Andina de Naciones– the Decision 486; and, in the EU –European Union– the Regulations 1151/2012, 664/2014, and 787/2019.

Legal protection through the last two options (trademark law and sui generis systems), mostly, is based on the idea of granting legal monopolies to the legitimate owners.

That allows producers to establish the distinctive sign's goodwill, essential characteristic for any Geographical Indications or Appellations of Origin around the world.

These monopolies confer a dominant position, which the producers take advantage to conquer new markets and, with that, new consumers.

Although sometimes the actions developed through the granted legal monopoly, might be turned into an abuse of dominant position in the market.

The real problem is not legal structures that confer special protection to legitimate users of Geographical Indications and Appellations of Origin.

On the contrary, these legal tools must be prevented from being improperly used for harmful actions.

¹ Mag. Martín Augusto CORTESE (researcher - mar-tincortese@derecho.uba.ar) and J.D. Sandra Cecilia NEGRO (director - sandranegro@derecho.uba.ar) are both members at the Center for Interdisciplinary Studies of Industrial and Economic Law (CEIDIE -

http://www.derecho.uba.ar/investigacion/inv_inst_ceidie.php), Facultad de Derecho (School of Law), Universidad de Buenos Aires, Argentina.

In that same direction, neither Geographical Indications or Appellations of Origin, should be anyway used to undermine the position acquired in the market by a competitor. This, for example, was core in the ruling "Consejo Regulador Denominación Origen Calificada Rioja c/ EN – IN Vinicultura – Resol 32/02" by the Federal Administrative Court in Argentina (2012), when the utilization of term "Rioja" as an IGO for Wines, by both Argentinians and Spanish producers. This was questioned by the late ones, despite the exception contained in TRIPs Agreement –article 23.3- that finally was the legal foundation of the ruling.

THE USE OF AN ONLY TERM

There is not only one definition for Geographical Indications, unlike other IPRs. This is mainly due to the lack of uniformity in the terminology used, with different legal scopes, depending on the applicable local regulation.

So, they do not always have the same *definiendum* and *definiens*. The definition's problem for GIs is not minor, and transcends the theoretical plane. Even more, it would be easier to arrive at a broader definition of Geographical Indications –i.e. through consultations with each country's registration authority–, than to the nature of the original term. That is why it is convenient to adopt the terminology of Indication of Geographical Origin. This one shall include Geographical Indications, Appellations of Origin (Denominations of Origin), and even Traditional and Historic Names.

THE NEW PROPOSAL

Our proposal is based on the legal recognition of exclusive rights on distinctive signs for producers and legitimate users of IGO, but with a subtle difference. We encourage the enforcement of such rights to be exercised through the unfair competition rules. The idea itself is not completely new, as the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (1891) was based on the same central ideal.

Therefore, we consider that a new criteria of legal interpretation should be promoted with an international scope.

Therefore, the legal evaluation to decide if there is or not an infringement against an IGO, should be based on a legal fiction. Fictions are usually used in legal text when there is a need of a patron of conduct.

In this case a predetermined average consumer standard should be used.

This would help legal operators to be allow to elucidate when an act of deception, confusion, improper use of the commercial image, or any other implying passing off conducts, are occurring.

The propose option would be usefull to harmoniously qualify the protection established in article 23 of TRIPS Agreement, which sometimes is used without considering the admitted legal exceptions.

As an example, in Argentina there is a recent Unfair Competition regulation by Decree 274/19. It defines an act of unfair competition as any action or omission that, by improper means, objectively may affect one's competitive position or the proper functioning of the competitive process (article 9).

The legal text encourages to stop acts of unfair competition whenever they are carried out in the market and for competitive purposes (article 4).

Also, the Decree prohibits acts of unfair competition, in whatever form it takes or the means through which is carried out and the market in which it might take place, not being necessary to prove actual o potential damage (article 8).

In particular, article 10 through its subsections, identifies which acts are considered unfair competition. Some of them are: acts of deception, confusion, improper exploitation of the reputation of others and, those of unfair imitation. The acts of deception (subsec. a) are those that mislead consumers about the existence or nature, mode of manufacture or distribution, main characteristics, purity, mixture, fitness for use, quality, quantity, price, conditions of sale or purchase, availability, or results that they can be expected from their use and, in general, about the attributes, benefits or conditions that correspond to the goods and services. While the acts of confusion (subsec. b) are those that mislead regarding the business origin of the activity, the establishment, goods or services, in such a way that they are considered to have a different origin than the real one. The improper exploitation of the reputation of others (subsec. g) consists in carrying out acts that improperly take advantage of the image, credit, fame, prestige or business or professional reputation that corresponds to other, inducing to confuse their own goods, services, activities, distinctive signs or establishments with those of another. Finally, an act of unfair imitation (of goods, services or business initiatives) will be configured when it is suitable to generate confusion regarding the origin of the goods or services or involves an improper use of the reputation or effort of others (subsec. h).

In addition, the unfair competition regulation has a special provision for appellations of origin. So, its article 23 prohibits the use a any IGO (national or foreign) to identify a good or service when it does not come from the respective area.

MODEL LAW

A new model Law should be released, taking into consideration previous model laws.

Not only the one for developing countries by WIPO (Publication 809) but also the one under WTO scope. In this case, a legal text based on the Uniform Domain Name Dispute Resolution Policy –UDRP– by the Internet Corporation for Assigned Names and Numbers –ICANN–, should be preferred, because it makes it simple for its application.

CONCLUSIONS

Conflicts around IGO are not new, even in the international scope (i.e. WTO DS174 and DS 290).

Although, as PI enforcement is an ex-post activity, balancing is a key issue. If not present, granted rights would turn into entry barriers, almost impossible to avoid. And that, affects competition and market access.

That is why legal operators and authorities, should act and decide based on the provisions of article 10 bis of the Paris Convention (1883) wich establishes which anchores in the fiction of an avarage consumer.