



WTO NEGOTIATIONS ON GEOGRAPHICAL INDICATIONS

A case for Non-Discrimination of Products
of Interest to Developing Countries

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PROTECTING GEOGRAPHICAL INDICATIONS AND THE NEED FOR EQUAL TREATMENT FOR ALL PRODUCTS

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List of Acronyms

GIs	Geographical Indications
WTO	World Trade Organisation
TRIPS	Trade Related Aspects of Intellectual Property Rights
AO	Appellations of Origin
IS	Indications of Source
EU	European Union
IITA	Inter-Institutional Trade Committee
IP	Intellectual Property

Executive Summary

The concept of Geographical indications was introduced as a new form of Intellectual Property Rights and incorporated in the Agreement on Trade Related Aspects of Intellectual Property Rights, which forms part of the final Act of the Uruguay Round of Trade negotiations.

Important as the concept has proved to be, no sooner had the negotiations closed than the developing countries realised that during the negotiations, Wines and Spirits were given a higher level of protection than other products of interest to developing countries. This realisation is not only an indication that the negotiation on GIs was not conducted on a level ground but also that developed countries, which have well-established wines, and spirits industries gained preferential treatment at the expense of developing countries. Consequently, the developing countries raised the need for extending the higher level of protection granted to wines and spirits to other products of interest to them as early as the first WTO Ministerial Conference in 1996.

The negotiations for multilateral system of registration and notification, mandated under article 23 of TRIPS Agreement relate only to wines and spirits. This system benefits members who possess well-established wines and spirits industries. The question of extending a higher level of protection to other products is an implementation related problem raised by the developing countries with the aim of promoting products in which they may have comparative advantage. Both issues have been a subject of discussions at the Council for TRIPS but the later has been less emphasised by the influential members.

Uganda's comparative advantage at the moment lies in agricultural products. Therefore participating in the negotiations for a multilateral system of notification for wines and spirits without

elevating the level of protection for agricultural products to that granted to wines and spirits is tantamount to assisting other countries safeguard their interests. Uganda should insist on this position in the ongoing negotiations. Support on the multilateral system of notification and registration should be given to positions sympathetic to the cause of developing countries. So far the position sponsored by EU to the effect that registered products be protected by all WTO members including the non –participating ones seems sympathetic to the cause of developing countries and deserves support.

At the moment, a number of products may qualify for protection as geographical indications. Uganda Waragi, Apple Banana, Nile Perch and Grasshoppers are some of the products so far identified though sufficient information connecting their qualities with their geographical origins is still lacking. However, securing their protection depends on the existence of a national geographical indications law. Uganda has not enacted such a law and therefore cannot protect its products with geographical indications both nationally and internationally. This brief recommends that enacting a legislation on GI as well as inventorying our products should be addressed with the urgency they deserve.

The Purpose of this briefing paper is to try to put the issue of protection of specific Ugandan agricultural products through GI on the agenda of the TRIPS sub-committee of the Inter-Institutional Trade Committee (IITC).

Introduction

It is common practice that negotiations of emerging international legal regimes come with concepts that may be completely new to some member countries while they may be familiar to many others. Usually those members who have identified their strategic interests use their influence to have such concepts endorsed by the other parties. Such was the concept of Geographical Indications (GIs) during the Uruguay Round of Multilateral Negotiations that resulted into the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS agreement). GIs were introduced as a new form of intellectual property protection and minimum standards for the protection of GIs are now contained in the TRIPS Agreement.

The compromise reached regarding GIs was one of the most difficult during the Uruguay Round.¹ This was as a result of the disparity of conceptual understanding of GIs. This conceptual appreciation was vindicated during the first Ministerial Conference of the World Trade Organization². It was at this conference that developing countries raised concerns over the higher protection granted to wines and spirits under the TRIPS Agreement. Developing countries argued that while wines and spirits were of interest to developed country members, goods of interest to developing country members ought to be given equal protection. The issue of GIs therefore became one of the implementation related issues in subsequent discussions. This early concern over discriminatory treatment points to the fact that perhaps developing countries negotiated the section on GIs from a point of ignorance.

A proposal by developing countries to have similar level of protection extended to products of interest to them has been frequently

¹ See Presentation of Daniel De Sousa from WTO during a Symposium on International Protection of Geographical Indications held on 28-29 November 2001 in Montevideo-available @ < www.ficpi.org/newsletter/50/GeolIndicSymp.html>

² The first Ministerial Conference took place in 1996 in Singapore

submitted and ignored during the subsequent Ministerial Conferences. For example, the concerns were raised in the pre Doha talks but the Doha Declaration did not address them. Instead the declaration focussed on the negotiating mandate for a system of registration and notification for wines and spirits. The developing countries were prepared to raise the same concern during the negotiations on GIs at the recently failed Ministerial Conference at Cancun. This brief is an exploration of the protection of GIs for goods in general and preferential treatment for wines and spirits. The brief analyses the positions of various negotiating groups proposed since the first ministerial conference and the arguments for extending similar level of protection to goods of interest to developing countries. The brief further explores Uganda's possible benefit from the system and what needs to be done to take advantage of the system.

What is a geographical Indication?

In ordinary terms, a geographical indication is a sign or mark that associates the quality, reputation or other characteristic of a product with its geographical source. Usually a name of the place where the goods originate is used. Geographical indications apply to both manufactured and agricultural products. The TRIPS Agreement has customised the definition of GI to refer to an indication, which identifies a product (good) as originating in the territory of a member or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is attributable to its geographical origin.³

GIs may be distinguishable from other indications in respect of products such as trademarks, Appellations of Origin (AO) and Indications of Source (IS) created by different international treaties. GIs make a link between the source and the quality or distinct characteristic of the product to its geographical origin. In some cases

³ Article 22.1 Trips Agreement

the dividing line is blurred and one has to make the distinction, as has been the practice, in the context of the international treaty under which the term was created. Being a form of intellectual property, GIs confer ownership rights. Ownership may accrue to individuals, associations of producers or government, as is the case in some Jurisdictions⁴.

Importance of GIs

GIs are important in four main ways. First, they can be source identifiers for products originating from a particular location. Second, they can be indicators of quality for consumers who know that the indicated source is reputed for a particular quality of goods. Third, they serve business interests by promoting goods from a particular area. Finally they are a form of intellectual property conferring rights on owners. Therefore if appropriately protected, GIs can bring economic windfalls to national economies. GI can influence consumer choice for particular products. GIs are therefore a promising marketing strategy especially in today's competitive international trade. For developing countries relying on agricultural products, GIs offer an opportunity to break through the competition of agricultural products from developed countries.

General protection of GIs under International Law

Under article 22.2 of TRIPS agreement, Governments are required to provide legal means for interested parties to prevent:

- i) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good; and
- ii) any use which constitutes an act of unfair competition

⁴ For example under the US law.

Member countries are also required, if their laws permit, or at the request of an interested party, to refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods originating in the territory indicated, if the use of the indication in the trademark for such goods in that member is of such a nature as to mislead the public as to the true place of origin.

This obligation may be characterised as negative. It requires government to provide legal means for interested parties to prevent the abusive use of their GIs but not to engage in any protective activities. But this does not prevent the government from engaging in enforcement activities especially where its own interests are at stake.

Extra Protection for Wines and Spirits under Article 23

While all GIs are protected under the TRIPS agreement, wines and spirits enjoy a higher level of protection. This extra protection gives a special advantage to countries with strong wines and spirits industry

The table below indicates the differences in protection between wines and spirits and other goods

What is prohibited in the case of Goods Generally

- a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good and

What is prohibited in the case of Wines and Spirits

- b) The use of a geographical indication identifying a wine or a spirit for a wine or spirit not originating in the place indicated by the geographical indication in question, even where the true origin of the good is indicated or the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", imitation", or the like

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|---|--|
| b) any use which constitutes an act of unfair competition | c) Registration of a trademark for wines which contains or consists of a geographical indication identifying wines or for spirits, which contains or consists of a GI with respect to such wines and spirits not having this origin is to be prohibited or cancelled even if by its nature it is not likely to mislead the public as to the true place of origin |
|---|--|

It should be noted that the additional protection for wines and spirits lies in removing the requirement to prove that the use may mislead the public or that the use constitutes an act of unfair competition. In other words, to prevent abuse of GI for spirits and wines all you need to prove is the mere use of a GI for products not originating in the place indicated. The implication for this differential protection is that for products other than wines and spirits, countries may use de-localisers such as "kind of", "imitation", or register trademarks using the GIs only if they do not mislead the public or constitute acts of unfair competition.

Negotiations for a system of registration and notification for wines and spirits

The negotiations for an international system of notification and registration for geographical indications is a requirement under article 23.4 of the TRIPS agreement. Since the first WTO Ministerial Meeting in Singapore in 1996, the Trips Council has been grappling with this issue. By the time of the 4th Ministerial Conference in Doha, Qatar, the Trips

Article 23.4 provides that "in order to facilitate the protection of geographical indications for wines, negotiations shall be undertaken in the council for TRIPS concerning the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those members participating in the system".

Council had embarked on the process of negotiating the multilateral system of registration and notification for wines and spirits though no agreement had emerged.

At the 4th Ministerial Conference therefore, members agreed to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits by the fifth session of the Ministerial Conference.

The Declaration also noted that the issue of extension of the protection of indications provided for in article 23 to products other than wines and spirits will be addressed in the Trips Council pursuant to paragraph 12 of the declaration.

The establishment of the multilateral system of notification and registration for

Paragraph 18 of the Doha Declaration states that: "With a view to completing the work started in the Counsel for TRIPS on the implementation of Article 23.4, we agree to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits by the fifth session of the Ministerial Conference. We note that the issue related to the extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits will be addressed in the Council for Trips pursuant to paragraph 12 of this declaration

Paragraph 12 states that "we attach the utmost importance to the implementation-related issues and concerns raised by members and are determined to find an appropriate solution to them. In this connection and having regard to the General Council Decisions of 3 May and 15 December 2000, we further adopt the Decision on implementation-related issues and concerns in document WT/MIN (01)/17 address a number of implementation problems faced by members. We agree that negotiations on outstanding implementation issues shall be an integral part of the work Programme we are establishing, and that agreements reached at an early stage in these negotiations shall be treated in accordance with paragraph 47 below. In this regard, we shall proceed as follows: (a) where we provide a specific negotiating mandate in this Declaration, the relevant implementation issues shall be addressed under that mandate; (b) the other outstanding implementation issues shall be addressed as a matter of priority by the relevant WTO bodies, which shall report to the Trade Negotiations Committee, established under paragraph 46 below, by the end of 2002 for appropriate action.

wines and spirits is one of the implementation issues for which a specific negotiating mandate was made. The extension of protection similar to that of wines and spirits is an implementation related concern, which was left for the Trips Council to address as a matter of priority.

By the time of the failed Fifth Ministerial Conference in September 2003 in Cancun, Mexico, the negotiations on GIs were at a deadlock. The then ongoing talks focused on the multilateral system of notification and registration, and laid less emphasis on the question of extending the higher protection granted to wines and spirits. The three main negotiating positions had emerged and were on the agenda of the failed Conference. These were:

- 1) Extension of the protection for wines and spirits to other products
- 2) A multilateral system of notification and registration for wines

Extension of protection

Extending the protection is an implementation related issue that falls under paragraph 12 (b) of Doha Declaration. The negotiation on extension should have been complete by end of 2002. But an agreement has to date proved difficult to reach.

The majority of the developing countries favour extension of the protection granted in respect of wines and spirits to other products. The big powers with a few developing countries support the status quo. There are those members, however who are non-committal.⁵

Those against extension⁶ argue that the extension may entail administrative burden and increased costs for governments

⁵ These include Rep of Korea, Ecuador, Japan and Singapore.

especially those that do not protect GIs at present. They go on to argue that some members are already finding it difficult to cope with the financial demands for implementing the Agreement as it is. Extending the protection means extending the financial burden. This fear is raised by countries such as Canada, USA, Japan, Australia, Argentina, Chile etc.

Countries that support the extension¹ counteract this argument saying;

- that instead the extension would remove the need to prove whether or not the use of the GI is likely to mislead the public or whether it constitutes an act of unfair competition thus reduce costs to governments
- that the additional cost to what is incurred for enforcing other IPRs including protection for GIs for wines and spirits is not substantial. In addition, they argue that such a cost should be weighed against the benefits of the extension.
- Extension will confer the benefits that would accrue to the additional protection for wines and spirits under Article 23.1, namely,
 - (i) enabling consumers to clearly and quickly determine whether the product they wanted to purchase did in fact originate from the territory referred to by the GI
 - (ii) to confirm whether that product actually had the qualities, reputation and other characteristics that were essentially attributable to its geographical origin.
 - (iii) Not to be influenced in their choice by the use of GIs in combination with a de-localizer such as "kind", "type", "style", "imitation", or the like.

The governments are supposed to set up IP administrative structures and systems which can be utilised for any additional obligations occasioned by the extension of protection to other products. Moreover, such systems are supposed to protect wines and spirits. It is unlikely that the extension of protection to other products will make substantial difference.

¹ These included Australia, Canada, Paraguay, Colombia, Guatemala, New Zealand, United States, Uruguay.

Negotiating positions

The text submitted by the Chair of the Trips Council on 16 April 2003, represented divergent views on the notification and registration system. The views, categorised into A, B, B1, B2 and the compromise position, are explained in the table below.

Option A	Option B	Compromise
Seeks a non-binding system. One that does not require members to protect registered terms. Rather the register would function as a database that could be consulted by a member when making decisions regarding recognition and protection GIs for wines and spirits. The option prescribes that non-participating members shall be encouraged but not obliged to use the system as an information source. Countries sponsoring this option include USA, Canada, Japan, ⁷ Argentina, and Chile.	Seeks to require registered terms to be protected by all WTO members including non-participating members. The option also seeks to allow members to challenge registrations. The EU sponsors this option.	Floated by Hong Kong and China suggesting that protection should be left to be determined at the domestic level.
B 1 B 2		
	Sponsored by EU envisages bilateral consultations in case of challenge.	Sponsored by Hungary and Switzerland, suggests settlement of unresolved challenges by Arbitration.

The chairman's text does not contain any option from the developing countries. It would appear that they were relegated to supporters of any of the positions floated. In addition, developing countries seem to be more interested in the extension than the registration for wines and spirits in which most of them do not have comparative advantage. For them, it may be strategic to insist on finalising the

⁷ Note that Japan is one of those members who are non-committal on extending higher protection to other products.

negotiations on extension first. This is because if the agreement were reached before a multilateral system is negotiated, the other products would automatically be included in the system to be agreed upon. If on the other hand the negotiations for a multilateral system were concluded before the negotiations on extension, inclusion of those products would require a renegotiation. Developing countries need to maintain this position as they did before Cancun. If this is not achieved, then negotiations for the extension should be specifically mandated at the next Ministerial Conference.

Implications of the options for Uganda

By the time of Cancun Ministerial Conference, it was not clear whether it was worth the efforts for those developing countries not producing wines and spirits to participate in the negotiations for the multilateral system of notification and registration for wines and spirits without considering raising the level of protection for products of their interest. Perhaps this question was responsible for the lack of a position for most of the developing countries especially the African Group. But this does not mean that there would be nothing to gain from supporting any of the positions. As the discussions have continued following the deadlocked conference, countries have ample time to review the positions and fix their interests.

Towards Cancun Ministerial, Uganda was at crossroads. There was a US position and an EU position. At the same time, Uganda sympathised with the extension of protection to products of her interest. The question was which of the positions should Uganda support and what would it stand to gain from such a position. This question was raised at one of the meetings of the Inter Institutional Trade Committee (IITC) in preparation for Cancun Ministerial Conference. ACODE was requested to analyse the positions and advise on the appropriate one for Uganda. To get a fair treatment of the question, we first analyse the implications of positions as stated above.

Option A means that if for example Uganda registered a wine or a spirit, the member not participating in the system would not be obliged to protect it. But rather the registration would serve to inform those members when making decisions for the protection of wines and spirits. This leaves the members at much liberty to refuse protection.

Option B means that once the wine or spirit is registered, all WTO members including those not participating in the system, are obliged to protect the GI. Non-participation should not confer the right to abuse geographical indications of the participating countries. Rather, it should spell risk for the non-participating members of having their GIs not protected. If there were an established wines and spirits industry in Uganda, this option would be ideal for three major reasons:

- It offers more security to GIs. In other words, it ensures protection on registration of the wine or spirit under the system. Otherwise, there would be little need for such a system.
- Members who support the extension of higher protection to other products are the sponsors of this option. Supporting them on this position may yield success on extension of coverage of protection for products of interest to developing countries.
- In case the extension of higher protection to other products is secured, countries like Uganda would have the opportunity of having their products protected through an internationally binding system, which in turn would make enforcement easier.

With respect to options B1 and B2 above, Uganda should support Arbitration. It may be more expensive, but may register more successes than bilateral negotiations especially if big powers are involved. Bilateral negotiations heavily depend on bargaining power of two parties while arbitration involves a third party, usually neutral.

Ugandan products that may be eligible for GI protection

The other interesting question one may ask is whether Uganda has any products eligible for protection as GIs and if so whether it can benefit from the current system at the moment. This question was triggered by the special request by the Association of Fish Processors and Exporters to the IITC. The association sought advise on the possibility of protecting Nile Perch as GI⁸.

It is believed that almost all countries have products that are eligible for protection. This belief is based on the fact that countries possess peculiarities in terms of soils, climate, natural resource endowment and skills, which confer certain characteristic to products originating from such countries or localities in those countries. Uganda is predominantly an agricultural country. Agricultural products derive their characteristics largely from the geographical conditions. Given Uganda's rich climatic and soil endowments, certain of its products are bound to possess distinct and possibly competitive characteristics.

Some of the products suggested as candidates for protection through GIs include Nile Perch (the Uganda Fish Exporters Association now prefer to call it Victoria Perch), Grasshoppers, (*Ensenene*), Apple banana (*locally known as Ndizzi*), and Uganda Waragi. The eligibility of these and any other products that may be identified in future is determined by a full disclosure of the uniqueness of their characteristics. The products themselves need not be unique. What is important to determine is that their quality or reputation or any

⁸The TRIPS sub-committee requested ACODE to prepare a legal opinion in response to this request.

other characteristic is attributed to their source. To determine some of these characteristics, a given product needs to be studied and tested in the international market.

While Uganda may have GI eligible products, their protection in any other country is dependant on national legislation. Unless there is GI protection for a particular product under national law in the country of origin, there is no obligation on the part of any other country to protect it. At the moment Uganda does not have a GI law and therefore all the proposed products are not under protection. Therefore Uganda or any person interested cannot obtain GI protection in any other country for Uganda's products.

The business community in Uganda has raised the fears that China, EU and Egypt have expressed interest in culturing the Nile Perch, which may diminish Uganda's comparative advantage. While this fear may be founded, it is important to note that the cultured variety cannot legally adopt the name Nile Perch because this will be misleading to the public, which is prohibited under TRIPS. In addition, the Ugandan Perch may still retain certain characteristics derived from its natural habitat. On the basis of the two factors, Uganda can still register its GI for the Nile Perch.

There is still need for information clearly linking the quality of the products above mentioned to their geographical origins. What we need to establish and point out is whether Uganda Waragi tastes like that because it originates from the plantains from Kasese or that Ndizzi has that sweet quality because of the soils in Masaka. Is there information to indicate that if Ndizzi were grown in Panama it would have a different quality or that Nile perch would have a different quality if it grew in the waters of Pacific Ocean?⁹

⁹ The multiple jurisdiction over Nile perch between Kenya, Uganda and Tanzania will be considered separately.

Conclusion

Uganda does not have a well-established wine and spirits industry and may not therefore have a comparative advantage *viza avis* those countries with a fully established wines and spirits industry. Uganda's comparative advantage may therefore be in agricultural products. Therefore, the need for extending a higher level of protection for geographical indications in respect of products of interest to developing countries is relevant for Uganda. However the government needs to take two most urgent steps. First, we must have an inventory of the quality of our products and market research for such products. This kind of research should focus on establishing the link between the products quality and their geographical locations as well as the demand for those products. Second we need to establish a national Geographical Indications legal regime as a matter of urgency. Short of these two steps, it may not be beneficial to expend energies on negotiating a multilateral system of registration and notification for wines and spirits that will benefit the wine producing countries and agitating for extending a similar level of protection to products of developing countries which may ultimately not be eligible for protection.

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