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# No Strings Attached to GIs? About a Blind Spot in the (Academic) Discourse on Limitations and Fundamental Rights

Annette Kur

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**Abstract** During the last decades, the focus of academic discourse on intellectual property rights has been on limitations and exceptions, with a strong accent on fundamental rights. However, until now such debates never involved protection of geographical indications under the *sui generis* system established in the European Union. That is quite remarkable. Already in its current form, the scope of protection granted to such rights is rather broad, as was confirmed and reinforced in the case law of the Court of Justice of the European Union. According to pending proposals, the scope and ambit of protection shall be strengthened further, without any counterbalance in the form of limitations being envisaged. This opinion argues that turning a blind eye to those developments is no commendable attitude for those concerned about imbalances in intellectual property rights.

**Keywords** Geographical indications · Evocation · Fundamental rights · Comparative advertisement · Transit

## 1 Introduction

While for the longest period during the existence of intellectual property (IP) rights the dominant theme of the academic discourse has been that we need more and stronger rights, the wind has turned during the last decades. After the robust imposition by TRIPS of standards reflecting the perceived needs and preferences of pro-IP stakeholders in Western industrialized countries, the discourse is now predominantly framed by the quest to identify and contain potentially overreaching implications of exclusive rights. Bolstering the urgency of the discussion,

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fundamental rights are almost regularly invoked as a leitmotiv underpinning the warnings and misgivings vis-à-vis overbroad protection. Referencing fundamental rights – in particular the right to impart and receive information – has not only become a staple element in the decisions of the Court of Justice of the European Union (CJEU) concerning copyright,<sup>1</sup> but was also extended to other fields such as trade mark registration.<sup>2</sup> In the same vein, amendments of IP legislation often put specific emphasis on providing a carefully crafted catalogue of exceptions and limitations. Conceiving of IP legislation which denies or ignores the need for providing such limitations of the rights conferred seems utterly out of sync with our times.

Nonetheless, this is true for legislation proposed by the European Commission on indications of geographical origin (GIs),<sup>3</sup> which is currently under consideration by the Parliament of the European Union (EUP). Two proposals were submitted in March and April 2022. On the one hand, amendments are envisaged to existing legislation for protection of geographical indications (PGIs) and designations of origin (PDOs) for foodstuff and agricultural products, wines, and spirits.<sup>4</sup> On the other hand, protection shall be provided for geographical indications for craft and industrial products (CIP),<sup>5</sup> which until now are precluded from the *sui generis* regime established in the EU since 1992. Both proposals ensure broad protection to the respective designations once they are registered.<sup>6</sup> In contrast, limitations are basically absent.<sup>7</sup> Until now, that has not stirred any reactions from the academic community.

Of course, one needs to consider that GIs are a “special animal” in terms of their substance and history; they cannot simply be put on equal footing with any other IP right. At their root lies the concept of *terroir* giving certain products their unique

<sup>1</sup> Starting with C-275/06, ECLI:EU:C:2008:5429, *Promusicae v. Telefónica de España*, reaching a culmination in three decisions of 29 July 2019, C-469/17, ECLI:EU:C:2019:623, *Funke Medien v. BRD*; C-476/17, ECLI:EU:C:2021:624, *Pelham v. Hütter and Esleben*; C-516/17, ECLI:EU:C:2019:625, *Spiegel Online v. Volker Beck*.

<sup>2</sup> C-240/18 P, ECLI:EU:C:2020:118, *Constantin Film Produktion v. EUIPO* (“*Fack ju Göhte*”), para. 56.

<sup>3</sup> The acronym “GI(s)” is used in this text as a common term covering all types of geographical indications.

<sup>4</sup> Commission proposal COM(2022) 134 (final) of 31 March 2022 for a Regulation of the European Parliament and of the Council on European Union geographical indications for wine, spirit drinks and agricultural products, and on quality schemes for agricultural products, amending Regulations (EU) No. 2013/1308, (EU) 2017/1001 and (EU) 2019/787 and repealing Regulation (EU) No. 2012/1151 (hereinafter “agrifood proposal”).

<sup>5</sup> Commission proposal of 13 April 2022 for a Regulation of the European Parliament and of the Council on geographical indication protection for craft and industrial products and amending Regulations (EU) 2017/1001 and (EU) 2019/1753 (hereinafter “CIP proposal”).

<sup>6</sup> The scope of rights conferred by registration is the same for all categories of GIs; see Arts. 27 and 28 of the agrifood proposal and Arts. 35, 36 of the CIP proposal (for an exception concerning comparative advertisement, see the text below). Applications for registration are rejected when the legal standards are not met, in particular when the respective designations have become generic (with post-registration genericism being excluded). Furthermore, safeguards to be considered in administrative proceedings exist in respect of certain prior rights and homonyms.

<sup>7</sup> For an exception concerning use in relation to processed products containing GI-protected ingredients see below, 2.4.

characteristics and quality due to the natural surroundings.<sup>8</sup> This notion gave PDOs their special place in the universe of IP law<sup>9</sup> and justified their broad protection. In the light of this uniqueness, the proposition that use by persons other than those entitled by law might be admissible under certain circumstances appeared so far-fetched that it did not have to be seriously considered. The same line of thinking underlies Art. 4(e) of Directive 2006/114 on Misleading and Comparative Advertising (MCAD), stipulating that comparisons involving products with designation of origin may solely relate to products with the same designation: In the light of uniqueness based on *terroir*, comparisons of products of different origin would automatically be misleading as to quality and characteristics.<sup>10</sup>

However, the strictly *terroir*-based philosophy on which the notion of PDOs is historically based has long since given way to a more relaxed approach. Already the first version of the current GI Regulation (No. 2081/1992)<sup>11</sup> accepted the looser notion of PGIs as the second category of GIs eligible for registration under the *sui generis* regime. No relationship between quality and *terroir* must be established for PGIs; it suffices that the geographic origin accounts for the reputation of the goods.<sup>12</sup> Furthermore, of three steps – production, processing and preparation – only one must be performed in the designated area, while the locality requirement applies to all three steps in case of PDOs. In spite of the lower threshold thus established, PGIs enjoy the same protection as PDOs, thereby devaluating the original link between requirements and scope of the exclusive right. Furthermore, less obvious than by the inclusion of PGIs but equally efficient, the notion of strictly *terroir*-based protection has been undercut by increasing emphasis being placed on human (instead of natural) factors accounting for the specific quality of products designated by a PDO. There is at least a silent understanding among those dealing with the subject that today, protection under the EU *sui generis* regime – including protection of PDOs – is more about tradition than *terroir*.<sup>13</sup>

<sup>8</sup> For the dominant impact of the *terroir* concept developed in French doctrine and practice on the EU GI protection system see Zappalaglio 2021, p. 36 et seq., with further references.

<sup>9</sup> GIs in the form of “indications of source and appellations of origin” were already listed in Art. 1(2) Paris Convention as a form of IP; the same follows from Art. 1(2) in conjunction with Arts. 22–24 TRIPS. Nevertheless, the need for protection of GIs as a special form of IP is not universally recognized; instead, protection is granted by way of collective trade mark registration or unfair competition rules.

<sup>10</sup> Under a strictly literal reading of the provision, this would mean that products under a PDO cannot be compared at all with products not so protected. However, the CJEU found that such a reading would run counter to the legal objectives of the MCAD and was therefore unwarranted. See C-381/05 *De Landtsheer v. CIVC*, para. 70, ECLI:EU:C:2007:230.

<sup>11</sup> The first version of the GI Regulation was subsequently replaced by Reg. (EC) No. 2006/510, and thereafter by the version currently in place, Regulation (EU) No. 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs, last amended by Regulation (EU) No. 2117/2021.

<sup>12</sup> The notion of PGIs conforms in that regard to the definition of geographical indications in Art. 22(1) TRIPS.

<sup>13</sup> The paradigm change is described and analysed by Zappalaglio (*supra* note 8). It was also confirmed by data collected in the course of an in-depth study conducted on the GI protection system at the Max Planck Institute by a research group consisting of Andrea Zappalaglio, Suelen Carls, Flavia Gurerrieri and Alessandro Gocci, available at <https://www.ip.mpg.de/en/publications/details/study-on-the-functioning-of-the-eu-gi-system.html>.

Already in view of such changes in the underlying philosophy, it could have been debated to what extent prohibition of certain forms of use – such as use in comparative advertising<sup>14</sup> – is still justified. After all, otherwise truthful comparisons of product characteristics are not automatically rendered wrong by the fact that one of the products compared has a certain reputation, or is the fruit of venerable local traditions. However, such debates never took off. On the contrary, largely unobserved or at least unaffected by the otherwise rather critical reception of developments in IP law by the civil society in general and academia in particular, the CJEU as well as the legislature joined hands to render protection ever stronger. Instead of *terroir*, the pro-protection impetus reflected therein is grounded on the need to strengthen rural economies, preserve local traditions as important cultural elements, and encourage sustainable modes of production. While the importance of those goals cannot be doubted, it would be wrong to infer from them a blanket permission to disregard the interests of those who are negatively affected by an unfettered bolstering of protection.

## 2 Examples

The following examples illustrate why maintaining an attitude of indifference towards GIs is no commendable position for those who are concerned about imbalances in IP rights.

1. In addition to prohibiting any form of use of a protected GI that is liable to mislead the relevant public about the geographic origin of goods, Art. 13(1)(a) and (b) of the current GI Regulation prohibit any direct or indirect commercial use of a registered name in respect of products not covered by the registration as well as any use, misuse and evocation. In particular, the notions of “indirect use” and “evocation” are very broad, as has been repeatedly accentuated in CJEU case law. Thus, protection of PDOs and PGIs may extend beyond comparable goods so as to include services (as in *Champanillo*<sup>15</sup>); a producer of comparable products may not allude to the geographic region designated by a PDO or PGI, even if he himself is established in that region (as in *Queso Rocinante*<sup>16</sup>); protection can reside not only in the name itself, but indirectly also in the appearance of a product to which a PDO or PGI pertains (as in *Morbier*<sup>17</sup>). Different from trade mark law – which largely resembles GI protection in that it provides for protection reaching well beyond what is

<sup>14</sup> At least it should be debated whether Art. 4(e) MCAD must be amended as a consequence of the *De Landtsheer* ruling; see above, *supra* note 10.

<sup>15</sup> C-783/19, ECLI:EU:C:2021:731, *Comité Interprofessionnel du Vin de Champagne v. GB (Champanillo)*.

<sup>16</sup> C-614/17, ECLI:EU:C:2019:344, *Fundación Consejo Regulador de la Denominación de Origen Protegida Queso Manchego v. Cuquerella (Queso Rocinante)*.

<sup>17</sup> C-490/19, ECLI:EU:C:2020:1043, *Syndicat interprofessionnel de défense du fromage Morbier v. Société Fromagère du Livradois SAS*. The conflict concerned the “blue line” in Morbier cheese caused by a layer of ashes.

necessary to prevent risks of confusion – GI legislation does not embrace an elaborate set of defences. Neither is it possible for the defendant to invoke “due cause” in case of extended protection, nor does the law provide for express permission to use one’s own name or address, or to use a GI for descriptive or referential purposes. Furthermore, while in trade mark law protection of product appearances is heavily qualified so as to prevent monopolisation of elements that should remain free to be used by competitors, such aspects were not given any consideration in the CJEU’s assessment in *Morbier* of whether GI protection can extend to elements of appearance.<sup>18</sup> The absence of safeguards in those aspects risks leading to skewed results.

2. The Court’s apparent disregard for competitors’ concerns in a case like *Morbier* may even be felt more acutely when GI protection is extended under the pending CIP proposal to craft and industrial products. It adds to the problem that, different from trade mark law, there is no way to examine functionality or the “need to keep free” of elements of product appearance during the administrative process, as applications for GI protection solely concern the designation, and not the product itself. Competition-sensitive elements of the product and its appearance therefore retain “submarine” status; they only emerge when use of similar products is prohibited on the basis of the GI. This raises serious concerns which the law should address. This could be done by reinstating the principle that the GI system is solely geared towards protection of *names* signalling origin, and does not embrace the product or its appearance. Exceptions to that rule should be permitted (only) where consumers are manifestly misled, unless the elements targeted by infringement claims are functional in the sense that they yield a substantial contribution to the quality or usability of the product concerned. Residual risks of confusion can and should be countered by clear and informative labelling.
3. The “outsider problem” underlying the conflict in *Queso Rocinante*<sup>19</sup> could likewise be enhanced under the new legislation. In order to make the GI system more efficient, the agrifood proposal<sup>20</sup> envisages assignment of special competences to “recognized producer groups” representing two thirds of the producers in the designated region who account for two thirds of the relevant production.<sup>21</sup> *Inter alia*, such producer groups can decide on amendments, including sustainability undertakings, to be included in the specification. The considerations underpinning the proposal to encourage ambitious efforts towards more sustainable forms of production are certainly laudable. On the other hand, this also causes risks for the residual third of producers who are not represented in the recognized group. What are the consequences if one or

<sup>18</sup> The absence of any discussion of that point in the CJEU decision is all the more deplorable as the French courts of first and second instance had emphasized that extending the protection to product appearance would have detrimental consequences not only for the defendant, but for competition in general, and rejected the claim for that reason.

<sup>19</sup> *Supra* note 16.

<sup>20</sup> *Supra* note 4.

<sup>21</sup> The CIP proposal (*supra* note 5) also contains rules on producer groups, without, however, providing for special competences of “recognized producer groups”.

several local producers from that one-third faction fall below the newly agreed standards? Obviously, the relevant PDO or PGI may no longer be used by them, even though the relevant locality as well as the method of production previously observed may not have changed. But is it really acceptable that non-compliance with (new) standards also means that any reference to geographic origin, even in an indirect, allusive form is forbidden? A strict prohibition of that kind would arguably risk resulting in a disproportional encroachment on the fundamental rights to impart and receive information, and to conduct one's business. As, according to the CJEU, using those rights as external balancing tools is not feasible,<sup>22</sup> it is all the more important that the law itself provides for an explicit right to inform, in a manner conforming to honest business practices, about one's locality and the traditions observed. Further limitations drawing inspiration from trade mark law, including permissibility of comparative advertising, should be added; as a complement, an opening clause in the form of a general "due cause" defence could be envisaged.<sup>23</sup>

4. While the CJEU most often adopts a pointedly pro-protection attitude towards GIs, there are also exceptions to that scheme. Most notably this concerns the decision that using the (German) name "Champagner Sorbet" for ice cream containing champagne does not amount to misuse, imitation or evocation of the PDO, and that the renown enjoyed by champagne is only exploited in an unfair manner if the taste of the product is not essentially attributable to the presence of that ingredient.<sup>24</sup> The decision thus provided an opening for the use of GIs in a descriptive form. The pending proposals address the issue by stipulating that reference to GIs as ingredients of a processed product is permitted, provided that the use is made in accordance with honest commercial practices and does not weaken, dilute or detrimentally affect the reputation of the geographical indication.<sup>25</sup> However, different from what was decided by the CJEU in *Champagner Sorbet*,<sup>26</sup> use of the GI in a product name is prohibited per se, unless it is authorized by an agreement with the relevant producer group.<sup>27</sup> By making legitimate use dependent on authorisation by a stakeholder association rather than relying on objective aspects such as taste and quality, the proposals barely stop short of recognizing a right of producer groups to license the use of GIs. That is a remarkable step, as it was unequivocally held until now that

<sup>22</sup> That was the clear message sent by the three decisions of 29 July 2019 (*supra* note 1), see *Spiegel Online* paras. 47, 49; *Funke Medien* paras. 62, 64; *Pelham*, paras. 57 et seq., 61 to 65.

<sup>23</sup> The CJEU has taken a step towards considering due cause in *Champagner Sorbet* (*infra* note 24), by arguing that taking advantage of the reputation of a PDO or PGI may not be "unfair" and thus not infringing if certain conditions are met (see the text below). However, in view of the Court's otherwise rather intransigent attitude it is definitely preferable to give such arguments a firm basis in the written law, all the more as the pending legislative proposal would rule out the CJEU's findings in the actual case; see the text below.

<sup>24</sup> C-393/16, ECLI:EU:C:2017:991, *Comité Interprofessionnel du Vin de Champagne v. Aldi Süd (Champagner Sorbet)*.

<sup>25</sup> Art. 28(1) of the agrifood proposal (*supra* note 4) and Art. 36(1) of the CIP proposal (*supra* note 5).

<sup>26</sup> *Supra* note 24.

<sup>27</sup> Art. 28(2) agrifood proposal (*supra* note 4); Art. 36(2) CIP proposal (*supra* note 5).

- license agreements are irreconcilable with the concept of GIs as non-tradeable goods which are not at the free disposal of private parties.
5. The recent trade mark law reform has added transit of counterfeit goods to the list of infringing acts (Art. 9(4) EU Trade Mark Regulation (EUTMR)). However, pursuant to Art. 9(4) second sentence EUTMR, customs measures taken on that basis lapse if the holder of the goods establishes in subsequent infringement proceedings that release of the goods on the market in the country of destination cannot be prohibited. In debates preceding the law reform, the defence had been considered necessary to prevent clashes with Art. V GATT, which safeguards the right to free transit. The situation of GIs in regard to transit is not different from that of trade marks. Marketing of goods produced outside the EU under a designation corresponding to a PDO or PGI may be perfectly legal in other parts of the world, meaning that blocking transit of such goods through EU territory can amount to disruption of basically legitimate international trade flows. Nevertheless, no safeguard corresponding to Art. 9(4) second sentence EUTMR is found in the transit rule which was inserted, largely unnoticed, into the GI Regulation in December 2021.<sup>28</sup> The problems eventually caused thereby are further enhanced by the fact that, different from the current version of the provision, both pending proposals target not only products “bearing” the protected GI, but aim to extend operation of the relevant provision to all cases of infringement, including indirect use and evocation. This is not only questionable under legal aspects, but it also overstretches the practical burden placed on customs to monitor and detect such infringements, which typically require rather sophisticated evaluations.

### 3 Conclusion

The preceding examples only offer a glimpse of the current Regulation and the two pending proposals. It is not the purpose of this contribution to give a full account of all features deserving attention; the intention is only to pinpoint certain aspects which may serve as entrance points for a broader discussion. And while the *lacunae* in terms of limitations are troubling, it must also be added that the proposals contain a number of positive (or neutral) aspects. Of interest are *inter alia* efforts to streamline and harmonize procedures for scrutiny of applications and monitoring of compliance with the specification. The institutional setting is another point of interest, as the CIP Regulation will firmly establish the EUIPO as a central actor in the field, with repercussions also in the agrifood sector. Finally, close attention should be paid to rules and structures framing the activities of (recognized) producer groups. Such groups are not only of crucial importance for an efficient and welfare-conducive functioning of the GI system, but they may gradually adopt the role of right holders, as the structural likenesses between GIs and private IP rights tend to increase.

<sup>28</sup> See Art. 13(4) GI Regulation as amended by Regulation (EU) No. 2021/2117.



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