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A BATTLE BETWEEN GEOGRAPHY INDICATION AND TRADEMARK

By XU Jia

1. Development of Geography Indication Marks and Trade Mark Protection in China

Compared with Geography Indication Marks, China has a long history of trademark use. However, it was not until the early 1900s that China established its first trademark regulation. After 1949, trademark legislation in China has undergone significant changes to reach its present framework. The first modern trademark legislation in China was the 1982 trademark law, which built a basic legal framework for trademark protection in China. It created an “administrative framework” for the registration of trademarks and provided fundamental remedies for victims and penalties for those whose conduct comprised infringement.¹ In addition to the trademark law, there is an implementing regulation for the trademark law, which provides some specific rules, explanations, and additional provisions.

In the article 6 of this regulation, “Applications may be filed for registration of geographic indications provided for in Article 16 of the Trademark Law as certification marks or collective marks in accordance with the provisions of the Trademark Law and these Regulations. Where a geographic indication is registered as a certification mark, the natural person, legal person or other organization whose goods has met the requirement imposed on the geographic indications may request for using the certification mark, and the organization having control on the certification mark shall give its permission. Where a geographic indication is registered as a collective mark, the natural person, legal person or other organization whose goods has met the requirement imposed on the geographic indications may request for membership of the body, association or other organization having the geographic

¹ Bailey J.K. Xu, *Trademark law of China----how far China has already gone and how far it has still to go* <http://www.enonline.sh.cn/ILlook.asp?id=10718>

indication as its collective mark. The body, association or other organization shall accept him or it as its member according to the articles of constitution thereof. Any person who does not ask to join the body, association or other organization having the geographic indication as its collective mark may also duly use the geographic indication, and the body, association or other organization does not have the right to prohibit the use.”²

It combined Geography Indication as a certification mark into the trademark law protection system. Under the regulation, China Industry and Commerce Federation promulgated “Measures for the Registration and Administration of Collective Marks and Certification Marks,” which give more specific details regarding implementing the regulations.³ From the year 1994 to 1999, Chinese trademark office has dealt with more than a hundred of certification mark of Geography Indication Marks. For example, Jingdezhen China, Florida Orange and many other famous certification marks.

By the year 2001, trademark law was revised for a second time, AQSIQ had suggested that the National People’s Congress Standing Committee make a special legislation regarding Geography Indication Mark protection, and clarify that AQSIQ under the State Council is responsible for the relevant work. However, the standing committee of NPC didn’t adopt this proposal and insist on including Geography Indication into the scope of trademark law protection. Apart from this, Trademark Office is given the authorities over work on Geography Indication registration, administration and protection.

³ The regulation is stated as follows: “Any party applying for the registration of a certification mark shall furnish documents certifying the qualification of the subject and submit detailed information of the professionals and special testing equipments of its own or of any other organization authorized by it to show its capability of supervising the particular quality of the goods to which the said certification mark applies.”

Recently, six years after the implementation of protecting Geography Indication Marks through the means of Certificate mark by China Industry and Commerce Federation, Administration for Quality, Supervision, Inspection and Quarantine (AQSIQ) issued “Administrative Regulation on Indications of Original Source and Regulation on Protection of Products from Original Sources,” which requires compulsory registration for products of appellation of origins. It clarified that any part or place which demands the protection of appellation of origins should get approved according to this regulation. From then on, the two-track system began to exist.

Convinced of the economic benefit and great trade potential inherence in Geography Indication Mark, China, just as many other countries, has been actively working on this issue. However, the double protection system has caused a lot of confusion and controversies. The jurisdiction over Geography Indication Mark is haunting those intellectual property holders.

Despite the fact that the Chinese government has done a tremendous amount of work relating to the protection of intellectual property rights in the recent two decades, and has made great progress in lawmaking, enforcement as well as international exchange and cooperation. China is still facing some dilemma as how to balance the interest of intellectual property holders. Cases pertinent to such problems have come in increasing numbers displaying tougher situations.

2. Analysis of relationship and current protection system of Geography Indication Mark and Trademark

2.1 Definitions:

2.1.1 Introduction of Geography Indication Mark:

According to article 16 of the Trademark Law, “geographical indications are those that identify a particular good as origination in a region, where a given quality,

reputation or other characteristic of the goods is essentially attributable to its natural or human factors.”⁴

Under Agreement on Trade-Related Aspects of Intellectual Property Rights ... indications which identify a 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 essentially attributable to its geographical origin.”⁵

From those definitions, we can conclude that Geography Indication Marks are distinctive signs which permit the identification of products on the market. They may stem from a long time ago and become effective marketing tools and of great economic value. Geography Indication can be applied to almost every sort of products. For example, “Long Jin” for tea, “Geneva” for watches, “Champagne” for sparkling wine.

From the two definitions, we can see that new trademark law is consistent with the Geography Indication regulation in TRIPS. In TRIPS, Geography Indication Mark is independent from the registered trademark and requires special protection. From Broader sense, it belongs to the groups of “certification mark”. Geography Indication, as an indication of the mark of the source of the products, shares the feature and function with the certification mark. It conveys the meaning to prove and ensure the quality of the goods. It differs from the usual mark that only introduces the producer, such as “made in China”. Geography Indication means more than the name of the place which produces it, but also the associations related to the geographic feature or other factors.

⁴ Trademark Law of People’s Republic of China
<http://for68.com/new/2006%5C2%5Csu6037215745142260029435-0.htm>

⁵ *Geographical Indications*
[http://www.ipr-helpdesk.org/documentos/docsPublicacion/html_xml/8_GeographicalI ndications\[0000003653_00\].html#N1010B](http://www.ipr-helpdesk.org/documentos/docsPublicacion/html_xml/8_GeographicalI ndications[0000003653_00].html#N1010B)

Because of the diverse ways in which the protection of geographical indications has evolved under national laws, there is no generally accepted terminology. For the purposes of the discussions of reform proposals in April 2001 by the TRIPS Council, the WTO Secretariat adopted the term "indications of geographical origin" to designate the different expressions used by WTO Members to protect geographical origin of products³.

The drafters of the WTO TRIPs Agreement did not want to provide broad protection for Geography Indication Marks, but rather specified a particular type of Geography Indication marks similar to an appellation of origin, for the specific provisions of Section 3 on Geography Indications. Most pertinent is the definition in TRIPs Article 22(1), which provides that a Geography Indication Mark must identify:

- “1. A good;
2. Originating in the territory of a member or region or locality in that territory;
3. When a given quality, reputation or characteristic of a good is essentially attributable to its geographical origin.”

On the contrary, Articles 2(2)(a) and 2(2)(b) of the Regulation defining “designations of origin” and “geographical indications” give broader definitions of the meaning of Geography Indication Marks within the TRIPs Agreement, including whole countries. Additionally, Article 2(3) of the Regulation states that:

“Certain traditional geographical or non-geographical names designating an agricultural product or a foodstuff originating in a region or a specific place, which fulfill the conditions referred to in the second indent of paragraph 2(a) shall also be considered as designations of origin.”

This provision includes traditional geographical or non-geographical names which clearly expands the scope of Geography Indication protection beyond what is envisioned in the WTO TRIPs Agreement which, as previously stated, narrowly

defines a Geography Indication Marks.

As further evidence of the wide definition of Geography Indication Marks in violation of the WTO TRIPs Agreement, one needs to review the types of products encompassed by the Regulation as set forth in Annexes I and II, which clearly go beyond normal concepts of Geography Indications. Specifically, such products as beer, bread, pastry, cakes, confectioneries, biscuits and hay are included. Although it is arguable that the GATT negotiators who developed the WTO TRIPs Agreement may have included protection for appellations of origin for wines and spirits as a compromise, clearly “geographical indications” for cakes and hay were not so considered.

2.1.2 Introduction of Trademark

According to trademark law, article 3, “A registered trademark, including a trademark for goods, a service mark, a collective mark and a certification mark, refers to a trademark that has been approved and registered by the Trademark Office. The trademark registrants shall enjoy the exclusive right to use the marks, which shall be protected by law.”⁶

In the TRIPS Agreement Article 15.1 states that "Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of another undertakings, shall be capable of constituting a trademark."

The trademark may be in various forms but they share the same function. Only trademarks that are distinctive can perform the function, which is to distinguish the goods and/or services for which the trademark is used from those of other competitors. Trademark law centers on protecting consumers from confusion and creating a warranty of quality between the manufacturer and consumer.

2.1.3 Difference between Geography Indication Mark and trademark:

A geographical indication is a generic description which is available to all traders in a particular geographic location for goods that emanate from that location. In contrary, a trademark is a sign which distinguishes the products of a specific trader from those of its competitors. Thus it is not likely to be descriptive and it cannot be generic.

The right to protect a geographical indication from wrongful appropriation is enjoyed by all traders from the particular geographical location, whereas a trademark is protected from wrongful appropriation at the suit of the registered proprietor of that mark. Generally, geographic indications are monitored and protected by producer associations from the relevant region.”⁷

Geography Indication right holders enjoys exclusive right and only manufacturers in specific areas can use Geography Indication marks. But those who measures up the standard may not be the sole legal user. Contrary, trademark owner has the exclusive right and only those who are granted the right to use the TM can use the right.

Geography Indication mark is not transferable while trademark is transferable. GI is attached to its geography environment, and owned solely by the people, companies, or manufactures within a specific area. It is associated with the ground and is attached to many factors including the traditional local method of manufacturing.

Unlike Trademark, Geography Indication Mark is also permanent and will not fade away as time goes by. It will not become invalid even if some manufactures stop using it, so it has lasting value.

The Registration procedure is quite different. In China, registration is first step to

⁷ *Geography Indications*

http://www.ipr-helpdesk.org/documentos/docsPublicacion/html_xml/8_GeographicalIndications%5B0000003653_00%5D.html#N1010B

obtain a trademark. Its value and reputation are based on the previous use of this trademark. Whereas for Geography Indication, mark user may not have used the mark before, but can take advantage of the already existing mark whose quality or feature is closely related to its geography. So the reputation may be based on the quality and feature of many manufactures within the region. Registration serves as a confirmation of the existing right and a declaration to the public.

2.2 Protection of Geography Indication Mark:

2.2.1 International Level:

The most influential international treaty is TRIPS under WTO. The protection of geographic indications was a key demand of European negotiators at the Uruguay Round of the GATT¹², in which EU and Switzerland proposed a French-style of protection and the USA, which favored the protection of geographic indications through a certification mark system. As a result, the Section 3 of the TRIPS Agreement covers six topics: (i) Definition and scope of a geographical indication; (ii) Minimum standards and common protection provided for geographical indications corresponding to all kinds of products; (iii) the interrelationship between trademarks and indications of origin; (iv) Additional protection for geographical indications for wines and spirits; (v) Negotiation and review of section III on geographical indications; and (vi) Exceptions to the protection of geographical indications.⁸ As different nations have different interest, it can be said as a compromise of the powers, with special protection of wine and many exceptions to meet the demand of US.

The definition in TRIPS permits Members protect geographical indications of goods where the quality, reputation or other characteristic of goods are attributable to their geographical origin.

The minimum standards and common protection provided for geographical

⁸ Professor Michael Blakeney *Geographical Indications and TRIPS*
<http://www.geneva.quino.info/pdf/OP8%20Blakeney.pdf>

indications for all products is stated in Article 22.2 of the TRIPS Agreement requires that Members “shall provide the legal means for interested parties to prevent the use by any means in the designation or presentation of a good that indicates 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 goods.” The Agreement prohibits any use which constitutes an act of unfair competition under Article 10bis of the Paris Convention.

However, the TRIPS Agreement does not specify the legal means to protect geographical indications. This is left for Members to decide.

2.2.2 Geography Indication Mark protection in China:

Geography Indication is also protected by <trademark law><Measures for the Registration and Administration of Collective Marks and Certification Marks ><Measures for the Registration and Administration of Collective Marks and Certification Marks > from the Trademark Bureau of Industrial and Commercial Office. Trademark Law has been the main force in protecting Geography Indications. Geography Indication protection is included in the certification mark system according to Measures for the Registration and Administration of Collective Marks and Certification Marks in the year 1995. The other mode is special legislation of Geography Indication Mark. That is the protection of products of origins of appellation issued by Quality Supervision and Inspection Center implemented in 1999 aims at remedying the deficiency of the previous protection and attach more importance to this issue. Furthermore, Geography Indication protection is also included in the unfair competition law, product quality law and consumer’s protection law.

2.3 Protection of Trademark:

Trademark right is an individual right. There is a registered owner of a trademark property who has the right of the trademark to the exclusion of all non-registered

persons. Trademarks have to be renewed after a certain period of time. Fees have to be paid for each renewal. Protection of trademarks is based on private actions only. According to Article 3 of trademark law, “the trademark registrants shall enjoy the exclusive right to use the marks, which shall be protected by law.” This means that the registrants have the right to use the trademark on his products within its operation scope. No one else can use this trademark or similar trademark on other products or service unless permitted by the registrants in the means of license contract. The registrants have the right to prohibit the similar use on the same or similar products. Apart from the trademark law protection, competition law and product quality law, and other economic law are also protecting it. If the right of trademark is infringed, the trademark owner can appeal to the administration for industry and commerce at and above the county level. Another way to seek injunction and remedy is through judicial means by going to the court.⁹

2. Analysis of Existing problems

The two-track system has brought pros and cons to the Geography Indication Mark protection in China.

The two-track system inevitably causes conflict of the IP right holders. A great number of trademarks registered as Geography Indication Marks, are also registered as Appellation of Origins in Quality and Inspection Center. However, those who have sought protection only under one protection system may still find themselves involved in problems and face challenges from other party who is protected by another means.

3.1 Jinhua Ham case

For example, the traditional trademark Jinhua was first registered on Oct.31st, 1979, by the Pujiang County Food Company, Jinhua city. And the registered number was

⁹ *How to protect the registered trademark right*
<http://www.jkdb.net/shtmlnewsfiles/ecomnews/494/2006/200642516005847803.shtml>

130131. In 1981, the first national ham exhibition was held in Ha'erbin and ham by Jinhua Food Company won the gold medal in that exhibition. After that, Zhejiang Food Company made use of its administrative power and employed this registered trademark Jinhua for its own use. And this was checked and approved by the State Trademark Bureau on Mar. 14th, 1983, and thus it "legally" obtained this famous trademark as well as the "gold medal."¹⁰

In the year 1984, food manufacturers of each city and county in Zhejiang Province were given full power to develop themselves, but the provincial food company didn't return the registered trademark Jinhua to Pujiang County. After that, Jinhua Food Company claimed for the return of their trademark several times but in vain.

According to the IP regulations, the term of validity for a certain trademark is ten years. By 1992, the term of the original Jinhua ham trademark should expire. So in Apr. 1992, the local government of Jinhua city applied to the State Trademark Bureau and the provincial departments for the return of the famous trademark. For this, the State Trademark Bureau twice postponed the appeal for regaining and registering this trademark by Zhejiang Food Company. So far, the problem still remained unsettled.¹¹

The local people want their Jinhua trademark back to them. While the local Jinhua ham manufacturers refused to pay Zhejiang Food Company for their use of Jinhua Trademark and started a lawsuit against Zhejiang Food Company, Zhejiang Food Company also issued a statement in Zhejiang Daily that those Jinhua manufacturers refused to pay them for the use of trademark is illegal and they also start a lawsuit against those manufacturers. Since the two parties relied on two protection system and their requests are reasonable, it is difficult to coordinate with the two parties.

¹⁰ *The case for the trademark not settled-----Jinhua Ham could no longer bear the heavy pressure*

<http://www.cnfoodtech.com/english/cfiin/082604-1.htm>

¹¹ Id.

3.2 Disadvantages of the current system

This may therefore cause confusion to the public, especially to the IP right holders. For the protection of one Geography Indication, potential intellectual property right holders have to go through two separate procedures, thus require more cost and put more burdens on those who are seeking protection. It also makes more difficult to reconcile the interest between trademark holder and appellation of origins mark users.

The coexistence of the two registering procedures aims at a more thorough protection of Geography Indication Mark, but harms the interest of some IP right.

It is a waste of administration sources. We must guarantee the non-confliction between the censor of appellation of origins and trademark, especially when they are in the use. As a result, a large and complete searching system should be established as a database of more than a million trademarks. It is certainly a troublesome method.

China's international commitment to protection of foreign intellectual property has been far from satisfactory. It is not beneficial to for our new talks with WTO. The two track system will lead to inconsistency in regulations and bring negative influence to new round of talks with WTO. Following the WTO rules, WTO only acknowledge those items that are under protection of law, statute, but not these written in regulations, so China has to bring up a consistent, legal and valid domestic registering procedures and protecting system to comply with WTO rules.

3.3 Reasons underlying the conflict

Firstly, GI mark and trademark are both used as distinctive marks and they are both objects used as signs, mark of products or service for publication and easily cause confusion. Therefore, the main bodies of the market attach great importance to the trademark and Geography Indication Mark and want to maximize their brand value and distinguish its product or service.

Secondly, the enormous economic interest behind the IPR help to arouse people's awareness of IP protection, making the conflict more prominent than ever. Geography Indication Mark is formed through the years and obtain wide acknowledgement of the public and obtain internal value. Whereas, when companies are thinking of a trademark, they tend to seek for a trademark that is easily associated with its product and valuable both interiorly and additionally. So there might be an overlapping of the name of the mark with geography indications.

Thirdly, the confusion in legislation also makes the situation worse. The drafting and constituting bodies of intellectual property laws and regulations are not unified. Despite the fact that Trademark Law, Patent Law, Copyright Law and Unfair Competition Law are censored and promulgated by the NPC Committee, those laws are actually drafted by the particular departments of administrative and executive organs who are responsible for the affairs of Trademark Law, Patent Law, and Copyright Law; hence the unreasonable extension of the rights of each intellectual property is inevitable. The regulations concerning geography indications and manufacture names are enacted and implemented separately by two departments of the State Council. Those regulations may make an allowance for an extension outside the scopes of these intellectual property rights.

Furthermore, as China entered WTO, the administration and legal drafters had to revise some existing laws and draft some new laws or regulations within a limited time to comply with the WTO rules so that China can meet the requirement of WTO. In this process, those new rules should be added with caution as not to contradict with some existing laws. The example is the "Regulation on protection of place of origin" which contradicts with the existing Trademark Law.

3.4 How to settle the problem

It is made clear in the TRIPs Agreement that trademarks are to be protected and enforced against subsequent conflicting signs. In fact, TRIPs Article 16(1) clearly

states that the owner of a registered trademark shall have the exclusive right to prevent all third parties from using similar “signs” where such use would result in a likelihood of confusion. Such signs include geographical indications. Moreover, Article 24(5) of the TRIPs Agreement sets forth a safeguard clause to ensure that all trademarks which are applied for or registered in good faith or where rights have been acquired through use in good faith at the time of TRIPs implementation or the Geography Indication Mark is protected in the home country should be safeguarded against subsequent geographical indications.

However, it is contradicted with Article 5(6) of the Lisbon Agreement, though the definitions of Geography Indications in Lisbon Agreements and TRIPs are much the same. It is stated that member countries have up to two years cut out conflicting trademarks. This indicates that a subsequent geographical indication can destroy existing rights under Lisbon Article 5(6). Such option is routinely used throughout the Lisbon Union to clear the market of prior trademarks which conflict with subsequent appellations of origin. The only instance in which geographical indications would prevail over prior trademarks is where such trademarks are misleading or where such trademarks are for wines or spirits which are not specifically grandfathered. To avoid public confusion, coexistence is not an option since either the trademark prevails or the geographical indication prevails (to allow coexistence would be to permit prejudice to existing trademark rights). In any event, all trademarks protected under TRIPs Articles 16(1) and 24(5) should not be phased out pursuant to Lisbon Article 5(6), since Lisbon Article 5(6) is a clear TRIPs Agreement violation.¹²

Article 16(1) of TRIPs reads that “The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such

¹² *GEOGRAPHICAL INDICATIONS: PAST, PRESENT, AND FUTURE*
<http://www.cipr.org/activities/conferences/june2000/lakert.htm>

use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods and services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.”¹³

The conflicts mainly emerge when a trademark registrant is entitled to the exclusive trademark rights, but these rights may be expanded to include trademark users. The term “sign” is a very broad term which can include many forms of IP, including a conflicting trademark or a conflicting Geography Indication Marks.

Many scholars and organizations, includes the International Trademark Association supports the principle of "first in time, first in right" priority when resolving conflicts between geographical indications and trademarks.” Accordingly, the “first in time, first in right” principle of trademark exclusivity and conflict resolution has been specifically abrogated by the EU Regulation, creating forced coexistence and subsequent loss of trademark rights and dilution of the trademark.¹⁴

3.5 Future

The foregoing overview indicates that our country, as well as other countries is now struggling to implement protection for geographical indications. What is the future of GI mark protection in China? At the moment, the world is a checkerboard on various systems for protection of Geography Indication Marks, including regulations concerning unfair competition, consumer protection, food labeling, certification or collective marks, appellations of origin and so on. The WTO TRIPs Agreement is making efforts to harmonize the laws of the WTO member states, with varying degrees of success. However, any future Geography Indication Mark protection

¹³ *Agreement On Trade-Related Aspects of Intellectual Property Rights*
http://cipr.org/legal_reference/treaties/trips.htm

¹⁴ *GEOGRAPHICAL INDICATIONS: PAST, PRESENT, AND FUTURE*
<http://www.cipr.org/activities/conferences/june2000/lakert.htm>

approach must respect trademark rights pursuant to Articles 16 and 24 of the TRIPs Agreement. Trademarks and Geography Indication Marks are to be treated equally on a “first in time, first in right” basis in order to provide an equitable balance mechanism between conflicting intellectual property rights.

With an increased recognition and protection of trademark and Geography Indication Systems, the future will focus on greater harmonization on national and globalization level on this issue. This is inevitable in view of the increasing influence of the WTO as well as the commercial reality of truly global markets for goods and services. Just as global trademark law in 1900 developed from a chaotic patchwork of conflicting national laws into a relatively globalized and harmonized set of principles in 2000, Geography Indication Mark law will move in this direction in another hundred years.

The concept of balance is always the underpinning behind the intellectual property laws, like any other legal terms. The basis of protecting geographical indication has been unfair competition law. China has incorporated the geographical indication provisions of the TRIPs Agreement into the trademark law, thus creating a supplemental means of protection. As we may realize that specific geographical indication registration statutes are not urgently necessary and in fact create more problems than they solve, particularly causing trademark conflicts. The protection of various intellectual property rights in geographically significant terms will be the true challenge for and hopefully one of the greatest legal achievements of the new century.

Abstract

In 2005, Administration for Quality, Supervision, Inspection and Quarantine (AQSIQ) issued “Administrative Regulation on Indications of Original Source and Regulation on Protection of Products from Original Sources,” but “Implementing Rules of the Trademark Law of the People's Republic of China” has included the protection of Geography Indication into the trademark law. The two separate tracks of protection of GI have caused much confusion to the intellectual property right holders regarding their property rights. This thesis introduces and compares the concept of trademark and geography indications, analyzes the current protection mode both in China and abroad and discusses how to eliminate the conflict.