UNCORKING HIERARCHY: RETHINKING THE HIERARCHY OF PROTECTION UNDER ARTICLES 22 AND 23 OF THE TRIPS AGREEMENT

Dharani Geddam, O.P. Jindal Global University

ABSTRACT

Geographical Indications (GIs) under the the Trade-Related Intellectual Property Right (TRIPS) Agreement provide for the protection of the unique characteristic and quality of a good essentially attributable to their geographical origin. However, the protection guaranteed under the TRIPS greatly differs between Article 22 and 23. While Article 22 guarantees a general level of protection to all GIs; it is often contingent on the "misleading test" having to prove either likelihood of deception or unfair competition. Article 23 on the other hand provides for extended protection exclusively to wines and spirits. It argued that this creates a hierarchy of protection based on the kind of product which is typically absent under Intellectual Property regime. This was a product of negotiation compromises during the Uruguay Rounds rather than any principled distinction in the nature or value of the goods themselves. This hierarchy also disproportionately impacts whose GIs are vulnerable to free-riding and run the risk of becoming generic, while developed countries, particularly European countries benefit due to location of wines and spirits such as Champagne, Scottish Whiskey. India along with several other countries have continued to take a pro-protectionist stance towards extending Article 23 protection beyond wines and spirits. There is no rational or legal nexus for such a distinction and such a protection has to be extended to goods beyond wines and spirits to prevent free-riding and imitation of these goods.

I. Introduction

Geographical Identifications(GI) under the TRIPS Agreement, came into force with effect from January 1, 1995.[1] GI are intended for the protection of the "quality, reputation or other character of goods essentially attributable to their geographical origin".[2] Article 22 to 24 of Part II, Section III of the TRIPS Agreement pertains to the standard of protection guaranteed across various GIs. Article 22 of the TRIPS Agreement stipulates that "unless a GIs is protected in the country of its origin, there is no obligation on another country to extend the same protection."[3] Article 23 of the TRIPS Agreement however provides for extended protection to GIs only to the category of wines and spirits.[4]

Under Article 22, protection for geographical indications applies in two circumstances either when consumers could be misled about a product's true place of origin, or when using such an indication amounts to unfair competition.[5] This threshold is known as the "misleading test."[6] Unlike article 22, article 23 which provides absolute protection and has no such "misleading test". It also provides protection against qualifiers like "kind," "type," "style," "imitation,".[7] There is an obligation to decline or invalidate registration of trademarks of GIs under Article 23.[8]

Article 23 further sets out special provisions for resolving disputes involving homonymous geographical indications, which are cases where the same name is used for products from different locations, and opens the possibility of establishing a multilateral registration system for wine-related GIs, a proposal that has remained under negotiation at the WTO for several years pursuant to Article 23.4.[9]

---

[1] Suresh C. Srivastava, *Geographical Indications and Legal Framework in India*, 38 Economic and Political Weekly 4022–33. (2003).

[2] Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 22.1 Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994). [hereinafter TRIPS Agreement].

[3] *Id.* at art 22.2.

[4] *Id.* at art 23.

[5] *Id.* at art 22.2; Banerjee et al., *In the mood to compromise? Extended protection of geographical indications under TRIPS Article 23, 6(9)* Journal of Intellectual Property Law & Practice, 657–663 (2011). https://doi.org/10.1093/jiplp/jpr098

[6] Joseph D. Cohen, *What's Really Happening in Inter Partes Reexamination*, 87 J. Pat. & Trademark Off. Soc'y 207 (2005).

[7] TRIPS, *supra* note art 23.1.

[8] *Id.*

[9] Cohen, *supra*.

II. Arguments for extending protection under Article 23 beyond wines and spirits

A. Due to negotiation and not due to a criteria

The reasoning for the provision of a higher standard for wine and spirits did not necessarily arise due to the unique characteristics or rarity but was rather a compromise reached during negotiation during the Uruguay Rounds.[10] The United States, unlike many European countries, did not take a pro-protectionist stance for GIs.[11] The United States did not possess the same resources tied to geographical origin thus making protection of geographical indications less commercially viable .Hence, the inclusion of GIs came at the cost of extended protection being accorded only to wines and spirits which would primarily benefit Europe. This leads to the most common opposition to the confinement of additional protection to wines and spirits being that there is no rational or legal nexus for the hierarchy in the level of protection. Another argument is that the extended protection was also accorded predominantly to urge the European Union to join consensus on the Uruguay Round.[12] There is an inherent hierarchy in the level of protection guaranteed under Article 23. This hierarchy is inconsistent with the rest of the TRIPS, as no other defined intellectual property right has different levels of protection solely based on the categories of goods.

B. Free riding

Article 22 also does not necessarily provide sufficient protection to GIs. One of the reasons for it is that Article 22 enables free riding on GIs. To utilise the protection guaranteed under Article 22, it must be established that the "use of a geographical indication must mislead the public as to the geographical origin of the product or must constitute an act of unfair competition." The misleading test would mean that a producer can use a geographical indication for their product, despite not having originated in the particular region, as long as the true origin is indicated on the label. Article 22 enables free riding by enabling others to profit from the use of a GI by displaying that it does not mislead the customer.[13] Article 22 does not prohibit the use

[10] *Id.*
[11] *Id.*
[12] Aaron C. Lang, *On the Need to Expand Article 23 of the TRIPS Agreement*, 16 Duke J. Comp. & Int'l L. 487 (2006).
[13] Cohen, *supra*.

of GIs under the terms such as "style," "type," "kind," "imitation" or the like.[14] This puts GIs at risk to become generic. This does not resolve the issue of protection of a good distinguishable by its geographical area as the products are still sold lacking the authenticity of the region. Article 23 on the other hand does not have a "misleading test" which if extended to other goods would provide an adequate level of protection to GIs.

C. Disproportionate impact

The Disparity in protection accorded under Article 22 and 23 mirror and exacerbate the economic differences between the Global North and South. The disparity widely poses a disproportionate impact as it permits manufacturers who have the capacity to engage in large scale imitation of goods with GIs in developing countries. They provide manufacturers to enable free-riding of goods while using qualifiers such as "style," "type," "kind," "imitation".[15] The economic consequences of this disparity are particularly significant for developing countries, where geographical indications can constitute an important source of rural development, employment, cultural preservation, and export revenue. Manufacturers in economically stronger jurisdictions, however, might have the means and market access necessary to engage in large-scale replication of products linked to protected geographical indications. As a result, there is an imbalance whereby producers from developing nations may have to pay for the establishment and upkeep of a GI's image, while rival manufacturers can take advantage of that reputation through imitation.

D. Burden of Proof

There is a burden of proof on the producers to demonstrate that the public has been misled or that there has been unfair competition in order to obtain protection. In contrast, wine and spirits do not have the same burden of proof.[16] Moreover, Article 23 provides a bar on the use of GIs not from the geographical area. It is unusual to find any other Intellectual property right which differentiate the level of protection according to the product. There is no rational basis for such classification and

[14] TRIPS, *supra* note art 22.2.
[15] Lang, *Supra*.
[16] Lang, *Supra*.

accordingly, enhanced protection should be extended to all goods which would qualify to receive such a protection. As a result, the increased protection that wines and spirits currently have under Article 23 may be seen as establishing an unwarranted hierarchy within the GI regime. A more uniform and equitable approach would result from providing equivalent protection to all items that can meet the substantive requirements for GI protection.

III. Case of Champagne and Scotch Whiskey

The extended protection under Article 23 has given great advantage to wines and spirits such as Champagne which is a "sparkling wine produced in the Champagne region of France, the geographical area from which the wine derives its world famous name."[17] The first legislation for GI is traced back to 1824 in France. In 1919, "Appellation of Origin" was passed by the French to provide protection and recognise the unique wines and cheese in certain regions such as Champagne.[18]

This protection along with the glamour and mystique of champagne makes it lucrative and glamorous. Scotch Whisky originally distilled in the Scottish highlands has connotations of superior quality, purity and high standards on the basis of which it is marketed as a very special product. Both these products have benefited from such a protection and have since then acquired fame owing to the geography of its origin.

IV. Opposition to Extension

The demand to extend the protection of Article 23 has been opposed by Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay and the US. They contend that the extension of Article 23 to products other than wines and spirits would "virtually require a re-opening of the TRIPS Agreement." They also contend that there is no mandate in the existing TRIPS Agreement, which requires the extension to be implemented. They further assert that "even if Article 22 protection is insufficient, the financial and administrative cost that would arise from extension outweighs the benefit of additional protection of geographical indications."

---

[17] Suman Sahai, *Of Basmati and Champagne: Protection under TRIPS*, 31(9) Economic and Political Weekly 513-14 (1996).

[18] *Id.*

The response to this has been best explained in the communication of the permanent mission of Switzerland to the WTO on September 14, 2001.[19] "In accordance with Article 23 of the TRIPS Agreement, members are already required to grant additional protection to GIs for wines and spirits as well as protection for GIs for other products in accordance with Article 22 and 23. Extension therefore does not necessitate establishing a new mechanism or scheme of protection, but would extend the level of protection already provided under Article 23 of the TRIPS Agreement for other products."

The US also likely shows hesitance due to the complex multicultural populace who bring in traditional methods of food.[20] Products such as "Parmesan" cheese, "Prosciutto" ham, and "Basmati" rice have been long recognized as generic.[21] This would effectively pose a threat to these products as they could be challenged by foreign countries and effectively relegate access to these goods from specific countries. It could also challenge the existing products which have acquired Intellectual property protection in the United States.

V. Arguments against extending protection under Article 23 beyond wines and spirits

A. Advantage of free-ridership

A line of argument opposing extension of protection is that some level of free-riding might increase the value of a GI and that the imitation of a GI can itself demonstrate the worthiness and intrinsic value of the product.[22] The counter to this would be that the same value of the GI can diminish in the face of over-production and out-of-region substitute goods. It can also be argued that extension say free-ridership could also follow for wine and spirits. Distribution of substitute goods could also dilute the value of a GI or run the risk of distinction of the original GI as generic. Further, pushing for the appropriation of GIs could imply that the same line of reasoning could be applied to virtually any other intellectual property dispute, where protection of any intellectual property could be of no use as they would benefit from a level of free-ridership.

---

[19] *Id.*

[20] Lang, *Supra*.

[21] *Id.*

[22] C. Niranjan Rao, *Geographical Indications in Indian Context: A Case Study of Darjeeling Tea*, 40(42) Economic and Political Weekly 4545-50 (2026).

B. Cost to government

It is also argued that the administrative costs incurred with the introduction of a new framework of protection for the GIs would outweigh the benefits of extension. One submission was that "countries will have to institute a system that protects a wide variety of products and may have to change fundamental concepts in their laws."[23] Expanding the universe of goods covered should not require any new legal or administrative mechanisms. In other words, if Members are properly complying with Article 23, they should already have these mechanisms in place. The cost to these products is itself borne by the member countries.

C. Multiple GI tags

Another argument against the extension is that few countries may have protection for a few GI as opposed to countries with a large number of GIs.[24] This would result in a country according to a few GI to oblige to a country protecting say hundred of GIs. This line of argument, if accepted, could also apply to say trademarks or patent production where a country provides protection for few patents may well have to oblige for numerous patents produced in a foreign country.

D. Concession by EU

Another interesting argument has been that the enhanced protection given to wines and spirits was due to the concessions given by the EU during the Uruguay Round.[25] It is argued that enhanced protection could not be given to other products without counter balancing concessions. This subsumes the idea that intellectual property protection is duly given due to the amount of concession paid rather than taking into account the inherent unique characteristic of the good. These arguments primarily exacerbate the disproportionate impact that the current Article 23 furthers. This provision must be expanded in order to ensure that the intent of the provision, that is, to provide protection to products of distinct geographic origin is upheld.

---

[23] Srivastava, *Supra.*
[24] Rao, *Supra*.
[25] *Id.*

VI. Multilateral Register

The recommendation of the Doha Declarations 2002, "for establishment of a multilateral system of notification and registration of GIs", is an important initiative in furtherance of extended protection and wider protection for GIs.[26] The multilateral register aims to facilitate the protection of GIs as provided in Articles 22 and 23 of the TRIPS. This framework aims to provide the WTO members with a list of goods which are recognized as GIs in the respective country of origin.[27] The establishment of such a system could become an important device towards protection of GIs in the international commerce space.

VII. India's Stance on GIs and extension of Protection of under Article 23

India has demanded for extended protection for GIs such as "Basmati rice, Darjeeling Tea, Alphonso Mangoes and Kolhapuri chappals (shoes) etc", under the TRIPS framework.[28] It argues that the extended protection would deliver tremendous trade opportunities for members and producers and would ultimately increase export of such products. In India, tea has been cultivated in the district of Darjeeling since 1835 owing to its rare and complex culmination of agro-climate conditions which make the growth of it conducive.[29] Darjeeling tea has a distinct natural quality and flavours and has acquired international reputation.

Egypt, India, Indonesia, Cuba, Dominican Republic, Honduras, Nicaragua, Pakistan, Kenya, Mauritius and Sri Lanka led a paper in the General Council of the WTO for extension of protection under Article 23 to cover other products of special interest to the concerned member countries.[30] They contended that "the protection of GIs, should protect all products that are distinguished by the quality, reputation or other characteristics, which are essentially attributed."

A. Basmati Rice incident

In the late 1990s, an American American company, RiceTec Inc, was permitted a patent by the US Patent Office to call the rice grown outside India 'Basmati'.[31] The company

[26] Banerjee, *Supra*.
[27] *Id.*
[28] Rao, *Supra*.
[29] *Id.*
[30] *Id.*
[31] Utsav Mukherjee, *A Study of the Basmati Case (India-US Basmati Rice Dispute): The Geographical*

was not allowed to call its aromatic rise Basmati within the USA but over exports. This had grave consequences for India, which would not only impact the export of basmati rice from India but also lead to India losing "its position in other international markets such as the EU, the Middle East and West Asia." This resulted in a dispute between India demanding the USPTO to re-examine the patent in order to protect India's interests.[32] Although the issue was finally settled with RiceTec. receiving a narrower patent, India has since pushed for extending protection under Article 23 to goods beyond wines and spirits in order to protect the traditional goods.[33]

B. Geographical Indications of Goods (Registration & Protection) Act, 1999

While India has been host to several distinct and rare products owing to their geographical origin, India's approach towards GIs has been recent post the incident of the Basmati Rice incident in 1997 beginning with the "Geographical Indications of Goods (Registration & Protection) Act, 1999."[34] The act provides for the registration and protection of GIs in India and is administered by the "Controller General of Patents, Designs and Trade Marks", who is the Registrar of Geographical Indications with its Registry at Chennai.[35] The initial term is for 10 years and can be renewed.[36] The Act also provides for the upkeep of a Register of Geographical Indications. India has since made several amendments and continues to take a proactive approach towards protection of GIs. India has also long campaigned for the extension of the protection under Article 23 owing to the disproportionate impact and must strive to be implemented herein.

VIII. Conclusion

The disparity between the protection guaranteed under Article 22 and 23 of the TRIPS Agreement is not based on an equitable or balanced principle. The Uruguay Round negotiations that favoured European interests led to the increased status of wines and spirits rather than any intrinsic quality of the products. While goods like Champagne and Scotch Whisky have

---

Indication Perspective, Social Sciences Research Network. http://dx.doi.org/10.2139/ssrn.1143209

[32] *Id.*

[33] *Id.*

[34] *Id.*

[35] *Id.*

[36] *Id.*

enjoyed shielding from free-riding and genericization, GIs like Basmati rice and Darjeeling tea and other goods produced in developing countries are left vulnerable; the Basmati rice conflict with RiceTec Inc. solidified this discrepancy. The deeper contradiction of a system that links protection to product category rather than substantive merit outweighs opponents' worries about administrative costs and the possibility of reopening TRIPS. The necessity for consistent protection is reflected in India's advocacy as well as that of other developing countries. It is thus pertinent to extend such a protection under Article 23 beyond wines and spirits to further the cause of protection of the unique characteristic and quality of a good essentially attributable to their geographical origin which is essentially the objective of the GI framework under the TRIPS Agreement.