

ON THE NEED TO EXPAND ARTICLE 23 OF THE TRIPS AGREEMENT

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INTRODUCTION

A Geographical Indication of Origin (GI) is a place name that identifies the geographic source of a good and signifies a distinctive quality, reputation, or other characteristic of the good that is essentially attributable to that geographic source.¹ Seeing the words “Parmigiano Reggiano” on a cylinder of cheese, for example, signals to a consumer that the cheese was produced in a particular region of Italy where the unique soil characteristics and climatic conditions make for a unique cheese.²

The Agreement on Trade-Related Aspects of Intellectual Property (TRIPS Agreement),³ the first multilateral instrument that deals with GIs,⁴ promulgates minimum standards of protection that WTO Members must provide for GIs. Article 22 of the TRIPS Agreement requires that all Members make available the legal means to prevent the use of a GI that (1) indicates or suggests that a good originates in a geographical area other than the true place of origin in a manner that misleads the public as to the geographical origin; or (2)

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1. WORLD TRADE ORGANIZATION, TRIPS: GEOGRAPHICAL INDICATIONS—BACKGROUND AND THE CURRENT SITUATION (2005), http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm [hereinafter TRIPS: GEOGRAPHICAL INDICATIONS].

2. See Bruce A. Babcock & Roxanne Clemens, *Geographical Indications and Property Rights: Protecting Value-Added Agricultural Products* 45 (Midwest Agribusiness Trade Research and Information Center, Briefing Paper No. 04-MBP 7, 2004), available at <http://www.card.iastate.edu/publications/DBS/PDFFiles/04mbp7.pdf>.

3. Agreement on Trade-Related Aspects of Intellectual Property Rights, 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].

4. DANIEL GERVAIS, *THE TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS* 188 (2d ed. 2003).

constitutes an act of unfair competition.⁵ However, for GIs on two and only two categories of goods—wines and spirits—Article 23 of TRIPS Agreement provides additional protections, the three most significant of which are discussed below.

A. Level of Protection

Under Article 22, the holder of an infringed GI only has access to legal recourse if consumers have been misled by the allegedly infringing label or if its sale constituted an act of unfair competition,⁶ whereas Article 23 plainly prohibits any use of a GI on wines or spirits that do not originate in the designated geographical region—whether or not the true origin is identified.⁷ In other words, “to prevent the illegitimate use of a GI under Article 23, the legitimate users of the GI only have to prove that the product on which the GI is used does not originate in the geographic area identified by its indication.”⁸

B. Multilateral Register

The last section of Article 23, which has no analogue in Article 22, calls for negotiations to be undertaken in the Council for TRIPS concerning the establishment of a multilateral system of notification and registration for the GIs on eligible wines.⁹ It has been argued that Paragraph 18 of the Doha Declaration mandates that spirits should be covered by this system as well.¹⁰ Although the register does not give registered GIs any overt legal protections beyond those they would otherwise enjoy, it does *facilitate* the protection of such GIs.¹¹

5. TRIPS Agreement, *supra* note 3, art. 22.2.

6. *Id.*

7. *Id.* art. 23.1.

8. Felix Addor & Alexandra Grazioli, *Geographical Indications Beyond Wines and Spirits: A Roadmap for a Better Protection for Geographical Indications in the WTO/TRIPS Agreement*, 5 J. WORLD INTELL. PROP. 865, 882 (2002).

9. TRIPS Agreement, *supra* note 3, art. 23.4.

10. Council for Trade Related Aspects of Intellectual Property Rights, *Note by the Secretariat: Discussions on the Establishment of a Multilateral System of Notification and Registration of Geographical Indications for Wines and Spirits* ¶ 10, TN/IP/W/7/Rev.1 (May 23, 2003) [hereinafter *Discussions on the Establishment of a Multilateral System*] (citing Council for Trade Related Aspects of Intellectual Property Rights Special Session, *Minutes of Meeting of 28 June 2002* ¶¶ 19, 25, 27, 30 & 32, TN/IP/M/2 (Aug. 26, 2002) [hereinafter *Minutes of Meeting of 28 June 2002*]; Council for Trade Related Aspects of Intellectual Property Rights Special Session, *Minutes of Meeting of 20 September 2002* ¶ 12, TN/IP/M/3 (Oct. 21, 2002) [hereinafter *Minutes of Meeting of 20 September 2002*]).

11. *Id.* ¶ 44.

There are two main sets of proposals for the multilateral register. One group of proposals advocates a voluntary system under which notified GIs would be registered in a database.¹² Governments choosing to participate would have to consult the database when making decisions regarding protection in their countries, and non-participating Members would be “‘encouraged’ but ‘not obliged’ to consult the database.”¹³ The other line of proposals advocates that, subject to certain exceptions, registration of a GI would establish a presumption of eligibility for protection by all WTO Members.¹⁴ The presumptions could be challenged on certain grounds, but the register would generally require protection from Members.¹⁵

It is important to note that the negotiations for the creation of a multilateral register are required under Article 23.4 of the TRIPS Agreement, but are now under the Doha agenda and are often treated as separate from the question of whether the higher level of protection given to wines and spirits should be extended to other products.¹⁶ However, the multilateral register is undeniably a part of Article 23, and for the purposes of this Note, “extension” will include extension of Article 23.4.

12. See Council for Trade Related Aspects of Intellectual Property Rights Special Session, *Proposal for a Multilateral System for Notification and Registration of Geographical Indications for Wines and Spirits Based on Article 23.4 of the TRIPS Agreement*, TN/IP/W/5 (Oct. 23, 2002) [hereinafter *Proposal for a Multilateral System*]; Council for Trade Related Aspects of Intellectual Property Rights Special Session, *Multilateral System of Notification and Registration of Geographical Indications for Wines (and Spirits)*, TN/IP/W/6 (Oct. 29, 2002) [hereinafter *Multilateral System of Notification and Registration*].

13. TRIPS: GEOGRAPHICAL INDICATIONS, *supra* note 1.

14. See Council for Trade Related Aspects of Intellectual Property Rights, *Implementation of Article 23.4 of the TRIPS Agreement Relating to the Establishment of a Multilateral System of Notification and Registration of Geographical Indications*, IP/C/W/107/Rev.1 (June 22, 2000) [hereinafter *E.U. Proposal*]; Council for Trade Related Aspects of Intellectual Property Rights, *Communication from Hungary*, IP/C/W/255 (May 3, 2001) [hereinafter *Communication from Hungary (2001)*] (containing Hungary’s slightly modified proposal that suggests an arbitration system to settle differences); Council for Trade Related Aspects of Intellectual Property Rights Special Session, *Negotiations Relating to the Establishment of a Multilateral System of Notification and Registration of Geographical Indications*, TN/IP/W/3 (June 24, 2002) (endorsing both *E.U. Proposal* and *Communication from Hungary (2001)*).

15. TRIPS: GEOGRAPHICAL INDICATIONS, *supra* note 1.

16. *Id.* It should be noted, however, that some countries consider the two issues to be related. *Id.*

C. Homonymous Indications

Article 23 also protects the co-existence of homonymous GIs for wines.¹⁷ Homonymous indications are “geographical names which are spelled and pronounced alike, but which designate the geographical origin of products stemming from different countries.”¹⁸ The name “Rioja,” for example, designates a region in both Spain and Argentina.¹⁹

A number of WTO Members have pushed for the extension of Article 23 to goods other than wines and spirits, while other Members have dragged their feet and questioned the judicial basis for extension. Members in favor of extension (“*demandeurs*”) are Bulgaria, Cuba, Czech Republic, Egypt, the European Communities, Hungary, India, Jamaica, Kenya, Morocco, Pakistan, Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand, and Turkey.²⁰ Members opposing extension are Australia, Canada, Columbia, Guatemala, New Zealand, Paraguay, the United States, and Uruguay.²¹

It is the position of this Note that the current hierarchy within Section 3 of the TRIPS Agreement is groundless, and that Article 23 should be expanded to include all GIs.

I. THE CONSUMER CONFUSION REQUIREMENT

The necessity of proving consumer confusion (or unfair competition) under Article 22.2 unfairly burdens producers of goods covered by the provision in a number of ways. Most notably, the consumer confusion requirement makes legitimately labeled goods susceptible to parasitic free-riding. Because an infringement action under Article 22 requires the plaintiff to demonstrate that the public is misled by the use of the GI, someone producing goods outside the region identified by the GI can exploit its reputation if the public is

17. TRIPS Agreement, *supra* note 3, art. 23.3.

18. Addor & Grazioli, *supra* note 8, at 879.

19. *Id.* It is important to note that there is some dispute over whether this actually constitutes an appreciable additional protection for wines and spirits. *See, e.g.*, Sergio Escuerdo, *International Protection of Geographical Indications and Developing Countries* 29-30 (Trade-Related Agenda, Development and Equity, Working Paper No. 10, 2001), available at <http://www.southcentre.org/publications/geoindication/geoindications.pdf>. However, this dispute has no bearing on the analysis in this Note.

20. GERVAIS, *supra* note 4, at 51.

21. *Id.*

not confused by such use.²² So, for example, the unauthorized use of protected GIs is legal under Article 22 if de-localizing qualifiers are used (for example, “American-style Parma Ham”).²³ “Consumers’ behaviour can be easily influenced by such improper but nevertheless legal use of geographical indications.”²⁴ Article 22 would allow the American company making knock-off Parma Ham to rely on the investments and labor of generations of Italian producers who have infused the GI with an outstanding reputation. This exploitative use of legitimate GIs not only unjustly enriches follow-on producers, but also “[diverts] a considerable share of the market away from legitimate producers and manufacturers”²⁵ and shortchanges those who toil to preserve the reputation and quality of the authentic goods.

Apart from reducing sales of the product bearing the original GI, the free-riding enabled by Article 22 poses risks to the GI itself. The distribution of the follow-on goods can have the effect of diluting or tarnishing the original GI. Indeed, “economists [have] draw[n] attention to the adverse impact of ‘diluted reputation’ on account of misappropriation of marks.”²⁶ Worse yet, legally permissible free-riding can sometimes render GIs generic.²⁷ It has been noted by *demandeurs* that under Article 22, there is an ever-present risk of GIs becoming generic.²⁸

In response, Members opposing extension have argued that the risk of Article 22 GIs becoming generic is overstated because “commercial experience clearly indicates that genuine, internationally recognized GIs will always command a premium on world markets.”²⁹ There are three problems with this retort, however.

22. See Council for Trade-Related Aspects of Intellectual Property Rights, *Proposal from Bulgaria et al.* ¶¶ 10 & 11, IP/C/W/247 (March 29, 2001) [hereinafter *Bulgaria Proposal* (2001)] (noting that free-riding is permitted as long as the product’s true origin is stated).

23. Addor & Grazioli, *supra* note 8, at 879.

24. Alexandra Grazioli, *The Protection of Geographical Indications*, BRIDGES BETWEEN TRADE & SUSTAINABLE DEV. (Int’l Ctr. for Trade & Sustainable Dev., Geneva, Switz.), Jan. 2002, at 15, available at <http://www.ictsd.org/monthly/bridges/BRIDGES6-1.pdf>.

25. Addor & Grazioli, *supra* note 8, at 881.

26. DWIJEN RANGNEKAR, GEOGRAPHICAL INDICATIONS: A REVIEW OF PROPOSALS AT THE TRIPS COUNCIL: EXTENDING ARTICLE 23 TO PRODUCTS OTHER THAN WINES AND SPIRITS 33, available at http://www.ictsd.org/pubs/ictsd_series/iprs/CS_rangnekar.pdf [hereinafter RANGNEKAR, REVIEW].

27. *Id.* at 8.

28. See *Bulgaria Proposal* (2001), *supra* note 22, ¶ 12.

29. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Argentina et al.* ¶ 8, IP/C/W/289 (June 29, 2001) [hereinafter *Argentina Communication* (2001)].

First, even if it were *usually* the case that the original GIs could still command a premium on world markets, it cannot be denied that in at least some cases, the risk is fully materialized and GIs are emptied of their legal effect by repeated free-riding.³⁰ In light of these troubling cases, it is not surprising that some consider the risk of GIs becoming generic to be a “key reason” for demanding extension.³¹

Second, the mere fact that *some* premium may be commanded by a GI that has been undermined by free-riding does not mean that the legitimate GI-holder is benefiting as much as it should be. The original producer should not simply enjoy a slight competitive advantage over the follow-on producers—it should be the only one benefiting from the GI that signifies the distinctive qualities unique to *its* geographical region. Although this might appear rather protectionist at first blush, it must be remembered that local producers are the ones who labor to preserve local traditions and, therefore, they are entitled to such market power.

Third, stringent GI protection may be needed for marks to *become* internationally-recognized and capable of commanding a premium in the first place. The Members opposing extension argue that there is no need to worry about GIs being destroyed by free-riding because the authentic goods originating in the designated geographical region will always command a premium. However, the development of the GI’s reputation and its corresponding ability to command a premium may be stifled by any free-riding that occurs before the original GI becomes internationally recognized as signifying distinctive quality. One can easily imagine a case in which Producer B discovers Producer A’s new but promising product—“Oslo Ham,” for instance—and creates his own “American-style Oslo Ham.” If the authentic Oslo Ham has not yet established preeminence in world markets, it is far from certain that it will command a premium over Producer B’s American-style Oslo Ham, which is establishing its market share at the same time as the original Oslo Ham.

An additional result of the free-riding enabled by Article 22 is that producers in general are discouraged from making investments in

30. One scholar calls attention to the following “once famous” but now generic GIs: Arabica coffee, Indiarubber, Chinaware, Cheddar cheese, and kiwifruit. See RANGNEKAR, REVIEW, *supra* note 26, at 33.

31. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Bangladesh et al.* ¶ 18, IP/C/W/308/Rev.1 (Oct. 2, 2001) [hereinafter *Bangladesh Communication* (2001)].

GIs. Under the current system, GIs are susceptible to parasitic free-riding that reduces the returns on such investment, and many producers would rather take free rides than invest in unique marks. In order to reward and stimulate investments throughout the world's markets, it is critical that we protect all GIs as vigorously as those in Article 23.

Article 22's requirement of consumer confusion also creates unnecessary legal uncertainty. At the outset, it is crucial to realize that the very use of public confusion as a prerequisite to an infringement action obfuscates the legal proceedings, for "[t]o take public opinion as the decisive criterion in granting protection results in unpredictable and uncertain protection, dependent on time and place."³² Even aside from the problems inherent in using consumer confusion as the benchmark, there is clearly wide judicial discretion in the application of such a standard. "The proof required under Article 22 allows wide, if not to say arbitrary, judicial discretion, particularly in terms of the test to demonstrate that the public is misled."³³ It is impossible to predict whether a given judge, who may very well decide the consumer confusion issue differently from other judges abroad or even at home, will be convinced by the plaintiff's case for consumer confusion. "A horizontal goal of the WTO Agreements and a common interest of WTO Members is to establish and ensure a fair and predictable legal framework within which international trade can flourish."³⁴ However, this goal is undermined by the unsatisfactory provisions of Article 22.

Moreover, the burden of proof promulgated in Article 22 creates excessive and unnecessary costs for plaintiffs. While holders of Article 23 GIs are protected by a per se rule against unauthorized use,³⁵ and, therefore, incur relatively few costs in litigating their GI claims,³⁶ holders of Article 22 GIs face appreciable enforcement costs as a result of their burden of proof. "The general protection of Article 22, in cases of litigation leads . . . to the onerous situation that the legitimate producers needs [sic] not only prove that there is

32. *Id.* ¶ 10.

33. Addor & Grazioli, *supra* note 8, at 881.

34. *Bulgaria Proposal* (2001), *supra* note 22, ¶ 18.

35. See TRIPS Agreement, *supra* note 3, art 23.1. See also RANGNEKAR, REVIEW, *supra* note 26, at 34 ("[P]rotection under Article 23 requires the rather simple test of establishing whether the product originates from the place indicated by the GI.").

36. RANGNEKAR, REVIEW, *supra* note 26, at 34.

illegitimate use of the GI, but—in addition—that such a use misleads the public or constitutes an act of unfair competition.”³⁷

This cost may be prohibitive in many cases, especially for producers in developing countries. Plaintiffs who are saddled with the tough decision of whether to engage in costly and time-consuming litigation may not proceed if the infringement is anything less than obvious or if the infringement is done on a small enough scale that the cost of litigation would outweigh the market detriment. The current system has thus created an unsavory incentive for manufacturers to engage in low-impact infringements that are unlikely to be brought to the attention of a court. When plaintiffs have the legal right to exclude defendants’ marks from the market, the unnecessary costs created by the discriminatory provisions of the TRIPS Agreement should not stand as obstacles. One group of Members opposing extension argued that Article 22 is sufficient to protect GIs, but that it is rarely used.³⁸ An obvious response is that the infrequency with which Article 22 is used may imply that it is simply too expensive to use in many cases. Whatever the specific impact, it cannot be denied that “[t]he relative difference between Articles 22 and 23 in terms of the efforts required by a claimant to prove infringement have [sic] clear economic consequences in terms of the effectiveness of protection and the concomitant risk of rendering an indication generic.”³⁹

II. THE SECTION 3 HIERARCHY

The hierarchy in Section 3 of the TRIPS Agreement is groundless and theoretically indefensible. At the outset, it is critical to be aware that the hierarchy was not the product of any compelling justification, but merely the result of negotiations during the Uruguay Round.⁴⁰ Different provisions were drafted for different types of goods because “[n]egotiators accepted the demands of a number of

37. Addor & Grazioli, *supra* note 8, at 881.

38. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Argentina et al.* ¶ 6, IP/C/W/386 (Nov. 8, 2002) [hereinafter *Argentina Communication* (2002)].

39. RANGNEKAR, *REVIEW*, *supra* note 26, at 34.

40. See Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Bulgaria et al.* ¶ 6, IP/C/W/204 (Sept. 18, 2000) [hereinafter *Bulgaria Proposal* (2000)]; see also Jim Keon, *Intellectual Property Rules for Trademarks and Geographical Indications: Important Parts of the New World Trade Order*, in *INTELLECTUAL PROPERTY AND INTERNATIONAL TRADE: THE TRIPS AGREEMENT* 165, 174 (Carlos Correa & Abdulqawi Yusuf eds., 1998).

wine-producing participants, notably in the European Union, that wanted a higher level of protection for wines and spirits than the standard applied to geographical indications in general. The addition of spirits occurred at the end of the negotiations.”⁴¹ One submission on the issue of extension explains that the compromise was due to the link at that time between the negotiations on GIs and negotiations on agriculture.⁴² “Given this link, the higher level of protection for wines and spirits was granted solely for the political reason of persuading the European Union . . . to join consensus on the Uruguay Round package, in spite of strong opposition on part of many other countries.”⁴³ Drafting the TRIPS Agreement was far from an unadulterated exercise in intellectual property theory because the intellectual property concerns were tied to agricultural policy questions that the TRIPS Agreement was to resolve. Even Members opposing extension have recognized in a recent submission that the source of the distinction between goods resulted only from negotiations among Members:

If the extension discussion were purely one of intellectual property policy, it would make sense to treat all products in the same manner legally. However, we note that the WTO TRIPS Council discussions take place in the context of trade policy and the additional protection provided geographical indications for wines and spirits resulted from the Uruguay Round of multilateral trade negotiations.⁴⁴

Given that the GI extension debate has reached something of an impasse,⁴⁵ this recognition could be regarded as at least a step in the right direction. Indeed, one commentator observes that “[t]he only notable change in this debate has been an acceptance by Members opposing GI-extension that there is no rational or legal basis for the hierarchy in the level of protection.”⁴⁶

Treating different types of goods differently for purposes of GI protection is also unjustified because the definition of GIs does not

41. GERVAIS, *supra* note 4, at 196.

42. See *Bulgaria Proposal* (2000), *supra* note 40, ¶ 6.

43. Kasturi Das, *Geographical Indications in Jeopardy*, INDIA TOGETHER, Apr. 2004, <http://www.indiatogether.org/2004/apr/eco-tradeGIs.htm>.

44. *Argentina Communication* (2002), *supra* note 38, ¶ 3.

45. TRIPS: GEOGRAPHICAL INDICATIONS, *supra* note 1 (“Members remain deeply divided, with no agreement in sight.”).

46. DWIJEN RANGNEKAR, *THE SOCIO-ECONOMICS OF GEOGRAPHICAL INDICATIONS: A REVIEW OF EMPIRICAL EVIDENCE FROM EUROPE 8* (2004) [hereinafter RANGNEKAR, SOCIO-ECONOMICS].

distinguish between product types.⁴⁷ Nothing in Article 22.1 suggests that different types of GIs are meant to be treated differently. Also, “the debate on GI-extension is not concerned with the definition of GIs (Article 22.1) but with the inherent hierarchy in the level of protection in Section 3.”⁴⁸ Positing a distinction between different categories of a singularly defined intellectual property right is inconsistent with the rest of the TRIPS Agreement, because no other singularly defined intellectual property right has different levels of protection for different categories of goods.⁴⁹ Indeed, *demandeurs* have pointed to the anomalous treatment of GIs as support for the proposition that the Section 3 hierarchy is groundless.⁵⁰

From a commercial perspective, there is no salient difference between GIs on wines and spirits and those on other goods. After establishing that the authors of the TRIPS Agreement had no special reason for distinguishing between wines and other types of goods, one must ask whether there is in fact any juridical or economic basis for the distinction that would justify its continued presence in the Agreement. The answer is no. The trade value of a GI—and the corresponding need to safeguard it from appropriation—is no greater in the case of wines and spirits. “In fact, very often, the trade value of GIs for products other than wines and spirits is observed to be even higher than a specific GI designating a wine or a spirit.”⁵¹ Famous examples include “Darjeeling tea,” “Carolina rice,” “Maine lobster,” and “Bukhara carpets.”⁵²

The bottom line is that, “[w]hile the TRIPS Agreement heralds a significant upgrading of the standards of protection for indications of geographical origin . . . there remains the problem of a hierarchy in the levels of protection based on an arbitrary categorisation of goods.”⁵³ Unless and until the Section 3 hierarchy—which was derived from a political bargain rather than from a principled choice about intellectual property policy—is eliminated, the integrity of the

47. Article 22.1 reads, “[g]eographical indications are, for the purposes of this Agreement, 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.” TRIPS Agreement, *supra* note 3, art. 22.1.

48. RANGNEKAR, REVIEW, *supra* note 26, at 7.

49. Das, *supra* note 43.

50. *Bulgaria Proposal* (2001), *supra* note 22, ¶ 15.

51. Das, *supra* note 43.

52. *Bulgaria Proposal* (2001), *supra* note 22, ¶16.

53. RANGNEKAR, SOCIO-ECONOMICS, *supra* note 46, at 1.

TRIPS Agreement as an intellectual property instrument will remain questionable.

III. EFFECTS ON THE DEVELOPING WORLD

In many ways, the disparity between Articles 22 and 23 disproportionately burdens developing countries. Most notably, the disparity exacerbates the economic differences between developing countries and developed countries. Article 22 does not prohibit the unauthorized use of a GI by a producer in a different locale, as long as the true origin of the goods is indicated.⁵⁴ Consequently, manufacturers who can engage in large-scale imitation of the goods of others enjoy a comparative advantage over those producers who cannot. The disparity between Articles 22 and 23 favors countries with greater production capacities that enable them to free-ride (the United States, for example), and works to the disadvantage of countries that depend on other forms of production, such as agriculture. Thus, businesses in more-developed countries can simply appropriate the GIs established in less-developed countries, append some special qualifier (such as “type”), and out-market the original producers. For example, “Kraft and other companies generate millions of dollars annually from sales of inexpensive parmesan cheese, which takes its name from the world class Parmigiano Reggiano.”⁵⁵ Of course, Italy is not a developing country—the point is simply that businesses in the United States and other developed countries are in a much better position to engage in free-riding than businesses in developing countries, which must rely on innovative or distinctive techniques to stay competitive. Thus, “[t]he effect of adopting a system of geographical indications at the global level is immediately troubling for many corporations in the United States, and explains much of the U.S. opposition to GIs in WTO negotiations.”⁵⁶

Developing countries need increased GI protection if they are to gain market power. First of all, stronger GI protection would attract investment in regional products, which abound in developing countries. As one commentator explained:

54. See discussion *supra* Part I.

55. Bruce A. Babcock, *Geographical Indications, Property Rights, and Value-Added Agriculture*, IOWA AGRIC. REV. 1, 2 (2003).

56. Elizabeth Barham, *Translating Terroir: The Global Challenge of French AOC Labeling*, 19 J. RURAL STUD. 127, 128 (2003).

[Increasing international protection for GIs] would immediately increase the incentive to create and register new products and brand names based on geographic origin. Regional foods could be marketed internationally with less risk that their niche would be overwhelmed by domestic competition. That is, protection of the GI would increase the incentive to create new brands because future competition would be limited.⁵⁷

Strengthening or expanding any intellectual property right makes investments more secure and consequently raises levels of investment. GIs are no different. Expanding the scope of Article 23 “would increase the value of GIs and encourage more quality and niche products to be put on the world’s markets.”⁵⁸ Because there may be untapped, unique niche products in developing countries, increased GI protection will attract investors to these regions, rather than to the places where follow-on goods can be produced in mass quantities. That is why “[d]eveloping countries . . . could benefit most from an effective protection of GIs. GIs contribute in a positive way to a business-friendly investment climate.”⁵⁹

It is critical for long-term development that developing countries increase their investment levels. Eventually, increased investment due to heightened GI protection would allow producers in developing countries to develop economies of scale.⁶⁰ Development through foreign investment would help close the gap between developing and developed countries—hence the need to capitalize on the opportunity to increase investment in regional products by expanding the coverage of Article 23.

Additionally, extension would help developing countries gain market power because GIs frequently protect the types of products common to developing countries. For several years, there has been discussion of various methods of supporting and compensating indigenous and local communities who preserve and utilize their regions’ biological diversity.⁶¹ Among proposed solutions involving intellectual property rights, GIs have been identified as being especially promising because they tend to protect the types of goods

57. Babcock, *supra* note 55, at 3.

58. Addor & Grazioli, *supra* note 8, at 866.

59. Felix Addor et al., *Geographical Indications: Important Issues for Industrialized and Developing Countries*, THE IPTS REPORT, May 2003, at 29 (citation omitted).

60. *See id.*

61. Addor & Grazioli, *supra* note 8, at 893.

that are most common to developing societies.⁶² If a good is to bear a GI, it must have special qualities attributable to the good's geographical source.⁶³ Logically, this would occur most frequently in those countries where there are unique pockets of nature that have not been adulterated by extensive development. Moreover, GI goods "tend to be from the rural, agricultural and handicraft sectors of the economy" further implicating the interests of developing countries.⁶⁴ This helps to explain why "[a]s a public policy instrument, GIs have potentially positive implications towards the protection of indigenous knowledge and as a means for generating livelihood and income."⁶⁵

It is important not to understate the economic potential of GIs or the corresponding urgency of the need to extend GI protection.

Mexico's experience with regard to Tequila is a prime example of the considerable financial benefits that can arise from the exclusive rights granted through geographical indications: increased Tequila exports combined with the production monopoly inherent in geographical indications have increased the price of domestic inputs sharply (notably that of agave) and, thus generated considerable windfall profits (economic rents) for Mexican producers.⁶⁶

It is not just the countries in favor of extension that acknowledge the economic and political value of protecting GIs;⁶⁷ countries opposing extension acknowledge it as well.⁶⁸ If we are to create a just international order that gives effect to critical intellectual property rights and promotes economic equality between the North and South, we must allow developing countries to partake in the undeniable economic advantage of GIs.

In response to the contention that increased protection of GIs would benefit the developing world, it has been argued that extension

62. See World Intellectual Property Organization, *Review of Existing Intellectual Property Protection of Traditional Knowledge*, at 6, 13-14, WIPO/GRTKF/IC/3/7 (May 6, 2002); see also Addor et al., *supra* note 59, at 29 (explaining that GIs "reward the preservation of traditional products while allowing for continued evolution").

63. See TRIPS Agreement, *supra* note 3, art. 22.1.

64. RANGNEKAR SOCIO-ECONOMICS, *supra* note 46, at 1.

65. *Id.* at 3.

66. Trade Policy Review Body, *Report by the Secretariat: Trade Policy Review, Mexico*, ¶ 227, WT/TPR/S/97 (Mar. 12, 2002).

67. See *Bulgaria Proposal* (2001), *supra* note 22, ¶ 2; see also Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from New Zealand: Geographical Indications and the Article 24.2 Review*, ¶ 2, IP/C/W/205 (Sept. 18, 2000).

68. Council for Trade-Related Aspects of Intellectual Property Rights, *Communication from Australia*, ¶ 2, IP/C/W/211 (Oct. 19, 2000); RANGNEKAR, *REVIEW*, *supra* note 26, at 30.

would actually be disadvantageous to developing countries because their legal and administrative capacities are currently limited and would require costly expansion.⁶⁹ As a consequence, it is argued, the benefits of extension to the developing world might well be outweighed by the costs of accommodating the new changes.⁷⁰ There is no cause for alarm, however, for three reasons.

First, developing countries need not be held to the same implementation obligations as their developed counterparts. Indeed, the delayed onset of compliance obligations for developing countries is not new in the TRIPS context. While the TRIPS Agreement took effect in developed countries on January 1, 1996, developing countries had until January 1, 2000 to comply with the TRIPS standards with respect to geographical indications.⁷¹ Extension of Article 23 could be accompanied by special implementation exceptions for developing countries that would soften the blow of the new obligations.

Second, Members have wide discretion over how to fulfill their TRIPS obligations. The TRIPS Agreement itself plainly states that “Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.”⁷² In the general spirit of being unconstrained with regard to implementation, developing countries could probably find ways to minimize the cost of compliance following substantive changes in the TRIPS Agreement. In any event, developing countries are already required to protect GIs with regard to wines and spirits pursuant to Article 23, so presumably these Members already have some legal regime under which GIs can be given their full effect. The scope of goods covered by Article 23 would be different if extension occurred, but there is no reason to believe that any new legal mechanisms would be needed.⁷³

Third, limited short-term costs should not be treated as reasons to avoid opportunities for long-term development. Eventually, developing countries will be much better off as a result of the additional GI protections. Given the widely-recognized economic

69. See Addor et al., *supra* note 59, at 29.

70. See *Argentina Communication* (2001), *supra* note 29, ¶¶ 14-17.

71. TRIPS Agreement, *supra* note 3, art. 65.

72. *Id.* art. 1.1.

73. See RANGNEKAR, REVIEW, *supra* note 26, at 28 (citing *Bangladesh Communication* (2001), *supra* note 31, ¶¶ 14-16) (“GI-extension does *not* create any new obligation *per se*, but is *only* a demand for change in the product coverage of Article 23.”).

potential of GIs⁷⁴ and the concentration of GI-friendly goods in developing countries,⁷⁵ it cannot be seriously questioned that developing countries stand to gain significantly from stronger GI protection. Indeed, “unlike any other IP-instrument in the TRIPS Agreement, *demandeurs* for stronger protection include many developing countries.”⁷⁶

IV. THE MULTILATERAL REGISTER

The holders of GIs covered by Article 22 are slighted by the fact that the TRIPS Agreement calls for negotiations to create a multilateral register for GIs on Article 23 goods,⁷⁷ but not for any other type of GI. Indeed, a multilateral register has the potential to be extraordinarily useful.

First, a multilateral register would greatly benefit holders of registered GIs because it would enable Members to be on timely notice of these GIs and take appropriate measures (for example, denying trademark registration requests for trademarks containing registered GIs pursuant to Article 23.2).⁷⁸ Because the development of a GI's reputation requires significant investment and labor, timeliness in GI disputes is critical, and the timely notice offered by the multilateral register would benefit all parties. Most obviously, the registration system would benefit holders of registered GIs because it would prevent free-riding, as well as unintentional appropriation, before they happen.

Without the benefit of the register, a Member government might unwittingly register a conflicting trademark (or confirm some other analogous intellectual property right), forcing the legitimate holder of the GI to undo the damage in court. Insofar as the register would allow Members to better protect foreign GIs, the holders of these GIs would not have to go out of their way to prevent Members from issuing infringing marks or to litigate such infringement after the fact. Crucially, the timely notice offered by the register would also

74. *See supra* text accompanying notes 69-70.

75. *See supra* text accompanying note 66.

76. RANGNEKAR, SOCIO-ECONOMICS, *supra* note 46, at 1.

77. TRIPS Agreement, *supra* note 3, art. 23.4.

78. *See* European Communities, *Negotiations Relating to the Establishment of a Multilateral System of Notification and Registration of Geographical Indications—Issues for Discussion at the Special Session of the TRIPS Council of 28 June 2002—Informal Note*, ¶ 22, JOB(02)/70 (June 24, 2002), available at http://europa.eu.int/comm/trade/issues/sectoral/intell_property/wto_nego/intel4c.htm [hereinafter *Negotiations Relating to the Establishment of a Multilateral System*].

minimize costs to the would-be producers of the infringing goods because they would be able to avoid the mistake of investing in marks that would eventually be discontinued. Because the register would actually serve to minimize the possibility that producers would mistakenly use registered GIs, the cost of product or label withdrawals underscored by Members critical of extension⁷⁹ may be overstated.

Second, a multilateral register would make it easier for holders of GIs to defend their intellectual property in court and reduce the cost of conducting this defense. If the registered GIs were given the presumption of eligibility for protection as proposed by the European Union⁸⁰ and Hungary,⁸¹ the cost savings associated with the defense of a registered mark would be profound, as the plaintiff would bear virtually no burden of proof beyond pointing to the register. However, even if registered GIs were not given the presumption of eligibility for protection, as in the “joint paper” proposal,⁸² building a case from scratch would be easier because the register would stand as strong evidence supporting the GI’s legitimacy.

Third, if a multilateral register were created for all types of GIs, GI holders “would have a clearer view regarding countries in which their GIs might have become generic.”⁸³ Such knowledge “would facilitate investment and export decisions.”⁸⁴

Members who are skeptical of the advent of the register have pointed to a number of costs they associate with creation of a multilateral register. Before considering any costs, however, it is important to note not only that the required costs would vary under the different register proposals,⁸⁵ but also that the debate over costs is limited by the lack of information on the probable number of registrants. That noted, the main costs identified are those associated with: (1) implementing any new national legislation or examination procedures;⁸⁶ (2) challenging the registration of contentious GIs⁸⁷ (note that this is only an issue under the European Union and

79. *See Argentina Communication* (2001), *supra* note 29, ¶ 21.

80. *E.U. Proposal*, *supra* note 14.

81. *Communication from Hungary* (2001), *supra* note 14.

82. *Proposal for a Multilateral System*, *supra* note 12.

83. *Discussions on the Establishment of a Multilateral System*, *supra* note 10, ¶ 129.

84. *See id.* (citing *Minutes of Meeting of 20 September 2002*, *supra* note 10, ¶ 73).

85. *See Minutes of Meeting of 20 September 2002*, *supra* note 10, ¶ 76.

86. *See id.* ¶ 77.

87. *Minutes of Meeting of 28 June 2002*, *supra* note 10, ¶ 78.

Hungary proposals, where registration is of more import and signifies a presumption of eligibility for protection); and (3) administering the register (presumably, this would be done by the Secretariat).⁸⁸

These concerns over the cost of creating a multilateral register may be rebutted. First, nothing in Article 23.4 requires the type of register proposed by the European Union and Hungary (whose proposals also include increased legal obligations, a presumption of eligibility for protection for registered GIs, and limited opposition windows).⁸⁹ Instead, a system more like the low-cost, database-type register posited in the “joint paper” could be authorized.⁹⁰ “There would be some costs—compiling notifications in the agreed format, those arising out of any opposition under national law, monitoring national geographical indications to notify new ones or withdraw lapsed ones—but these would be less than under the other proposals.”⁹¹ Any nominal costs associated with the less demanding register cannot reasonably be understood to outweigh the benefits of notification and registration. Furthermore, under the less demanding proposal, countries that find involvement with the register to be unprofitable could take a *laissez faire* approach to the register; participation is not required.⁹²

Second, it must be remembered that the registration system is not meant to create obligations additional to those each Member must already fulfill.⁹³ Any obligations to protect GIs would not derive from the register, but from the TRIPS Agreement,⁹⁴ which Members are already required to follow. Indeed, one submission identifies a critical distinction between Article 23.4, which refers only to facilitation, and Article 24.1, which refers to increasing protection under Article 23.⁹⁵

Third, the registration system may actually help Members save money. Having available the means to identify registered GIs would actually *facilitate* the implementation of Members’ existing obligations. As noted above, for example, governments could more

88. *E.U. Proposal*, *supra* note 14, ¶¶ 132-36.

89. *Id.*; *Communication from Hungary* (2001), *supra* note 14.

90. *Proposal for a Multilateral System*, *supra* note 12; *Multilateral System of Notification and Registration*, *supra* note 12.

91. *Discussions on the Establishment of a Multilateral System*, *supra* note 10, ¶ 123.

92. TRIPS: GEOGRAPHICAL INDICATIONS, *supra* note 1.

93. *See Discussions on the Establishment of a Multilateral System*, *supra* note 10, ¶ 44.

94. *See id.* ¶ 44 (citing *Minutes of Meeting of 28 June 2002*, *supra* note 10, ¶ 80).

95. *Id.* ¶ 44 (citing *Minutes of Meeting of 28 June 2002*, *supra* note 10, ¶¶ 70, 77).

easily avoid registering trademarks that conflict with registered GIs. Furthermore, the register would diminish usurpation, which, in turn, would diminish litigation and save money for the parties as well as the judiciary.⁹⁶

Finally, the long-term benefits of the register would outweigh any short-term costs. “A system genuinely helping producers, consumers and administrations to get protection under Article 23 could more than justify higher implementation costs than one which provides no such help.”⁹⁷

V. THE MANDATES OF ARTICLE 24

Article 24, which requires future negotiations of the Section 3 provisions, arguably requires Members to negotiate an extension of Article 23 to cover other types of GIs. The first key provision to consider is Article 24.1, which reads, “Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23.”⁹⁸ Some Members reasonably take this to mean that the universe of GIs covered by the article should expand.⁹⁹ Others have responded that “the built-in mandate should only cover an increase or extension of the protection of individual geographical indications for wines and spirits.”¹⁰⁰

However, the latter interpretation is problematic because if Article 24.1 were taken to mean that there should only be forthcoming increases in protection for Article 23 goods, then the groundless hierarchy between product categories would be exacerbated. Or, in the words of Bulgaria and eight other *demandeurs*, “such an approach would add to the imbalances already existing in Section 3 which is not consistent with the spirit and basic objectives of the TRIPS Agreement.”¹⁰¹ Furthermore, while Article 23 is explicitly limited to wines and spirits, Article 24.1 refers to all

96. *Negotiations Relating to the Establishment of a Multilateral System*, *supra* note 78, ¶ 22.

97. *Discussions on the Establishment of a Multilateral System*, *supra* note 10, ¶ 119.

98. TRIPS Agreement, *supra* note 3, art. 24.1.

99. *See, e.g., Bulgaria Proposal* (2000), *supra* note 40, ¶ 11.

100. *Id.* 12. *See also* Roland Knaak, *The Protection of Geographical Indications According to the TRIPS Agreement*, in FROM GATT TO TRIPS—THE AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS 135-39 (Friederich-Karl Beier & Gerhard Schricker eds., 1996) (explaining that Article 24 is only meant to introduce the possibility of extending Article 23 to cases where exceptions previously applied – for example, “Chablis,” “Burgundy” and “Champagne,” which currently fall under the exception in Article 24.4).

101. *Bulgaria Proposal* (2000), *supra* note 40, ¶ 12.

categories of goods, except where the provisions expressly indicate otherwise.¹⁰²

Even if Article 24.1 were not construed to require negotiations regarding extension, Article 24.2 still requires the Council to “take such actions as may be agreed to facilitate the operation and further the objectives of this Section.”¹⁰³ This provision can be read to instruct the TRIPS Council to expand the scope of Article 23. Indeed, “the Doha Ministerial Declaration instructs the TRIPS Council to discuss ‘outstanding implementation issues’ as a matter of priority [and] GI extension exists as *Tiret 87* in the Compilation of Outstanding Implementation Issues.”¹⁰⁴ Furthermore, it is worth noting that “the TRIPS Council reported to the 1996 Ministerial Conference in Singapore explicitly ‘that a review of the application of the provisions of the Section on Geographical Indications as provided for in Article 24.2 . . . permits inputs from delegations on the issue of scope’”¹⁰⁵

VI. MAJOR ARGUMENTS AGAINST EXTENSION CONSIDERED

One common argument against extension is that a certain level of free-riding may actually enhance the intrinsic value of a GI.¹⁰⁶ Indeed, it can be argued that the very fact that a product and its GI are imitated may demonstrate the worthiness of the product and the power of the GI. However, there are several problems with this line of reasoning. First, the value of the GI can actually be damaged by the distribution of out-of-region substitute goods if the free-riding product is sub-par. In other words, rather than being impressed that the original GI was emulated, consumers would think less of the original good through association with the substitute good. One pair of commentators confirms the following:

Free-riding on the good reputation of the GI good would clearly create the risk of the region’s reputation being undermined. As a consequence consumers would be willing to pay less for GI quality

102. TRIPS Agreement, *supra* note 3, arts. 23, 24.1.

103. *Id.* art. 24.2.

104. RANGNEKAR, REVIEW, *supra* note 26, at 32 (citing Ministerial Conference, *Implementation Related Issues and Concerns*, WT/MIN(01)/17 (Nov. 14, 2001)).

105. *Bulgaria Proposal* (2000), *supra* note 40, ¶ 14 (quoting Council for Trade-Related Aspects of Intellectual Property Rights, *Report (1996) of the Council for TRIPS*, ¶ 34, IP/C/8 (Nov. 6, 1996)).

106. *See Argentina Communication* (2001), *supra* note 29, attachment, ¶ 8.

goods and producers would—from a socially optimal point of view—underinvest in informal innovation and in the development of products offering higher quality and safety.¹⁰⁷

Second, even if the non-misleading, free-riding goods are not sub-par, their distribution can dilute a GI or raise the risk of reclassification of the original GI as generic. Third, endorsing the appropriation of GIs because such appropriation is flattering could create a slippery slope, as such reasoning could be applied to virtually any other intellectual property dispute. Members in favor of extension state that “such a line of argument seems to lead to dangerous waters when applied to other fields of intellectual property rights. There is no valid argument why it should be different for geographical indications.”¹⁰⁸

The major remaining arguments against extension assert that the undertaking would be too costly to be worthwhile. Before considering the individual costs identified by Members opposing extension, it is important to note that the costs to WTO Members of implementing additional protection for GIs for all products would be negligible in comparison with the costs of implementing the obligations of the Uruguay Round.¹⁰⁹ This is at least partly because “the level and frequency of use of GIs is relatively limited compared to any other IPRs [intellectual property rights].”¹¹⁰

A. Costs to Governments

The first group of costs identified by the opposition are those that would burden Member governments. It is argued that expanding the scope of goods covered by Article 23 would necessitate the introduction of new administrative mechanisms, the financial and administrative cost of which would outweigh the benefits of extension.¹¹¹ In one submission, skeptical Members argue that if extension occurs, “countries will have to institute a system that protects a wide variety of products and may have to change fundamental concepts in their laws.”¹¹²

Worries about the costs of extension to governments are overstated. Members are already required to provide the legal means

107. Addor et al., *supra* note 59, at 25.

108. *Bangladesh Communication* (2001), *supra* note 31, ¶ 18.

109. See Michael Blakeney, *Proposals for the International Regulation of Geographical Indications*, 4 J. WORLD INTELL. PROP. 629, 649-50 (2001).

110. RANGNEKAR, REVIEW, *supra* note 26, at 35.

111. See *Argentina Communication* (2001), *supra* note 29, ¶¶ 14-18.

112. *Argentina Communication* (2002), *supra* note 38, ¶ 14.

for parties to defend their Article 23 GIs. 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. Consequently, “extending strong GI protection to other products should not involve any significant additional administrative burden.”¹¹³ Furthermore, it is crucial to remember that Members are still free to protect GIs through their existing legal regimes as they see fit under Article 1.1. The spirit of this provision has always been one of latitude and discretion—indeed, there is no single, talismanic method of implementing TRIPS obligations. As long as Members provide some way to give effect to Article 23 GIs, they are free to minimize costs where they can. Additionally, Article 23 does not impose any positive obligations on Members to enforce protection for GIs; all they have to do is provide the legal means to prevent misuse of GIs.

B. Costs to Consumers

Members opposing extension argue that it would create two additional costs for consumers. First, they worry that extension could imply search and transaction costs resulting from consumer confusion caused by the need to re-name and re-label products, as well as by the disappearance of terms customarily used to identify products.¹¹⁴ However, the need to re-name and re-label products may be overstated because Article 24 protects certain existing uses: (1) it exempts the use of GIs for wines and spirits provided that the GIs had been in continuous use for at least ten years prior to 1994¹¹⁵ (there is no reason to suppose that after extension this provision would not apply *mutatis mutandis* to GIs currently covered by Article 22); (2) it exempts acquired rights pertaining to trademarks already “applied for or registered in good faith” or to marks “acquired through use in good faith”;¹¹⁶ and (3) it exempts GIs that have become generic or customary terms in Member states.¹¹⁷ At least some uses of protected

113. Dwijen Rangnekar, *The Pros and Cons of Stronger Geographical Indication Protection*, BRIDGES BETWEEN TRADE & SUSTAINABLE DEV. (Int’l Ctr. for Trade & Sustainable Dev., Geneva, Switz.), Jan. 2002, at 3, 4, available at <http://www.ictsd.org/monthly/bridges/BRIDGES6-3.pdf>.

114. See *Argentina Communication* (2001), *supra* note 29, ¶ 21.

115. TRIPS Agreement, *supra* note 3, art. 24.4.

116. *Id.* art. 24.5.

117. *Id.* art. 24.6.

GIs that would otherwise be prohibited by Article 23 would be protected by Article 24. With regard to those goods that would need to be re-labeled, the worry about costs to consumers is a legitimate one, but it is simply too short-sighted: “Clearly, there will be some confusion as some labels will vanish or be changed. This, all parties agree, is a short/medium term problem.”¹¹⁸

Second, Members opposing extension argue that it would make finding substitute goods more difficult for consumers. In situations where the authentic good is unavailable due to its cost or some other limitation, consumers should have easy-to-find alternatives. Where the real Parma Ham is too expensive, for example, consumers should be able to turn to “American-style Parma Ham.”

This criticism of extension is indeed an important one and may counsel in favor of hesitation, but there is one major weakness: consumers today appear to be more concerned with finding authentic, traditional, quality goods—which are more easily identifiable in a world with stringent GI protection—than with finding substitute goods. A number of commentators have observed that “[consumers] are looking for quality products—in other words, authentic products with a solid tradition behind them—and they are influenced by their social conscience when choosing products.”¹¹⁹ In other words:

The economic and political significance of geographical indications is growing as increasing quality awareness and higher quality requirements promote the demand for products of a specific geographical origin That is why, since the end of the Uruguay Round, the awareness of the need for an extension of additional protection to products other than wines and spirits has continuously increased and spread among Members.¹²⁰

In response to the claim that extension would make it easier for consumers to identify traditional quality goods, it could be argued that Article 22 already protects against consumer confusion, so consumers should have no trouble finding these goods. However, consumers are only protected from misleading GIs *after* infringement

118. RANGNEKAR, REVIEW, *supra* note 26, at 35.

119. Addor & Grazioli, *supra* note 8, at 874. See also RANGNEKAR, SOCIO-ECONOMICS, *supra* note 46, at 2 (arguing that there is a growing interest among consumers in “qualitative aspects of foodstuffs, as reflected in the growth of market segments like ‘organic’, ‘fair trade’, and ‘authentic’ to name a few”); Addor et al., *supra* note 59, at 28 (“Extension would facilitate consumers’ choice since they would be assured that products using a GI actually originate from where the GI indicates Extension . . . would ensure that [consumers] can trust in their choice when opting for a product using a GI.”).

120. *Bulgaria Proposal* (2000), *supra* note 40, ¶ 7.

litigation has been brought against producers using the confusing labels. This not only means that confusing marks can circulate through the market before the trial and while the trial is pending, but also that the consumer is left confused in those cases that do not go to court—perhaps because the distribution of confusing goods is limited, because the litigation costs would be prohibitive, or because the chances of success are uncertain. Additionally, there may be cases where the courts decline to find consumer confusion, but where at least some consumers are in fact confused.

C. Costs to Producers

Finally, those who oppose extension argue that it would compromise the investments of producers who have been using marks that are not confusing but are similar to legitimate GIs, and might even lead to the closure of certain markets.¹²¹ In other words, they fear that any goods that currently use GIs from other regions combined with de-localizing qualifiers such as “style” or “type” would have to be discontinued. Of course, this would constitute a burden for producers who rely on this technique, but this is only a one-time cost. Once the market had adjusted to the change in the TRIPS Agreement, the costs of transition would be in the past, unlike the benefits of extension, which would be everlasting. Furthermore, the blow to producers would presumably be softened by the “existing use” exceptions embodied in Article 24.¹²² “The exceptions contained in Article 24 would apply to ‘extension’ just as they currently do for GIs for wines and spirits today. They take due account of hitherto existing good faith use of GIs for products without the relevant origin.”¹²³ If the blow to producers were still not soft enough, the extension of Article 23 to new types of GIs could be accompanied by some kind of accommodating implementation exceptions. For example, goods that would be made illegal by the change could be phased out, rather than immediately pulled from the markets. Alternatively, the prerequisites to the existing use exceptions under Article 24 could be lowered (for example, by changing the ten-year requirement of Article 24.4 to a five-year requirement in these special circumstances). The bottom line is that the TRIPS Agreement has

121. See, e.g., *Argentina Communication* (2001), *supra* note 29, ¶ 24 (warning that governments of importing countries may claim exclusive rights to descriptions used to market products, thus leading to the closure of potential export markets).

122. See *supra* text accompanying notes 117-19.

123. Addor et al., *supra* note 59, at 28.

always been accommodating with regard to implementation, and there is no reason to believe it could not be so here.

Moreover, any costs that might befall producers would be counterbalanced by the benefits of extension. While certain investment-backed expectations of some producers might be undermined by extension, producers would be better off in the long run because extension would allow them in general to be more confident in their investments (since stronger intellectual property rights make for more secure investments) and expend fewer resources defending their GIs in court. “The economic long-term benefits of extending the more effective protection of GIs to all products would clearly in any case outweigh the costs for the few cases where re-labeling might be necessary.”¹²⁴

CONCLUSION

Extension of Article 23 to cover other types of goods is long overdue for six main reasons. First, the consumer confusion requirement in Article 22 is a great and unnecessary burden on GI holders. Second, the hierarchy between product categories embedded in Articles 22 and 23 resulted from a political compromise and is indefensible today. Third, the disparity between the two articles frustrates the development of the developing world. Fourth, it is unfair that Article 22 producers do not enjoy the prospect of an extremely useful multilateral register. Fifth, multiple provisions of Article 24 appear to require the TRIPS Council to negotiate extension. Finally, the costs associated with extension have been overstated and in fact would be outweighed by the benefits of extension.

As global trade becomes more free, it is more important to vigorously protect geographical indications and other forms of intellectual property that allow producers to be profitable despite follow-on competition from abroad.

124. *Id.*