

## COMMUNICATION FROM THE UNITED STATES

The Secretariat received a copy of the following document from the United States on 8 March 2002, with the request that it be circulated.

### QUESTIONS AND ANSWERS

Comparison of  
IP/C/W/107/Rev.1<sup>1</sup> ("EC Proposal")  
IP/C/W/133/Rev.1<sup>2</sup> ("Joint Proposal")  
IP/C/W/255<sup>3</sup> ("Proposal by Hungary")

#### I. EC PROPOSAL

- Members who wish to participate in the Register submit a **declaration** to the Secretariat, then notify their geographical indications to the Secretariat, which transmits them to all Member States, not just participating Members.
- Each Member, whether participating or not, has 18 months to examine the notified terms to determine whether the notified terms meet the TRIPS definitions, the exceptions, or the receiving country's own statutory laws, and to file an objection if they find grounds for doing so.
- If the terms are not examined and challenged by a Member, they must be protected by that Member whether it is participating in the system or not.
- If the terms are examined and found to fall into one of the exceptions, for example, if a proposed term is generic in the receiving country, or if there is a pre-existing trademark that the geographical indications would infringe, the objecting WTO Member must forward its objections to the Secretariat within 18 months of the notification and then enter into **negotiations** with the Member notifying the term. It is unclear what would happen should the

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<sup>1</sup> "Implementation of Article 23.4 of the TRIPS Agreement Relating to the Establishment of a Multilateral System of Notification and Registration of Geographical Indications" - Communication from the European Communities and their member States.

<sup>2</sup> "Proposal for a Multilateral System for Notification and Registration of Geographical Indications Based on Article 23.4 of the TRIPS Agreement" – Communication from Canada, Chile, Japan and the United States.

<sup>3</sup> "Incorporation of Elements Raised by Hungary in IP/C/W/234 Into the Proposal by the European Communities and their Member States on the Establishment of a Multilateral System of Notification and Registration of Geographical Indications" – Proposal by Hungary.

negotiations fail. Also, it is not clear what would happen if two Members notify the same geographical indication and there is no objection within 18 months. Presumably, all other WTO Members would have to protect both geographical indications.

- It is likely that thousands of terms will be notified, which each WTO Member will have to examine to determine if there are any terms to which it should object since failure to examine and object results in obligatory protection.
- In examining the terms notified to the Secretariat, each Member would have to make the complex determination of whether each term meets the Article 22 definition of a geographical indication and whether the term has become generic in their own country, necessitating significant research. If one WTO Member does challenge the term and as a result of the negotiations, the notifying Member agrees that the objection is valid, only the objecting Member is excused from protecting the term. Thus, each WTO Member that has an objection to any terms notified by another Member must present a formal challenge for each term within 18 months of the date of notification, even if it is not participating in the system. Failure to do so means the Member must protect the geographical indications.
- While the burden of this proposal is on all WTO Members, it would be especially noticeable for those WTO Members who do not have a large number of geographical indications as they will be required to protect many geographical indications without the possibility of reciprocal benefits.

## **II. PROPOSAL BY HUNGARY**

- The proposal from Hungary builds onto the EC's proposal by requiring that, if bilateral negotiations do not resolve the objection within 18 months after the dispute arose, the matter would be referred to binding arbitration and the decision of the arbitrator would be final.
- A term that is in the midst of a challenge by one WTO Member would not be registered until the challenge is settled. A successful challenge made by one WTO Member on the basis of Article 22.1 or 22.4 would not be registered and, therefore, no WTO Member would be obligated to protect the notified term.
- This "universal" or *erga omnes* effect of challenge may have a disproportionate impact. It is likely that just a few WTO Members will be forced to carry the collective burden of challenge, especially since it is unlikely that the vast majority of WTO Members will have the administrative means to review the thousands of notifications anticipated under this system.
- A successful challenge made by a WTO Member on the basis of Article 24.4, 24.5, or 24.6, however, would not prevent the term from being registered and only the successful challenger would not be obliged to protect the term; all other WTO Members would have to protect it.

## **III. JOINT PROPOSAL**

- The Joint Proposal allows those participating WTO Members to notify their recognized domestic geographical indications to the Secretariat, which then establishes a database of these lists.
- Participating WTO Members will use the database in making determinations related to geographical indications under domestic law, for example, in reviewing trademark applications, labels on imported goods, or in determining whether someone is claiming rights in a geographical indication when the goods do not come from that place.

- The database of geographical indications would provide a source of information not currently available that would be used to make decisions under national laws, thereby facilitating protection for other countries' geographical indications.
- Members not participating in the system would be encouraged to use the database as a means of facilitating protection for geographical indications in accordance with the requirements of the TRIPS Agreement.

#### IV. QUESTIONS AND ANSWERS

##### Is the system binding on all WTO Members?

- EC Yes. "Voluntary participation" refers to those Members that choose to **notify** geographical indications to the Secretariat. WTO Members that choose **not** to notify terms to the Secretariat will be required to protect the notified terms of others, as long as they do not successfully challenge those terms.
- Joint Only those Members choosing to notify geographical indications would be required to refer to the database in making decisions regarding geographical indications under domestic law.
- Hungary Yes. "Voluntary participation" refers to those Members that choose to **notify** geographical indications to the Secretariat. WTO Members that choose **not** to notify terms to the Secretariat will be required to protect the notified terms of others, as long as they do not challenge those terms or so long as a term is not the subject of a successful challenge based on Article 22.1 or 22.4.

##### What happens when a term is challenged?

- EC When a term is challenged, negotiations are initiated to resolve the disagreement. If a challenger, during negotiations, convinces the notifying Member that it should not have to protect the challenged term, that term would not have to be protected by the challenging Member but would have to be protected by all other WTO Members that do not mount successful challenges on their own.
- Joint If a WTO Member wishes to challenge a notified term, it would do so under the national law of the WTO Member notifying the term. Decisions regarding protection of notified terms would be made in the appropriate forum within each WTO Member in accordance with domestic law.
- Hungary When a term is challenged, both parties enter into negotiations to resolve the disagreement. If the negotiations are not concluded within 18 months from the date of initial notification, the parties agree to submit to binding arbitration. A successful challenge by one WTO Member on the basis of Article 22.1 or 22.4 would prevent registration of that term and no Member would have to protect it. A successful challenge based upon Article 24.4, 24.5, or 24.6 would not prevent registration of the term and, therefore, only the successful challenger would be exempt from the requirement to protect the term.

##### What happens when a term is not challenged?

- EC The term would be registered and all WTO Members must protect all registered terms.

Joint            No effect. Those Members choosing to participate in the system would have to refer to the database when making decisions regarding geographical indications under their domestic law.

Hungary        The term would be registered and all WTO Members must protect all registered terms.

**What are the grounds for challenging a term?**

EC              Any WTO Member may challenge terms that do not meet the definition of a geographical indication under Article 22.1 or that are subject to challenge under Article 22.4 or 24.6.

Joint            Any Member may challenge a notified term in accordance with the domestic law of the notifying Member but is not required to do so.

Hungary        A WTO Member may challenge a notified term on the basis of Article 22.1, 22.4, 24.4, 24.5, or 24.6.

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