ARTICLES

THE PROTECTION OF GIS IN EU BILATERAL INSTRUMENTS: SOME REFLECTIONS IN LIGHT OF THE EU-MERCOSUR TRADE DEAL

FEDERICA VELLI* AND LUCA PANTALEO**

ABSTRACT: This *Article* focuses on the protection of geographical indications (GIs) in the recently signed EU-MERCOSUR free trade agreement. It aims to provide an assessment of the relevant provisions of the agreement and to make some systemic considerations concerning the discipline of GI protection in EU bilateral instruments. The *Article* deals with some traditionally contentious issues, such as GIs for non-agricultural products and, most importantly, the use of a list of selected "global" GIs as opposed to a more general system of GI protection akin to the one used to protect other forms of intellectual property. The *Article* suggests that while the lawfulness of the rules appears difficult to be questioned, it could still be possible to rethink some aspects of the system with a view to generally improving the protection of GIs in EU trade instruments.

KEYWORDS: EU-MERCOSUR – geographical indications – TRIPS-plus – equal treatment – EU trade agreements – GI lists.

I. INTRODUCTION

The EU has been consistently pursuing the objective of promoting and protecting geographical indications (GIs) at the international level. It was a leading proponent for the inclusion of GIs in the TRIPS agreement, and it advocated for a strong form of GI protection

* PhD candidate, University of Cagliari (joint supervision with the University of Luxembourg), f.velli@studenti.unica.it.

** Assistant Professor of European Union Law, University of Cagliari, luca.pantaleo@unica.it. This *Article* is the result of joint efforts of the authors and reflects their common views on the topics discussed. However, Dr. Luca Pantaleo is responsible for section IV and V, and Federica Velli is responsible for section III. Both authors are jointly responsible for section I and II. The authors wish to thank the anonymous reviewers of this *Article* for their valuable comments and suggestions. The usual caveat applies to any errors or mistakes that may appear in the text.

ISSN 2499-8249
doi: 10.15166/2499-8249/627

in the following negotiations on this matter at the Doha Round. Furthermore, in 2019 the Union joined the Geneva Act of WIPO's Lisbon Agreement, which entails an international register for GIs and appellations of origin. At the bilateral level, the EU has also actively negotiated with third countries and regional blocs to achieve greater protection for its GIs, in particular within its trade agreements. Indeed, GIs are an integral part of the EU trade strategy as was recently evidenced in the context of the Comprehensive Economic Trade Agreement (CETA). To name but one circumstance demonstrating the pivotal importance of GI protection in EU trade agreements, suffice it to say that Italy threatened not to ratify CETA, and the Cypriot parliament issued a negative vote on its ratification, on account of the (alleged) insufficient protection of GIs contained in that agreement.[1]

This *Article* aims to shed light on the discipline of GI protection in EU bilateral trade instruments, with a special focus on the EU-MERCOSUR free trade agreement (EU-MERCOSUR FTA).[2] The model for GI protection followed in the intellectual property (IP) Chapter of this agreement is largely in line with other agreements concluded in recent years, such as the EU-Singapore FTA and the previously mentioned CETA. As will be further explained below, such a model can be described as "TRIPS-plus", as it includes the same protection afforded by TRIPS but extends beyond it in relation to some issues. In addition, it is based on a list of pre-determined protected GIs agreed by both parties, which in the case of the EU-MERCOSUR FTA also cover GIs for non-agricultural and non-food products. Whilst this model has enabled to afford enhanced protection to a vast number of EU GIs in third countries - which is not an easy task considering that the EU protects an unparalleled number of products when compared to other jurisdictions - the analysis carried out in this *Article* will show that it could be possible to rethink some aspects of the system.

The analysis will be structured as follows. Section II will begin with a concise overview of the state of the art of the relevant domestic legislation of both the EU and the MERCOSUR countries. Section III will then analyse the provisions on GIs included in the IP Chapter of the EU-MERCOSUR FTA. Section IV will consider some contentious issues and draw some systemic considerations on the protection of GIs in EU bilateral trade deals. Lastly, some concluding remarks will be presented in section V.

[1] As reported by M Huysmans, 'Exporting Protection: EU Trade Agreements, Geographical Indications, and Gastronationalism' (2020) Review of International Political Economy 979. In addition, an earlier episode has been reported on an EU agreement on trade, development, and cooperation with South Africa, whereby Italy initially refused to ratify it until its denomination "Grappa" received protection. See A Rosas, 'The Future of Mixity' in C Hillion and P Koutrakos (eds), *Mixed Agreements Revisited: The EU and the Member States in the World* (Hart Publishing 2010) 368-369.

[2] The EU and the four founding MERCOSUR states reached an agreement in principle in June 2019.

II. The legal framework for the protection of GIs in the EU and MERCOSUR

This section will provide a short overview of the salient differences existing between the legislation on GIs applicable in the EU and the MERCOSUR states in order to appreciate the reach of the parties' commitments under the EU-MERCOSUR IP Chapter.

All in all, the analysis will show that all jurisdictions involved devise a registration system and share a common understanding of the features of designations of origin (DO) as entailing a closer link to the geographical origin of a good or service than GIs or indications of provenance. Notably, the MERCOSUR Protocol and Brazilian legislation do not provide for a concept comparable to that of GI, as indications of provenance are unrelated to a product's quality.[3] Unlike the EU framework, the subject matter protected by the MERCOSUR countries goes beyond agricultural products, wines, and sprits, including services and handicrafts. At the same time, the scope of protection in the MERCOSUR countries is generally narrower than that offered in the EU. A point common to all jurisdictions is also the premise of incompatibility between trademarks and GIs.

II.1. European Union

The EU adopted a comprehensive system to regulate GIs that ensures uniform protection of recognised indications throughout the Union.[4] Its current legal framework is composed of four main regulations covering GIs for agricultural products,[5] wines,[6] spirits,[7] and aromatised wines.[8] The regulations for agricultural products and wines recognise two

[3] Brazilian legislation refers to GI as an overarching term to indicate indications of provenance and DOs.

[4] The European Commission recently tabled a proposal to review the existing harmonised system, see Proposal of the 31 March 2022 for a Regulation of the European Parliament and of the Council on European Union geographical indications for wine, spirit drinks and agricultural products, and quality schemes for agricultural products COM(2022) 134 final.

[5] Regulation (EU) 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs (hereafter: Regulation 1151/2012). Annex I outlines that products such as essential oils, cotton, and wool are also within the scope of the regulation.

[6] Regulation (EU) 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (hereafter: regulation 1308/2013).

[7] Regulation (EU) 2019/787 of the European Parliament and of the Council of 17 April 2019 on the definition, description, presentation and labelling of spirit drinks, the use of the names of spirit drinks in the presentation and labelling of other foodstuffs, the protection of geographical indications for spirit drinks, the use of ethyl alcohol and distillates of agricultural origin in alcoholic beverages, and repealing Regulation (EC) No 110/2008 (hereafter: Regulation (EU) 2019/787).

[8] Regulation (EU) No 251/2014 of the European Parliament and of the Council of 26 February 2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products and repealing Council Regulation (EEC) No 1601/91 (hereafter: Regulation (EU) No 251/2014).

concepts, GI and designation of origin (DO).[9] Even though each regulation provides for a definition of GI and DO adapted to the specific sector, one common feature is that DOs entail a closer link to the place of origin compared to GIs. While DOs require that all production steps occur in an identified geographical area, one production step is sufficient to receive protection for GIs.[10] Indications for spirits and aromatised wines can instead be registered only as GIs.[11] A detailed application procedure is laid out in each regulation and is centred on a product-specification.[12] In terms of protection, both GIs and DOs are equal: a registered name is protected against the commercial use of the name, any misuse, imitation or evocation including translation or addition of expressions such as style or kind. Protection is also against any false or misleading indication as to the provenance and any other practice liable to mislead the consumer.[13] Under the EU legislation, it is not possible to register a trademark conflicting with an existing GI. However, coexistence with prior trademarks can continue if there is no ground for invalidity.[14] Additionally, Regulation 1151/2012 provides for a transitional period of up to five years which might also be established in order to maintain the use of a designation under certain conditions.[15]

II.2. MERCOSUR

Unlike other trading partners of the EU, MERCOSUR countries recognise and protect GIs in their national laws.

Harmonisation at regional level by MERCOSUR has been limited. Resolution n. 8/95, which lays down the rules of the so-called Harmonisation Protocol on Intellectual Property Law (hereafter: Protocol) did not enter into force lacking unanimous ratification.[16] The Protocol sought to establish minimum standards, rather than providing for comprehensive legislative harmonisation.[17] Art. 19 of the Protocol entails the parties' commitment to

[9] Regulation 1151/2012 art. 5, Regulation 1308/2013, art. 93(1). Regulation 1151/2012 also encompasses the concept of Traditional Specialty Guaranteed (TSG) which refers solely to a product's quality without it being linked to its geographical origin.

[10] For example, see Regulation 1151/2012 art. 5(1)(c) and 5(2)(c).

[11] Regulation 2019/787 Art. 3(4); Regulation 251/2014, art. 2(3).

[12] For example, art. 7 of Regulation 1151/2012. All regulations provide for a two-step application procedure first at national and then at EU level. For more details see J Pila and P Torremans, *European Intellectual Property Law* (OUP 2016) 471-481.

[13] Regulation 1151/2012, art. 13; Regulation 1308/2013, art. 103, Regulation 2019/787, art. 21; Regulation No 251/2014, art. 20.

[14] Regulation 1151/2012, art. 14; Regulation 1308/2013, art. 102; Regulation 2019/787, art. 36; Regulation n 251/2014, art. 19.

[15] Regulation 1151/2012, art. 15.

[16] The official name of the Protocol is "Harmonisation Protocol on Intellectual Property law in MERCOSUR on trademarks, indications of source, and designations of origin". See CA Garaventa and P Wegbrait, 'Integration in Intellectual Property in Latin America' in E Siew-Kuan Ng and GW Austin (eds), *International Intellectual Property and the ASEAN Way Pathways to Interoperability* (CUP 2017) 295.

[17] *Ibid*. 296.

reciprocally protect their GIs and provides for the definitions of *indicaciones de procedencia* (hereafter: IP) and *denominaciones de origen* (hereafter: DO). Here, both IP and DO are broadly defined. IP is understood as "the geographical name of the country, city, region or locality of its territory, which is known as a centre for the extraction, production or manufacture of a certain product or provision of a certain service" (therefore unrelated to a particular quality); whereas DO is "the geographical name of the country, city, region or locality of its territory, which designates products or services whose qualities or characteristics are due exclusively or essentially to the geographical environment, including natural and human factors". Contrary to the EU system for the protection of GIs, the abovementioned definitions are not limited to goods nor to a particular category of goods. Indeed, two MERCOSUR members, namely Paraguay and Brazil, also protect non-agricultural products such as handicrafts, textiles, and clothing.[18] As will be seen below, this is reflected in a provision of the EU-MERCOSUR FTA granting protection to non-agricultural GIs.[19] Moreover, the Protocol's definitions mention that either IP or DO can include services, which are not protected in the EU GI system nor in the definition of GI provided for in the TRIPS agreement.[20] Among the MERCOSUR members, Brazil and Uruguay currently provide for such a possibility in their legislation.[21] Last but not least, art. 20 of the Protocol establishes that neither IP nor DO may be registered as trademarks.

When it comes the domestic legislation of MERCOSUR countries, it bears noting that Argentina, Brazil, Paraguay, and Uruguay all protect GIs with a specifically tailored system. Argentine legislation regulates GIs across a number of specific norms. Law n. 25.380, as amended by law n. 25.966 (hereafter: law n. 25.380), establishes the protection of *indicación geográfica* (hereafter: GI) and *denominación de origen* (hereafter: DO) for agricultural and food products, and is regulated by decree n. 556/2009.[22] According to the abovementioned law, DOs refer to geographical names which are used to describe a product whose quality derives exclusively from its geographical environment including human factors.[23] On the other hand, GIs are defined more broadly as indications of a product's quality fundamentally attributable to its geographic origin.[24] Decree n.

[18] For example, "Poncho de Cordillera" (clothing) and "Goiabeiras" (clay pots) protected in Paraguay and Brazil respectively.

[19] See below section III.

[20] The definition of art. 22(1) TRIPS provides that geographical indications identify a good.

[21] An example of a service-related GI is "Porto Digital" for technological and digital services registered in Brazil. See datasebrae.com.br.

[22] Law n. 25.380, as amended by law n. 25.966, available at: servicios.infoleg.gob.ar; Decree 556/2009, available at: argentina.gob.ar. Even though handicrafts or textiles remain outside the scope of law n. 25.380, Annex III of the recent Resolution 13/2021 clarified the meaning of "agricultural" to include products from livestock and fishing, and would encompass plant fibers (wool, cotton), animals (leather), wood (until its first transformation), and ornamental plants, see Resolution 13/2021, Annex III p. 11.

[23] Law n. 25.380, as amended by law n. 25.966, art. 2(b).

[24] *Ibid*. art 2(a).

556/2009 further specifies that all steps of production take place in the territory of origin for DOs,[25] whereas only one step of production must be performed in the original location for GIs.[26] With reference to wines, law n. 25.163 also provides for the concept of *indicación de procedencia* (hereafter: IP) which may be used exclusively for table wines or regional wines and does not indicate a particular quality of the product.[27] The use of GI/DO is prohibited if it is used as a commercial designation in order to take advantage of the reputation of a registered GI/DO, if it is false or deceptive, or entails any practice that may mislead consumers.[28]

In regards to the overlap of GI/DO and trademarks, Argentine legislation provides the impossibility to register trademarks corresponding to registered GI/DO.[29] Pursuant to art. 48 law n. 25.380, trademarks can be converted in GIs/DOs if the right to the trademark has been extinguished. However, marks registered or acquired through use in good faith prior to the 1st of January 2000 cannot be recognized as GI/DO.[30]

GIs in Brazil are governed by law n. 9.279/1996 on industrial property (*lei sobre direitos e obrigações relativos à propriedade industrial*, hereinafter: industrial property law). The protection of GIs in Brazil is conceived of as a chapter of the general legal framework applicable to industrial property. This circumstance and the date of approval of the industrial property law suggest that GI protection in the Brazilian legal order is part of the country's effort to implement the TRIPS Agreement. Art. 176 of the industrial property law makes provision for two different types of GIs, namely *indicação de procedência* (hereinafter: IP) and *denominação de origem* (hereinafter: DO). IP is defined as a place name – which can be a country, city, region or other territorial subdivision - that has become widely known as the place of extraction, production or manufacturing of a given product or service.[31] DO is defined as a place name – that is, a country, city, region or other territorial subdivision - that identifies a product or service whose qualities or characteristics are exclusively or essentially due to that particular geographical environment, including natural and human factors.[32] However, the Brazilian legislation does not afford protection to terms that have acquired 'generic' status in Brazil – that is, terms that despite making reference to a particular geographical place, they commonly identify a given product irrespective of its geographical origin.[33] This is the reason why the EU-

[25] Decree 556/2009, Annex art. 4(b).

[26] *Ibid*. art. 3(1).

[27] Law n. 25.163 recognises GI in art. 4, Controlled Designation of Origin (DOC) in art. 13, and IP in art. 3. Available at: servicios.infoleg.gob.ar.

[28] Law n. 25.380 as amended by n. 25.966, art. 27.

[29] *Ibid.* art. 47.

[30] *Ibid.* art. 25(b).

[31] See art. 177 of the industrial property law.

[32] See art. 178 of the industrial property law.

[33] For example, this is the case of Gorgonzola and Parmesan cheese (whose 'generic' Brazilian equivalent *Parmesão* does not have GI status).

MERCOSUR FTA lays down special arrangements for some specific GIs.[34] As far as the relations between trademarks and GIs are concerned, the Brazilian industrial property law states that GIs cannot be registered as trademarks, as well as any other sign imitating or alluding to GIs or that may give rise to confusion with a GI.[35]

As regards Paraguay, prior to current law n. 4923 of May 2013, GIs were regulated in the trademark law n. 1294/98.[36] The current system provides for two concepts: *denominación de origen* (hereafter: DO) and *indicación geográfica* (hereafter: GI). The latter refers to a geographical name which serves to indicate the origin of a product when a certain quality, reputation, or other characteristic is attributable or fundamentally attributable to its geographical origin.[37] A DO is instead a geographical name which serves to designate the source of a product, and whose quality or characteristics are essentially or exclusively due to the geographical environment in which it occurs, including natural factors, as well as those resulting from human activity.[38] Notwithstanding Paraguay's incorporation of the MERCOSUR Protocol, which provides for *indicaciones de procedencia* in law n. 912, Paraguayan legislation does not provide for this concept but instead that of GI.[39] Both GIs and DOs are recognized and protected equally.[40] The use of GIs is prohibited if they are false or deceiving as to the origin of the products or are likely to consumers.[41] According to art. 40, third parties may be sanctioned sanctions for direct and indirect commercial use of a GI as well as usurpation, imitation and evocation.[42]

Paraguayan legislation also addresses potential conflicts between GI/DOs and trademarks. In particular, art. 44 states that it is not possible to register a trademark which corresponds to a registered, requested, or nationally or internationally known GI or DO.[43] Art. 45 allows to substitute a previously registered trademark if the right to the trademark

[34] See below, section III. "Generic" terms are not protectable in any of the MERCOSUR countries nor in the EU.

[35] See art. 124(IX) of industrial property law.

[36] F Modica Bareiro, 'Ley sobre Indicaciones Geográficas y Denominaciones de Origen' 1 available at www.pj.gov.py.

[37] Law n. 4923, art 2(1)(b), available at: bacn.gov.py.

[38] *Ibid.* art. 2(1)(a).

[39] Law n. 912 on the approval of the Protocol of Harmonisation of Intellectual Property Laws in the MERCOSUR, as for Trademarks, Geographical Indications and Denominations of Origin, available at: wipolex.wipo.int.

[40] Applications to recognize and register GIs or DOs may be requested before the Enforcement Authority by those who demonstrate a legitimate interest, such as producers but also municipal authorities if geographical indications or appellations of origin are in their respective districts, or by the authority itself. Once a GI or DO is registered, it is valid for ten years and may be extended indefinitely for equal periods as long as the conditions that justified recognition and protection are met, see arts 3 and 16 of law n. 4923.

[41] Law n. 4923, art. 27.

[42] *Ibid.* art. 40 paras (a)-(d).

[43] *Ibid.* art. 44.

is extinguished, either by resignation of the owner, by extinction of the term, or due any other cause of expiration.[44]

As far as Uruguay is concerned, protection of GIs is addressed within a chapter of the domestic general trademark legislation, namely law n. 17.011 of 1998 as amended by successive legislation (hereafter: law 17.011).[45] Pursuant to the latter, *indicacion geográfica* (GI), *denominacion de origen* (DO), and *indicacion de procedencia* (IP) are defined separately as protectable.[46] In addition, there is a regime for the protection of wine and spirits established by the National Institute of Viticulture (INAVI).[47] Art. 74 of law n. 17.011 defines the terms GI and DO. The first is understood to indicate that a product or service as originates in a country, a region or a locality, when a certain quality, reputation or other characteristic is fundamentally attributable to its geographical origin.[48] In contrast, DO indicates the geographical name of a country, city, region or locality, which designates a product or service whose qualities or characteristics are exclusively or essentially due to the geographical environment, including natural and human factors. It is significant to note that next to products, Uruguayan GIs and DOs explicitly protect services, which is in line with the regional developments within the MERCOSUR bloc. in art. 19 of the MERCOSUR Protocol. In addition, Uruguayan law provides for IP as a concept unrelated to a products' quality which, unlike GIs and DOs, does not require registration.[49] Generic or descriptive terms that may comprise a GI or DO are excluded from protection. Any use of GIs that constitutes an act of unfair competition is prohibited,[50] with an exception for GIs used continuously for wines and spirits for at least ten years before April 15 from 1994.[51] Uruguayan legislation also prevents the registration of GIs, DOs, and IP as trademarks.[52]

III. Relevant rules included in the EU-MERCOSUR agreement

The earliest meetings of the EU-MERCOSUR Working Group on Intellectual Property did not lead to significant outcomes as MERCOSUR rejected the request for a chapter dedicated to intellectual property.[53] After negotiations were interrupted multiple times, in 2016 a first

[44] *Ibid.* art. 45.

[45] Chapter XII, articles 73 to 78 of law 17.011 of 1998 as amended by law 19.670. For a summary on the amendments of law 19.670, see, Ministerio de Industria, Energía y Minería, *Boletín sobre indicaciones geograficás y denominaciones de origen* gub.uy.

[46] Law 17.011 of 1998 as amended by law 19.670, art. 73.

[47] Ministerio de Industria, Energía y Minería Dirección Nacional de la Propiedad Industrial, *Indicaciones geográficas y Denominaciones de Origen en Uruguay y el mundo* www.prosurproyecta.org.

[48] Law 17.011 of 1998 as amended by law 19.670, art. 74.

[49] *Ibid.*

[50] *Ibid.* art. 77.

[51] *Ibid.* art 79. This is an exception provided within art. 24(4) of the TRIPS agreement.

[52] *Ibid.* art. 78.

[53] R Blasetti and JI Correa, 'Intellectual Property in the EU–MERCOSUR FTA: A Brief Review of the Negotiating Outcomes of a Long-Awaited Agreement' (2021) South Centre Research Paper 128, 5. According to

text was presented by the EU, which included significantly higher standards of protection than the multilateral commitments of the TRIPS Agreement.[54] Later in 2017, the Parties agreed on a single negotiating document.[55] According to Blasetti and Correa, the agreed Chapter "is a text with balanced commitments, except for geographical indications".[56]

The EU-MERCOSUR FTA regulates GIs in arts 33 to 39 of subsection 4 of the IP Chapter.[57] The articles are complemented by Annex I on the legislation of the parties, Annex II indicating the protected GIs,[58] and Annex III listing selected Brazilian and Paraguayan non-agricultural GIs. Arts 33 to 39 entail mandatory rules concerning the protection afforded to GIs which apply only to the lists recognized by the parties in Annex II.[59] As no uniform system for the protection of GIs exists within MERCOSUR, each country presented a separate list of protected GIs. Notably, the Agreement does not provide a definition of "GI" which might be the consequence of a multiplicity of concepts within the domestic legislation of the MERCOSUR countries (as explained in section II). Art. 33(3) provides, however, that solely indications protected as geographical indications according to national rules may benefit from the Agreement.[60] Listed GIs will be granted automatic protection based on the Agreement as opposed to individual registrations,[61] and as follows, the names included in the lists will have a level of protection given by the Agreement and not by the domestic legislation in force in the other party.

The level of protection in the EU-MERCOSUR FTA goes further than the standard agreed at the multilateral level in art. 22 TRIPS, extending the higher standard of protection for wines and spirits of art. 23 TRIPS to all products.[62] Interested parties can prohibit direct and

the authors "the MERCOSUR bloc was reluctant to accept a trade-off between intellectual property and market access because of the legal effects and economic costs likely to be involved if TRIPS-plus standards were accepted".

[54] Report of the XXVI negotiation round on the trade part of the EU-MERCOSUR Association Agreement Brussels 10-14 October 2016 trade.ec.europa.eu.

[55] Report of the XXVII negotiation round on the trade part of the EU-MERCOSUR Association Agreement Buenos Aires 20-14 March 2017 trade.ec.europa.eu.

[56] R Blasetti and JI Correa 'Intellectual Property' cit. 6.

[57] As the EU-MERCOSUR is an agreement in principle, its chapters have not been numbered yet. Thus, when referring to specific provisions, the chapter number currently indicated with X is not included.

[58] 355 names for the EU; 220 names for MERCOSUR countries.

[59] Parties agree on the possibility to add new geographical indications in Annex II, art. 34 of the IP Chapter EU-MERCOSUR. With regard to GIs listed in Annex III, art. 33(5) states that they "may be protected according to the laws and regulations applicable in each Party".

[60] IP Chapter EU-MERCOSUR, art. 33(3): "The established geographical indications of a Party to be protected by the other Party shall only be subject to this Article if they are protected as geographical indications in the territory of the Party of origin in accordance with its system of registration and protection of geographical indications".

[61] IP Chapter EU-MERCOSUR, art. 33(4).

[62] Article 22(2) TRIPS provides for a general level of protection for all GIs against a designation that misleads the public as to the geographical origin of the good, and against any act of unfair competition in the meaning of art 10bis of the Paris Convention. Moreover, WTO members are under an obligation to refuse or

indirect commercial use, false and misleading use, as well as when the true origin is indicated with expressions such as, like, style or kind.[63] The Agreement clearly distinguishes two layers of protection applicable to listed GIs respectively, in arts 35(1) and 35(2). The first paragraph lays down the standard of protection provided by the TRIPS agreement for ordinary products, whereas the second the additional TRIPS-plus commitments.

In contrast to the concise references to the relationship between trademarks and GIs in the legislation of MERCOSUR countries examined above, art. 35(3) provides for a detailed set of rules. According to art. 35(3)(a), later registration of trademarks conflicting with a protected GI shall be refused,[64] whereas coexistence of prior trademarks is allowed under the specific conditions of paragraph (d) of the same article. Pursuant to the following paragraph (e), well-known trademarks may continue to be protected unless liable to cause confusion.

Exceptions for prior users' rights as provided in art. 24(4) TRIPS have not been included in the Agreement,[65] even though some specific situations were addressed in art. 35(9) establishing a limited category of nine "particular cases". [66] These EU GIs will not be granted full protection, and continuity of use for prior users can occur subject to certain conditions.[67] Other indications conflicting with EU GIs will instead be abandoned through a phasing-out solution.[68] The establishment of transitional periods is a solution borrowed from EU legislation,[69] even though Annex II specifies the GIs to which this is applicable

invalidate the registration of a trademark containing a GI with respect to goods not originating in the territory indicated or that mislead the public as to their true place of origin. Such protection applies also with respect to GIs that, even though literally true as to their territory of origin, falsely represents to the public that the goods originate in another territory. Article 23 TRIPS on wines and spirits additionally protects against the use of a GI identifying wines or spirits not originating in the place indicated by the GI even when the true origin of the good is indicated, the use of a GI in translation, or accompanied by expressions such as "kind" or "type".

[63] IP Chapter EU-MERCOSUR, art. 35(2).

[64] *Ibid.* art. 35(3)(a).

[65] Art. 24(4) TRIPS "Nothing in this Section shall require a Member to prevent continued and similar use of a particular geographical indication of another Member identifying wines or spirits in connection with goods or services by any of its nationals or domiciliaries who have used that geographical indication in a continuous manner with regard to the same or related goods or services in the territory of that Member either (*a*) for at least 10 years preceding 15 April 1994 or (*b*) in good faith preceding that date".

[66] This category encompasses: Genièvre/Jenever, Queso Manchego, Grappa, Steinhäger, Parmigiano Reggiano, Fontina, Gruyère, Grana Padano, and Gorgonzola.

[67] For example, "the protection of the GI "Grana Padano" shall not prevent prior users from using the term "Grana" in the territory of Brazil, having used the term in good faith and in a continuous manner for five years prior to the publication for opposition of the geographical indication "Grana Padano" to continue using this term, provided these products are not commercialized using references (graphics, names, picture, flags) to the protected European geographical indication and provided the term is displayed in a font character substantially smaller, while readable, than the brand name and is differentiated from it in a non-ambiguous manner as regards the origin of the product."

[68] R Blasetti and JI Correa 'Intellectual Property' cit. 18.

[69] Regulation (EU) No 1151/2012 cit., art. 15

and under what conditions.[70] Here, the absence of harmonisation at regional level within MERCOSUR is evident as different conditions were agreed by its members for the same EU GIs.[71] As a result both the cases in art. 35(9) and the GIs subject to progressive abandonment are liable to create disparities in the conduct of trade within MERCOSUR as no uniform approach was taken.[72] At the same time, from a European point of view, such product-by-product approach creates increasing complexity given varied levels of protection for the same GIs in MERCOSUR countries but also in other countries pursuant to different trade agreements.[73] This and other controversial aspects of the discipline included in the EU-MERCOSUR Agreement will be further explored in the next section.

IV. Some contentious aspects of the EU-MERCOSUR agreement

The rules concerning GIs included in the EU-MERCOSUR FTA are by and large in line with those included in similar FTAs recently concluded by the Union with third countries,[74] save for some minor differences.[75] From this perspective, it is unsurprising that the EU-MERCOSUR FTA includes TRIPS-plus obligations following its internal legislation. In recent times, the Union has succeeded to include ambitious rules concerning GIs in virtually all FTAs signed, even with those countries that have traditionally granted very weak, if any, legal protection to GIs other than wines and spirits. This is the case, for example, of Singapore and Canada. In fact, both countries introduced for the first time a list of protected GIs in their legal order only after concluding their respective FTAs with the EU, and with a view to implementing them.[76] The logical consequence of this state of affairs is that the obligations concerning GIs in the EU-Singapore FTA and in CETA are one-sided, since both countries have no GIs of their own for which to claim protection in the EU.[77] In this sense, the inclusion of rules concerning GIs in the EU-MERCOSUR FTA must have been an easy sell if one considers

[70] See footnotes to the list of Annex II. Applied among others for Feta, Prosciutto di Parma, and Roquefort.

[71] For example, see Annex II ft 37. The indication "Prosecco" can continue to be used for a maximum of five years in Argentina and Paraguay and 10 years in Brazil.

[72] R Blasetti and JI Correa 'Intellectual Property' cit. 22.

[73] B O'Connor and L Richardson, 'The Legal Protection of Geographical Indications in the EU's Bilateral Trade Agreements: Moving Beyond TRIPS' (2012) Rivista di diritto alimentare 16-17.

[74] For a comparative analysis see C Ceretelli, 'La Tutela dei Prodotti Agroalimentari di Qualità nei Rapporti di Libero Scambio dell'Unione Europea' in A Gattini and B Barel (eds), *Le prospettive dell'export italiano in tempo di sfide e crisi globali. Rischi e opportunità* (Giappichelli 2021) 157-187.

[75] To name but one example, a minor yet remarkable difference between the EU-MERCOSUR FTA and, for example, CETA is that the list of protected GIs included in the latter can be amended only to a very limited extent. In particular, new additions to the list of protected GIs are possible only for products that have obtained protection in the EU after CETA's signature. See art. 20.22(2) CETA.

[76] See G Miribung, 'Inquadramento delle indicazioni geografiche tra TRIPS e CETA: qualche osservazione' (2019) Rivisita di diritto alimentare 23-38.

[77] See G Chambers and others, 'Free Trade Agreement between the EU and the Republic of Singapore – Analysis' (paper requested by the European Parliament's Committee on International Trade 2018) 29-30.

– as shown by the above analysis - that GI protection is not extraneous to the legal system of MERCOSUR countries.[78] A critical assessment of some of the provisions on GIs of the EU-MERCOSUR agreement allows a reflection on the current EU model for protecting GIs in FTAs with reference to legal systems that already protect them at national level.

A first potentially contentious issue of the EU-MERCOSUR GI regime is that it also covers non-agricultural GIs. As we have seen above, in all likelihood such extension was requested by MERCOSUR countries.[79] A further confirmation of this is the circumstance that in the list of non-agricultural GIs contained in Annex III to the IP Chapter there are only Brazilian and Paraguayan products. It is unclear how these non-agricultural GIs will be protected in the Union, considering that the EU registration system for the protection of GIs does not currently extend to non-agricultural products.[80] In this respect, it is worth noting that in April 2022, the Commission tabled a proposal to create an EU-wide GI protection system for craft and industrial (CI) products.[81] The proposed regulation would complement the existing EU legal framework applicable to agricultural products and foodstuffs and replaces national GI regimes protecting CI products. The proposal aims to align the Union's legislation with the international system for the protection of GIs established by the Geneva Act and enable EU producers of registered CI products to benefit from protection abroad and third-country producers to receive protection in the EU.[82] If approved, it is reasonable to expect that such a system will be incorporated in future FTAs and will constitute an integral part of them in much the same way current FTAs include by default rules on agri-food GIs.

[78] But see L Pastorino, 'Gli accordi commerciali bilaterali e plurilaterali' in P Borghi, I Canfora, A Di Lauro and L Russo (eds), *Trattato di diritto alimentare* (Giuffrè Lefevre 2021) 82 who seems to suggest that the inclusion of rules concerning GIs should nonetheless be seen as a concession to the EU from the perspective of countries - like the members of MERCOSUR - where there are large communities of European descendants. This author rightfully observes that many products (as well as the underlying *savoir faire* required to make them) for which the EU claims protection as GIs were brought to those countries a long time ago by European migrants, and local variations have in the meantime acquired a popularity of their own.

[79] In the EU-Singapore FTA and CETA, where rules concerning GIs were inserted upon request of the Union, the legal protection is limited to agricultural foodstuffs products.

[80] See B O'Connor and L Richardson, 'The legal protection' cit. 19. See also the considerations made by A Zappalaglio, F Guerrieri and S Carls, '*Sui Generis* Geographical Indications for the Protection of Non-Agricultural Products in the EU: Can the Quality Schemes Fulfil the Task?' (2019) IIC-International Review of Intellectual Property and Competition Law 31-69; as well as the overview provided by the Commission, *Geographical Indications for non-Agricultural Products* ec.europa.eu.

[81] See Proposal of the 13 April 2022 for a Regulation on geographical indication protection for craft and industrial products COM(2022) 174.

[82] The proposed regulation details a uniform registration system administered by national authorities and the European Union Intellectual Property Office (EUIPO), a TRIPS-plus standard of GI protection which applies explicitly also to the online environment, enforcement and control mechanisms to enable the safeguard of GI rights and verify compliance with product specifications, as well as provisions amending existing Union acts including the legislation implementing the Geneva Act and the EU Trademark Regulation.

In addition, as far as agricultural and foodstuffs GIs are concerned, the EU-MERCOSUR FTA is based on the same technique that can be found in other similar FTAs concluded by the EU with third countries in recent times. Namely, the protection afforded is limited to products explicitly included in a list annexed to the agreement. The use of a fixed list of GIs - whether extendable or not - as opposed to putting in place a system granting protection to all European GIs seeking such protection, is a well-established negotiating position of the Union which has been harshly criticized. In particular, it has been argued that granting protection to a limited number of EU-registered GIs is an inherent discrimination against non-listed GIs. This would constitute a breach of the Treaties in and of itself.[83] More fundamentally, the EU's approach has been labelled "very limited and short-sighted" as it fails to achieve full recognition of GIs as a "legitimate form of intellectual property [...] which must coexist with trade mark law".[84] The Commission has justified this policy choice based on the fact that the vast majority of the approximately 3000 GIs currently protected in the EU only have a market in the area in which they are produced.[85] Another policy consideration that may justify the Union's strategy is the disproportionately higher number of GIs registered in the EU than in any other existing jurisdiction.[86] In this sense, reducing the number of GIs for which protection is sought in an FTA should be seen as an effort not to scare off the Union's trading partners,[87] as well as a trade-off to obtain the protection of at least the most economically relevant GIs.[88]

From a policy perspective, one may or may not agree with these considerations. However, it remains to be seen whether they are also legally suitable. The most pressing legal issue seems to be the compatibility of a closed-list system with the principle of equal treatment, which is a general principle of EU law now enshrined in Article 20 and 21 of the Charter of Fundamental Rights.[89] The case law of the Court of Justice in relation to such principle is well-established and quite consistent. In essence, the *noyau dur* of the principle in question states that "comparable situations must not be treated differently

[83] See B O'Connor, 'Geographical Indications in CETA, the Comprehensive Economic and Trade Agreement between Canada and the EU' (2015) Rivista di diritto alimentare 66.

[84] *Ibid.*

[85] See European Commission COM(2008) 641 Green Paper on Agricultural Product Quality: product standards, farming requirements and quality scheme, p. 14.

[86] See L Pastorino, 'Gli accordi commerciali' cit.

[87] It should not go unmentioned that GI protection is often a sticky point in the negotiations. In the case of the EU-Singapore FTA, for example, it almost derailed the entire negotiations. See D Elms, 'Understanding the EU–Singapore Free Trade Agreement' in A Elijah and others (eds), *Australia, the European Union and the New Trade Agenda* (ANU Press 2017) 49.

[88] In the case of CETA, for example, it has been estimated that as far as Italian GIs are concerned, the list of protected GIs includes products that are worth approximately 90% of the total value of Italian GIs exported to Canada, while being very limited in numerical terms (only 42 Italian GIs included, accounting for roughly 5% of the total number of Italian GIs registered in the Union). See the calculations made by the Italian Chamber of Commerce in Canada West, available here: www.iccbc.com.

[89] See case C-550/07 P *Akzo Nobel Chemicals and Akcros Chemicals v Commission* EU:C:2010:512 para. 54.

and that different situations must not be treated in the same way unless such treatment is objectively justified".[90] First of all, borrowing from the above argument put forward by the Commission, one could argue that GI producers who neither have a market outside the EU (and in some cases not even outside their local area of production *within* the EU) nor have they at least the prospect of such a market, are not in a comparable situation to those GI producers who generate a sizeable portion of their profits from exporting to third countries. In other words, "local GI producers" may not be considered comparable to "global GI producers" for the purpose of the principle of equal treatment. If that is true, the principle in question would not constitute an obstacle. This line of reasoning seems to be fairly logical, at least from a practical as well as an economic perspective. But even if one came to the conclusion that local and global GI producers are indeed in a comparable situation from the perspective of the principle of equality, the differential treatment might nonetheless be justified by the existence of a valid objective reason. That is to say, the need to protect those producers that have an actual interest in the market of the Union's trading partners as opposed to those that have no actual interest, and possibly not even a prospective interest. In our view, therefore, the criticism based on the (alleged) violation of the principle of equal treatment appears to be misplaced.

That said, we believe that there are indeed some systemic inconsistencies that might shed a different light on a system based on a list of selected GIs. One thing is to say that local GI producers are in general in a different factual situation than global GI producers. Another thing is to say that, for this reason, they should not be able to equally benefit from the provisions of a free trade agreement. It is superfluous to recall that the ultimate purpose of such agreements is to liberalise and facilitate trade between the Parties.[91] From this perspective, it is no accident that an increasingly important part of that liberalization is the effort undertaken by the EU to extend the benefits of international trade to so-called small and medium-sized enterprises (SMEs). In this sense, Article 1 of the SMEs Chapter of the EU-MERCOSUR FTA is crystal clear in stating that SMEs should be able "to participate in and benefit from the opportunities created" by the agreement.[92] This general statement appears difficult to reconcile with the rationale on which the rules concerning GIs are based. If one of the general objectives of the EU-MERCOSUR agreement is to allow SMEs to benefit more effectively from international trade, a system that is designed to exclude them *a priori* – at least as far as GIs are concerned - does not seem to be fully in line with one of the main purposes of the agreement. Therefore, from a systemic viewpoint, the rules concerning GIs included in the EU-MERCOSUR FTA and the likes should be regarded as an explicit (and politically questionable) departure from the

[90] See case C-303/05 *Advocaten voor de Wereld* ECLI:EU:C:2007:261 para. 56.

[91] See Opinion 2/15 *Free Trade Agreement between the European Union and the Republic of Singapore* ECLI:EU:C:2017:376 para. 32.

[92] See SMEs Chapter of the EU-MERCOSUR Agreement, art.1(1).

general objective declared in the SMEs Chapter of such agreements. Whether such departure is also unlawful is, however, a completely different matter.

A seemingly interesting solution can be found in the EU-Singapore FTA. Such agreement is based on a twofold system of protection of GIs. In particular, art. 10.17 of the IP Chapter mandates the Parties to set up and maintain a system for the registration and protection of GIs. This obligation applies to both Parties, but it clearly has Singapore as its main addressee given that the Union – unlike Singapore – already had such a system in place when the agreement was concluded. The provision in question lays down the main features of the register. This obligation has been duly fulfilled by Singapore, which adopted the Geographical Indications Act in May 2014.[93] Next to the obligation to set up a register of general application, the EU-Singapore FTA makes provision for the enhanced protection of the list of products included in Annex-A. Such enhanced protection, however, is not automatic. First of all, it will only be triggered "after the procedures for protection of geographical indications in each Party have been concluded for all the names listed in Annex 10-A".[94] This effectively means that the products listed in Annex-A – which only contains EU products – firstly have to apply for protection in Singapore under the newly created Singaporean rules. Only after those formalities have been completed, it is established that the Trade Committee created under the EU-Singapore FTA shall adopt a decision to transfer the names referred to in Annex-A to another list, included in Annex-B (and currently empty pending the completion of the said formalities). Once the products have made their way into Annex-B they will eventually be able to benefit from the protection offered by the subsequent provisions of the EU-Singapore FTA, namely arts 10.19 to 10.21 of the IP Chapter.

The mechanism put in place in the EU-Singapore FTA may appear byzantine at first sight (and it certainly is to some extent). However, it lays down a possibly viable alternative to the closed-list approach pointed out above. In essence, under the EU-Singapore FTA there is a double layer of protection. Layer-one is of general application and although derived from the agreement itself, it is based on a piece of domestic legislation such as the Geographical Indications Act 2014. Anyone interested in such protection can file an application to Singaporean authorities, including what we have referred to as local GIs. It should be emphasized that Singapore is bound to grant such layer-one protection under the EU-Singapore FTA. Layer-two offers enhanced protection – for example in relation to trademarks[95]- to a list of global GIs which are most likely (and most often) subject to imitation and usurpation in the international market. Hence, the approach adopted under the EU-Singapore FTA seems to be a reasonable compromise between a "maximalist" protection - i.e. all GIs registered in the parties to the FTA - and a "minimalist" protection – only the GIs included in the list. Such a mid-ground approach could be further explored in the future.

[93] See the text of the Act available on Singapore Statutes Online sso.agc.gov.sg.
[94] See art. 10.17(3).
[95] See art. 10.21.

It is true that MERCOSUR countries already had a domestic system of protection when they signed the agreement with the EU. In this sense, an obligation to set up a domestic system for registration and protection was not strictly necessary. However, it is also true that under the EU-Singapore FTA local GIs seeking registration in Singapore will not only be protected under the domestic law of this country – as is the case with MERCOSUR countries. They will also be granted limited protection under the agreement itself.[96] Therefore, it seems reasonable to conclude that at least with trade partners that share a similar view on GI protection such as the MERCOSUR countries, the Union could have - and perhaps should have - pursued a more ambitious agenda rather than settling on the practice focused on seeking protection of the most economically valuable GIs.

V. Concluding remarks

The EU has been labelled, and for good reasons, "the world's staunchest supporter of GIs".[97] As is well-known, TRIPS offers a protection for wines and spirits that is by and large equivalent to the system that the Union has adopted internally, but TRIPS standards concerning other types of GIs are lower than the Union's.[98] Consequently, in its bilateral FTAs the Union has systematically sought to include TRIPS-plus provisions that extend the protection of GIs. The EU-MERCOSUR FTA is no exception to this trend, as the analysis carried out above clearly demonstrates. The above analysis has shown that the GI legislation of MERCOSUR countries is more in line with art. 22 rather than art. 23 TRIPS. Therefore, the inclusion of TRIPS-plus obligations should be regarded as a clear negotiating success of the Union, which has been obtained in exchange for a few minor concessions, such as the possibility to allow prior users to continue to use the nine names included in art. 35(9) which are generic in the MERCOSUR countries and correspond to EU GIs.[99]

The examination carried out above has also demonstrated that the rules included in the EU-MERCOSUR FTA appear to be sound from a legal perspective. In particular, the concerns relating to the (supposed) non-compliance with the principle of equal treatment as a general principle of EU law do not seem to be justified. The differences between producers of global GIs and producers of local GIs are such as to justify differential

[96] One author has proposed to distinguish between "rules-based" and "solution-based" approaches to GI protection. In particular, "in the rule-based approach, while the final decision on whether or not to protect individual GIs is left to domestic procedures, the FTA provides for rules for those domestic procedures and identifies a list of individual GIs to be subject to such procedures; in the solution-based approach, FTA negotiations are conducted to find solutions for individual GIs right in the negotiations". See M Omachi, 'A Tale of Two Approaches: Analysis of Responses to EU's FTA Initiatives on Geographical Indications (GIs)' (2019) Chicago-Kent Journal of Intellectual Property 155.

[97] See D Elms, 'Understanding the EU–Singapore' cit. 49.

[98] See B O'Connor and L Richardson, 'The Legal Protection' cit. 1.

[99] See above, section III.

treatment in the context of a trade deal, at least from a legal viewpoint. This is, in fact, the conclusion reached above.

Needless to say, the legal soundness of the rules concerning GIs does not mean that they are also politically suitable. From a policy perspective, one may well disagree with the choices made by the Union in relation to GI protection. First and foremost, the decision to exclude small producers from the protection of the FTA might very well widen the gap between SMEs and big corporations in the area of food and agriculture. With the possible extension of GI protection to CI products referred to above, this problem will become even more visible. While the practical need to protect those European GIs that are most subject to imitation and usurpation abroad is certainly understandable,[100] the Union's policy might easily be seen as disproportionately serving the interests of a few big names. But there is also a more fundamental policy implication that might derive from the EU's choice to seek the protection of GIs by means of a list of selected products. By choosing not to protect GIs in a general manner as a specific form of intellectual property in its bilateral trade deals, the Union might undermine a more ambitious development in the international trade system in exchange for a tangible – yet perhaps short-sighted - economic advantage for its most popular GIs.[101] In the multilateral context, the Union does not seem to be committed to full recognition of GIs either.[102] Therefore, if the world's *staunchest supporter* of GIs does not seek to expand international protection of GIs in a more general and fundamental manner, surely no one else will do it, and GIs will continue to be a special case in the IP rights domain.

[100] There are some well-known examples of European GIs that have been subject to usurpation outside the EU for quite a long-time and have sometimes engaged in lengthy legal disputes in order to protect their interests, often to no avail. The most famous of these cases is probably the case of Parma ham in the Canadian market, where the Italian GI could not be sold by its actual name because a Canadian competitor had registered a trademark for a ham named "Parma" which had no connection whatsoever with the city of Parma and surroundings. See A Hui, 'A Cured Trademark Dispute: After 20-year Battle, Prosciutto di Parma Name Heads for Canadian Shelves' (25 December 2017) The Globe and Mail theglobeandmail.com.

[101] This is, in essence, the criticism rightly made by B O'Connor, "Geographical Indications in CETA' cit. 66.

[102] This is further confirmed by the Union's accession to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications, which also takes a list-based approach. See, for example, the list presented by the EU in Commission implementing decision of 3 June 2021 establishing a list of geographical indications protected under Regulation (EU) 2019/787 of the European Parliament and of the Council to be filed as applications for international registration pursuant to Article 2 of Regulation (EU) 2019/1753 of the European Parliament and of the Council.