

POSITION PAPER ON THE CONCEPT OF “REPUTATION” IN GEOGRAPHICAL INDICATIONS

I. INTRODUCTION

Geographical Indications and the importance of the concepts of Reputation and Reputational Link

EU quality policy protects the names of specific products to promote their unique characteristics linked to their geographical origin as well as traditional know-how. Product names can be protected with a 'geographical indication' (GI) if they have a specific link to the place where they are made.

As regards EU legislation protecting GIs, the EU schemes currently in place are Regulation EU No 1308/2013 in respect of wines, Regulation EU No 1151/2012 in respect of agricultural products and foodstuffs, Regulation EU No 2019/787 in respect of spirit drinks, Regulation EU No 251/2014 in respect of aromatised wines.

Under the EU law, GIs are divided into two main categories: PDOs are those GIs that present the strongest links to the place of origin since production, processing and preparation must all take place in the specific region, while PGIs are those GIs where at least one of the stages of production, processing or preparation is linked to the specific region.

When defining the level of protection given to GIs, the EU schemes refer to the protected names as such, regardless of whether the names are recognized as PDOs or PGIs. The scope of protection does not envisage distinctions depending on whether the name is registered as a PDO or a PGI, so, in theory, all registered GIs enjoy an equal scope of protection. However, in the remainder of this contribution, we will see that the effective scope of protection is influenced by further circumstances, and especially by the actual reputation a GI enjoys in the public's view.

The main difference between PDOs and PGIs lies in the requirements provided by the EU schemes in order for a name to be eligible for registration as a PDO or a PGI, as the case may be. Notoriously, the Spirits Scheme provides PGIs as the only category of GIs admitted under such regime. Still, there is little doubt that some spirits PGIs enjoy an extreme worldwide popularity, fame and reputation in the widest sense (such as Tequila, Cognac, Scotch Whisky and many others), so that it makes perfect sense that within the GI system PDOs and PGIs are treated equally as far as the scope of protection is concerned.

It is nevertheless worth noticing that PGIs emphasize the relationship between the specific geographic region and the name of the product, where a particular quality, **reputation** or other characteristic is essentially attributable to its geographical origin, so for PGIs the system envisages a geographical link which is certainly less intense and more flexible where compared to PDOs, but that exists anyway and cannot be overlooked. In practice, PGI specifications often require that at least one of the stages of production, processing or preparation takes place within the region.

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Precisely because the territorial link is less intense for PGIs, the verification of the existence of the requirement of an ‘essential’ connection (the **link**) between quality (OR) reputation (OR) or other characteristics AND the geographical origin, i.e. the territory, is critical and should not be carried out superficially both at the registration stage and during the enforcement procedures.

Besides, experience and extensive case law examined within the ECTA GI Committee over the years show that some of the disputes involving GIs require a thorough understanding and interpretation of the concept of reputation and, more precisely, of the territory-reputation link. For the quite specific purpose of this paper we will not cover all the possible bases for GIs, namely the existence of a link between a given product and its provenance, but we will direct our focus only to situations where such a link is based on reputation.

One may ask why pondering on such concept is that important. There are actually a number of reasons, one being that a concept by nature so intangible as that of reputation is at risk, in practice, to be underestimated or, on the contrary, broadened beyond measure, thereby providing grounds for registration to PGIs for which the existence of a ‘real’ reputation is at least questionable. For instance, this has been one of the key issues in a long and intricate dispute involving the PGI Piadina Romagnola that has been thoroughly studied within ECTA GI Committee in the past years.

A further good reason is that reputation is a key concept also in trade mark law, but in trade mark law its functioning is quite different and a better understanding of such difference may be helpful to practitioners.

We must admit that the reputational basis for GIs registration, being rather flexible and potentially fillable with a variety of historical sources, media references, long-lasting market success, recognition by consumers and so forth, while attractive to the users of the system poses at least two risks: (a) the overcrowding of the registries with hundreds or thousands GIs with a weak reputational link, thereby indirectly undermining the credibility of the entire GI system to the detriment of those GIs that ‘really’ meet the requirements; (b) the growth of disputes involving GIs and the use/registration of conflicting signs.

Additionally, we should bear in mind that there is a brand new EU GI scheme in the pipeline. The European Commission, after years of studies and consultations, on 20 February 2020 published the *Study on Economic aspects of geographical indication protection at EU level for non-agricultural products* (so called NON-AGRI GIs), hereinafter the „Study”. Interestingly, one of the emphasized goals of the Study is the identification of the value of specific GI protection to producers of “*authentic geographically rooted products*”, thereby emphasizing the importance of the territorial link.

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In the Study, the notion of reputation vests a quite dynamic trait (*vis-à-vis* a static character) as suggested by the use of statements such as “*application of sui generis GI protection can help **building the reputation** of the product and by that also provide better visibility and authenticity and quality indication to consumers, in a longer term*”. Furthermore, it is emphasized that many producers attracted by the option of NON-AGRI GIs do not expect that much from them in terms of legal protection from non-authentic products but much more in terms of “visibility as the key benefit” of GIs and, in the long term, trust in GIs as a tool to “raise the reputation of the product”.

In the Study it is also rightfully recalled that GIs are different from collective and certification trade marks in that for GI only the “reputational benefits” accrue to all producers in the region without limitations or exclusions, provided that they adhere to quality standards that are appropriate to preserve and enhance the reputation of the product. The Study refers also to the reputation of protected products as generating indirect impacts, being reputation a “*public good, potentially creating spill-overs to other products and sectors*”, tourism being the obvious example.

Finally, the Study specifically addresses the issue of the territorial link and refers to reputation as referring to the intangibles that define the product, such as the market reputation, the history and tradition of the product. And it is openly admitted that the notion of reputation is more ambiguous than other key concepts in GIs.

It is acknowledged that the difficulty of establishing a territorial link derived from the reputation of a product is highly product-specific. The reputation><territory link could be easily advocated and documented for the most well-known products with an international recognition, but for lesser known and local products might be more challenging. It might, in particular, require a careful assessment of the reputation within narrow markets or even of past reputation, in times when the product might have been more well-known than today.

The Study has revealed that most non-agri products analysed in the sample have a rich history and tradition, reinforcing the idea that reputation derived from history and tradition can be used to define the territorial link. In support of this approach, the Study makes the example of Westerwald ceramics that had up and downs in history, but whose reputation has always survived the economic difficulties, with the region still being considered one of the worldwide centres of ceramics art.

So the territorial link may encompass not only the current market reputation but also a past market reputation, as well as history and tradition.

Finally, since the connection of agricultural products to the territory is by nature more physical and on average closer than that of non-agri products (which technically can be manufactured anywhere, by anyone and using raw materials coming from anywhere) satisfying the territorial link can be far more challenging for non-agricultural goods than for agricultural goods, including of course the reputational link.

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We therefore wish that this work may be helpful also in respect of the preparation of the NON-AGRI GI scheme.

II. EXECUTIVE SUMMARY

Our findings presented later on in more detail in this paper can be summarised as follows:

- With respect to the GI registration procedures, and especially for PGIs, where the physical geographical link is less stringent, ECTA would welcome a clearer and more structured approach to the verification of reputation and the territorial link between the product and the place of origin, in order to prevent a scramble to register as GIs purely commercial collective signs’ that could fit better into a Collective Trade Mark approach. This would preserve the *sui generis* nature and specificity of GIs as a type of Intellectual Property Rights and would help the IP system to prevent unwanted crossings and hybridisation amongst GIs, Collective Trade Marks and Certification Trade Marks.
- With respect to the protection of GIs, while ECTA has always embraced a GI-friendly approach and remains of course of this view, with respect to the effects of ‘reputation’ in GIs more guidance would be welcome. If the current *ex-officio* protection by EUIPO represents a balanced compromise, when it comes to *inter-partes* proceedings the notion of ‘reputation’ and the strictly related concept of ‘exploitation of reputation’ could be more articulated also in the GI schemes, for instance taking into account typical circumstances, such as the happenstance of the identity or similarity between the contested sign and the GI and the malicious intention to take an undue advantage from the GI’s reputation.
- The ultimate dilemma is whether it is desired to distinguish GIs depending on the level of reputation they enjoy. ECTA tends towards this not being desired, since the system is sufficiently complex as is, but, perhaps, the laws could clarify a bit more the scope and intensity of the protection afforded to GIs depending on the level of reputation and the consequent risk that such reputation is exploited.
- While it seems reasonable that the current system of division of powers according to which the verification of the conditions for a GI to be registered is mostly in the hands of the Member States should be maintained, more specific guidance could be provided by the European Commission in that regard, especially in respect of the verification of the reputational link, where it is the basis or one of the bases of the GI application.
- An option to consider, both in the GI schemes and EUTMR, could be making explicit in the next revisions of the law texts that reputation for registered GIs does not need to be proven and that in enforcement procedures a minimum ‘standard’ reputation

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cannot be questioned and does not need to be assessed. We could refer to this concept as the *primary, standard or native reputation*, while we could refer to the reputation that needs to be measured in certain procedures as the *actual, market reputation*.

- The new NON-AGRI GI scheme that shall be introduced in the near future could be the ideal laboratory to evaluate and possibly introduce new and more specific rules with respect to the concept of reputation at the GI registration stage and in protection procedures.

III. COMMENTS

The Reputation in the EU GI law

Before probing the notion of reputation, it may be helpful to conduct a recognition on how and in which specific context this word is used in the current EU Quality Schemes, EU Trade Mark Regulation and Trade Mark Directive.

In the Reg. 1151/2012, the Quality Scheme on agricultural products and foodstuffs, the word “reputation” interestingly does not appear in the recitals. Other somehow closely related words are instead used, such as, “quality” and “diversity”.

In Art. 5 describing the key requirements for PDOs and PGIs, the word ‘reputation’ does not appear in respect of PDOs because, as we know, for PDOs the system envisages a geographical link that is so tight and objectively described that a concept by its nature more flexible and vague such as that suggested by the word reputation is not required. The word ‘reputation’ appears instead in Par. 2 where PGIs are defined as the names identifying a product “(a) *originating in a specific place, region or country; (b) whose given quality, **reputation** or other characteristic is essentially attributable to its geographical origin; and (c) at least one of the production steps of which take place in the defined geographical area.*

It goes without saying that the above mentioned PGI requirements under the EU law mirror Art. 22 of the TRIPs Agreement that provides a definition of geographical indications as “... *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*”. This means that an *indication* (i.e. not necessarily a geographical name) that identify goods that possess a reputation can be protected, but only where the reputation derives from the geographical origin.

Art. 6 Reg. EU No. 1151/2012 in Par. 4 provides that “*a name proposed for registration as a designation of origin or geographical indication shall not be registered where, in the light of a trade mark’s **reputation** and renown and the length of time it has been used, registration of the name proposed as the designation of origin or geographical indication would be liable*

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to mislead the consumer as to the true identity of the product”. This rule of conflict between earlier trade marks and later GIs where the same term ‘reputation’ is used also in respect of trade marks raises the question whether, within the same legal text, the same word where associated to trade marks and where associated to GIs respectively, identifies identical or different legal concepts. We will elaborate on this further.

When it comes to the scope of protection of GIs, Art. 13.1 EU Reg. No. 1151/2012 provides that “*Registered names shall be protected against: (a) any direct or indirect commercial use of a registered name in respect of products not covered by the registration where those products are comparable to the products registered under that name OR where using the name exploits the **reputation** of the protected name, including when those products are used as an ingredient...*”. So, from this perspective, while the exploitation of reputation of the GI is not a condition to enforce a GI against the use of the name in respect of identical or comparable products, the exploitation of reputation is instead a condition when protection is sought in respect of non-comparable products.

Art. 15 EU Reg. No. 1151/2012 regulates the transitional periods that can be granted to the use of designations conflicting with GIs under certain circumstances. In particular, the transitional period can be further extended if the purpose of using the conflicting designation is not to profit from the **reputation** of the registered name.

Art. 45 on the Roles of Group established that a group is entitled to contribute to ensuring that the quality, **reputation** and authenticity of their products are guaranteed on the market by monitoring the use of the name in trade and, if necessary, take action through the competent authorities.

In the Wine Scheme (Reg. EU 1308/2013) the word ‘reputation’ appears also in the foreword where it is stated that “(97) *Registered designations of origin and geographical indications should be protected against uses which take advantage of the **reputation** enjoyed by complying products. So as to promote fair competition and not to mislead consumers, that protection should also extend to products and services not covered by this Regulation, including those not found in Annex I to the Treaties*”.

Art. 64 Reg. EU 1383/2013 regarding authorisations on new plantings provides that they should not be authorised where posing a significant risk of misappropriation of the **reputation** of a specific PDO (not a PGI).

For the rest, definition of PGIs, scope of protection, conflict with trade marks, apart from the use of slightly different language, the Wine Scheme is consistent with the Foodstuffs Scheme.

In the Spirit Scheme (Reg. EU 2019/787), ‘reputation’ turns up many times in the foreword, in statements such as (2) “The rules applicable to spirit drinks should...*safeguard the **reputation** which the Union's spirit drinks have achieved in the Union and on the world*”.

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market”, (3) “*spirit drinks represent a major outlet for the Union agricultural sector, and the production of spirit drinks is strongly linked to that sector. That link determines the quality, safety and **reputation** of the spirit drinks produced in the Union...*”, (7) “*...in order to maintain and improve the **reputation** on the world market of spirit drinks produced in the Union, this Regulation should also apply to spirit drinks produced in the Union for export*”, (13) “*In order to ensure the uniform use of compound terms and allusions in Member States and in order to provide consumers with adequate information, thereby protecting them from being misled, it is necessary to lay down provisions concerning their use for the purpose of presentation of spirit drinks and other foodstuffs. The purpose of such provisions is also to protect the **reputation** of the spirit drinks used in this context*”. (29) “*Preserving a high standard of quality is essential if the spirit drinks sector's **reputation** and value are to be maintained*”. Notably, in the latter example the word is used in a very general and extra-legal fashion, being referred to the prestige of the entire sector, not to a specific IPR.

For the rest, definition of PGIs, scope of protection, conflict with trade marks, apart from the use different language, is consistent with the Foodstuffs and Wine Scheme, save for the fact that under the Spirits Scheme only PGIs and not PDOs are regulated, which perhaps explains why the concept is so much repeated and emphasized in the foreword.

Finally, under the current EU Trade Mark Regulation (Reg. EU 2017/1001, see, in particular, Art. 7(1)(J) on absolute grounds and Art. 8(6) on relative grounds, the EU GI schemes are directly applicable to EU trade mark examination, opposition procedures, invalidation procedures before the EUIPO, as well as counterclaims in infringement proceedings before national competent courts.

An attempt to define the notion of reputation within EU GI laws

In the above paragraphs we have anticipated the importance of the reputational link. Within this concept, the *historical* reputation is particularly interesting because the consolidation of a true and not merely ‘romantic’ or purely ‘commercial’ link between a product and its geographical origin may take a long time, decades, or even centuries. So it is safe to accept the idea that PGIs are in a large majority of cases the result of long-term evolution.

In ECTA’s view, the verification of the reputation requirement should not be loose because this would lead to the registration of GIs with ‘weak’ reputational basis, which, in the long term, would make the whole GI system hypertrophic and less effective.

So, what could be a balanced approach to address such risk? An option could be requesting the applicant to submit clear and convincing evidence showing that the product is actually (a) renowned for its quality across a significant part of the public (at least of the Member State of Origin) and that (b) with respect to the product in the mind of the public there is a clear awareness of the territorial link.

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A perception of product’s specialness awareness combined with the territorial link should establish the existence of the reputational link. The evidence collected in support should, however, be objective, not arbitrary, not manipulated from a purely marketing point of view, otherwise GIs would be reduced to pure marketing tools, thus compromising the origin, quality and guarantee functions that distinguish GIs from other distinctive signs.

This demonstration should be made at a very early stage of the recognition procedure, while drafting the technical file accompanying the specification. This document allows the applicant to provide evidence of the origin and the link between the product and its origin. For PGIs the link is supported by detailed information on the geographical area and on the quality, reputation or other specific characteristics of the product resulting from its geographical origin, as well as by the description of the causal interaction between these different elements.

The Commission is required to verify, before registering a name as a PGI, if the specification accompanying the application contains the elements required by the EU applicable scheme and that such elements do not appear affected by obvious errors.

Still, the absence of a specific and univocal definition of the notion of reputation makes the verification difficult. Different theories and interpretation have been proposed, but most of the definitions suggest a benefit attached to the name of the product that attracts consumers who, thanks to that name, are willing to pay more than what they would pay for a non-GI, generic product. This benefit can derive from a number of factors, from a perception of a superior quality of the products to an associated cultural appeal, from a long-standing tradition to the market success.

Furthermore, concepts usually associated to the notion of reputation such as history, human traditions, traditional skills, are originally always local, which justifies in our view that a genuinely proved, territorially-linked, local reputation is sufficient to render a name entitled to become a GI.

The reputation of a product depends on the image it enjoys with consumers. If the reputation of a product can be established because it has certain properties linked with its geographical area of origin, in particular because of the natural or human factors that are linked to it, it thus creates a certain image for consumers attributable to its geographical origin.

PGI case law shows that the reputation and the historical reputational link has acquired a primary importance in the specifications of EU GIs. Indeed, even if it is possible to mix the criteria and to find specifications including a demonstration of a quality or other characteristics of the product linked to its geographical origin, the reputation is a common basis in most PGI specifications.

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Let us consider the specification of the PGI Aceto Balsamico di Modena, where it is emphasized that *“Aceto Balsamico di Modena’ has an excellent reputation on both the national and international markets, amply demonstrated by its frequent use in countless recipes and the many references to it on the Internet, in the press and in the other media. This reputation means consumers immediately recognise the uniqueness and authenticity of the product”* and, at the same time that *“Aceto Balsamico di Modena’ has for a long time represented the culture and history of Modena and its worldwide reputation is undeniable. The product is closely linked to the knowledge, traditions and skills of the local people, who have created an exclusive and distinctive local product. ‘Aceto Balsamico di Modena’ has become part of the social and economic fabric of the area and is the source of income for many operators and an integral part of the local culinary tradition, as an essential ingredient in many regional recipes. Dedicated festivals and events stemming from time-honoured traditions have taken place for many years and are attended by local producers who meet and compare their produce, thereby perpetuating local customs. As a specific and special product, ‘Aceto Balsamico di Modena’ has built its reputation and appreciation over the years to achieve worldwide acclaim, and consumers mentally associate the product ‘experience’ with the image of quality cuisine in the two provinces of Emilia-Romagna”* .

This is a perfect example of a statement to support a territorial reputational link: local and international market reputation, high awareness, uniqueness and feeling of authenticity, culture, knowledge and traditions (i.e. savoir faire), links to other local traditions and savoir faire.

As we noticed earlier, under the EU Law PGIs concern products that have acquired a certain reputation, but that do not have that ‘full’ link between the characteristics of their product and the geographical origin to claim the PDO protection.

The biggest advantage to the producers of such products is that through the PGI registration they can prevent the generic use of the geographical name by local competitors and dilution of the name’s uniqueness through nonchalant use of the name as generic term by international players.

In this regard, in the Piadina Romagnola case (T-43/15, 23 April 2018) we can find a number of helpful remarks and findings by the General Court.

First, the GC confirmed that the GI registration process requires verification that a certain number of requirements are met, including those relating to the link between the product and the geographical area in question because of the reputation of the product attributable to the fact that it comes from that geographical area. Such verification requires in-depth knowledge of particular elements of the Member State concerned that the national authorities can better verify, so the responsibility is mostly switched to the Member States rather than to the Commission. This makes perfect sense, but if the role of the Commission is merely formal,

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there is the risk that some Member States may forward to the EC an exorbitant number of GI applications with ‘weak’ basis.

“If the reputation of a product can be established because it has certain properties because it comes from the geographical area in question, in particular because of the natural or human factors connected to it, and thus raises a certain image of its geographical origin in consumers, it must be considered that there is a link within the meaning of Article 5 (2) (b) of Regulation No 1151/2012, between said product and the geographical area from which it comes, regardless of its manufacturing methods”. Interestingly, the theory of handcraft vs. industrial process as discriminating between products that deserve GI protection and those who do not was rejected by the GC in this decision.

According to the GC, the reputation cannot be lost by the simple fact that the method of obtaining that product has spread outside that area or due to the fact that it is possible to reproduce it outside the GI area. On the contrary, according to the GC such elements reinforce the reputation justifying the finding of a direct link between the reputation of the product and the region (see by analogy also Bavaria and Bavaria Italia, C-343/07, EU: C: 2009: 415, paragraph 98).

Since the reputation of Piadina Romagnola is not due to natural factors, its reputation attributable to its geographical origin can only result from the presence of human factors, namely cultural and social factors, local skills and tradition (savoir-faire). These factors are thus the decisive factors in establishing the reputation of the product covered by the PGI in question which concerns the recipe and the method of obtaining the product. The human, cultural and social factors relating to the production of Piadina in the region of Romagna, the traditional techniques of production of Piadina Romagnola are the result of long experience and savoir-faire of local producers. The consistent application of these techniques gives the product identical characteristics since its origins, and has helped to preserve its fame as an alternative to bread.

So for the General Court indications relating to the human, cultural and social factors that are at the origin of the reputation of the product should be considered as sufficient elements rendering it possible to establish a link between the reputation of the product and the geographical area concerned.

Generally speaking, to avoid that GIs degrade to a pure (and cost free) marketing tool departing from their intrinsic nature and from its indication of quality/origin function, in situations where the link is mostly based on the history/tradition of the product and in general on reputation, a serious verification of the reputation link should be carried out. The applicant should submit clear and convincing evidence, including for instance sworn or affirmed statements, decisions of Courts or Administrative authorities, decisions of the IP offices (and especially from the IP Office of the Member State of origin), polls and market surveys, audits

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and inspections, certifications and awards, articles in the press or in specialised publications, annual reports on economic results, advertising and promotional material, etc.

In the last known episode of Piadina Romagnola Saga, the Court of Bologna – Enterprise Section in its Decision of 19 March 2020 (RG 307/2018), page 10, offered a definition of reputation as “*the perception or image that the consumer has of a given product to which he associates precise characteristics and qualities, regardless of their actual existence, on the sole basis of the link between the product and its geographical origin*”. Furthermore, in the same decision (page 15) the Court found the defendants responsible on grounds of “*evocation of the reputation*” of the PGI Piadina Romagnola also in view of the principle of authenticity or truthfulness that in the GI field operates as a statement of peculiarities that a territory has given to a certain product through time thanks to territory’s energies and abilities. In the Court’s view, regardless of the true influence of a geographical area on a product, the law protects the mere reputational link between a certain territory and the product.

These findings appear consistent with those of the General Court in the above mentioned 23 April 2018 decision that, with respect to the PGI Piadina Romagnola, acknowledged as sufficient that the reputational link between the products and the region is due to human factors, cultural and social, and that these factors are crucial (and sufficient) to establish the reputation.

The relevance of the concept of reputation in GI protection procedures, ex-officio or ex parte

The CJEU in its decisions involving GIs often points out that the protection of PDOs and PGIs is an instrument of agricultural policy “*aimed essentially at guaranteeing consumers that the agricultural products bearing a registered geographical indication..., display, due to their origin in a specific geographic area, certain characteristics and therefore offer a guarantee of quality due to their geographic origin, for the purpose of permitting agricultural operators who have made true qualitative efforts to obtain greater income in exchange and to prevent third parties from deriving unfair profit from the reputation resulting from the quality of these products*» (CJEU, 20/12/2017, C-393/16 Interprofessional Champagne Wines Committee, pt. 38; CJEU, 14/09/2017, C-56/16 P, EUIPO Vs. Instituto dos Vinhos do Douro e do Porto, pt. 82).

However, as we noted earlier, the GI laws do not offer a definition of reputation, but, at the same time, they make available quite a sophisticated and solid system of protection, through the provision of a number of situations where GIs are infringed.

A further line of investigation brought us digging into relative grounds proceedings before the EUIPO under the EUTMR and comparing the role played by reputation where referred to a trade mark under Art. 8(5) with that played by reputation where referred to a GI based on direct application of GI schemes by virtue of Art. 8(6).

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We have focused on recent cases of 2018 and 2019 from the Opposition Division and the Boards of Appeal of the EUIPO. While only 35 cases concern oppositions based on Art. 8(6) EUTMR, approximately 1.400 cases include Art. 8(5) EUTMR as one of the bases of the opposition.

Article 8(5) EUTMR aims to protect registered trade marks also in relation to dissimilar goods/services without requiring any likelihood of confusion, provided that (a) the signs are identical or similar, (b) the earlier mark enjoys a reputation, and (c) the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier mark.

The rationale behind Article 8(5) EUTMR is that the function and value of a trade mark are not confined to its being an indicator of origin. A trade mark can also convey messages other than an indication of the origin of the goods and services, such as a promise or reassurance of quality or a certain image of, for example, luxury, lifestyle, exclusivity. Furthermore, Article 8(5) EUTMR aims at protecting the advertising function and the investments made in creating a certain brand image.

However, likewise in the GI regulations, the nature and scope of reputation is not exactly defined by either the EUTMR or the Trade Mark Directive.

Lacking a clear statutory definition, the CJEU defined the nature of reputation by reference to the purpose of the relevant provisions, especially emphasizing that reputation requires a knowledge threshold requirement among the public concerned, thereby implying that it must be principally assessed on the basis of quantitative criteria.

While qualitative aspects are also relevant especially when assessing the possibility of detriment or unfair advantage, the majority of the key factors identified by the CJEU to assess whether or not a trade mark actually enjoys reputation (market share, intensity, geographical extent and duration of use, investments, etc.) are objective, measurable.

There is little doubt with respect to the standard of proof required by the trade mark owner to act on the base of reputation under art 8(5). Nothing is implied, assumed or taken for granted. The trade mark owner must submit clear and convincing evidence to conclude that the mark is known by a significant part of the public.

Turning now to the functioning of the relative ground provided under Art 8(6) EUTMR, while the concept of reputation in trade marks is relevant only in *ex-parte* procedures, the situation is more articulated for GIs.

When applying Art. 7(1)(j) EUTMR for the purposes of absolute grounds examination, by virtue of the principle of direct application of GI schemes to trade marks (and, in a way, the prevalence of *sui generis* legislation as *lex specialis* over general trade mark law), the situations of use against which GIs are protected (again, (1) any direct or indirect use of a GI (a) in respect of products not complying with the product specification, or (b) insofar as such

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use exploits the reputation of a GI; (2) any misuse, imitation or evocation (3) any other false or misleading indications or practices) are restricted according to the specific rule of conflict provided under each GI scheme and, in practice, concern only identical or comparable goods to those covered by GIs and goods in which the GI good is a relevant ingredient. The EUIPO does not raise *ex-officio* objections with respect to other products and services for which protection can therefore be invoked under Art. 8(6) only. So it seems that exploitation of reputation is outside the scope of *ex-officio* protection of GIs.

This is confirmed by the recent Decision of 4th Board of Appeal of the EUIPO of 17/04/20, R 1132/2019-4, Champagne/Champagnola, where in Par 18 through 23 there is a clear outline on the function of the right to prohibit use *vis-a-vis* the right to prohibit registration under the Wine Scheme. This decision emphasizes that the current protection system provides protection of GIs against comparable products on grounds of misuse, imitation or evocation and against non-comparable products (par. 25) only if the GI has a reputation and if the use of younger sign would exploit that reputation.

Interestingly, in that decision, with respect to the assessment of reputation of the PDO Champagne there is no reference to inherent reputation by virtue of GI registration, but a specific assessment of the actual market reputation of the PDO Champagne as proved by the CIVC, through „immense sales figures”. As to the exploitation requirement, it is confirmed that prior actual use is not required; a prognosis is sufficient and in that respect direct guidance can be taken from Art. 8(5). As to the concrete assessment of the exploitation, given the extreme reputation of PDO Champagne and the aura of luxury surrounding this name, for the Board of Appeal, if the average consumer gets the impression of a “*somewhat vague connection with Champagne*” on an emotional basis, this is sufficient to find exploitation.

On the other hand, reputation appears to be implicitly relevant also in respect of situations where a later trade mark imitates or evokes the GI. For evocation to be found, the trade mark must trigger in the consumer’s mind the image of the product whose designation is protected, in the sense that a link is established (07/06/2018, C-44/17, SCOTCH WHISKY). Likelihood of confusion is not a factor to establish evocation of the GI, and there can be evocation without any likelihood of confusion in situations where an association of ideas is created in the mind of the public and a trader takes undue advantage of the reputation of the GI (21/01/2016, C-75/15, Viiniverla). But when thinking about it, an “association of ideas” is much more likely to occur where the GI in question does not only enjoy the standard, basic reputation necessary for registration, but also the expanded market reputation of famous GIs such as Scotch Whisky or Champagne.

Quite conveniently the EUIPO in the absolute ground examination does not ‘classify’ GIs according to a more local or limited or widespread notoriety (or reputation) because otherwise there would be the risk of a too subjective examination which could be widely influenced by the culture and nationality of the officer in charge. The rationale is treating all GIs in the same way at the stage of *ex-officio* protection where there is a presumption of equal knowledge of

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all registered GIs by the public in the assessment of whether or not the public is likely to establish a link between the contested element and the GI. Instead, the assessment of exploitation of GI's reputation belongs to *inter-partes* procedure under Article 8(6) EUTMR.

That being said, in practice, the effective notoriety a certain GI actually possesses is not



irrelevant even at this stage. If we think of this classical example, namely an EU trade mark that was found evocating Scotch as the constituent part of the PGI Scotch Whisky, it seems pretty clear that this level of “automatic” *ex-officio* protection is unlikely to be guaranteed to the less famous or mostly locally known GIs equally, so in the end the concept of reputation is again relevant and, in a certain way, implicit in the system of protection of GIs.

Under relative grounds ex Art. 8(6) in combination with the scope of protection provided by the different GI schemes, a GI is protected against the use of a later conflicting sign where the conditions preventing use according to each GI scheme are met.

Reputation is especially relevant where the later sign conflicting with the GI concerns goods and services that were not objectionable under absolute grounds (see above) and that the use of which would exploit the reputation of the GI. In *Port Charlotte* (CJEU, 14/09/2017, C56/16 P), it was emphasized that “*The applicable rules protect those entitled to use*” GIs “*against improper use of those designations by third parties seeking to profit from the reputation which they have acquired. They are intended to guarantee that the product bearing them comes from a specified geographical area and displays certain particular characteristics. They may enjoy a high reputation amongst consumers and constitute for producers who fulfil the conditions for using them an essential means of attracting custom. The reputation of designations of origin depends on their image in the minds of consumers. That image in turn depends essentially on particular characteristics and more generally on the quality of the product. It is on the latter, ultimately, that the product's reputation is based. For consumers, the link between the reputation of the producers and the quality of the products also depends on their being assured that products sold under the designation of origin are authentic (judgment of 8 September 2009, Budjovický Budvar , C478/07, EU:C:2009:521, paragraph 110 and the case-law cited)*”.

The above statement seems embracing a multi-faced concept of reputation (even more important since this case concerned a PDO and not a PGI) that, however, privileges the dynamic aspects of something which is not carved in stone, but rather depends on the level of prestige, credit, reliability, trustworthiness, quality, authenticity that consumers associate to the GI. Clearly, the image that consumers actually may have of a GI is bound to develop, increase or even decrease over time, but with slow changes that can take years or perhaps decades.

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Interestingly, the CJEU in Port Charlotte also stated that the use of a GI such as Port in a mark cannot be held capable of exploiting the reputation of the GI if the incorporation of a GI into a mark does not lead the public to associate the mark or the goods in respect of which it is registered with the GI or the products for which the GI is protected.

This means that exploitation of reputation can be ruled out where the corresponding word, such as port, can be used in different context as a generic word that does not trigger any link to the GI (products). In other words, in such a case any investigation on the reputation and its quantitative or qualitative assessment becomes irrelevant because any link between the contested term and the GI is fundamentally excluded, since an association of ideas regarding the origin of the products is not created in the mind of the public so that exploitation of the reputation of the GI does not need to be investigated.

Turning back to the core of the concept of reputation, the features suggested by words such as prestige, credit, reliability, trustworthiness, quality, authenticity rather lead to a qualitative than quantitative assessment, which once again marks a difference with the situation with trade marks where the assessment of reputation is quantitative.

If all registered GIs must possess a number of qualities associated to their geographical origin, a certain degree of reputation should be assumed. The EUIPO in its current practice (and no major changes are expected with the next edition of the Guidelines) goes further and considers that registered GIs are reputed by the simple fact that they are registered, irrespective of whether a GI has been registered on the basis of a claim in the application to its reputation being essentially attributable to its geographical origin. So this further confirms that reputation concerns equally PDOs and PGIs, the only difference being that in the PGI registration process, the existence of the reputational link can be an autonomous basis for registration and must be, therefore, carefully verified.

The practical consequence of this approach in opposition proceedings is that opponents are not requested to submit evidence of the reputation of the GI but must otherwise furnish prove of the exploitation of the reputation. In this regard, general statements are not sufficient, the opponent must submit convincing evidence and arguments to prove, specifically and taking into account any relevant circumstances, the harm envisaged.

Still, it is clear that for an extremely notorious GI which is associated to high quality and distinctive products in the mind of consumers (e.g. PDO Champagne, PGI Scotch Whisky), the power of attraction of the GI is so high and cross-cutting that exploitation can be proven almost effortlessly (see CHAMPAGNOLA, above cit.) and in respect of most or all types of products and services, while for other less famous and more ‘local’ GIs proving exploitation can be very challenging.

So the rule of thumb tells us approximately that the higher the reputation is, the lower shall be the effort required to prove exploitation, which from a practical point of view means that in the end reputation shall always be assessed, being one of the factor of the equation.

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In the 2015 Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications (accessed by the EU in November 2019) the word ‘reputation’ appears six times and in some of the key rules, namely in Art. 2 on the subject-matter and in Art. 11 on the protection awarded to registered AOs and GIs, two times each.

Interestingly, while as we have seen in the EU GI schemes the concept of reputation is not a requirement for registration of PDOs (still being in our view implicit), Art. 2(1)(i) of the Geneva Act defines AOs as “*any denomination protected in the Contracting Party of Origin consisting of or containing the name of a geographical area, or another denomination known as referring to such area, which serves to designate a good as originating in that geographical area, where the quality or characteristics of the good are due exclusively or essentially to the geographical environment, including natural and human factors, and which has given the good its reputation*” while Art. 2(1)(ii) defines GIs as “*any indication protected in the Contracting Party of Origin consisting of or containing the name of a geographical area, or another indication known as referring to such area, which identifies a good as originating in that geographical area, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin*”. So while the GI definition under the Lisbon Agreement is very close to that of the EU schemes, the AO definition under the Lisbon Agreement clearly and explicitly requires reputation.

IV. FINAL REMARKS

From research and experience to proposals for a clearer notion of reputation in GI law

1. The circumstance that reputation is not specifically mentioned as a requirement for registration of PDOs, but only for PGIs should not be overestimated. On the contrary, reputation should be assumed for all registered GIs. It seems indeed that the opinion that all GIs (regardless of the basis relied upon in their specific registration procedure) once registered, enjoy *per se*, and at least to a certain degree, reputation, prevails in the case-law. Therefore, no clarification or amendment in this regard is needed.

We can refer to this concept as the inherent ‘standard’ reputation that all GIs have and that must be automatically recognised by all stakeholders, businesses and public authorities.

2. Experience, practice and case law shows, however, that the assessment of the actual strength of reputation of GIs becomes a key factor in *ex parte* procedures, oppositions and litigation, even if sometimes implicitly. In such cases, the reputation is indirectly assessed through a factual analysis of the circumstances of the case to understand whether or not the use of the allegedly conflicting sign exploits the reputation of the GI.

3. This approach, however, does not help to resolve all situations, especially those where the identity or similarity of the contested term with a GI is considered ‘accidental’ as in the

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Port Charlotte case where, although nobody could raise doubts on the reputation of the PDO Port, the exploitation of the same was ruled out. This brings us to conclude that at least in some cases it is inevitable to resort to analyse the facts following this logic: i) assessment of the effective reputation of the GI for which the protection is sought; ii) identification of the context in which the contested sign is used; iii) assessment of the exploitation, if any, of the reputation of the GI. While the first two points are quite objective, the third may go beyond and involve also the appreciation of malicious intentions behind the use of the conflicting sign, though always based on factual circumstances and evidence, of course.

4. In the EU GI schemes the concept of reputation is associated with both, trade marks and GIs. Ideally, the legislator should not use the same word to refer to different concepts in the same legal text. However, and unless ‘reputation’ is somehow changed in the future with a more specific term for GIs (that should incorporate a number of nuances such as prestige, renownedness and uniqueness), which seems quite unlikely, we should accept that for GIs the assessment of reputation is a mix of qualitative assessment and quantitative metrics.

5. As to reputation as a requirement for PGI registration, “reputation” coexists with two other possible bases, namely, “quality” and “other characteristics”. However, the applicant requesting a GI registration (and this applies to both PDOs and PGIs) must show that the product is specific, unique and different from a generic product in the same category. Further, one of the key elements of the product specification is the definition of the geographical area and the delimitation of the link between the geographical area and the product. Experience and case law regarding enforcement of PDOs authorise to conclude that the concept of reputation, although not listed as a specific requirement in the GI schemes, is somehow implied also in the concept of the PDO, as the ‘higher’ category of GIs.

6. With respect to PGIs specifically, it is instead necessary for the applicant to clearly explain whether the application is based on a specific quality or reputation or on other characteristics of the product attributable to its geographical origin. Where a PGI application is based on reputation, the applicant is nonetheless supposed to state the reasons why the specific product is associated with the geographical area. Specific reputation should be indicated on the basis of information and precise elements, awards, press cuttings, professional books, and special mentions in professional media. These are some of the best ways to illustrate the link between the product and the specificities of the area. The reputation of the product identified by the GI applied for should be attributable to the geographical area.

7. While, as mentioned above, all registered GIs (contrary to trade marks) enjoy a certain degree of reputation, the reality shows that widely, globally renowned GIs coexist with GIs with only a local recognition (or local reputation), but the current GI system accommodates both and we agree with that. We have seen earlier that reputation of a GI is measured in qualitative terms, such as the good image of the product in the public’s mind, the high quality and/or unique characteristics that consumers associate with the product, the recognition of the region as a place where the products are manufactured according to traditional expertise and with the use of raw materials from the region. In other words, businesswise there exist

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‘local’ GIs that should not be denied registration as long as they meet the requirements provided in the law, especially as far as the territorial reputational link is actually verified and not reduced to a pure marketing story-telling.

8. When it comes to enforcement, the most reasonable approach is that not all GIs should be granted the same level of protection. It is for the very assessment of the existence of exploitation of reputation that the actual degree of reputation of the concerned GI should, obviously, play a role. Some highly-reputed and globally renowned GIs are very likely to be exploited even if used in relation to very distant products (e.g. “Champagne” which is commonly used as synonym of luxury). Others, on the contrary, are not likely to be exploited even where used in relation with other non-identical foodstuffs, because in this case the GI will not be triggered in the consumers’ mind unless the name is affixed to a product of the very same nature.



ECTA, which was formed in 1980, is an organisation concerned primarily with trade marks and designs. ECTA has approximately 1,500 members, coming from all the Member States of the EU, with associate Members from more than 50 other countries throughout the world.

ECTA brings together those practicing in the field of IP, in particular, trade marks, designs, geographical indications, copyright and related matters. These professionals are lawyers, trade mark and patent attorneys, in-house lawyers concerned with IP matters, and other specialists in these fields. ECTA does not have any direct or indirect links to, and is not funded by, any section of the tobacco industry.

The extensive work carried out by the Association, following the above guidelines, combined with the high degree of professionalism and recognised technical capabilities of its members, has established ECTA at the highest level and has allowed the Association to achieve the status of a recognised expert spokesman on all questions related to the protection and use of trade marks, designs and domain names in and throughout the European Union, and for example, in the following areas:

- Harmonization of the national laws of the EU member countries;
- European Union Trade Mark Regulation and Directive;
- Community Design Regulation and Directive;
- Organisation and practice of the EUIPO.

In addition to having close links with the European Commission and the European Union Intellectual Property Office (EUIPO), ECTA is recognised by WIPO as a non-Government Organisation (NGO).

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