

**ANNEX B****SUBMISSIONS BY THE EUROPEAN COMMUNITIES**

| <b>Contents</b> |  | <b>Page</b> |
|-----------------|--|-------------|
| Annex B-1       | European Communities' Request for a Preliminary Ruling (24 February 2004)  | B-2         |
| Annex B-2       | First Written Submission of the European Communities (25 May 2004)   | B-20        |
| Annex B-3       | Oral Statement of the European Communities – First Substantive Meeting (23 June 2004)  | B-107       |
| Annex B-4       | Replies by the European Communities to Questions posed by the Panel following the First Substantive Meeting (8 July 2004)  | B-121       |
| Annex B-5       | Second Written Submission of the European Communities (22 July 2004)   | B-164       |
| Annex B-6       | Oral Statement of the European Communities – Second Substantive Meeting (11 August 2004)   | B-238       |
| Annex B-7       | Replies by the European Communities to Questions posed by the Panel following the Second Substantive Meeting (26 August 2004)  | B-288       |
| Annex B-8       | Replies by the European Communities to Questions posed by Australia following the Second Substantive Meeting (26 August 2004)  | B-347       |
| Annex B-9       | Comments of the European Communities on Australia's and the United States' Replies to Questions posed by the Panel following the Second Substantive Meeting (2 September 2004) | B-351       |
| Annex B-10      | Comments of the European Communities on the Reply of the International Bureau of WIPO to the Panel's Letter of 9 July 2004 (28 September 2004)                                 | B-376       |

**ANNEX B-1**

**EUROPEAN COMMUNITIES' REQUEST FOR A PRELIMINARY RULING**

(24 February 2004)

**TABLE OF CONTENTS**

|  |          |
|--|----------|
| <b>I. INTRODUCTION .....</b>   | <b>4</b> |
| <b>II. THE REQUIREMENTS OF ARTICLE 6.2 DSU.....</b>  | <b>4</b> |
| A. THE CONTENT AND PURPOSE OF ARTICLE 6.2 DSU.....   | 4        |
| B. THE PANEL MUST NOT ASSUME JURISDICTION IN RESPECT OF CLAIMS THAT HAVE NOT BEEN ESTABLISHED IN ACCORDANCE WITH ARTICLE 6.2 DSU ..... | 5        |
| C. THE REQUIREMENTS OF ARTICLE 6.2 DSU MUST BE EVALUATED ON THE FACE OF THE PANEL REQUEST .....  | 6        |
| <b>III. THE PANEL REQUESTS FAIL TO IDENTIFY THE "SPECIFIC MEASURE AT ISSUE" .....</b>  | <b>6</b> |
| A. THE REFERENCES TO REGULATION 2081/92 ARE NOT SUFFICIENTLY SPECIFIC.....   | 6        |
| B. THE REFERENCES TO "RELATED IMPLEMENTING AND ENFORCEMENT MEASURES" ARE NOT SPECIFIC.....   | 6        |

Y SPECI031(Y S 48She.LUnited States claims are uncl2-0-1869 Tto(4)T.13.5./F0.9-902JfT2(.T.w.(.)Tj204218..Tj0 TD/2.1 9.75

| Short Title                           | Full Case Title and Citation of Case  |
|---------------------------------------|---|
| <i>Canada – Wheat</i>                 | Preliminary Ruling of the Panel, <i>Canada – Measures Relating to Exports of Wheat and Treatment of Imported Grain</i> , WT/DS276/12, circulated on 21 July 2003  |
| <i>EC – Bananas III</i>               | Appellate Body Report, <i>European Communities – Regime for the Importation, Sale and Distribution of Bananas</i> , WT/DS27/AB/R, adopted 25 September 1997   |
| <i>Guatemala – Cement I</i>           | Appellate Body Report, <i>Guatemala – Anti-Dumping Investigation Regarding Portland Cement from Mexico</i> , WT/DS60/AB/R, adopted 25 November 1998   |
| <i>Korea – Dairy</i>                  | Appellate Body Report, <i>Korea – Definitive Safeguard Measure on Imports of Certain Dairy Products</i> , WT/DS98/AB/R, adopted 12 January 2000   |
| <i>Thailand – H-Beams</i>             | Appellate Body Report, <i>Thailand – Anti-Dumping Duties on Angles, Shapes and Sections of Iron or Non-Alloy Steel and HBeams from Poland</i> , WT/DS122/AB/R, adopted 5 April 2001   |
| <i>US – Carbon Steel from Germany</i> | Panel Report, <i>United States – Countervailing Duties on Certain Corrosion-Resistant Carbon Steel Flat Products from Germany</i> , WT/DS213/R and Corr.1, adopted 19 December 2002<br>Appellate Body Report, <i>United States – Countervailing Duties on Certain Corrosion-Resistant Carbon Steel Flat Products from Germany</i> , WT/DS213/AB/R, adopted 28 November 2002 |
| <i>US – FSC</i>                       | Appellate Body Report, <i>United States – Tax Treatment for "Foreign Sales Corporations"</i> , WT/DS108/AB/R, adopted 20 March 2000   |
| <i>US – Lamb</i>                      | Panel Report, <i>United States – Safeguard Measures on Imports of Fresh, Chilled or Frozen Lamb Meat from New Zealand and Australia</i>   |

## I. INTRODUCTION

1. The European Communities (hereinafter "the EC") is of the view that the requests for the establishment of the Panel made by Australia (hereinafter: Australian request)<sup>1</sup> and by the United States (hereinafter: United States request)<sup>2</sup> do not meet the requirements of Article 6.2 of the Dispute Settlement Understanding (DSU).

2. The Panel requests fail to identify the specific measure at issue in the present dispute. Moreover, the Panel requests do not provide a brief summary of the legal basis of the complaint sufficient to present the problem clearly.

3. The respect of the requirements of Article 6.2 DSU is an essential precondition for the jurisdiction of a Panel. Where a complaining party has failed to clearly set out its claim in accordance with Article 6.2 DSU, the Panel does not have jurisdiction.

4. Moreover, the deficiencies of the Panel requests seriously prejudice the due process rights of the EC as a defending party. As a defending party, the EC is entitled to know the case it has to answer. The Panel requests in the present case do not meet the minimum requirements necessary for ensuring a fair and orderly conduct of the dispute settlement proceedings.

5. Given these fundamental concerns, the EC requests that the Panel issue a preliminary ruling regarding Article 6.2 DSU.

## II. THE REQUIREMENTS OF ARTICLE 6.2 DSU

6. Article 6.2 DSU sets out the following minimum requirements with which any Panel request must comply:

The request for the establishment of a panel shall be made in writing. It shall indicate whether consultations were held, identify the specific measures at issue and provide a brief summary of the legal basis of the complaint sufficient to present the problem clearly.

### A. THE CONTENT AND PURPOSE OF ARTICLE 6.2 DSU

7. In *Korea – Dairy*, the Appellate Body held that Article 6.2 of the DSU imposes four separate requirements:<sup>3</sup>

When parsed into its constituent parts, Article 6.2 may be seen to impose the following requirements. The request must: (i) be in writing; (ii) indicate whether consultations were held; (iii) identify the specific measures at issue; and (iv) provide a brief summary of the legal basis of the complaint sufficient to present the problem clearly. In its fourth requirement, Article 6.2 demands only a summary – and it may be a brief one – of the legal basis of the complaint; but the summary must, in any event, be one that is "sufficient to present the problem clearly". It is not enough, in other words, that "the legal basis of the complaint" is summarily identified; the identification must "present the problem clearly".

8. The objective and purpose of Article 6.2 of the DSU is to guarantee a minimum measure of procedural fairness throughout the proceedings. This is of particular importance to the defendant, who must rely on the Panel request in order to begin preparing its defense. Similarly, WTO Members who intend to participate as third parties must be informed of the subject-matter of the dispute. This underlying rationale of Article 6.2 DSU has been explained by the Appellate Body in *Thailand - H-Beams*.<sup>4</sup>

Article 6.2 of the DSU calls for sufficient clarity with respect to the legal basis of the complaint, that is, with respect to the "claims" that are being asserted by the complaining party. A defending party is entitled to know what case it has to answer, and what violations have been alleged so that it can begin preparing its defence. Likewise, those Members of the WTO who intend to participate as third parties in panel proceedings must be informed of the legal basis of the complaint. This requirement of due process is fundamental to ensuring a fair and orderly conduct of dispute settlement proceedings.

B. THE PANEL MUST NOT ASSUME JURISDICTION IN RESPECT OF CLAIMS THAT HAVE NOT BEEN ESTABLISHED IN ACCORDANCE WITH ARTICLE 6.2 **Ar6riTD -0.015nEE**

C. THE REQUIREMENTS OF ARTICLE 6.2 DSU MUST BE EVALUATED ON THE FACE OF THE PANEL REQUEST

12. In *EC – Bananas*, the Appellate Body has clarified that the claims, which are set out in the panel request, must be distinguished from the subsequent arguments of the parties in support of their claim. Consequently, the Appellate Body has held that a faulty Panel request cannot be subsequently "cured" by the written submission of the parties:<sup>7</sup>

We do not agree with the Panel that "even if there was some uncertainty whether the panel request had met the requirements of Article 6.2, the first written submissions of the Complainants 'cured' that uncertainty because their submissions were sufficiently detailed to present all the factual and legal issues clearly". Article 6.2 of the DSU requires that the *claims*, but not the *arguments*, must all be specified sufficiently in the request for the establishment of a panel in order to allow the defending party and any third parties to know the legal basis of the complaint. If a *claim* is not specified in the request for the establishment of a panel, then a faulty request cannot be subsequently "cured" by a complaining party's argumentation in its first written submission to the panel or in any other submission or statement made later in the panel proceeding.

13. As a consequence, the only basis on which to establish whether a Panel request is in conformity with the requirements of Article 6.2 is the text of the request itself. This has been confirmed by the Appellate Body in *United States - Carbon Steel*:<sup>8</sup>

As we have said previously, compliance with the requirements of Article 6.2 must be demonstrated on the face of the request for the establishment of a panel. Defects in the request for the establishment of a panel cannot be "cured" in the subsequent submissions of the parties during the panel proceedings.

**III. THE PANEL REQUESTS FAIL TO IDENTIFY THE "SPECIFIC MEASURE AT ISSUE"**

14. Both Panel requests identify the measure at issue as Council Regulation (EEC) No. 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, as amended (hereinafter: Regulation 2081/92). Moreover, the Australian request, in its fourth paragraph, defines the "EC measure" as also including "related implementing and enforcement measures". In the view of the EC, these references are insufficient in order to define the "specific measure at issue", as required by Article 6.2 DSU.

A. THE REFERENCES TO REGULATION 2081/92 ARE NOT SUFFICIENTLY SPECIFIC

15. The EC considers that the references to Regulation 2081/92 are not sufficiently specific to permit an identification of the "specific measure at issue" in the present dispute.

16. The EC would like to stress that Article 6.2 DSU requires not only the identification of a "measure", but of the "specific measure at issue". The wording of Article 6.2 DSU is different from that of Article 4.4 DSU, which provides that consultation requests must identify "the measures at

---

<sup>7</sup> Appellate Body Report, *EC – Bananas III*, para. 143.

<sup>8</sup> Appellate Body Report, *United States – Carbon Steel*, para. 127 (emphasis added).

issue". As the Panel in *Canada – Wheat* has convincingly explained, this difference in wording is intentional, and must be given meaning:<sup>9</sup>

Having regard to the relevant context of Article 6.2 of the DSU, we note Article 4.4 of the DSU, which deals with the contents of requests for consultations. It states in relevant part that "any request for consultations shall give the reasons for the request, including identification of the measures at issue". Notably, Article 4.4 omits the term "specific" in referring to the "measures at issue". We believe that this difference in language is not inadvertent and must be given meaning. Indeed, in our view, this difference in language supports the view that requests for consultations need not be as specific and as detailed as requests for establishment of a panel under Article 6.2 of the DSU. As a corollary, in our view, this relevant context bears out the importance of the term "specific" as it appears in Article 6.2.

17. In the view of the EC, what can be considered a "specific measure" will depend on the circumstances of the particular case, and in particular on the characteristics of the measure in question. Where a measure is of a relatively simple character, or where it is clear from the circumstances of Can231stances at issue, in particular, of the difficulty by name, number, date, etc., of the measure, it is clear in our view that the measure will depend on the characteristics of the measure, clear in

- product specifications (Article 4);
- the right to apply for registrations and the procedure for applications (Article 5);
- the procedures for registration of geographical indications and related issues; the issue of homonymous names (Article 6);
- objections to registrations (Article 7);
- conditions for the use of geographical indications and designations of origin (Article 8);
- the amendment of product specifications (Article 9);
- inspection procedures (Article 10);
- procedures in case product specifications are not respected (Article 11);
- cancellation of protected names (Article 11a);
- the application of the regulation to agricultural products and foodstuffs from third countries (Article 12);
- the application procedure for the protection of third country geographical indications (Article 12a);
- the registration procedure for the protection of third country geographical indications (Article 12b);
- the amendment of the product specifications for third country geographical indications (Article 12c);
- objections to the registration of geographical indications emanating from third countries (Article 12d);
- the protection of registered names (Article 13);
- certain questions regarding the relationship between geographical indications and trademarks (Article 14);
- the Committee assisting the Commission (Article 15);
- implementing rules (Article 16);
- entry into force (Article 18).

22. The unspecific reference to "Regulation 2081/92" made in the Panel requests does not permit the EC to understand which specific aspects among those covered by Regulation 2081/92 the complainants intend to raise in the context of the present proceedings. This appears particularly objectionable given the fact that it would have been easily possible for the complainants to provide more specific references to individual provisions of Regulation 2081/92.

23. For these reasons, the EC submits that the references to "Regulation 2081/92" do not meet the requirement of the identification of the "specific measure at issue" in Article 6.2 DSU.

B. THE REFERENCES TO "RELATED IMPLEMENTING AND ENFORCEMENT MEASURES" ARE NOT SUFFICIENTLY SPECIFIC

24. In the fourth paragraph of its Panel request, Australia has referred to "related implementing and enforcement measures" as part of the "EC measure".<sup>10</sup> The EC is of the view that this blanket reference to "related implementing and enforcement measures" falls short of the requirement to identify the "specific measure at issue" in Article 6.2 DSU.

25. The requirement to identify the "specific measure at issue" means that if the measure is not already identified beyond reasonable doubt through elements such as name, number, or date of

---





indications to the Commission. Therefore, Member States also may have to adopt implementing rules, and take decisions which are subject to judicial review by national courts.

32. Finally, it should be noted that the measures which have been taken for implementing or enforcing Regulation 2081/92 are of a very high number. To take only one figure, the EC has by now registered 640 geographical indications or designations of origin. The EC would consider it inconceivable that each one of these registrations would be the subject of the present dispute settlement proceedings simply because of the blanket reference to "implementing and enforcement measures".

33. For these reasons, the EC submits that the reference to "related implementing and enforcement measures" in the Australian request fails to identify the "specific measure at issue".

#### **IV. THE PANEL REQUESTS DO NOT CONTAIN A BRIEF SUMMARY OF THE LEGAL BASIS OF THE COMPLAINT**

34. The Panel requests in the present case do not only fail to identify the specific measure at issue. They also fail to include a brief summary of the legal basis of the complaint.

##### **A. THE BRIEF SUMMARY OF THE LEGAL BASIS OF THE COMPLAINT**

35. Article 6.2 DSU requires that a request for the establishment of a Panel must contain a "brief summary of the legal basis of the complaint sufficient to present the problem clearly".

36. As the Appellate Body has stated in *EC – Bananas*, there is a distinction between the claims, which must be contained in the Panel request, and the arguments supporting these claims, which are set out in the subsest,d1e1acu332rt

clearly. In other words, the identification of the treaty provisions alleged to have been violated is a necessary, but not a sufficient condition under Article 6.2 DSU.

38. It is this second element which is of particular interest in the present case. Article 6.2 DSU does not require complainants to "to list the treaty provisions alleged to have been violated". Rather, it obliges complainants to provide a "brief summary of the legal basis of the complaint sufficient to present the problem clearly". The reference to treaty provisions is only one element of the "legal basis of the complaint", which must also include other factual and legal elements necessary to present the problem clearly.

B. THE PANEL REQUESTS FAIL TO "PRESENT THE PROBLEM CLEARLY"

39. In the view of the EC, the Panel requests do not establish the problem clearly in accordance

each of the claims of the United States would be based on all the provisions mentioned in the fourth paragraph of the United States request. The result is a total lack of clarity regarding the legal bases of the United States' claims. By not even identifying the provisions of the WTO agreements which it considers to underlie each of its claims, the US falls short of the minimum requirements for the brief summary as established by the Appellate Body in *Korea – Dairy*.<sup>15</sup>

(b) The United States claims are unclear

43. The absence of a sufficient summary of the legal bases of the United States claims can also be demonstrated for each of the claims set out in the third paragraph of the United States request.

44. As regards the **first claim**, the United States is alleging that Regulation 2081/92 "does not provide the same treatment to other nationals and products originating outside the EC that it provides to the EC's own nationals and products". This claim would appear to be a reference to the principle of national treatment, as contained in Article 3 TRIPS and Article III:4 GATT. However, the US claim is limited to a paraphrasing of the treaty language of these two provisions. The US claim does not permit to understand which provision or aspect of Regulation 2081/92 is supposed to violate the national treatment principle, and in which way such a violation is deemed to occur. This does not constitute a summary of the legal basis of the claim sufficient to present the problem clearly.

45. In its **second claim**, the United States claims that Regulation 2081/92 "does not accord immediately and unconditionally to the nationals and products of each WTO Member any advantage, favour, privilege or immunity granted to the nationals and products of other WTO Members". This claim seems to be a reference to the principle of most favoured nation treatment, as contained in Article 4 TRIPS and Article I:1 GATT. However, as the first claim, this claim is limited to the paraphrasing of the language of treaty provisions, without any indication of which provision of Regulation 2081/92 is supposed to constitute the violation, and how such a violation occurs. More specifically, the United States request does not indicate which are the "other WTO members" who are supposed to enjoy more favourable treatment, what constitutes this "more favourable treatment", and how it is conferred.

46. As regards the **third claim**, the United States alleges that Regulation 2081/92 "diminishes the legal protection for trademarks". Unfortunately, the United States does not provide any further explanation as to why it considers that Regulation 2081/92 diminishes the "legal protection of trademarks". In the view of the EC, this does not constitute a meaningful description of the claim. The claim is made no clearer by the cryptic parenthesis "including to prevent the use of an identical or similar sign that is likely to confuse and adequate protection against invalidation", which the United States has added to its claim. Moreover, this parenthesis would seem to indicate that there might be other aspects diminishing the legal protection for trademarks, without however indicating what these aspects are.

47. The absence of a brief summary of the third claim is further compounded by the absence of any specific references to the provisions of Regulation 2081/92. It is certainly correct that Regulation 2081/92 contains various provisions also concerning trademarks. For instance, Article 14.1 of the Regulation concerns the conditions under which the registration of a trademark conflicting with a geographical indication will be refused or invalidated. Article 14.2 deals with situations of coexistence between trademarks and geographical indications. Article 14.3 provides for situations where, in the light of a trademark's reputation, renown, and length of time of use, registration of a geographical indication shall be refused. Finally, the existence of trademarks is mentioned as a possible ground for objection in Article 7 (4) of Regulation 2081/92.

---

<sup>15</sup> Appellate Body Report, *Korea – Dairy*, para. 124.



55. The claims of Australia appear to be contained in the fifth paragraph of the Australian request. In this paragraph, Australia claims that Regulation 2081/92 (which, according to Australia, also includes its "related measures"):

- diminishes the legal protection for trademarks under the TRIPS Agreement, contrary to Articles 1, 2 (incorporating by reference Articles 6*quinques*(B), 10, 10*bis* and 10*ter* of the Paris Convention (1967)), 16, 20, 24.5, 41 and/or 42 of the TRIPS Agreement (**claim 1**);
- does not accord immediately and unconditionally to the nationals and/or products of each WTO Member any advantage, favour privilege or immunity granted to the nationals of any other WTO Member, contrary to Articles 1 and 4 of the TRIPS Agreement and/or Article I:1 of GATT 1994 (**claim 2**);
- does not accord to nationals and/or products of each WTO Member treatment no less favourable than that it accords to its own nationals and/or like products of national origin, contrary to Articles 1, 2 (incorporating by reference Article 2 of the Paris Convention (1967)) and 3.1 of the TRIPS Agreement and/or Article III:4 of GATT 1994 (**claim 3**);
- does not provide the legal means for interested parties to prevent misleading use of a geographical indication and/or to prevent any use of a geographical indication which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (1967), contrary to Articles 1 and 22.2 of the TRIPS Agreement (**claim 4**);
- is not applied in a transparent manner, contrary to Articles 1, and 63.1 and 63.3 of the TRIPS Agreement (**claim 5**);
- is a technical regulation within the meaning of Annex 1 to the TBT Agreement, does not accord to products imported from the territory of any WTO Member treatment no less favourable than that accorded to like products of national origin and/or to like products originating in any other country, and/or has been prepared, adopted and/or applied with the effect of creating unnecessary obstacles to trade, being more trade-restrictive than necessary to fulfil a legitimate objective, taking account of the risks non-fulfilment would create, contrary to Articles 2.1 and 2.2 of the TBT Agreement (**claim 6**).

(a) The legal bases of the claims indicated in the Australian request are in some cases unclear

56. The structure of the Australian request differs from that of the United States in that Australia does indicate, for each of the claims it makes, the provision of the WTO agreements which it considers violated. However, even these listings lack, in some instances, the precision required by the Appellate Body in *Korea – Dairy*.<sup>16</sup>

57. In its first claim, Australia is referring to "Article 41 and/or 42 of the TRIPS Agreement. However, Article 41 TRIPS Agreement is a complex provision subdivided into a number of paragraphs, which contains a number of different obligations.<sup>17</sup> The same also applies for Article 42 TRIPS Agreement, which, although set out in one paragraph, also comprises sever -0(-) Tw ( ) Tj6hicl(tral

establishing distinct obligations for WTO Members. Finally, the EC does not understand the "and/or" which seems to indicate that Articles 41 and 42 TRIPS are somehow alternative obligations.

58. Also in its first claim, Australia refers, in conjunction with Article 2 TRIPS Agreement, to Articles 10, 10*bis* and 10*ter* of the Paris Convention. Once again, these articles of the Paris Convention are complex provisions subdivided into various paragraphs, and imposing numerous distinct obligations.

59. Accordingly, the EC considers that the references to Articles 41 and 42 TRIPS Agreement, and to Articles 10, 10*bis* and 10*ter* of the Paris Convention do not meet the minimum requirements of specificity under Article 6.2 DSU.

(b) The Australian claims are unclear

60. However, even where the Australian request lists correctly the provisions of the WTO agreements, this indication of treaty provisions is not sufficient for the purposes of Article 6.2 DSU. This is due to the fact that the narrative description of the claims, as in the case of the United States request, is limited to the paraphrasing of the text of treaty provisions, or is so excessively vague that it does not permit to understand the substance of Australia's claims.

61. Since most of Australia's claims are similar to those of the United States, reference can be made to what has been said about the United States request. Australia's **claim 1** is almost identical to the United States claim 3,<sup>18</sup> and similarly fails to meet the requirements of Article 6.2 DSU.<sup>19</sup> Australia's **claim 2** is similar to US claim 2, and Australia's **claim 3** is similar to US claim 1. Like the US claims, Australia's claims 2 and 3 are limited to the restatement of language already contained in treaty provisions, and therefore encounter the same objections.<sup>20</sup> Australia's **claim 4** corresponds to the fourth claim of the United States, so that reference can be made to what has been said in this respect.<sup>21</sup> Finally, **claim 5** corresponds to United States claim 6, with the sole difference that Australia refers to the transparency of the "application of Regulation 2081/92", rather than that of the Regulation itself. However, since Australia fails to explain in which way Regulation 2081/92 is not applied in a transparent way, its claim fails to meet the requirements of Article 6.2 DSU for the same reasons as the United States claim.<sup>22</sup>

62. The only claim of Australia which finds no equivalent in the United States request is **claim 6**, by which Australia raises certain claims under the TBT Agreement, namely that Regulation 2081/92 "is a technical regulation within the meaning of Annex 1 to the TBT Agreement, does not accord to products imported from the territory of any WTO Member treatment no less favourable than that accorded to like products of national origin and/or to like products originating in any other country, and/or has been prepared, adopted and/or applied with the effect of creating unnecessary obstacles to trade, being more trade-restrictive than necessary to fulfil a legitimate objective, taking account of the trade-restrictive effects of such measures, and of the contribution of such measures to the achievement of the objective." (WT/DS290/R/Add.2, para. 53)

term "technical regulation" for the purposes of the TBT Agreement, does not impose any obligations which could have been violated by the EC.<sup>23</sup>

64. As regards the claims that Regulation 2081/92 does not accord to products imported from the territory of any WTO Member treatment no less favourable than that accorded to like products of national origin and/or to like products originating in any other country, and/or has been prepared, adopted and/or applied with the effect of creating unnecessary obstacles to trade, these claims merely seem to restate language which is contained in Article 2.1 and 2.2 of the TBT Agreement, without however providing any indication of how Regulation 2081/92, and which provision thereof, violates these obligations. For the same reasons as Australia's claims 2 and 3, claim 6 therefore fails to meet the requirements of Article 6.2 DSU.

65. In conclusion, both the United States and the US request fail to contain a brief summary of the legal basis of the claims, as required by Article 6.2 DSU. Both request do not "present the problem clearly". For the reasons set out above, the EC considers that both the Australian and the US Panel requests fail to meet the requirements of Article 6.2 DSU.

#### **V. THE DEFICIENCIES OF THE PANEL REQUESTS RESULT IN SERIOUS PREJUDICE FOR THE EUROPEAN COMMUNITY AS A DEFENDANT**

66. As has been stated above, the requirements of Article 6.2 DSU also serve to protect the due process rights of the defending party in dispute settlement proceedings under the DSU.<sup>24</sup> As a consequence, the Appellate Body has, when considering the requirements of Article 6.2 DSU, attached importance to the question of whether the defending party has suffered prejudice as a result of the deficiencies of a panel request.<sup>25</sup>

67. In the present case, the EC considers it clear that it is prejudiced by the lack of clarity of the United States and Australian request. As a defending party, the EC has a right to know what the case is which it will have to defend. This information must be contained in the Panel request.

68. In the present case, the ambiguity of the Panel request is such that the EC is, to this date, not sure of the case which the United States and Australia are bringing before the Panel. As a consequence, the EC has been seriously hampered in its efforts to prepare its defence.

69. This situation is not acceptable from the point of view of the due process rights of the EC. Dispute settlement proceedings under the DSU are subject to very strict deadlines. As a consequence, the EC cannot be expected to wait for the first written submission of the complainants to start preparing its defence. Rather, the time between the submission of the panel request and the constitution of the Panel is used by both complaining and defending parties for the preparation of their case.

70. The strict respect of Article 6.2 DSU is also necessary to ensure a level playing field for the complaining and defending parties. Since the complainants have the initiative in dispute settlement, they can take all the time necessary to prepare their case before the introduction of the panel request. In contrast, the defendant can begin preparing its case only once he has received a notice of the case in accordance with Article 6.2 DSU.

---

<sup>23</sup> Cf. also the discussion of United States claim 5 (supra para. 50).

<sup>24</sup> Supra note 4.

<sup>25</sup> Appellate Body Report, *Korea – Dairy*, para. 131; Appellate Body Report, *Thailand – H Beams*, para. 95. The EC does consider it necessary, in the present case, to take a position as to whether the requirement of prejudice in Article 6.2 DSU constitutes an additional requirement to those set out in Article 6.2 DSU.



71. The EC notes that the United States has, as a defending party, frequently criticised Panel requests for not respecting the requirements of Article 6.2 DSU, and has requested preliminary rulings on this question.<sup>26</sup> In the present context, the EC considers it useful to quote from the United States' submissions before the Panel in *US – Lamb*:<sup>27</sup>

The insufficiency of the Panel requests has seriously prejudiced the United States in the preparation of its defense. It prevented the United States from knowing the true nature of the claims being made against the U.S. measure and placed the United States in the position of merely guessing which of the many obligations in these several articles might be at issue in this review. This severely limited the ability of the United States to begin the task of preparing its defense. The dispute resolution process is intended to be a relatively speedy process. Central to such a speedy process is the requirement that claims be clearly stated at the required time. The failure of a complaining party to do so prejudices the responding party and undercuts the fairness of the entire process. It effectively stacks the deck against the responding party.

72. The EC does not consider that different standards should be applied in the present case. The EC would also like to recall that Article 3.10 DSU requires Members to engage in dispute settlement procedures in good faith. As the Appellate Body has underlined in *US – FSC*, this obligations applies also to the complainants:<sup>28</sup>

This pervasive principle requires both complaining and responding Members to comply with the requirements of the DSU (and related requirements in other covered agreements) in good faith. By good faith compliance, complaining Members accord to the responding Members the full measure of protection and opportunity to defend, contemplated by the letter and spirit of the procedural rules.

73. The EC does not wish to speculate about what are the reasons for the deficient drafting of the Panel requests. In particular, the EC does not know whether this drafting reflects a conscious choice on the side of the complainants to leave the EC in the dark about their prospective case, or whether the complainants simply were unsure of the case that they were intending to bring. Whatever the explanation may be, the Panel requests in their current form would provide the complainants with a maximum flexibility in terms of their subsequent litigation strategy, and oblige the EC to defend itself against a moving target. This is not in accordance with the requirement of due process underlying Article 6.2 DSU.

74. By keeping their panel requests excessively vague, the United States and Australia have prevented the EC from preparing its defence in a timely manner. They have thereby caused serious prejudice to the EC.

## **VI. THE DEFICIENCIES OF THE PANEL REQUESTS HAVE BEEN RAISED BY THE EC IN A TIMELY MANNER, AND MUST BE ADDRESSED WITHOUT DELAY**

75. In considering the requirements of Article 6.2 DSU, the Appellate Body has held that the respect of the conditions of this provision is of a fundamental nature, and may be examined at any stage in the proceedings.<sup>29</sup>

---

<sup>26</sup> Panel Report, *US – Lamb*, para. 5.5; Panel Report, *US – Carbon Steel*, para. 4.1-4.2.

<sup>27</sup> Panel Report, *US – Lamb*, para. 5.5

<sup>28</sup> Appellate Body Report, *US – FSC*, para. 166.

<sup>29</sup> Appellate Body Report, *US – Carbon Steel*, para. 123.

76. At the same time, the Appellate Body has attached importance to the fact that the parties should bring procedural deficiencies to the attention of the Panel at the earliest possible opportunity.<sup>30</sup> This requirement was justified by the Appellate Body in *US – FSC* *Crement e2*.

80. The EC would like to clarify that it remains committed to a speedy resolution of the present dispute. For this reason, the EC would not consider it inappropriate for the Panel to suggest to the complaining parties to introduce a new Panel request in full compliance with Article 6.2 DSU. The EC would like to note that such a course of action has recently been taken by a Panel in another dispute.<sup>35</sup>

**VIS2oU75 4yeTD 0 Tc 0.1870497(TD /69 Tc 0 Tw (VIS2o0m40835e ) TjiCONCLUSION 5.25 Tj 3.75 0 TD -0**



|            |  |           |
|------------|--|-----------|
| (b)        | The conditions for the registration of individual geographical indications do not constitute less favourable treatment .....   | 48        |
| (c)        | The conditions for the registration of geographical indications do not depend on nationality.....  | 48        |
| <b>3.</b>  | <b>Claim 2: Regulation 2081/92 violates the national treatment obligations under the TRIPS and the Paris Convention by requiring that applications must be transmitted by the country in which the geographical area is located.....</b>   | <b>49</b> |
| <b>4.</b>  | <b>Claim 3: Non-EC nationals are accorded less favorable treatment than EC nationals with respect to the requirement to indicate the country of origin for homonymous geographical indications .....</b>   | <b>50</b> |
| (a)        | Article 12(2) of Regulation 2081/92 does not apply to all geographical indications, but only to homonyms.....  | 50        |
| (b)        | The requirement to indicate the country of origin for homonymous geographical indications from the EC and third countries does not constitute less favourable treatment .....  | 50        |
| (c)        | Article 12(2) of Regulation 2081/92 does not discriminate between nationals .....  | 51        |
| <b>5.</b>  | <b>Claim 4: Regulation 2081/92 accords less favourable treatment to non-EC nationals by subjecting the right to object to the registration of geographical indications to conditions of reciprocity and equivalence .....</b>  | <b>51</b> |
| <b>6.</b>  | <b>Claim 5: Regulation 2081/92 accords less favourable treatment to non-EC nationals by requiring their own country to transmit the objection .....</b>  | <b>52</b> |
| <b>7.</b>  | <b>Claim 6: Regulation 2081/92 accords less favourable treatment to non-EC nationals by requiring non-EC national to have a "legitimate interest" to object to the registration of geographical indications.....</b>   | <b>52</b> |
| <b>8.</b>  | <b>Claim 7: Regulation 2081/92 accords less favourable treatment because a non-EC rightholder has no "representative" in the regulatory committee to "speak for him" .....</b>   | <b>53</b> |
| <b>9.</b>  | <b>Claim 8: A right of objection was available to persons resident or established in an EC Member State that was not available to other WTO Member nationals in respect of the registration of more than 120 geographical indications under the normal registration process.....</b> | <b>53</b> |
| (a)        | Australia's claim relates to a measure which was no longer in force at the time of establishment of the Panel, and which is therefore not within the terms of reference of the Panel .....   | 53        |
| (b)        | The individual registrations are not in violation of national treatment obligations .....  | 54        |
| (c)        | Australia is seeking to obtain a retroactive remedy it could not have obtained had it attacked the measure while it was still in force. ....   | 54        |
| <b>10.</b> | <b>Claim 9: A right of objection was available to persons resident or established in an EC Member State that was not available to other WTO Member nationals in respect of the registration of more than 480 EC-defined GIs under the simplified registration process.....</b>       | <b>56</b> |
| <b>B.</b>  | <b>PROHIBITED REQUIREMENT OF DOMICILE OR ESTABLISHMENT (ARTICLE 2.1 TRIPS IN CONJUNCTION WITH ARTICLE 2.2 PARIS CONVENTION).....</b>   | <b>56</b> |
| <b>1.</b>  | <b>Claim 10: Regulation 2081/92 requires non-EC nationals to become established in the EC as a condition for registering geographical indications.....</b>   | <b>56</b> |
| (a)        | Geographical indications relating to an area located in a WTO country can be registered under Regulation 2081/92 .....   | 57        |
| (b)        | The right to register a geographical indication does not depend on domicile or establishment .....   | 57        |
| (c)        | Article 2.2 Paris Convention does not exclude measures which ensure that a product originates in the geographical area to which a protected geographical indication is related .....   | 58        |
| <b>2.</b>  | <b>Claim 11: Regulation 2081/92 requires non-EC nationals to become established in the EC as a condition for objecting .....</b>   | <b>58</b> |
| <b>C.</b>  | .....  |           |



B. CLAIM 23: BY REQUIRING THE CO-EXISTENCE OF A REGIS

|  |     |
|--|-----|
| (b) Articles 4 and 10 are not mandatory .....  | 101 |
| B. CLAIM 37: ARTICLE 12(2) OF REGULATION 2081/92 IS INCOMPATIBLE WITH ARTICLE 2.1 OF THE TBT AGREEMENT .....   | 101 |
| 1. General .....   | 102 |
| 2. Article 12(2) of Regulation 2081/92 does not apply to all geographical indications, but only to homonyms .....  | 102 |
| 3. The requirement to indicate the country of origin for homonymous geographical indications from the EC and third countries does not constitute less favourable treatment ..... | 102 |
| 4. National treatment obligations do not apply to requirements to mark the country of origin.....  | 103 |
| C. CLAIM 38: ARTICLES 4, 10, AND 12 (1) OF REGULATION 2081/92 ARE INCOMPATIBLE WITH ARTICLE 2.2 OF THE TBT AGREEMENT .....   | 103 |
| 1. The existence of inspection structures is only required with respect to the specific product for which protection is sought .....   | 104 |
| 2. The Regulation does not determine the specific design of the inspection structures .....  | 104 |
| 3. The existence of inspection structures is necessary to achieve the legitimate objectives of Regulation 2081/92.....   | 105 |
| IX. CLAIM 39, 40: THE EC MEASURE IS COMPATIBLE WITH ARTICLE 65.1 TRIPS AND ARTICLE XVI:4 WTO.....  | 106 |
| X. CONCLUSION .....  | 106 |



**Table of WTO and GATT cases referred to in this submission**

| <b>Short Title</b>                      | <b>Full Case Title and Citation of Case</b>   |
|---|---|
| <i>Argentina – Textiles and Apparel</i> | Panel Report, <i>Argentina – Measures Affecting Imports of Footwear, Textiles, Apparel and Apparel</i><br>Panel Report, –25 |

## GLOSSARY

|  |   |
|--|---|
| <b>Commission, EC Commission</b>                   | Commission of the European Communities  |
| <b>Committee</b>                                   | Committee of representatives of the Member States referred to in Article 15 of Council Regulation 2081/92   |
| <b>Community Trademark Regulation</b>              | Council Regulation (EC) No 40/94, of 20 December 1993, on the Community Trademark, as amended on the date of establishment of the Panel   |
| <b>Council, EC Council</b>                         | Council of the European Union   |
| <b>Court of Justice, European Court of Justice</b> | Court of Justice of the European Communities  |
| <b>DSU</b>   | Understanding on Rules and Procedures Governing the Settlement of Disputes  |
| <b>EC</b>  | European Communities  |
| <b>GATT</b>  | General Agreement on Tariffs and Trade 1994   |
| <b>FWS</b>   | First Written Submission  |
| <b>GI</b>  | Geographical indication   |
| <b>Member States, EC Member States</b>             | Member States of the European Union   |
| <b>Official Journal</b>                            | Official Journal of the European Union  |
| <b>Paris Convention</b>                            | Stockholm Act of the Paris Convention for the protection of Industrial property, of 14 July 1967  |
| <b>Regulation 2081/92, Regulation</b>              | Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, as amended on the date of establishment of the Panel |
| <b>SCM Agreement, SCM</b>                          | Agreement on Subsidies and Countervailing Duties  |
| <b>Trademarks Directive</b>                        | First Council Directive 89/104, of 20 December, on the Community Trademark, as amended on the date of establishment of the Panel  |





jurisdiction, as defined by its terms of reference. Therefore, the Panel had no authority to consider the alternative claim by the United States under Article 63.

reference were fixed, were not and would not become effective. In the 1978 *Animal Feed Protein* case, the Panel ruled on a discontinued measure, but one that had terminated after agreement on the panel's terms of reference. In the 1980 *Chile Apples* case, the panel ruled on a measure terminated before agreement on the panel's terms of reference; however, the terms of reference in that case specifically included the terminated measure and, it being a seasonal measure, there remained the prospect of its reintroduction. In the present case, the Panel's terms of reference were established after the 75 percent rule had ceased to have any effect, and the rule had not been specifically mentioned in the terms of reference. The Panel further noted that there was no indication by the parties that the 75 percent rule was a measure that, although currently not in force, was likely to be renewed. Finally, the Panel considered that its 4s97e68 percent rulee

22. In Exhibits COMP-4b (viii) – (xvi), the complainants are referring to a number of amendments to Commission Regulation 2400/96 adopted between 11 November 2003 and 5 April 2004. These measures did not yet exist at the time the Panel was established, and are therefore outside its terms of reference.

23. Moreover, the complainants have prepared a "consolidated unofficial version" of Regulation 2081/92, which they provide as Exhibit COMP-1a. The complainants state that this consolidated unofficial version incorporates amendments made by the Act of Accession of Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. Moreover, the complainants have also provided an extract from the Act of Accession as Exhibit COMP-3c.

24. In accordance with Article 2.3 of the Treaty of Accession, of which the Act of Accession is an integral part, the Treaty of Accession had to be ratified by all Member States of the European Union and by the acceding countries. At the time the Panel was established, the process of ratification was still ongoing. The Act of Accession entered into force only on 1 May 2004. Accordingly, the Act of Accession was not yet adopted at the time the Panel was established, and is therefore not within the scope of the Panel's terms of reference.

25. Accordingly, the EC submits that measures which had not yet been adopted at the time the Panel was established are not within the Panel's terms of reference.

## B. CLAIMS

26. In its first written submission, Australia has raised claims under Article 4 of the Paris Convention, and Articles 43 to 49 of the TRIPS Agreement. None of these claims is referred to in Australia's request for the establishment of the Panel.<sup>13</sup>

27. Moreover, both Australia and the United States have made claims according to which the EC measure imposes a requirement of domicile or residence for the enjoyment of intellectual property rights contrary to Article 2.2 of the Paris Convention. No such claim was raised in the panel requests of the complainants.<sup>14</sup>

### 1. Australia's claim under Article 4 of the Paris Convention

28. In its first written submission, Australia alleges that Regulation 2081/92 is incompatible with Article 4 of the Paris Convention, incorporated by Article 2.1 TRIPS, which requires that a WTO member afford a right of priority of six months in respect of an application for registration of a trademark for which an application for registration had previously been filed in another WTO member.<sup>15</sup>

29. However, Australia's panel request does not refer to Article 4 of the Paris Convention. Australia can also not argue that its reference to Article 2.1 of the TRIPS Agreement, which requires Members to comply with Articles 1 through 12 and Article 19 of the Paris Convention, is sufficient to bring Article 4 of the Paris Convention within the scope of the Panel's terms of reference. The incorporated provisions of the Paris Convention contain numerous distinct obligations, which need to be referred to specifically in order to meet the requirements of Article 6.2 of the DSU.<sup>16</sup> In fact, Australia's panel request specifies alongside the reference to Article 2.1 of the TRIPS Agreement a number of other provisions of the Paris Convention alleged to be violated. However, Article 4 of the

---

<sup>13</sup> WT/DS290/18.

<sup>14</sup> WT/DS290/18; WT/DS174/20.

<sup>15</sup> Australia's FWS, para. 85.

<sup>16</sup> Appellate Body Report, *Korea - Dairy*, para. 124.





37. Australia has made a similar claim based on Article 2.2 of the Paris Convention with respect to the alleged unavailability of a right of objection to foreign right holders prior to the amendment of Regulation 2081/92 by Regulation 692/2003.<sup>20</sup>

38. Article 2.1 and 2.2 of the Paris Convention are drafted as follows:

(1) Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals; all without prejudice to the rights specially provided for by this Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with.

(2) However, no requirement as to domicile or establishment in the country where protection is claimed may be imposed upon nationals of countries of the Union for the enjoyment of any industrial property rights.

39. Article 2.1 of the Paris Convention is concerned with national treatment. In contrast, Article 2.2 prohibits the imposition of requirements as to domicile or establishment. This obligation is different and additional to the obligations resulting from the national treatment provision of Article 2.1 Paris Convention. This is also made clear by the term "however", which indicates that Article 2.2 goes beyond what is provided in Article 2.1.

40. This view also seems to be shared by the complainants. In its first written submission, the United States has argued that the EC measure "is directly prohibited by Article 2(2) of the Paris Convention".<sup>21</sup> Similarly, Australia has referred to the EC's obligations pursuant to Article 2(2) of the Paris Convention.<sup>22</sup>

41. However, in their panel requests, the complainants have merely referred to an alleged failure of the EC measure to provide national treatment. They have not raised any issue regarding the imposition of a requirement as to domicile or establishment contrary to Article 2.2 of the Paris Convention.

42. For this reason, the EC submits that the US and Australian claims under Article 2.2 of the Paris Convention are outside the terms of reference of the Panel.

### III. FACTS

43. The measure at issue in the present dispute is Council Regulation 2081/1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, as in force at the date of establishment of the Panel. A consolidated version of this Regulation is provided in Exhibit EC-1.

44. In this section, the EC will set out the content of Regulation 2081/1992 relevant for the present dispute. In this context, the EC will also correct a number of errors and misrepresentations

---

<sup>20</sup> Australia's FWS, para. 189, second bullet point; para. 194, second bullet point. As the EC has already set out above, these claims relate to a measure which is no longer in force, and are therefore in any case outside the terms of reference of the present panel.

<sup>21</sup> US FWS, para. 85.

<sup>22</sup> Australia's FWS, para. 189, 194.

that are contained in the first written submissions of the complainants with respect to the content of Regulation 2081/1992.

A. THE DEFINITION OF GEOGRAPHIC INDICATIONS

45. Regulation 2081/92 lays down rules on the protection, within the European Community, of designations of origin and geographical indications for agricultural products and foodstuffs. Article 2(2) of the Regulation defines the terms "designation of origin" and "geographical indication" as follows:<sup>23</sup>

- (a) *designation of origin*

specifications must be contained in the application for registration of a geographical indication. Article 4 (2) of the Regulation defines the elements with which a product specification must comply:

The product specification shall include at least:

- (a) the name of the agricultural product or foodstuffs, including the designation of origin or the geographical indication;
- (b) (b)

resources necessary to carry out inspection of agricultural products and foodstuffs bearing a protected name".

53. Further, the third subparagraph of Article 10(3) provides that in order to be approved by the Member States, private bodies must fulfil the requirements laid down in standard EN 45011 of 26 June 1989, which sets out general requirements for bodies operating product certification systems. A copy of this standard, which is available from CEN/CENELEC, is provided as Exhibit EC-2.

54. It should be noted that compliance with standard EN 45011 is only required for bodies to be approved by the EC Member States. In accordance with the last subparagraph of Article 10(3), for bodies located outside the Community, compliance with equivalent international standards will be sufficient. An example for an equivalent international standard is ISO/IEC Guide 65:1996 (E), a copy of which is provided as Exhibit EC-3.

55. In accordance with Article 4(2)(g) of Regulation 2081/92, details of the inspection structure applicable must be included in the product specification, which is part of any application for registration of a geographical indication.

D. THE REGISTRATION OF GEOGRAPHICAL INDICATIONS RELATING TO AN AREA LOCATED IN THE EC

56. Articles 5 and 6 of Regulation 2081/92 set out the procedure for the registration of geographical indications which relate to a geographical area located in the European Community.

57. In accordance with Article 5(4) of Regulation 2081/92, the application shall be sent to the EC Member State in which the geographical area is located. In accordance with Article 5(5), the Member State shall check that the application is justified and, if it considers that the application fulfils the requirements of the Regulation, shall forward the application, including the product specification and all other relevant documents to the EC Commission.

58. This involvement of the Member State in the registration process is crucial for the proper implementation of the Regulation. In fact, Member States are particularly well placed to examine the admissibility of applications relating to geographical areas located on their territory.

59. Within six months of the receipt of the application, the EC Commission shall verify, by means of a formal investigation, whether the registration application includes all the particulars provided for in Article 4 of the Regulation. If, after this examination, the Commission concludes that the name qualifies for protection, it shall publish a notice in the Official Journal of the European Union containing among others the name of the applicant, the name of the product, and the main points of the application (Article 6(2) of the Regulation).

60. If no statement of objection is notified to the Commission in accordance with Article 7 of the Regulation, the name shall be entered in the register of protected names kept by the Commission (Article 6(3) of the Regulation). The name entered in the register shall be published in the Official Journal (Article 6.4 of the Regulation).

61. If, in the light of the investigation provided for in Article 6(1) of the Regulation, the Commission concludes that the name does not qualify for protection, it shall decide, in accordance with the procedure provided for in Article 15 of the Regulation, not to proceed with the registration of the name.

E. THE REGISTRATION OF GEOGRAPHICAL INDICATIONS RELATING TO AN AREA LOCATED OUTSIDE THE EC

62. Regulation 2081/92 also applies to geographical indications relating to areas located outside the EC. For this purpose, the Regulation lays down rules relating to the registration of such

geographical indications, applications must be accompanied by the specification referred to in Article 4.

68. According to Article 12a(2), if the third country deems that the requirements of the Regulation are satisfied, it shall transmit the registration application to the Commission accompanied by the following:

- (a) a description of the legal provisions and the usage on the basis of which the designation of origin or the geographical indication is protected or established in the country,
- (b) a declaration that the structures provided for in Article 10 are established on its territory, and
- (c) other documents on which it has based its assessment.

69. Article 12b regulates the further procedure for the registration of the geographical indication  
and a Article 12c in the 1996 Treaty. The 2004 Treaty on  
639.75 0 or the ge Tw (.65 be accompani (c)

639.75 0 or the ge Tw (.65 be accompani (c)

(a) agreement is reached, the Member States in question shall communicate to the Commission all the factors which made agreement possible together with the applicant's opinion and that of the objector. Where there has been no change to the information received under Article 5, the Commission shall proceed in accordance with Article 6(4). If there has been a change, it shall again initiate the procedure laid down in Article 7;

(b) no agreement is reached, the Commission shall take a decision in accordance with the procedure laid down in Article 15, having regard to traditional fair practice and of the actual likelihood of confusion. Should it decide to proceed with registration, the Commission shall carry out publication in accordance with Article 6(4).

G. OBJECTIONS FROM PERSONS RESIDENT OR ESTABLISHED OUTSIDE THE EC

73. Article 12d(1) of Regulation 2081/92 provides a right of objection to persons not resident or established in the EC. Article 12d(1) is drafted as follows:

Within six months of the date of the notice in the *Official Journal of the European Union* specified in Article 6(2) relating to a registration application submitted by a Member State, any natural or legal person that has a legitimate interest and is from a WTO member country or a third country recognised under the procedure provided for in Article 12(3) may object to the proposed registration by sending a duly substantiated statement to the country in which it resides or is established, which shall transmit it, made out or translated into a Community language, to the Commission. Member States shall ensure that any person from a WTO member country or a third country recognised under the procedure provided for in Article 12(3) who can demonstrate a legitimate economic interest is authorised to consult the application.

74. Australia and the US have claimed that this right of objection is subject to the condition that the individual concerned is from a country which is recognised as fulfilling the conditions of Article

Article 12d, persons from outside the EC must have a "legitimate interest" in the matter. According to the US, "it would appear" that the requirement to be "legitimately concerned" is a higher standard than that one has a "legitimate interest".<sup>29</sup>

78. This assumption of the United States is wrong. There is no substantial difference between the two expressions "legitimately concerned" and "legitimately interested". Shorter Oxford English Dictionary defines "concerned" as: "interested, involved, anxious, showing concern".<sup>30</sup> In other words, "interested" and "concerned" are synonymous. The logical difference raised by the United States is therefore without any substantive relevance. It does not imply a



the Commission shall submit to the Committee a draft of the measures to be taken. If the measure is in accordance with the opinion of the Committee, the Commission adopts the Measures (Article 5(3) of the Decision). Only exceptionally, if the measure is not in accordance with the opinion of the Committee, may the matter be referred to the Council of Ministers (Article 5(4) of the Decision). In this case, the following procedure applies (Article 5(5) of the Decision):

The Council may, where appropriate in view of any such position, act by qualified majority on the proposal, within a period to be laid down in each basic instrument but which shall in no case exceed three months from the date of referral to the Council.

If within that period the Council has indicated by qualified majority that it opposes the proposal, the Commission shall re-examine it. It may submit an amended proposal to the Council, re-submit its proposal or present a legislative proposal on the basis of the Treaty.

If on the expiry of that period the Council has neither adopted the proposed implementing act nor indicated its opposition to the proposal for implementing measures, the proposed implementing act shall be adopted by the Commission.

83. Consequently, the decision-maker under the Regulation is the Commission, or exceptionally the Council of Ministers. The Committee assists the Commission, but does not take decisions; it may, however, achieve that a proposal is referred to the Council of Ministers.

#### I. THE PROTECTION OF GEOGRAPHICAL INDICATIONS

84. According to Article 13(1) of the Regulation, a name registered under the regulation shall be protected against:

Registered names shall be protected against:

(a) any direct or indirect commercial use of a name registered in respect of products not covered by the registration in so far as those products are comparable to the products registered under that name or insofar as using the name exploits the reputation of the protected name;

(b) any misuse, imitation or evocation, even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as 'style', 'type', 'method', 'as produced in', 'imitation' or similar;

(c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;

(d) any other practice liable to mislead the public as to the true origin of the product.

#### J. INDICATION OF THE COUNTRY OF ORIGIN FOR HOMONYMOUS GEOGRAPHICAL INDICATIONS

85. In their first written submission, the United States has claimed that Article 12(2) requires that any use of a geographical indication in connection with products of other WTO Members can be

authorized only if the country of origin "is clearly and visibly indicated on the label", and that there is no similar requirement with respect to products of EC Member States.<sup>36</sup>

86. This interpretation is based on a misunderstanding of Article 12(2) of the Regulation. This provision is drafted as follows:

If a protected name of a third country is identical to a Community protected name, registration shall be granted with due regard for local and traditional usage and the practical risks of confusion.

Use of such names shall be authorized only if the country of origin of the product is clearly and visibly indicated on the label.

87. It follows clearly from the structure of this provision that the reference to "such names" in the second subparagraph of Article 12(2) is a reference to the names mentioned in the first subparagraph, i.e. identical protected names from a third country and the Community. In other words, the second subparagraph does not concern third country names in general, but only homonyms.

88. Moreover, it should be noted that the reference to "such names" applies both to third country protected names and to Community protected names. In the case of identical names, the requirement to indicate the country of origin can apply both to the third country name and the Community name. In practice, this would mean that whichever indication is registered later would normally be required to indicate the country of origin. Where a Community indication is registered after an identical third country indication, the Community indication would therefore be required to indicate the country of origin.

89. Finally, it should be noted that in case of homonymous names from the EC, the last indent of Article 6(6) of the Regulation also requires "a clear distinction in practice" between the two homonyms. Where the two homonyms are from different Member States, this may in practice require the indication of the country of origin.

¶0Tj 22.5 0 TD -0.1214 Tc 0.5173 Tw (Finally, it sh44 0.75 TD -935108 TcT79 T03 (Fin40ly, it should34he C

may continue to be used notwithstanding the registration of a designation of origin or

substantive requirements of that regulation. In the absence of express provisions to the contrary, there is no possibility, under the simplified procedure, of names being registered which do not fulfil the substantive conditions for registration under the normal registration procedure.

96. Furthermore, the declaration of the Council and the Commission referred to by the Court of Justice did not concern the simplified procedure of Article 17. The declaration read in relevant part as follows:<sup>41</sup>

The Council and the Commission further declare that where there are agriculture products or foodstuffs already being legally marketed before the making of this Regulation which may be the subject of an application for registration, it has been provided for any Member States to object to the registration under the provisions of Article 7 of the Regulation [...].

97. This declaration simply referred to the situation envisaged in the second indent of Article 7(4) of Regulation 2081/92, in which a statement of objection will be admissible. This declaration did in no way refer to the simplified procedure foreseen in Article 17. Nor did the European Court of Justice, as shown above, deduce from this declaration that a right of objection applied in the context of the simplified procedure.

98. In accordance with the clear wording of Article 17(2) of Regulation as applicable until the entry into force of Regulation 692/2003, the right of objection did not apply in the context of the simplified procedure.

#### **IV. REGULATION 2081/92 IS COMPATIBLE WITH NATIONAL TREATMENT OBLIGATIONS, AND DOES NOT IMPOSE A REQUIREMENT OF DOMICILE OR ESTABLISHMENT**

99. In their first written submissions, the complainants have claimed that Regulation 2081/92:

- is incompatible with the national treatment obligation of the TRIPS and the Paris Convention (Article 3.1 TRIPS and Article 2.1 TRIPS in conjunction with Article 2.1 Paris Convention);
- establishes a requirement of domicile or establishment prohibited by the Paris Convention (Article 2.1 TRIPS in conjunction with Article 2.2 Paris Convention);
- is incompatible with the national treatment obligation of Article III:4 GATT.

100. The EC will discuss the claims under each of these provisions in turn.

A. NATIONAL TREATMENT UNDE2fw TREe

intellectual property, subject to the exceptions already provided in, respectively, the Paris Convention (1967), the Berne Convention (1971), the Rome Convention or the Treaty on Intellectual Property in Respect of Integrated Circuits. In respect of performers, producers of phonograms and broadcasting organizations, this obligation only applies in respect of the rights provided under this Agreement. Any Member availing itself of the possibilities provided in Article 6 of the Berne Convention (1971) or paragraph 1(b) of Article 16 of the Rome Convention shall make a notification as foreseen in those provisions to the Council for TRIPS.

102. Moreover, Article 2.1 TRIPS integrates into the TRIPS Agreement the national treatment provision contained in Article 2.1 of the Paris Convention. Article 2.1 of the Paris Convention reads as follows:

Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals; all without prejudice to the rights specially provided for by this Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with.

103. Since both obligations are expressed in similar terms, the EC shall discuss the claims made by the complainants under both provisions jointly.

## 1. General remarks

104. Both Article 3.1 TRIPS and Article 2.1 Paris Convention oblige WTO Members to treat nationals of other Member no less favourably than their own nationals with respect to the protection of intellectual property rights. In *US – Section 211*, the Appellate Body has underlined the fundamental significance of the national treatment obligation within the context of the TRIPS.<sup>42</sup> In its first written submission, the United States has recalled this fundamental importance of the national treatment obligation under the TRIPS.<sup>43</sup> The EC agrees.

105. However, the EC considers it equally important to understand the correct scope and meaning of the national treatment provisions of the TRIPS and the Paris Convention. Article 3.1 TRIPS provides that each Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals. Similarly, Article 2.1 of the Paris Convention provides that nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals. Accordingly, the national treatment obligation under the TRIPS aims at an equality of treatment between nationals.<sup>44</sup>

106. This reference to nationals is of fundamental importance in the application of the national treatment provision under the TRIPS. This is illustrated by the findings of the Panel in *Indonesia – Cars*. In this case, the United States had argued that the Indonesian system put the United States companies in a position that, if they were successful in becoming a partner in the National Car Programme, they would be unlikely to use in Indonesia the mark normally used ("global" mark) on the vehicle marketed as a "national motor vehicle" in Indonesia, for fear of creating confusion. The

---

<sup>42</sup> Appellate Body Report, *United States – Section 211*, para. 241.

<sup>43</sup> US FWS, para. 33.

<sup>44</sup> Daniel Gervais, *The TRIPS Agreement, Drafting History and Analysis*, (Sweet & Maxwell, 1998), p. 48.

Panel rejected this claim referring explicitly to the fact that no evidence had been brought to support the conclusion that the Indonesian system constituted discrimination between nationals.<sup>45</sup>

We do not accept this argument for the following reasons. First, no evidence has been put forward to refute the Indonesian statement that the system, in requiring a new, albeit Indonesian-owned, trademark to be created, applies equally to pre-existing trademarks owned by Indonesian nationals and foreign nationals. Second, if a foreign company enters into an arrangement with a Pioneer company, it would do so voluntarily, with knowledge of any consequent implications for its ability to maintain pre-existing trademark rights [...].

107. The emphasis put by the TRIPS Agreement on nationals is not accidental. In Article 3.1 TRIPS and 2.1 Paris Convention, national treatment is provided "with regard to the protection of intellectual property". Intellectual property rights are held by natural and legal persons.<sup>46</sup> It is therefore entirely consistent with the object and purpose of the national treatment provision of TRIPS that national treatment be granted between nationals.

108. In this regard, the national treatment obligation of the TRIPS differs fundamentally from national treatment in the GATT. Article III:4 of the GATT provides that "the products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin". Accordingly, unlike Article 3.1 TRIPS and 2.1 Paris Convention, Article III:4 GATT prescribes national treatment between goods, not between nationals.

109. The Panel in *Indonesia – Autos* in fact cautioned against reading Article 3.1 TRIPS so as to apply to matters not directly related to the equal treatment of nationals:<sup>47</sup>

In considering this argument, we note that any customs tariff, subsidy or other governmental measure of support could have a "de facto" effect of giving such an advantage to the beneficiaries of this support. We consider that considerable caution needs to be used in respect of "de facto" based arguments of this sort, because of the danger of reading into a provision obligations which go far beyond the letter of that provision and the objectives of the Agreement. It would not be reasonable to construe the national treatment obligation of the TRIPS Agreement in relation to the maintenance of trademark rights as preventing the grant of tariff, subsidy or other measures of support to national companies on the grounds that this would render the maintenance of trademark rights by foreign companies wishing to export to that market relatively more difficult.

110. The United States and Australia fail to acknowledge this fundamental difference between the national treatment obligations of the TRIPS and the GATT.<sup>48</sup> In their first written submissions, they make no attempt to establish that Regulation 2081/92 discriminates between nationals of the EC and nationals of other WTO members.

---

<sup>45</sup> Panel Report, *Indonesia – Cars*, para. 14.271 (emphasis added). The United States is therefore wrong to claim that *US – Section 211* has been the only dispute concerning the national treatment obligation in the context of the TRIPS Agreement (US FWS, para. 34).

<sup>46</sup> On the definition of nationality in this respect, cf. Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property*, p. 27-28 (1968).

<sup>47</sup> Panel Report, *Indonesia – Autos*, para. 14.723 (emphasis added).

<sup>48</sup> This is all the more striking since the US, when discussing the most-favored-nation obligation under the TRIPS and the GATT, did distinguish between treatment of nationals and treatment of products (US, FWS, para. 108).

111. As the EC will show, Regulation 2081/92 does not discriminate between EC nationals and nationals of other WTO members.

112. Moreover, the EC will show for each of the claims raised that, even if Regulation 2081/92 applied differently to foreign and EC nationals, it could not be considered as providing less favourable treatment.

**2. Claims 1: Non-EC nationals are accorded less favorable treatment than EC nationals with respect to the registration of geographical indications through the application of a condition of reciprocity and equivalence**

113. The US and Australia have claimed that by subjecting the registration of geographic indications from other WTO members to "conditions of reciprocity and equivalence", Regulation 2081/92 violates the national treatment provisions of Article 3.1 TRIPS and 2.1 Paris Convention.<sup>49</sup>

114. This claim is wrong for the following reasons:

- The EC does not apply a condition of reciprocity and equivalence for the registration of geographical indications from other WTO members;
- The conditions for the registration of individual geographical indications do not constitute less favourable treatment;

for agricultural products and foodstuffs coming from the EC and that it adopts a system for protecting geographical indications equivalent to that in the EC.

- (b) The conditions for the registration of individual geographical indications do not constitute less favourable treatment

118. However, the EC would like to clarify that whereas it does not require equivalence as regards the system of protection of geographical indications, it does require that the product specifications and inspection regimes with regard to specific geographical indications from third countries meet the



125. Whether the area to which a geographic indication is related is located inside the EC or outside is in no way linked to the question of the nationality of the producers of the product concerned. Protection of a geographical indication relating to an area located in the EC is obtained in accordance with Article 5 and 6 of the Regulation, even if the producers in question are foreign nationals. Inversely, protection for a geographical indication located outside the EC must be obtained in accordance with Articles 12a and 12b of Regulation 2081/92, even if the producers in question are EC nationals. In both situations, the same also applies if certain producers are EC nationals, and others are not.

126. Accordingly, Regulation 2081/92 does not distinguish between EC nationals and other nationals. For this reason also, the claim must fail.

**3. Claim 2: Regulation 2081/92 violates the national treatment obligations under the TRIPS and the Paris Convention by requiring that applications must be transmitted by the country in which the geographical area is located**

127. The United States (but not Australia) has claimed that Regulation 2081/92 violates the national treatment obligations under the TRIPS and the Paris Convention by requiring that applications must be transmitted by the country in which the geographical area is located.<sup>58</sup> The United States has argued that this requirement implies an "extra hurdle" for foreign nationals which is not faced by EC nationals. In particular, the United States has invoked the possibility that the third country concerned might have "neither the infrastructure nor the inclination" to process and transmit the application.

128. The EC submits that this claim must fail. First, the question which government must transmit the application in accordance with Article 6 or Article 12a of the Regulation does not depend on nationality, but on the question where the geographic area in question is located.<sup>59</sup> Accordingly, Regulation 2081/92 does not differentiate on the basis of nationality.

129. Second, the Regulation does not constitute less favourable treatment for third country nationals. The role of third country governments provided for in Article 12a of the Regulation corresponds exactly to that of EC Member States where geographical indications relating to an area located in the EC are concerned. As the EC has set out above, this involvement of the Member State or third country concerned in the registration process is crucial, as the government of the country concerned is particularly well placed to examine the admissibility of applications relating to geographical areas located on its territory. Accordingly, the condition that an application relating to an area located in a third country is transmitted by the government in question does not amount to "less favourable treatment", but in fact ensures equal treatment.

130. The references by the US to an absence of "infrastructure" or "inclination" on the part of the third country are not convincing. The verification and transmission of an application for registration of a geographical indication are not overly burdensome for another WTO Member. As regards "inclination", the EC finds it remarkable that the United States would invoke its own unwillingness to cooperate in the registration process in order to demonstrate a national treatment violation on the part of the EC.

131. Accordingly, the claim that Regulation 2081/92 violates the national treatment obligations under the TRIPS and the Paris Convention by requiring that applications must be transmitted by the country in which the geographical area is located is unfounded.

---

<sup>58</sup> US FWS, para. 81.

<sup>59</sup> Cf. above para. 123 et seq.

**4. Claim 3: Non-EC nationals are accorded less favorable treatment than EC nationals with respect to the requirement to indicate the country of origin for homonymous geographical indications**

132. The United States (but not Australia) has claimed that the requirement contained in Article 12(2) of Regulation 2081/92 to indicate the country of origin constitutes a violation of national treatment provisions under the TRIPS and the Paris Convention.<sup>60</sup> This claim is unfounded for the following reasons:

- Article 12(2) of Regulation 2081/92 does not apply to all geographical indications, but only to homonyms;
- the requirement to



**6. Claim 5: Regulation 2081/92 accords less favourable treatment to non-EC nationals by requiring their own country to transmit the objection**

144. The United States and Australia have claimed that Regulation 2081/92 accords less favourable treatment to non-EC nationals by requiring their own country to transmit the objection.<sup>68</sup>

145. First, it must once again be remarked that Article 12d(2) applies not to nationals, but to persons resident or established in a third country. Accordingly, Regulation 2081/92 does not accord different treatment on the basis of nationality.

146. Second, the treatment accorded to persons resident or established in the Community and persons resident or established in the EC is exactly identical. For persons resident or established in the Community, Article 7 requires that the statement of objection shall be submitted to the EC Member State where the person is resident or established, who shall transmit the objection to the Commission. For persons resident or established in a third country, Article 12d(1) provides that the statement shall be submitted to the third country of residence or establishment, which shall transmit it to the Commission. Accordingly, Regulation 2081/92 does not apply unequal, but equal treatment.

147. The United States has argued that the third country might not have "the appropriate mechanism to process the objection, or may or may not be inclined to transmit the objection, for its own political reasons".<sup>69</sup> Similarly, Australia has argued that third countries "have no legally defined relationship" regarding such objections.<sup>70</sup>

148. These objections are unconvincing. First, it does not appear that a particularly demanding infrastructure is required for processing and transmitting a statement of objection. Second, the complainants cannot rely on their own unwillingness to cooperate in the transmission of a statement of objection in order to demonstrate a violation of national treatment obligations on the part of the EC.

149. Accordingly, Regulation 2081/92 does not accord less favourable treatment to non-EC nationals by requiring their own country to transmit the objection.

**7. Claim 6: Regulation 2081/92 accords less favourable treatment to non-EC nationals by requiring non-EC national to have a "legitimate interest" to object to the registration of geographical indications**

150. The United States (but not Australia) has claimed that Article 12d(1) Regulation 2081/92 accords less favourable treatment to non-EC nationals by requiring non-EC nationals to have a "legitimate interest" to object to the registration of geographical indications.<sup>71</sup>

151. As the EC has shown, there is no substantive difference between the term "legitimate interest" used in Article 12d(1) of Regulation 2081/92 and the term "legitimately concerned" in Article 7(3). Rather, "legitimately concerned" and "legitimately concerned" are synonymous expressions.

152. Since the claim is based on a misunderstanding of the Regulation, it does not need to be discussed any further.

---

<sup>68</sup> US, FWS, para. 90; Australia's FWS, para. 205.

<sup>69</sup> US, FWS, para. 90.

<sup>70</sup> Australia's FWS, para. 205.

<sup>71</sup> US, FWS, para. 93-94.

**8. Claim 7: Regulation 2081/92 accords less favourable treatment because a non-EC rightholder has no "representative" in the regulatory committee to "speak for him"**

153. Australia (but not the United States) has argued that Regulation 2081/92 accords less favourable treatment because a non-EC rightholder has no "representative" in the regulatory committee to "speak for him".<sup>72</sup>

154.

at the time of establishment of the Panel. Accordingly, as the EC has set out above, this measure is therefore not within the terms of reference of the Panel.<sup>75</sup>

(b) The individual registrations are not in violation of national treatment obligations

158. In its submission, Australia has also argued that "in respect to the registration under the normal registration process of more than 120 EC-defined GIs" before Regulation 2081/92 was amended by Regulation 692/2003, the "EC measure" accorded less favourable treatment to foreign nationals. With this claim, Australia seems to suggest that the individual registrations of geographical indications which were carried out prior to the entry into force of Regulation 692/2003 somehow violate the national treatment obligations under the TRIPS and the Paris Convention.

159. This claim of Australia's is unfounded. Australia has made no plausible case that the 120 registrations in question in any way violate the national treatment obligations under the TRIPS and the Paris Convention.

160. Australia's claim is based exclusively on the argument that no right of objection was available to third country-nationals under Regulation 2081/92 before its amendment by Regulation 692/2003. However, this claim relates to Regulation 2081/92 as applicable before its amendment, and the procedure it prescribed for the registration of geographical indications. The rules governing the procedure leading up to the adoption of a measure are not the same as the measure itself.

161. In contrast, Australia has advanced no arguments in support of its claim that the individual registrations are incompatible with national treatment obligations. It is submitted that Australia is unable to do so. Each individual registration grants protection to a specific geographical indication relating to a specific geographical area. It is not clear to the European Community how such a registration could be considered to grant less favourable treatment to third-country nationals.

(c) Australia is seeking to obtain a retroactive remedy it could not have obtained had it attacked the measure while it was still in force.

162. In addition, the EC considers it important to remark that Australia's claim, if directed against the individual registrations, has considerable implications for the dispute settlement system set up by the DSU. In fact, with its claim, Australia is seeking to obtain a retroactive remedy that it could not even have obtained had it attacked Regulation 2081/92 before it was amended by Regulation 692/2003.

163. According to Article 19.1 DSU, where a panel or the Appellate Body concludes that a measure is inconsistent with a covered agreement, it shall recommend that the Member concerned "bring the measure into conformity with that agreement". It is universally accepted that this signifies that recommendations of panels and the Appellate Body are prospective, not retrospective in nature.<sup>76</sup> This has also been confirmed by the Appellate Body in *cymPc 0.f 0.375 Tc (76) Tj 7.5 -5.25 TD 789 Tw (measure is incon*

recommending that the DSB request the United States to bring into conformity with its WTO obligations a measure which the Panel has found no longer exists.

164. Reference can also be made to the findings of the GATT Panel in *Norway – Trondheim Bridge*, which clearly stated that GATT remedies were not retroactive.<sup>78</sup>

The Panel then turned its attention to the recommendations that the United States had requested it to make. In regard to the United States' request that the Panel recommend that Norway take the necessary measures to bring its practices into compliance with the Agreement with regard to the Trondheim procurement, the Panel noted that all the acts of non-compliance alleged by the United States were acts that had taken place in the past. The only way mentioned during the Panel's proceedings that Norway could bring the Trondheim procurement into line with its obligations under the Agreement would be by annulling the contract and recommencing the procurement process. The Panel did not consider it appropriate to make such a recommendation. Recommendations of this nature had not been within customary practice in dispute settlement under the GATT system and the drafters of the Agreement on Government Procurement had not made specific provision that such recommendations be within the task assigned to panels under standard terms of reference. Moreover, the Panel considered that in the case under examination such a recommendation might be disproportionate, involving waste of resources and possible damage to the interests of third parties.

165. The Panel went on to emphasise that these considerations were in no way specific to government procurement, but were of a general nature.<sup>79</sup>

In considering this argument, the Panel was of the view that situations of the type described by the United States were not unique to government procurement. Considerable trade damage could be caused in other areas by an administrative decision without there necessarily being any GATT inconsistent legislation, for example in the areas of discretionary licensing, technical regulations, sanitary and phytosanitary measures and subsidies. Moreover, there had been cases where a temporary measure contested before the GATT had been lifted before a Panel had been able to report.

166. In the present case, even if Australia had challenged a violation of national treatment before Regulation 2081/92 was amended by Regulation 692/2003, it could therefore not have claimed that the EC undo all the registrations already carried out, or that it reopen a possibility of objection against such registrations.

167. Australia has also argued that when Regulation 692/2003 entered into force, it should have reopened a full objection period in respect to all geographical indications for which applications were pending.<sup>80</sup> This argument shows even more clearly the retroactive character of Australia's claims. If the period of objection had already fully or partially run out for EC residents, then claims based on national treatment would not have given a retroactive right to reopen an objection period for non-EC residents.

---

<sup>78</sup> Panel Report, *Norway – Trondheim Bridge*, para. 4.17.

<sup>79</sup> Panel Report, *Norway – Trondheim Bridge*, para. 4.23.

<sup>80</sup> Australia's FWS, para. 188.

168. By formulating its claim not against the terminated measure but against the acts which are derived from it, Australia is effectively trying to circumvent the principle that WTO remedies are not retroactive in nature. For this reason also, Australia's claim must be rejected.

169. For all the reasons set out above, Australia's claim must be rejected.

**10. Claim 9: A right of objection was available to persons resident or established in an EC Member State that was not available to other WTO Member nationals in respect of the registration of more than 480 EC-defined GIs under the simplified registration process**

170. Finally, Australia also claims that a right of objection was available to persons resident or established in an EC Member State that was not available to other WTO Member nationals in respect of the registration of more than 480 EC-defined GIs under the simplified registration procedure.<sup>81</sup> In this respect, Australia refers to more than 480 EC





product in question. It cannot

## 1. The regulation 2081/92 is not incompatible with Article III:4 GATT

191. The national treatment obligation contained in Article III:4 GATT provides as follows:

The products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use. The provisions of this paragraph shall not prevent the application of differential internal transportation charges which are based exclusively on the economic operation of the means of transport and not on the nationality of the product.

192. As the EC will show, Regulation 2081/92 is entirely compatible with this obligation.

(a) General remarks

193. In *Korea – Various Measures on Beef*, the Appellate Body explained that for a violation of Article III:4 to be established, three elements must be satisfied:<sup>90</sup>

For a violation of Article III:4 to be established, three elements must be satisfied: that the imported and domestic products at issue are "like products"; that the measure at issue is a "law, regulation, or requirement affecting their internal sale, offering for sale, purchase, transportation, distribution, or use"; and that the imported products are accorded "less favourable" treatment than that accorded to like domestic products.

194. The EC does not contest that Regulation 2081/92 is a measure affecting the internal sale of products. However, it considers that some general remarks are necessary on the first and the third condition, namely that products at issue must be "like products", and that the imported products must be accorded "less favourable treatment" than like domestic products.

(i) *Like products*

195. The EC does not contest that products from third countries falling under the scope of Regulation 2081/92 may be "like" EC products which fall under the scope of that Regulation.

196. The EC would also like to stress, however, that the question of whether products are "like" for the purposes of Article III:4 GATT must be separated from the question of whether the conditions for the registration of individual geographic indications are fulfilled. In the following passage in its first written submission, Australia seems to be merging these two issues:<sup>91</sup>

However, the products in respect of which an EC-defined GI may be registered remain subject to the provisions of Article III:4 of GATT 1994. Thus, within the meaning of GATT Article III:4, for example: imported apples and pears would be like products to "Savoie" apples and pears; imported oysters would be like products to "Whitstable" oysters; imported olive oils would be like product to the many olive oils for which an EC-defined GI has been registered; and imported trout would be like product with "Black Forest" trout.

---

<sup>90</sup> Appellate Body Report, *Korea – Various Measures on Beef*, para. 133.

<sup>91</sup> Australia's FWS, para. 162.

197. Once again, the EC has no problem in accepting that apples or oysters from Australia may be "like" apples or oysters from the EC. However, the EC would like to remark that this does not mean that the EC cannot apply the conditions for the registration of geographic indications, as long as these conditions do not result in less favourable treatment for imported products.

198. The fact that a domestic measure may distinguish between "like" products without for that reason alone according less favorable treatment, was also explicitly confirmed by the Appellate Body in *EC – Asbestos*:<sup>92</sup>

We recognize that, by interpreting the term "like products" in Article III:4 in this way, we give that provision a relatively broad product scope – although no broader than the product scope of Article III:2. In so doing, we observe that there is a second element that must be established before a measure can be held to be inconsistent with Article III:4. Thus, even if two products are "like", that does not mean that a measure is inconsistent with Article III:4. A complaining Member must still establish that the measure accords to the group of "like" *imported* products "less favourable treatment" than it accords to the group of "like" *domestic* products. The term "less favourable treatment" expresses the general principle, in Article III:1, that internal regulations "should not be applied ... so as to afford protection to domestic production". If there is "less favourable treatment" of the group of "like" imported products, there is, conversely, "protection" of the group of "like" domestic products. However, a Member may draw distinctions between products which have been found to be "like", without, for this reason alone, according to the group of "like" *imported* products "less favourable treatment" than that accorded to the group of "like" *domestic* products. [...].

(ii) *Less favourable treatment*

199. In *Korea – Various Measures on Beef*, the Appellate Body has defined the meaning of "less favourable treatment" as follows:<sup>93</sup>

We observe, however, that Article III:4 requires only that a measure accord treatment to imported products that is "no less favourable" than that accorded to like domestic products. A measure that provides treatment to imported products that is *different* from that accorded to like domestic products is not necessarily inconsistent with Article III:4, as long as the treatment provided by the measure is "no less favourable". According "treatment no less favourable" means, as we have previously said, according *conditions of competition* no less favourable to the imported product than to the like domestic product.

200. The Appellate Body continued as follows:<sup>94</sup>

A formal difference in treatment between imported and like domestic products is thus neither necessary, nor sufficient, to show a violation of Article III:4. Whether or not imported products are treated "less favourably" than like domestic products should be assessed instead by examining whether a measure modifies the *conditions of competition* in the relevant market to the detriment of imported products.

---

<sup>92</sup> Appellate Body Report, *EC – Asbestos*, para. 100.

<sup>93</sup> Appellate Body Report, *Korea – Various Measures on Beef*, para. 135.

<sup>94</sup> Appellate Body Report, *Korea – Various Measures on Beef*, para. 137.

201. As the EC will show, Regulation 2081/92 does not modify the conditions of competition to the detriment of imported products.

(b) Claim 12: Regulation 2081/92 accords less favourable treatment as regards the conditions for registration of foreign geographical indications

202. The complainants have claimed that Regulation 2081/92 accords less favourable treatment as regards the conditions for registration of foreign geographical indications by imposing conditions of reciprocity and equivalence.<sup>95</sup>

203. As the EC has already stated above, Regulation 2081/92 does not impose a condition of reciprocity and systemic equivalence for the registration of geographical indications from other WTO Members.<sup>96</sup> Accordingly, it does not apply less favourable treatment to products from other WTO Members.

204. As it has already done in response to the claims under the national treatment provisions of the TRIPS and the Paris Convention,<sup>97</sup> the EC would like to recall, however, that whereas it does not require other WTO Members to have an equivalent system for the protection of geographical indications, it must ensure that indications from third countries comply with the conditions set out in Regulation 2081/92. However, in this respect, the EC treats products from the EC like it treats products from other WTO Members.

205. The claim that Regulation 2081/92 accords less favourable treatments as regards the conditions for registration of foreign geographical indications by imposing conditions of reciprocity and equivalence must therefore be dismissed.

(c) Claim 13: Regulation 2081/92 accords less favourable treatment as regards the requirement that the application must be transmitted by the government of the third country

206. The complainants have argued that Regulation 2081/92 accords less favourable treatment as regards the requirement that the application must be transmitted by the government of the third country.<sup>98</sup>

207. As the EC has already set out above with respect to the national treatment obligations under the TRIPS and the Paris Convention,<sup>99</sup> the role of third country governments provided for in Article 12a of the Regulation corresponds exactly to that of EC Member States where geographical indications relating to an area located in the EC are concerned. Accordingly, the condition that an application relating to an area located in a third country is transmitted by the government of that third country is not less favourable than the condition that an application relating to an area located in the EC is transmitted by the government of that EC Member State.

(d) Claim 14: Regulation 2081/92 accords less favourable treatment as regards the requirement to indicate the country of origin

209. The United States (but not Australia) has argued that Regulation 2081/92 accords less favourable treatments as regards the requirement to indicate the country of origin.<sup>100</sup>

210. This claim is unfounded for the following reasons:

- Article 12(2) of Regulation 2081/92 does not apply to all geographical indications, but only to homonyms;
- The requirement to indicate the country of origin for homonymous geographical indications from the EC and third countries does not constitute less favourable treatment;
- Article IX:1 of the GATT is a *lex specialis* to Article III:4 GATT; national treatment obligations therefore do not apply to requirements to mark the country of origin.

(i) *Article 12(2) of Regulation 2081/92 does not apply to all geographical indications, but only to homonyms*

211. As the EC has already set out in response to the United States' corresponding claim under the TRIPS Agreement, Article 12(2) of Regulation 2081/92 does not apply to all geographical indications, but only to homonyms.<sup>101</sup> Accordingly, there is no requirement to indicate the country of origin for all foreign geographical indications.

(ii) *The requirement to indicate the country of origin for homonymous geographical indications from the EC and third countries does not constitute less favourable treatment*

212. As the EC has also already explained, Article 12(2) does not only apply to third country names, but applies on equal terms to Community names.<sup>102</sup> Accordingly, Article 12(2) treats foreign and EC goods alike.

(iii) *Article IX:1 of the GATT is a lex specialis to Article III:4 GATT; national treatment obligations therefore do not apply to requirements to mark the country of origin*

213. Finally, it should be noted that marks of origin are dealt with in Article IX of the GATT. Article IX:1 provides as follows:

Each contracting party shall accord to the products of the territories of other contracting parties treatment with regard to marking requirements no less favourable than the treatment accorded to like products of any third country.

214. It is noteworthy that Article IX GATT contains, with respect to marks of origin, exclusively an obligation to provide most-favoured nation treatment. It does not contain an obligation to also provide national treatment. This has been confirmed by the GATT Panel in *US – Tuna*.<sup>103</sup>

---

<sup>100</sup> US FWS, para. 106. Australia has made a similar claim under Article 2.1 of the TBT Agreement, which will be discussed below (cf. Australia's FWS, para. 234).

<sup>101</sup> Above para. 133.

<sup>102</sup> Above para. 134.

<sup>103</sup> Panel Report, *US – Import Restrictions on Tuna*, para. 5.41.

The Panel noted that the title of Article IX is 'Marks of Origin' and its text refers to marking of origin of imported products. The Panel further noted that Article IX does not contain a national-treatment but only a most-favoured-nation requirement, which indicates that this provision was intended to regulate marking of origin of imported products but not marking of products generally. The Panel therefore found that the labelling provisions of the DPCIA did not fall under Article IX:1.

215. This omission in Article IX:1 cannot be regarded as accidental. If the GATT had meant to also impose a national treatment obligation with respect to marks of origin, it would have been natural to include such an obligation in Article IX. Alternatively, Article IX could have remained silent on the issue of national and most-favoured nation treatment, in which case the general obligations contained in Articles I and III of the GATT would have applied.

216. By laying down an obligation only to provide most-favoured nation treatment and not also national treatment, Article IX implies that WTO members are free to impose country of origin marking only with respect to imported products and not to domestic products. This understanding is also confirmed by a report of a GATT working party:<sup>104</sup>

The Working Party considered that the question of additional marking requirements, such as an obligation to add the name of the producer or the place of origin or the formula of the product, should not be brought within the scope of any recommendation dealing with the problem of marks of origin. The point was stressed that requirements going beyond the obligation to indicate origin would not be consistent with the requirements of Article III, if the same requirements did not apply to domestic producers of like products.

217. For these reasons, Article

Commission, or exceptionally the Council.<sup>106</sup> The Committee merely assists the Commission, and may exceptionally achieve that a proposal is referred to the Council.

221. Secondly, as the EC has already argued, Australia's claim to a have representative on the regulatory committee is manifestly unfounded.<sup>107</sup>

222. Finally, the Australian statement that there is "no requirement for procedural fairness, due process and/or transparency" concerning the decision-making process of the Committee is completely unsupported by fact.

223. For these reasons, the Australian claim must be rejected.

## **2. The measure would be justified under Article XX (d) GATT**

224. As explained, it is unclear to the EC whether the complainants claim that the requirements imposed by Article 12a, in conjunction with Articles 4 and 10, of Regulation 2081/92 with respect to the registration of each specific geographical indication are as such incompatible with Article III:4 of the GATT. The EC has shown that those requirements do not provide less favourable treatment to imported like products and, therefore, are consistent with that provision.

225. In the event that the complainants were to claim that such requirements are inconsistent with Article III:4 of the GATT, and should the Panel find that they afford less favourable treatment to imported products, the EC submits in the alternative that such requirements would be justified under Article XX(d) of the GATT.

226. More specifically, the EC submits that the requirements at issue are necessary in order to ensure that only those products which conform to the definition of geographical indications contained in Article 2(2) of Regulation 2081/92, which is itself fully consistent with the GATT, benefit from the protection afforded to geographical indications by Regulation 2081/92.

E OBLIGATED FROM CONSISTENT TREATMENT-0.1675 -aeog 03975 Tw IDE-325.5 -96 -12 TD -0.0328 itself fullMOST

227. The United States (but not Australia)

Australia has not made any claim in this respect, but has reserved the "right to pursue such a claim" wide protection to EC defined GIs for-325.5 -87.75 -11.25 TD 0.1287 Teog 03162 Tw (foodstuffs a



- under Regulation 2081/92, an EC Member State grants more favourable treatment to nationals from other EC Member States than it accords to nationals from non-EC WTO Members.

**1. Claim 16: As among non-EC WTO Members, nationals from WTO Members that satisfy the EC's conditions of reciprocity and equivalency are accorded more favourable treatment than nationals from those WTO Members that do not**

229. The United States has claimed that nationals from WTO Members that satisfy the EC's conditions of reciprocity and equivalency are accorded more favourable treatment than nationals from those WTO Members that do not.<sup>109</sup>

230. This claim is unfounded for the following reasons:

- the EC does not apply a condition of reciprocity and equivalence for the registration of geographical indications from other WTO members;
- the conditions for the registration of individual geographical indications from third countries are not discriminatory;
- Article 12 of Regulation 2081/92 does not grant any advantage, favour, privilege or immunity to any other country;
- the conditions for the registration of geographical indications do not depend on nationality.

(a) The EC does not apply a condition of reciprocity and equivalence for the registration of geographical indications from other WTO members

231. Article 4 TRIPS requires that "with regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other Members".

232. As the EC has already explained, it does not apply a condition of reciprocity and equivalence to the registration of geographical indications from other WTO Members.<sup>110</sup> Accordingly, geographical indications relating to an area located in another WTO country can be registered under Regulation 2081/92 in accordance with Article 12a and 12b of Regulation 2081/92.

233. In contrast, the conditions of Article 12(1) and 12(3) are applicable for the registration of geographical indications from third countries which are not WTO Members. Moreover, it should be recalled that Article 4 TRIPS does not require that benefits are extended to third countries which are not WTO Members.

234. Accordingly, Regulation 2081/92 does not treat nationals of other WTO Members less favourable than those of other third countries.

---

<sup>109</sup> US FWS, para. 119.

<sup>110</sup> Above para. 62 et seq.

- (b) The conditions for the registration of individual geographical indications from third countries are not discriminatory

235. As in respect of the claims regarding national treatment, the EC is not sure whether the United States also challenges the product-specific conditions for the registration of geographical indications from third countries.

236. However, if it does, such a claim would have to be regarded as unfounded. The conditions for the registration of individual geographical indications, and in particular the requirement of a product specification and the existence of inspection structures, do not discriminate on the basis of nationality or product origin. Moreover, they are examined for each product individually.

237. In this context, it is useful to recall the Panel report in *Canada – Autos*, which stated that most-favoured nation treatment does not exclude subjecting advantages to conditions, as long as these conditions are non-discriminatory:<sup>111</sup>

In this respect, it appears to us that there is an important distinction to be made between, on the one hand, the issue of whether an advantage within the meaning of Article I:1 is subject to conditions, and on the other, whether an advantage, once it has been granted to the product of any country, is accorded "unconditionally" to the like product of other Members. An advantage can be granted subject to conditions without necessarily implying that it is not accorded "unconditionally" to the like product of other Members. More specifically, the fact that conditions attached to such an advantage are not related to the imported product itself does not necessarily imply that such conditions are discriminatory with respect to the origin of imported products. We therefore do not believe that, as argued by Japan, the word "unconditionally" in Article I:1 must be interpreted to mean that making an advantage conditional on criteria not related to the imported product itself is *per se* inconsistent with Article I:1, irrespective of whether and how such criteria relate to the origin of the imported products.

238. Accordingly, the application of the conditions for the registration of individual geographical indications from other WTO Members is not incompatible with most-favoured-nation principles.

- (c) Article 12 of Regulation 2081/92 does not grant any advantage, favour, privilege or immunity to any other country

239. Second, Article 12 of Regulation 2081/92 does not involve the granting of any advantage to a third country.<sup>112</sup>

240. Article 12(1) of Regulation 2081/92 provides the conditions under which the Regulation may apply to a third country which is not a WTO Member. In accordance with Article 12(3) of the Regulation, the Commission must examine whether the conditions in Article 12(1) are fulfilled. The conditions set out in Article 12(1) are the same for all third countries which fall under this provision. In the absence of a decision under Article 12(3) of the Regulation, Article 12 does not confer any advantage onto a third country.

---

<sup>111</sup> Panel Report, *Canada – Autos*, para. 10.24.

<sup>112</sup> The EC notes that Australia seems to share this view, since it reserves to make a claim in regard to most-favoured-nation treatment only in the event that the EC "is applying" or "begins to apply Community-wide protection to EC-defined GIs for foodstuffs and agricultural products from another WTO Member" (Australia's FWS, para. 65).

241. In support of its claim, the United States has referred to the GATT Panel Report in *Belgian Family Allowances*.<sup>113</sup> However, this Panel report does not support the proposition of the United States. In this case, Belgium had in fact granted an exception from a certain levy to a number of third countries.<sup>114</sup> This resembled the situation in *EEC – Imports of Beef from Canada*, where the Panel found as follows:<sup>115</sup>

The Panel further found that exports of like products of other origin than that of United States were in effect denied access to the EEC market considering that the only certifying agency authorized to certify the meat described in Article 1(1)(d), listed in Annex II of the Commission Regulation, was a United States agency mandated to certify only meat from the United States.

(b) The Panel further found that the mention "Beef graded USDA 'choice', or 'prime' automatically meets the definition above" could accord an advantage to products of United States' origin in so far as other like products were not mentioned in the same manner. The Panel found, however, that only the practical application of the Commission Regulation would make it possible to judge whether this mention in itself was inconsistent with Article I of the General Agreement.

4.3 The Panel concluded that Commission Regulation (EEC) No. 2972/79 and its Annex II, in their present form had the effect of preventing access of "like products" from other origin than the United States, thus being inconsistent with the most-favoured-nation principle in Article I of the General Agreement.

242. In both cases, it was the granting of concrete advantages to specific countries which led the Panels to find a violation of the most-favoured-nation principle. This is fundamentally different from the situation under Article 12 of Regulation 2081/92, which merely provides for the conditions under which Regulation 2081/92 may apply to geographical indications from third countries which are not WTO members.

243. The United States has also referred to a Joint Declaration of the European Community and Switzerland made on occasion of the signature of the Agreement between the European Community and Switzerland on Trade in Agricultural Products.<sup>116</sup> This declaration reads in full as follows:<sup>117</sup>

The European Community and Switzerland (hereinafter referred to as "the Parties") hereby agree that the mutual protection of designations of origin (PDOs) and geographical indications (PGIs) is essential for the liberalisation of trade in agricultural products and foodstuffs between the Parties. The incorporation of provisions relating thereto in the bilateral Agreement on trade in agricultural products is a necessary addition to Annex 7 to the Agreement on trade in wine-sector products, and in particular follows.1561 0.184c 0.249 T2-f provide the conditions under which designations of origin of designations of



251. Secondly, as the EC has already set out, the conditions for the registration of geographical indications do not depend on nationality.<sup>123</sup> Accordingly, the EC is not discriminating between third-country nationals on the basis of nationality.

252. Finally, it should be noted that Article 4 TRIPS requires WTO Members to extend to other Members the advantages, favours, privileges or immunities that they grant to "the nationals of any other country". However, through Regulation 2081/92, the EC is not granting an advantage to the national of "any other country".

253. Regulation 2081/92 is a measure which the EC has adopted on the basis of its own competences, and which applies throughout the EC. In accordance with Articles IX:1 and XIV:1 of the WTO Agreement, the European Community is an original member of the WTO. Measures with which the EC harmonises the law inside the European Community can therefore not be regarded as granting advantages to "other countries".

254. The fact that the EC Member States are also Members to the WTO<sup>124</sup> is irrelevant in this respect. The measure at issue is a Regulation adopted by the EC. It is not a measure of the Member States. Accordingly, it cannot be said that through Regulation 2081/92, Member States are granting one another "advantages".

255. Finally, since the measure at issue is an EC measure, the subject matter of the present dispute falls within the exclusive competence of the EC, and not of the Member States. The United States has

"Dj 11.25 -5.25 TD TD -0.sci.e aTc 1.0166 2a3c1 cF,matga cat2a3c1 cF,ma304 Tj -253.ingly, it c0ve mwute TD

261. First of all, the EC does not apply a condition of reciprocity and equivalence for the registration of geographical indications from other WTO members, which can therefore be registered as geographical indications under the conditions set out in Regulation 2081/92.<sup>126</sup>

262. Secondly, as the EC has also explained, the conditions for the registration of geographical indications from third countries are not discriminatory.<sup>127</sup>

263. Finally, as the EC has also set out, Article 12 of Regulation 2081/92 does not grant any advantage, favour, privilege or immunity, but merely sets out the conditions under which geographical indications from third countries other than WTO members may be registered.<sup>128</sup>

264. For these reasons, Regulation 2081/92 is not incompatible with Article I:1 GATT.

## **2. The EC measure would be justified under Article XX (d) GATT**

265. It is unclear to the EC whether the complainants claim that the requirements imposed by Article 12a, in conjunction with Articles 4 and 10, of Regulation 2081/92 with respect to the registration of each specific geographical indication are as such incompatible with Article I:1 of the GATT. As shown above, the EC considers that those requirements are fully consistent with Article I:1 of the GATT.

266. In the event that the complainants were to claim that such requirements are inconsistent with Article I:1 of the GATT, and should the Panel find that they are inconsistent with that provision, the EC submits in the alternative that such requirements would be justified under Article XX(d) of the GATT, for the same reasons already advanced in connection with the complainants' claim under Article III:4 of the GATT.

## **VI. REGULATION 2081/92 DOES NOT DIMINISH THE LEGAL PROTECTION OF TRADEMARKS**

267. The complainants have raised a number of claims to the effect that Regulation 2081/92 diminishes the legal protection of trademarks. The EC will show hereunder that these claims are unfounded.

### **A. ARTICLE 16.1 OF THE TRIPS AGREEMENT**

#### **1. Claim 19: Article 14(2) of Regulation 2081/92 is inconsistent with Article 16.1 of the TRIPS Agreement in that it allows the co-existence of geographical indications and earlier registered trademarks**

268. The complainants claim that Article 14(2) of Regulation 2081/92 is inconsistent with Article 16.1 of the TRIPS Agreement in that it allows the "co-existence" of a registered geographical indication and a prior similar or identical registered trademark for similar or identical goods, which results in a likelihood of confusion.<sup>129</sup>

269. As will be shown in this section, this claim is unfounded for several reasons.

---

<sup>126</sup> Above para. 231 et seq.

<sup>127</sup> Above para. 235 et seq.

<sup>128</sup> Above para. 239 et seq.

<sup>129</sup> Australia's FWS, paras. 100-107. US FWS, paras. 130-170.

270. First, this claim is based on a misunderstanding of the relevant provisions of Regulation 2081/92. Contrary to the complainants' assumption, Article 14(3) of Regulation 2081/92 prevents the registration of geographical indications that would result in a likelihood of confusion with an earlier trademark. Thus, as a matter of fact, the situation alleged by the complainants does not even arise.

271. Second, the exclusivity conferred upon the trademark owners by Article 16.1 of the TRIPS Agreement is without prejudice to the protection that Members are entitled to accord to geographical indications in accordance with Part II, Section 3, of the TRIPS Agreement. The boundary between a Member's right to protect geographical indications and its obligation to protect trademarks is defined by Article 24.5 of the TRIPS, which provides for the co-existence of geographical indications and earlier trademarks. Article 14(2) of Regulation 2081/92 is fully consistent with Article 24.5.

272. Third, irrespective of whether the co-existence of geographical indications and earlier trademarks is permitted by Article 24.5, the EC is required to maintain such co-existence by virtue of Article 24.3 of the TRIPS Agreement, a "stand-still" provision that prohibits Members from diminishing the level of protection of GIs that existed at the time of entry into force of the WTO Agreement.

273. Finally, even assuming that Article 14(2) of Regulation 2081/92 were *prima facie* inconsistent with Article 16.1, it would be justified as a "limited exception" to the trademark owner's exclusive rights under Article 17 of the TRIPS Agreement.

(a) Regulation 2081/92 does not allow the registration of confusing trademarks

274. The exclusivity conferred by Article 16.1 of the TRIPS Agreement is not absolute. That provision does not grant to the owner of a registered trademark a right to prevent any possible use of the same or a similar sign, but only its use for identical or similar goods, "where such use would result in a likelihood of confusion".

275. As will be shown below, because of the criteria of registrability applied under EC trademark law, the risk of confusion between trademarks and geographical indications is very limited *a priori*. To the extent that those criteria do not preclude such possibility, the problem is addressed adequately by Article 14(3) of Regulation 2081/92, which provides that

A designation of origin or geographical indication shall not be registered where, in the light of a trademark's reputation and renown and the length of time it has been used, registration is liable to mislead the consumer as to the true identity of the product.

276. The complainants have erroneously characterized Article 14(3) as a "narrow exception".<sup>130</sup> As explained below, the terms of Article 14(3), if properly interpreted, are sufficient to prevent the registration of any confusing geographical indications.

277. According to their own interpretation of Article 16.1 of the TRIPS Agreement, in order to establish a violation of that provision, the complainants would need to prove that Regulation 2081/92 mandates necessarily the registration of confusing geographical indications. The complainants have failed to do so. Indeed, the complainants have not even shown that the actual application of Regulation 2081/92 has resulted occasionally in the registration of confusing geographical indications. As of the date of establishment of this Panel, the EC authorities had registered more than 600 geographical indications. The complainants have not alleged, let alone proved, that any of those

---

<sup>130</sup> US FWS, para. 158.

geographical indications has resulted in a likelihood of confusion with any prior registered trademark. The complainant's claim is purely theoretical and, as will be shown below, unfounded.

(i) *Registrability of geographical names as trademarks*



Where signs are not inherently capable of distinguishing the relevant goods or

284. In sum, under EC law, the registration of a geographical name as a trademark is possible only in the following circumstances:

- where the geographical name is not currently associated, and it can be reasonably assumed that it will not be associated in the future, with the product concerned; or
- where the name has acquired distinctiveness through use.

285. In principle, any geographical name which qualifies, or may reasonably qualify in the future, as a "designation of origin" or a "geographical indication" within the meaning of Article 2(2) of Regulation 2081/92, will not fall within the first situation. Thus, it may be concluded that, in practice, a geographical indication, or a geographical name with the potential to become a geographical indication, may not be validly registered as a trademark unless it has become distinctive through use.

(ii) *Article 14(3) of Regulation 2081/92*

286. The complainants'

290. It is well-established that the more distinctive the trademark the greater the likelihood that consumers will confuse another sign with that trademark<sup>141</sup>. As explained above, geographical names are primarily non-distinctive. Thus, the degree of distinctiveness and, consequently, the likelihood that it may be confused with a geographical indication will depend to a large extent on the degree of distinctiveness which the trademark has acquired through use. In turn, the basic criteria to measure such acquired distinctiveness are the length of time during which the trademark has been used and the extent of the reputation or renown acquired as a result of such use.

291. Consumers are unlikely to confuse a geographical indication with a trademark that has never been used and/or has no reputation or renown simply because the signs and/or the goods concerned are similar. In fact, as explained above, a trademark consisting of a geographical indication, which has never been used or which has no reputation or renown, should not have been registered in the first place because it would lack the required distinctiveness.

(iii) *Provisional conclusion*

292. In order to substantiate their claim that Article 14(2) of Regulation 2081/92 is inconsistent with Article 16.1 of the TRIPS Agreement, the complainants should have established that Regulation 2081/92 mandates necessarily the registration of later confusing geographical indications. In turn, this would have required them to show that Article 14(3) cannot be interpreted in a manner which allows the registering authorities to refuse the registration of confusing geographical indications, or, at the very least, that, in practice, Article 14(3) is being interpreted and applied in a manner which results in the registration of confusing geographical indications. The complainants have proved neither.

293. Therefore, the Panel should conclude that, as a matter of fact, the complainants' claim is unfounded even on their own interpretation of Article 16.1 of the TRIPS Agreement. In any event, as discussed below, that interpretation is incorrect.

(b) Article 24.5 envisages the co-existence of GIs and earlier trademarks

294. The complainants' claim rests on a misconception of the relationship between trademarks and geographical indications, as well as between Article 16.1 and Part II, Section 3, of the TRIPS Agreement. The TRIPS Agreement recognises geographical indications as intellectual property rights, on the same level as trademarks. It confers no superiority to trademarks over geographical indications. Nor are the provisions of Part II, Section 3, "exceptions" to Article 16.1. There is no hierarchy between them.

295. In an attempt to establish the superiority of trademarks over geographical indications, the complainants emphasise that exclusivity is an essential feature of trademarks. It is, of course, correct that trademarks are exclusive rights. But from this it does not follow that trademarks must prevail over geographical indications. Geographical indications are also exclusive rights, because their basic purpose, like that of trademarks, is to distinguish the goods from a certain source. The fact that geographical indications are collective rights does not render their exclusivity less indispensable. If any producer of cheese could use the term "Roquefort", the geographical indication "Roquefort" could not fulfil its distinctive function and would be deprived of its economic value.

296. As explained above, the criteria for the registrability of trademarks limit *a priori* the possibility of conflicts between geographical indications and trademarks. However, to the extent that geographical indications may exceptionally be validly registered as trademarks, there may arise

---

<sup>141</sup> Judgement of the European Court of Justice of 11 November 1997, C – 251/95, *Sabel*, para. 24. (Exhibit EC-10).

conflicts between the exclusivity of those two types of intellectual property rights. The question before the Panel is, therefore, how to resolve those conflicts.

297. Article 16.1 does not address this issue. More specifically, and contrary to the complainants' claims, Article 16.1 contains no provision to the effect that trademarks must prevail over later geographical indications. The complainants argue that the right conferred by Article 16.1 to the trademark owner in order to prevent the confusing use of identical or similar "signs" for identical or similar goods applies also with respect to later geographical indications, because geographical indications are "signs". True, geographical indications consist of a special type of "sign": words or other signs with a geographical connotation. But they are more than mere "signs". They are a distinct intellectual property right, with a specific subject matter and a specific function, different from those of trademarks, which Members are entitled to protect under their domestic laws and which, indeed, they are required to protect under Part II, Section 3, of the TRIPS Agreement.

298. The boundary between geographical indications and trademarks is not defined in Article 16.1, but instead in Article 24.5 of the TRIPS Agreement. Therefore, the WTO consistency of Article 14(2) of Regulation 2081/92 must be determined by

prevent the use of a trademark (whether registered or non-registered) in the circumstances described in those provisions. In addition, in implementing Part II, Section 3, Members are entitled to provide more extensive protection for geographical indications, in accordance with Article 1.1 of the TRIPS Agreement.

301. Article 24.5 has two implications:

- with respect to grandfathered trademarks (or applications for trademarks), Members are not allowed to *prejudice* the validity of the registration (or the eligibility of the application) or the "right to use the trademark", but they may *prejudice* other rights of the trademark owner, including in particular the right to prevent others from using the sign of which the trademark consists.
- with respect to other trademarks (or applications for trademarks), Members may prejudice *any* right.

302. Regulation 2081/92 implements Part II, Section 3, of the TRIPS Agreement. The rule of conflict between geographical indications and trademarks defined in Article 25.4 has been transposed by Articles 14(1) and 14(2) of Regulation 2081/92. Article 14(1) maintains the eligibility of the applications and the validity of the registrations "grandfathered" by Article 24.5. In turn, Article 14(2) preserves the right of the owners of "grandfathered" trademarks to continue to use their trademarks concurrently with the geographical indications.

303. Article 14(2) of Regulation 2081/92 is fully consistent with Article 24.5, which provides that Members shall not prejudice "the right to use a trademark". That phrase alludes to the owner's right to use the sign of which the trademark consists, which is one of the two basic rights of the trademark owner, together with the right to prevent other persons from using that sign.<sup>146</sup> If the drafters had meant to exclude the co-existence of trademarks and geographical indications, they would have provided instead that Members shall not prejudice "the *exclusive* right to use a trademark".

---

In respect of geographical indications, Members shall provide the legal means for interested parties to prevent:

- (a) the use of any means in the designation or presentation of a good that indicates or

304. Furthermore, if Article 24.5 did not allow co-existence, the protection of geographical indications provided under Part II, Section 3, would become pointless whenever there is a grandfathered trademark. Indeed, why protect a geographical indication against illegitimate uses by third parties if the legitimate users cannot use it themselves? Yet, Article 24.5 assumes that Members will continue to protect geographical indications ("...measures adopted to implement this Section shall not prejudice..."), notwithstanding the existence of "grandfathered



310.



- (d) In any event, the co-existence of geographical indications and earlier trademarks would be justified under Article 17 of the TRIPS Agreement

315. Assuming that 14(3) of Regulation 2081/92 did not prevent the registration of confusing geographical indications, and assuming further that the co-existence of geographical indications and earlier registered trademarks were neither consistent with Article 24.5 of the TRIPS Agreement nor, in the case of the EC, required by Article 24.3 of the TRIPS Agreement, the EC submits in the alternative that such co-existence would be justified under Article 17 of the TRIPS Agreement.

316. Article 17 states that:

Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark a

**2. Claim 20: Regulation 2081/92 does not provide for a presumption of a likelihood of confusion in the case of use of an identical sign for identical goods**

320. Australia claims that Regulation 2081/1992 is inconsistent with Article 16.1 of the TRIPS Agreement because it does not "implement" the presumption of a likelihood of confusion in the case of use of an identical sign for identical goods.<sup>155</sup>

321. The EC's response to Claim 19 disposes also of this claim. However, for the sake of completeness, the EC would like to add the following comments.

322. First, contrary to what Australia appears to suggest, Members are not required to reproduce explicitly the presumption of Article 16.1 in their domestic law. It may be sufficient if their domestic law leaves to the registering authority, or to the courts, the necessary discretion to apply the presumption and, in practice, the presumption is complied with.<sup>156</sup>

323. Second, it is extremely unlikely that the situation described by Australia will ever present itself in practice. In the first place, as explained above, the criteria for the registrability of trademarks limit *a priori* the possibility to register as a trademark a name which is identical to that of a geographical indication or of a potential geographical indication. Moreover, the definition of "geographical indication" in Regulation 2081/92, together with the requirement to comply with certain product specifications, would normally have the consequence that the goods covered by a registered geographical indication are not identical to other goods. In any event, should the situation arise, Article 14(3) would allow the registering authority to refuse the registration of a proposed geographical indication, if necessary to implement the presumption.

324. Finally, Australia's complaint is, once again, purely theoretical. Australia has not alleged, let alone proved that any of the more than 600 registered geographical indications is identical to any earlier registered trademark used for identical goods. The EC considers that none of the registered geographical indications falls within that situation.

**3. Claim 21: Article 7(4) of Regulation 2081/92 is inconsistent with Article 16.1 of the TRIPS Agreement because it limits the grounds of objection**

325. Australia (but not the United States) claims that Article 7(4) of Regulation 2081/92 is inconsistent with Article 16.1 of the TRIPS Agreement<sup>157</sup> because it does not allow trademark owners to object to the registration of a proposed geographical indication where there is likelihood of confusion, but only where the proposed geographical indication would "jeopardize the existence of an entirely or partly identical trademark."

326. This claim is unfounded, both as a matter of law, because Article 16.1 does not confer a right of objection, and as a matter of fact, because Article 7(4) of Regulation 2081/92 does not limit the grounds of objection in the manner alleged by Australia.

---

<sup>155</sup> Australia's FWS, para. 93.

<sup>156</sup> Thus, for example, the EC understands that the US trademark laws do not restate the presumption, but the US authorities are satisfied that the criteria usually applied in order to appreciate the likelihood of confusion between trademarks are sufficient to meet the presumption.

<sup>157</sup> Australia's FWS, paras. 88-92.

(a) Article 16.1 of the TRIPS Agreement does not confer a right of objection

327. Article 16.1 does not grant to the trademark owners a right to formulate objections in the framework of a procedure for the acquisition of another intellectual property right, whether it is a trademark or a different right such as geographical indication.

328. Article 16.1 regulates exclusively the substantive content of the rights conferred to the



341. In any event, Australia's allegations are incorrect as a matter of fact.

342. First, as explained above,<sup>162</sup> the Commission, or the Council, and not the Committee is "the ultimate decision-maker" under the Regulation.

343. Second, Regulation 2081/92 entrusts to the authorities of the Member States the task of receiving and examining the objections because they are generally better placed to ascertain and assess the relevant facts. While Member States are not required to transmit the statements objections, their decisions are not discretionary and may be subject to judicial review under the national law of each Member State.

344. Third, the authorities of other WTO Members enjoy complete discretion in order to decide whether or not to forward the objections to the EC Commission. Thus, Australia would be estopped from complaining that the refusal by the Australian authorities to transmit a statement of objections to the EC Commission would infringe the trademark rights of its own nationals in the EC. The same would be true of any other WTO Member.

B. CLAIM 23: BY REQUIRING THE CO-EXISTENCE OF A REGISTERED GEOGRAPHICAL INDICATION AND AN EARLIER TRADEMARK, ARTICLE 14(2) ENCUMBERS UNJUSTIFIABLY THE USE OF THE TRADEMARK, CONTRARY TO ARTICLE 20 OF THE

- Article 16.1 provides that the exclusivity of registered trademarks is without prejudice of existing prior rights. Yet, on Australia's interpretation, the exercise of such prior rights could still be prohibited if it "encumbered unjustifiably" the use of a later trademark;
- Article 16 allows the use of identical or similar signs for different goods, except as

application for registration of a trademark previously filed in another WTO Member provided in Article 4 of the Paris Convention (1967).<sup>167</sup>

353. As explained in Section II,<sup>168</sup> the EC considers that this claim is outside the terms of reference because it is entirely dependent on a supposed violation of Article 4 of the Paris Convention (1967), which was not mentioned in Australia's panel request.

354. In any event, Australia's claim is insufficiently argued and difficult to understand.

355. Australia appears to be arguing that, in accordance with Article 4 of the Paris Convention (1967), an application for a trademark that was filed in Member X up to six months prior to one of the two dates mentioned in Article 24.5 of the TRIPS Agreement would have the effect of bringing within the scope of the protection provided by Article 24.5 any subsequent application made after those dates in Member Y. That interpretation, however, would be incorrect, because it relies on the legal consequences of Article 24.5 in order to establish that certain facts fall within the scope of that provision. In other words, Australia's interpretation of Article 24.5 already anticipates the result of such interpretation.

356. Article 24.5 requires to afford the priority right of Article 4 of the Paris Convention (1967) to those applications that are "grandfathered" by virtue of that provision, i.e. to the applications filed before the date of entry into force of the WTO Agreement (1 January 1996) or before the date of protection of the GI in its country of origin. But Article 4 of the Paris Convention (1967) cannot be applied in order to determine whether an application is "grandfathered" in accordance with Article 25.4. For that purpose, the only relevant date is the actual date of filing in the Member applying the implementing measures. When that date is taken into account, Article 14(1) of Regulation 2081/1992 is fully consistent with Article 24.5 of the TRIPS Agreement.

D. ARTICLES 41.1, 41.2, 41.3, 41.4, 42, 43, 44.1, 45, 46, 48 AND 49 OF THE TRIPS AGREEMENT

### 1. General Considerations

357. Australia and the United States claim that Regulation 2081/92 is inconsistent with numerous provisions of Part III of the TRIPS Agreement because it does not afford to trademark right holders the enforcement rights stipulated in those provisions.

358. The EC considers that these claims are unfounded because Part III of the TRIPS Agreement does not apply to Regulation 2081/92.

359. Regulation 2081/92 lays down an administrative procedure for the acquisition of geographical indications via a system of registration. It does not purport to regulate the procedures for enforcing trademark rights, which are provided instead in the trademark laws, and related civil and criminal procedural laws, of the EC and of its Member States. Those laws, which have been notified to the WTO, are not within the terms of reference of the Panel.

360. The TRIPS Agreement draws a clear distinction between, on the one hand, the procedures for the "enforcement" of intellectual property rights, which are provided in Part III, and, on the other hand, the "procedures for the acquisition and maintenance of intellectual rights and related *inter partes* procedures", which are addressed in Part IV. The procedures provided in Regulation 2081/92 for the registration of geographical indications at issue in this dispute fall clearly within the second category and are subject exclusively to Part IV, and not to Part III.

---

<sup>167</sup> Australia's FWS, paras. 81-87.

<sup>168</sup> See above paras. 28-30.





### 3. Claim 26: Regulation 2081/92 is inconsistent with Article 41.2 of the TRIPS Agreement

369. Both Australia and the United States claim that Regulation 2081/92 is inconsistent with Article 41.2 of the TRIPS Agreement<sup>172</sup> because

- it does not make available to trademark owners "fair and equitable procedures" for objecting to the registration of geographical indications;
- the objection procedures are "unnecessarily complicated" and "entail unwarranted delays".

370. For the reasons explained above, the EC considers that Article 41.2, like the rest of Part III of the TRIPS Agreement, does not apply to the procedures for the acquisition of intellectual property rights, which are instead subject exclusively to the provisions of Part IV. In the case of Article 41.2, this is made clear by Article 62.4 of the TRIPS Agreement, which provides that

The procedures concerning the acquisition or maintenance of intellectual property rights and, where a Member's law provides for such procedures, administrative revocation and *inter partes* procedures such as opposition, revocation and cancellation, shall be governed by the general principles set out in paragraphs 2 and 3 of Article 41.

371. The cross-reference to "the *general principles* set out in paragraphs 2 and 3 of Article 41" would have been superfluous if Article 41 could be applied, as such, to the procedures for the registration of an intellectual property right.

372. Neither Australia nor the United States have claimed in their panel requests that Regulation 2081/92 is inconsistent with Article 62.4, which is, therefore, outside the terms of reference of the Panel.

373. In any event, as shown below, the complainants' allegations are unfounded as a matter of fact.

(a) The procedures provided in Regulation 2081/92 are neither inequitable nor unfair

374. The accusation that a Member acts in an "unfair and inequitable" manner is a very serious one. One could expect that such an accusation would be made against another Member only after careful consideration and on the basis of indisputable evidence.

375. Yet, the United States does not even bother to provide argument, let alone evidence, in support of its claim under Article 41.2.<sup>173</sup>

376. For its part, Australia Tw c 0.370h an accusation would be made against another ' allegations are unfounded as a matter of fact.

- objections must be considered by a Committee comprised of "delegates of the same EC Member States agencies which are *likely* to have an interest in supporting and promoting the proposed registration of EC Member State geographic terms as defined GIs"<sup>175</sup>
- "trademark right holders not resident in the EC face the additional hurdle of not having a national representative in the Committee".<sup>176</sup>

377. Australia concludes that "in such circumstances, the *possibility of bias* in favour of both the proposed EC-defined GI and the interests of EC Member States *cannot be seen to be excluded*."<sup>177</sup>

378. At the outset, the EC would submit that the mere fact that the "possibility of bias cannot be seen to be excluded" cannot be sufficient to establish a violation of Article 41.2. Instead, it would need to be shown that the procedures at issue are positively unfair and inequitable. In any event, Australia has not met even the very low standard which it has set forth itself.

379. To begin with, Australia .870 which oTj 0.2Tw (379.) Tj 19.5 0 TD138TD /2 3.75 0 TD -c a violation of

384. The thrust of Australia's claim is that the requirement to lodge the statement of objection with the authorities of the Member State or the WTO member of residence "adds unjustifiable complexity and delay" to the enforcement of trademark rights.<sup>180</sup>

385. Australia's complaint is unfounded. As explained, Regulation 2081/92 entrusts the examination of objections to the Member States because they are closer to the facts and better equipped to ascertain and assess them. Even if objections were lodged directly with the EC Commission, it would still be necessary for the EC Commission to request the assistance of the authorities of the Member States in order to verify the relevant facts. Thus, it is very doubtful that centralising the submission of objections at the Commission level would add simplicity or speed to the procedures.

386. The same is true as regards the statements of objections filed with another WTO Member, in particular when they relate to the registration of a geographical indication from that WTO Member. Moreover, each WTO Member has complete discretion in order to decide whether or not to transmit an objection to the EC Commission. If they wished, the Australian authorities could limit themselves to forward immediately to the EC Commission any objection that they receive. This can hardly be described as an "unnecessarily complicated" formality or as an "unwarranted delay". Once again, Australia cannot plead its own unwillingness to forward the statement, or its failure to do so expeditiously, in order to claim that this requirement adds unjustified complexity or delay.

#### **4. Claim 27: Regulation 2081/92 is inconsistent with Article 41.3 of the TRIPS Agreement**

387. Australia (but not the United States) claims that Regulation 2081/92 is inconsistent with Article 41.3 of the TRIPS Agreement in that the registration decisions are not "based only on evidence on which parties were offered the opportunity to be heard". Specifically, Australia alleges that Regulation 2081/92 does not ensure that the Committee will consider the objections lodged with the Member States.<sup>181</sup>

388. Like the rest of Part III of the TRIPS Agreement, Article 41.3 does not apply to the procedures for the acquisition of intellectual property rights, which are instead subject to the provisions of Part IV. This is made clear, once again, by Article 62.4 of the TRIPS Agreement, which makes a cross-reference to the *general principles* stated in paragraph 3 of Article 41. As mentioned, Australia did not state in its panel request Article 62.4, which is, therefore, outside the terms of reference of the Panel.

389. In any event, Australia's factual allegations under this heading are incorrect. (See above the responses to Claims 21 and 22)

#### **5. Claim 28: Regulation 2081/92 is inconsistent with Article 41.4 of the TRIPS Agreement**

390. The United States (but not Australia) claims that the measure is inconsistent with Article 41.4 because "owners of registered trademarks trying to enforce their Article 16.1 rights vis-à-vis a confusing GI or interested parties with GIs based in other territories other than the EC" are not provided an opportunity for review by a judicial authority.<sup>182</sup>

391.

392. In any event, Article 41.4 of the TRIPS Agreement does not apply with respect to the procedures for the acquisition of intellectual property rights. As discussed below, Article 62.5 of the TRIPS Agreement provides that final administrative decisions in those procedures shall be subject to judicial review. The United States, however, has not mentioned this provision in its panel request. In any event, registration decisions under Regulation 2081/92 are subject to judicial review.

Agreement, and in particular with Articles 24.5 and 16, could constitute an act of unfair competition within the meaning of Article 10*bis* (1).

400. In any event, the use of registered geographical indications remains subject to the EC legislation on labelling and misleading advertising, as well as to the laws of the EC Member States on unfair competition. That legislation is not within the terms of reference of the Panel.

401. Australia suggests that the violation would arise from the fact that there is no Community wide system of protection.<sup>186</sup>

408. This claim is entirely dependent on the previous claims submitted by Australia under the above listed provisions. Since those claims are unfounded, so is this claim.

**VII. THE EC MEASURE IS CONSISTENT WITH THE OBLIGATION TO PROVIDE PROTECTION TO GEOGRAPHICAL INDICATIONS UNDER ARTICLE 22.2 OF THE TRIPS AGREEMENT**

409. Australia<sup>192</sup> and the United States<sup>193</sup> have submitted very different claims under this heading. The EC will address them separately here below.

**1. Claim 34: Regulation 2081/92 is inconsistent with Article 22.2 of the TRIPS Agreement**

410. Australia claims that<sup>194</sup>

Regulation No. 2081/92 establishes a Community-wide regime for the registration and protection of EC-defined GIs. However, the EC measure does not provide –as concerns those same EC-defined GIs - legal channels for interested parties to prevent on a Community-wide basis any use of those EC-defined GIs which would mislead





(ii) *The requirement that the application must be transmitted by the Government*

424. The United States has also referred to the fact that the application for registration of a geographical indication must be transmitted by the government of the country in which the relevant area is located.

425. As the EC has already set out, this requirement is a modality of the registration process which equally applies to applications from Member States and from third countries, i.e. concerns the procedure for the acquisition of an intellectual property right. According to Article 62.1 TRIPS, Members may require, as a condition of the acquisition or maintenance of intellectual property rights provided for under Sections 2 through 6 of Part II, compliance with reasonable procedures and formalities.

426. The United States has not shown that the requirement of transmission by the third country government is an unreasonable procedural requirement. In any event, such a claim would be a claim under Article 62.1 TRIPS. Since the United States has not referred to this provision in its Panel request, such a claim would be outside the Panel's terms of reference.

(iii) *The right of objection*

427. As explained above in response to Claim 212, the EC considers that Article 22.5 of TRIPS requires that a geographical indication must be transmitted by the government of the country in which the relevant area is located.



432. Fourth, a name which is misleading as to the origin of the product would fail to comply with the requirements of Article 2 (the first ground of objection under Article 7(4)).<sup>202</sup> The EC fails to see what "acts of unfair competition", in addition to those already covered by the existing grounds of objection, could arise from the valid registration of a geographical indication under Regulation 2081/92.<sup>203</sup> The United States has specified none.

(b) The EC and its Member States provides to interested parties of other WTO Members other means to prevent the acts mentioned in Article 22.2

433. Regulation 2081/92 is not the only means made available by the EC and its Member States to interested parties established both in the EC and in other WTO Members in order to prevent the acts mentioned in Article 22.2.

434. Specifically, additional means of protection are provided in:

- Directive 79/112 on the labelling, presentation and advertising of foodstuffs<sup>204</sup> and implementing legislation of the Member States;
- Directive 84/450 on misleading advertising<sup>205</sup> and implementing legislation of the Member States;
- the Trademarks Directive and implementing legislation of the Member States;
- the Community Trademark Regulation;
- unfair competition laws of the Member States.

435. The United States is aware of the above measures, which were specified in the responses provided by the EC and its Member States in the context of the review under Article 24.2 of the TRIPS Agreement<sup>206</sup> and have been notified to the WTO.

436. The means of protection provided by the above measures are sufficient to implement the EC's obligation under Article 22.2. In any event, these measures are outside the terms of reference of the Panel.

### **VIII. REGULATION 2081/92 IS CONSISTENT WITH OBLIGATIONS UNDER THE TBT AGREEMENT**

437. Australia (but not the United States) has raised two claims under the TBT Agreement:

- that Article 12(2) of Regulation 2081/92 is incompatible with Article 2.1 of the TBT Agreement (claim 37);<sup>207</sup>

---

<sup>202</sup> US FWS, para. 182.

<sup>203</sup> Ibid.

<sup>204</sup> Directive 2000/13/EC of the European Parliament and of the Council, of 20 March 2000, on the approximation of the laws of the member States relating to the labelling, presentation and advertising of foodstuffs, OJ (2000) L 109/29.

<sup>205</sup> Council Directive 84/450/EEC of 10 September 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising, OJ (1984) L 250/17.

<sup>206</sup> IP/C/W/117/Add. 10, 26 March 1999.

<sup>207</sup> Australia's FWS, para. 234 et seq.

- that Articles 4 and 10 of Regulation 2081/92 are incompatible with Article 2.2 of the TBT Agreement (claim 38).<sup>208</sup>

438. Hereafter, the EC will first show that the provisions of Regulation 2081/92 referred to by Australia cannot be regarded as technical regulations within the meaning of Articles 2.1 and 2.2 TBT

## 2. Article 12(2) of Regulation 2081/92 is not a technical regulation

443. Contrary to the view of Australia, Article 12(2) of Regulation 2081/92 is not a technical regulation within the meaning of the TBT Agreement.

(a) Article 12(2) does not apply to identifiable products

444. First of all, Article 12(2) of Regulation 2081/92 does not apply to identifiable products.

445. Australia has argued that Regulation 2081/92 applies to agricultural products and foodstuffs, and that these are identifiable products.<sup>213</sup> However, the EC would like to recall that the requirement to indicate the country of origin contained in the second subparagraph of Article 12(2) applies only to the names in the situation referred to in the first subparagraph of Article 12(2).<sup>214</sup>

446. Accordingly, the requirement of Article 12(2) does not apply to all agricultural products and foodstuffs for which a registration is obtained under Regulation 2081/92, but only to cases of homonymous protected names from the EC and a third country. Moreover, as the EC has also explained, the requirement in Article 12(2) can apply both to geographical indications from a third country or from the EC, depending on which name has been protected earlier.<sup>215</sup>

447. The Regulation itself does not allow to identify the products which might be affected by this requirement. Accordingly, Article 12(2) does not apply to identifiable products.

(b) Article 12(2) does not lay down product characteristics

448. Second, Article 12(2) does not lay down product characteristics. Australia has argued that Article 12(2) "sets out a specific labelling requirement" falling within the meaning of a technical regulation as defined in Annex 1 to the TBT Agreement.<sup>216</sup>

449. Australia overlooks that Article 12(2) does not contain a specific labelling requirement for any specific product. Article 12(2) sets out merely the conditions under which a geographical indication will be registered in a situation where there are homonyms from the EC and a third country. The requirement to indicate the country of origin will be a condition for the registration of the geographical indication for which protection is sought later.

450. However, it is not Article 12(2) TBT Agreement itself which imposes a labelling requirement. The application for the registration of any geographical indication, whether from the EC or a third country, must be accompanied by a product specification. In accordance with Article 4 (2) (h) of Regulation 2081/92, the product specification shall contain the specific labelling details relating to the geographical indication. In the situation envisaged by Article 12(2), the requirement to indicate the country of origin will be among the labelling details which must be indicated in the product specification.

451. Moreover, it must be noted that the definition of "technical regulation" in Annex 1 to the TBT Agreement encompasses labelling requirements only "as they apply to a product, process or production method". In the present case, the labelling requirement does not relate to a product,

---

<sup>213</sup> Australia's FWS, para. 231.

<sup>214</sup> Above para. 85 et seq.

<sup>215</sup> Above, para. 88.

<sup>216</sup> Australia's FWS, para. 220.

process, or its production method, but merely to its geographic origin. As the EC has already set out,<sup>217</sup> this question of origin marking is covered by the special disciplines of Article IX GATT.

452. Accordingly, Article 12(2) does not lay down product characteristics within the meaning of the definition of a technical regulation.

(c) Article 12(2) of Regulation 2081/92 is not mandatory

453. Finally, Article 12(2) does not impose a requirement with which compliance is mandatory.

454. Regulation 2081/92 establishes a system for the registration and protection of geographical indications. The possibility to apply for registration of a geographical indication is a right, not an obligation. In particular, registration under Regulation 2081/92 is not a precondition for the marketing of products.

455. Article 4(1) of Regulation 2081/92 provides that in order to be eligible to use a geographical indication, a product "must comply with a specification". However, it is important to note that this compliance refers only to the specifications in Article 4(2), not to the Regulation itself.

456. Similarly, Article 12(2) is a condition for the registration of a geographical indication. Since the registration process is voluntary, compliance with Article 12(2) is not a mandatory condition for the placing of products on the market.

457. For all the reasons set out above, Article 12(2) of Regulation 2081/92 is not a technical regulation within the meaning of the TBT Agreement.

### **3. Articles 4 and 10 of Regulation 2081/92 are not a technical regulation**

458. Contrary to the view of Australia, Articles 4 and 10 of Regulation 2081/92 are not a technical regulation within the meaning of the TBT Agreement.

(a) Articles 4 and 10 do not lay down product characteristics

459. First of all, Article 4 and 10 of Regulation 2081/92 do not lay down product characteristics.

460. Article 4(g), to which Australia has referred specifically, provides merely that the product specification shall include the details of the inspection procedures provided for in Article 10. Article 10 provides the basic criteria with which such inspection structures must comply. These provisions cannot be regarded as laying down product characteristics.

461. First, Article 10.

Any procedure used, directly or indirectly, to determine that relevant requirements in technical regulations or standards are fulfilled.

463. Even if the product specification were to be considered a technical regulation, the inspection structure ensuring conformity with the specification would not be a technical regulation, but a conformity assessment procedure. Accordingly, Australia's claim regarding the inspection procedure does not concern a technical regulation, and accordingly does not fall under Article 2 TBT Agreement. Rather, Australia's claim would appear to fall, depending on the nature of the conformity assessment body involved, under Articles 5 to 9 of the TBT Agreement. However, since Australia did not refer to these provisions in its Panel request, any such claim would be outside the terms of reference of the present Panel.

464. Second, Article 4 of Regulation 2081/92 does not lay down product characteristics. Article 4(2) simply sets out the requirements with which a product specification must comply in order to permit the registration of a geographical indication. Article 4 (2) does not itself set out the product characteristics for specific products; rather, these characteristics are contained in the application for registration of a geographical indication in accordance with Article 5 (3) of the Regulation.

465. Moreover, it is not exceptional that the definition of product characteristics is required as a condition for the acquisition of certain intellectual property rights. In particular, the system of certification marks which used by certain countries requires that products bearing the mark comply with certain product characteristics.<sup>218</sup> However, it does not appear that such trade mark laws have so far been considered as falling under the TBT Agreement.

466. Accordingly, Article 4 in conjunction with

reg298ration of a8.7 undeduce T  
'b)0 TD 0 Tc 0.1875/F40.0653 T

**1. General**

471. Article 2.1 TBT Agreement contains a national treatment provision applicable to goods in respect of technical regulations. The provision is drafted as follows.

Members shall ensure that in respect of technical regulations, products imported from the territory of any Member shall be accorded treatment no less favourable than that accorded to like products of national origin and to like products originating in any other country.

472. There is so far no WTO jurisprudence on this provision. For the reasons set out below, the EC does not consider it necessary to define, in the present context, the meaning of each of the elTBT I.ag7hgy439 Tw (M  
nd Mer no W T 290.182 Tc66eatmentX Necessary t4221 Tc 0.9923 Tw (166(B) Tj 98 treatme Tj GATT j )  
B02.3837 Tw (other counry.) Tj 61.5 0 TD 0 Tc 0.1875 Tw ( ) Tj -97.5 -24 TD7090 -c Tj 2ent co thet nr

479. Moreover, Article 6(6) of Regulation 2081/92 requires "a clear distinction in practice" also where conflicts between homonyms arise within the EC. As the EC has explained, where the two homonyms are from different Member States, this may in practice require the indication of the country of origin.<sup>223</sup> The only reason why the last indent of Article 6 (6) does not explicitly require the indication of the country of origin is that this provision deals with a wider set of conflicts than Article 12(2). In particular, Article 6(6) also applies to conflicts between homonyms from the same EC Member State. In such a situation, the indication of the country of origin would not be a meaningful way of achieving the necessary "clear distinction".

480. Accordingly, Article 12(2)

485. As the EC has already explained, the provision of Regulation 2081/92 regarding inspection structures do not constitute a technical regulation, and therefore do not fall under Article 2.2 of the TBT Agreement. In any case, the EC considers that the requirements regarding inspection structures are not more trade-restrictive than necessary, and this for the following reasons:

- the existence of inspection structures is only required with respect to the specific product for which protection is sought;
- the Regulation does not determine the specific design of the inspection structures;
- the existence of inspection structures is necessary to achieve the legitimate objectives of Regulation 2081/92.

**1.**





Article 1.1 TRIPS, according to which Members shall be free to determine the appropriate method of implementing the provisions of the Agreement within their own legal system.

499. However, Article 1.1 TRIPS also provides that Members may implement in their law more extensive protection than is required by the TRIPS, provided that such protection does not contravene the provisions of the TRIPS. By establishing a specific system for the protection of geographical indications, the EC has established a system which grants more extensive protection, in respect of geographical indications, both to consumers and producers. This discretion left to the EC under Article 1.1 TRIPS cannot be limited on the basis of Article 2.2 TBT Agreement.

500. The requirements regarding inspection structure are an indispensable part of the EC system for the protection of geographical indications. It is therefore necessary to achieve the legitimate objectives of Regulation 2081/92.

501. Accordingly, Regulation 2081/92 is fully compatible with Article 2.2 TBT Agreement.

**IX. CLAIM 39, 40: THE EC MEASURE IS COMPATIBLE WITH ARTICLE 65.1 TRIPS AND ARTICLE XVI:4 WTO**

502. The United States has claimed that the EC has not fulfilled its obligations under Article 65.1 TRIPS.<sup>234</sup> Similarly, Australia has claimed that the EC has not complied with its obligations under Article XVI:4 WTO.<sup>235</sup>

503. Both claims are dependent on substantive claims discussed above. Since these claims are unfounded, the consequential claims under Article 65.1 TRIPS and XVI:4 WTO are equally unfounded.

**X. CONCLUSION**

504. For the reasons set out in this submission, the EC requests the Panel:

- to find that the claims and the measures specified in Section II are outside its terms of reference;
- to reject all the claims within its terms of reference.

---

<sup>234</sup> US FWS, para. 190.

<sup>235</sup> Australia's FWS, para. 267.



8. As of the date of establishment of this Panel, the EC authorities had registered more than 600 geographical indications. The complainants have never alleged that any of those geographical indications has resulted in a likelihood of confusion with any prior registered trademark, let alone with a trademark owned by a US or by an Australian national. The complainants' claims, all fourteen of them, are purely theoretical. They are based on supposed "systemic" concerns. Those concerns, however, have not prevented the complainants from enacting in their own statute books legislation which is less protective of the rights of trademark owners than the EC measure that they attack in this dispute.

A. ARTICLE 16.1 OF THE TRIPS AGREEMENT

**1. The issue of "co-existence"**

9. Both Australia and the United States claim that Article 14(2) of Regulation 2081/92 is inconsistent with Article 16.1 of the TRIPS Agreement in that it allows the "co-existence" of a later confusing geographical indication and a prior registered trademark. -

Members shall not prejudice "the *exclusive* right to use a trademark". Furthermore, if Article 24.5 did not allow co-existence, the protection of geographical indications would become pointless whenever there is a grandfathered trademark. Indeed, why protect a geographical indication against illegitimate uses by third parties if the legitimate users cannot use it themselves? Yet, Article 24.5 envisages such protection even in the presence of grandfathered trademarks.

15. Co-existence may not be a perfect solution, but then there is no such perfect solution. Co-existence is, nonetheless, a more reasonable solution than a rigid application of the first-in-time rule, because when comparing trademarks and geographical indications one is not comparing apples with apples. Trademarks and geographical indications are distinct intellectual property rights, each with a different subject matter and a different function. Moreover, the co-existence of intellectual property rights is by no means an unusual solution. Several other provisions of the TRIPS Agreement provide expressly for co-existence. The same is true of the law of other Members, including the United States itself.

16. The following example, drawn from the US own practice, illustrates the unreasonable consequences of the interpretation put forward by the complainants in this dispute. Napa Valley is a famous geographical indication for wine. Prior to its official recognition by the US authorities, the term "Napa" had been registered as part of several trademarks, some of which were not used for wine originating in that region. On the complainants' interpretation, the owners of those trademarks should be entitled to prevent the winemakers of Napa Valley from using that term in order to describe the origin and the characteristics of their wine. This result would be manifestly inequitable. And, indeed, the US authorities seem to agree. The applicable regulations reserve the term "Napa Valley" exclusively for the wine originating in that region. By way of exception, prior trademarks including that name are allowed to "co-exist" with that geographical indication, subject to certain labelling requirements. This solution is similar to that provided under Regulation 2081/92. The EC, therefore, fails to understand why the United States has considered it necessary to bring this claim against Regulation 2081/92.

17. Third, irrespective of whether the co-existence of geographical indications and earlier trademarks is envisaged by Article 24.5 of the TRIPS Agreement, the EC is required to maintain such co-existence by virtue of Article 24.3, a "stand-still" provision that prohibits Members from diminishing the level of protection of geographical indications that existed at the time of entry into force of the WTO Agreement.

18. Finally, even assuming that Article 14(2) of Regulation 2081/92 were *prima facie* inconsistent with Article 16.1, it would be justified as a "limited exception" to the trademark owner's exclusive rights under Article 17 of the TRIPS Agreement.

## **2. Article 16.1 does not confer a right of objection**

19. Australia (but not the United States) also claims that Regulation 2081/92 is inconsistent with Australia (but not ited Stat2i-0.1521.5 30.75 0.75 re f BT 138.75 34TD /F1 1

stilot ited Australia (but not the United States) also claims that Regulation 2081/92 is inconsistent with Australia (but not ited Stat2i-0.1521.5 30.75 0.75 re f BT 138.75 34TD /F1 1

Member States are not required to forward all objections to the Commission, their decisions are not discretionary and may be subject to judicial review.

B. ARTICLE 20 OF THE TRIPS AGREEMENT

21. Australia (but not the United States) claims that, by requiring the co-existence of an existing trademark and a later geographical indication, Article 14(2) of Regulation 2081/92 "encumbers unjustifiably" the use of the trademark, thereby violating Article 20 of the TRIPS Agreement.

22. As we have shown, Australia has misunderstood the purpose and the scope of Article 20. That provision is not concerned with the issue of exclusivity (i.e. *who* has the right to use a sign). Instead, Article 20 addresses the distinct issue of which requirements may be imposed upon the trademark right holder with respect to the use of *his* own trademark. As described in our first written submission, on Australia's interpretation, Article 20 would overlap and conflict with Article 16. The three examples of "special requirements" included in its first sentence confirm beyond doubt that Article 20 does not address the issue of exclusivity.

C. ARTICLE 24.5 OF THE TRIPS AGREEMENT

23. Australia (but, again, not the United States) claims that Article 14(1) of Regulation 2081/92 is inconsistent with Article 24.5 of the TRIPS Agreement because it does not afford the right of priority provided in Article 4 of the Paris Convention (1967).

24. As the EC has already explained, Article 4 of the Paris Convention was not identified in Australia's Panel request and is therefore outside the terms of reference. Moreover, this claim is insufficiently argued and difficult to understand. In so far as the EC understands it, Australia's claim is patently flawed. Article 24.5 requires to afford the priority right of Article 4 of the Paris Convention (1967) to those applications that are "grandfathered" by virtue of that provision. But Article 4 of the Paris Convention (1967) cannot be applied in order to determine whether an application is "grandfathered".

D.

29. The granting of an intellectual property right in accordance with the domestic law of each Member is not an "infringement" and, therefore, is not subject to Part III of the TRIPS Agreement. The subsequent use of a validly granted intellectual property right in conformity with the domestic laws of a Member is also not an "infringement". Requiring Members to provide judicial "enforcement" procedures against acts that are consistent with their own domestic laws, but are inconsistent with Part II of the TRIPS Agreement, would be as much as requiring them to give direct effect to the WTO Agreement in their domestic legal order. The EC would be surprised if the complainants agreed with that proposition.

30. Furthermore, applying the provisions of Part III to the procedures for the acquisition of intellectual property rights, such as those regulated in Regulation 2081/1992, would render redundant many of the provisions of Part IV and give rise to conflicts between Part III and Part IV.

31. Moreover, it would have unacceptable results for most Members. It would mean, for example, that intellectual property rights would have to be conferred always by a judicial body in accordance with judicial procedures, rather than by an administrative body in accordance with administrative procedures, as is currently the case in most Members, including Australia and the United States. The EC does not believe, for instance, that the complainants' own systems of registration of trademarks, which are operated by an administrative body, would comply with the provisions of Part III.

### **III. THE EC MEASURE IS CONSISTENT WITH THE OBLIGATION TO PROVIDE PROTECTION TO GEOGRAPHICAL INDICATIONS UNDER ARTICLE 22 OF THE TRIPS AGREEMENT**

32. Australia and the United States have submitted very different claims under this heading.

33. Australia's claims are, once again, insufficiently argued and difficult to understand. Australia suggests that the alleged violation would arise from the fact that there is no "Community-wide system of protection" outside Regulation 2081/92. However, there is no basis in Article 22.2, or anywhere else in the TRIPS Agreement, for the proposition that protection must be provided at any particular territorial level. Again, the EC would be surprised if it were the considered view of Australia, a federal state, that the WTO Agreement may affect the constitutional allocation of competencies within Members.

34. For its part, the United States claims that Regulation 2081/92 is inconsistent with Article 22.2 because it fails to provide to "interested parties" established outside the EC the means to prevent the acts specified in that provision. As we have shown in our first written submission, the grounds alleged by the United States are either incorrect, as a matter of EC law, or irrelevant under WTO law.

35. In any event, Regulation 2081/92 is not the only means made available by the EC and its Member States. Additional means of protection are provided in:

- Directive 2000/13/EC on the labelling, presentation and advertising of foodstuffs and implementing legislation of the Member States;
- Directive 84/450 on misleading advertising and implementing legislation of the Member States;
- the Trademarks Directive and implementing legislation of the Member States;
- the Community Trademark Regulation; and

- the unfair competition laws of the Member States.

36. The United States was aware of the above measures, which were specified in the responses provided by the EC and its Member States in the context of the review under Article 24.2 of the TRIPS Agreement and have been notified to the WTO.

37. The means of protection provided by these measures are sufficient in themselves to implement the EC's obligation under Article 22.2. In any event, they are outside the terms of reference of the Panel.

#### **IV. REGULATION 2081/92 IS COMPATIBLE WITH NATIONAL TREATMENT OBLIGATIONS, AND DOES NOT IMPOSE A REQUIREMENT OF DOMICILE OR ESTABLISHMENT**

38. The complainants have raised a large number of claims alleging that Regulation 2081/92 is incompatible with national treatment obligations under the TRIPS Agreement or under the GATT, and with the prohibition on requirements of domicile or residence in Article 2.2 of the Paris Convention.

39. As the EC has shown in its written submission, these claims are unfounded both in fact and in law. In particular, many of the claims of the complainants seem to be based on misunderstandings of the content of Regulation 2081/92. The EC will now briefly recall its main arguments regarding the most salient of these claims.

##### **A. NATIONAL TREATMENT UNDER THE TRIPS AGREEMENT**

###### **1. The conditions for the registration of geographical indications from third countries**

40. The complainants have argued that Regulation 2081/92 violates the national treatment obligation of the TRIPS Agreement by imposing a condition of reciprocity and equivalence for the registration of geographical indications relating to areas located outside the EC.

41. At the outset, the EC would like to point out that neither complainant has identified an example where the EC has refused to register a geographical indication from the United States or Australia –



44. Accordingly, the registration of geographical indications from other WTO Members is subject to exactly the same conditions as the registration of geographical indications from the EC. As the EC has confirmed in its written submission, this means that geographical indications must comply with the same requirements regarding product specifications as geographical indications from the EC. Moreover, just like for EC indications, there must be inspection structures in place that ensure that the products comply with the product specifications for the specific geographical indication in question.

45. In their written submission, the complainants have not made clear whether they also consider these product-specific requirements to be in violation of national treatment obligations. In case they intended such a challenge, the EC would like to affirm that this would be manifestly unfounded. The very definition of a geographical indication is that products must have a certain quality, reputation, or other characteristics attributable to their geographical origin. The regulation simply intends to ensure that products using a protected name indeed comply with these requirements, and it does so in a way which does not distinguish between domestic and foreign products. The application of these product-specific conditions does therefore not constitute less favourable, but indeed equal treatment.

46. As a final point, the EC would like to recall that Article 3.1 TRIPS Agreement, just like Article 2.1 of the Paris Convention, requires national treatment as between nationals, i.e. natural or legal persons. National treatment under the TRIPS Agreement therefore differs in an important respect from Article III:4 GATT, which requires national treatment as between foreign and domestic products. It is striking that in their written submissions, the complainants do not acknowledge this important difference, and indeed provide no indication of how they consider that Regulation 2081/92 discriminates between nationals.

47. Contrary to the assumption of the complainants, the conditions for registration of geographical indications do not depend on nationality. The regulation contains parallel procedures for the registration of geographical indications, depending on whether the area to which the indication is related is located inside or outside the EC. This is a question which may concern the origin of the product, but which has nothing to do with the nationality of the producer. The nationality of the producers is simply of no relevance for the registration of geographical indications. Accordingly, for this reason also, the Regulation cannot be said to discriminate between EC and non-EC nationals.

48. For all these reasons, the conditions for registration of geographical indications are fully compatible with national treatment obligations.

## **2. The right of objection**

49. The complainants have also claimed that Regulation 2081/92 violates the national treatment obligation under the TRIPS Agreement by subjecting the right to object to a registration to conditions of reciprocity and equivalence.

50. Once again, this claim is based on an incorrect interpretation of Regulation 2081/92. As the EC already has set out, Article 12d (1) of Regulation 2081/92 gives a right to object to any person that "is from a WTO Member or a third country recognised under the procedure provided for in Article 12 (3)". It is therefore clear that WTO Members are not subject to the procedure of Article 12 (3) applicable to other third countries. The same applies also under Article 12b (2) with respect to objections against the registration of geographical indications from outside the EC.

51. Moreover, the claim is also legally unfounded. Once again, the complainants fail to establish that there is discrimination between nationals. Article 12d (1) of the Regulation refers to persons resident or established outside the EC, regardless of their nationality. It cannot simply be assumed that the reference to "nationals" in the national treatment provisions of the TRIPS Agreement also applies

to persons who are domiciled or established abroad, regardless of their nationality. In fact, conditions regarding domicile or establishment are the subject of Article 2.2 Paris Convention, on the basis of which the complainants have formulated separate claims. It is not clear to the EC how these claims are consistent with the complainant's apparent view that Article 3.1 TRIPS Agreement and 2.1 of the Paris Convention also provide for national treatment between domestic and foreign residents.

### **3. The transmission of applications and objections**

52. The complainants have argued that the requirement that applications for the registration of geographical indications must be transmitted by the government of the country where the geographical area is located, constitutes a violation of national treatment obligations. Moreover, they have raised the same claim also with respect to the transmission of statements of objection.

53. The EC considers this claim to be unfounded. First of all, the requirement of transmission through governmental channels applies to domestic and foreign geographical indications alike. Accordingly, the Regulation cannot be said to discriminate between nationals, nor between foreign and domestic geographical indications.

54. ~~Moreover, the~~ ~~EC~~ ~~is~~ ~~not~~ ~~convinced~~ ~~that~~ ~~the~~ ~~requirement~~ ~~that~~ ~~applications~~ ~~for~~ ~~the~~ ~~registration~~ ~~of~~ ~~geographical~~ ~~indications~~ ~~must~~ ~~be~~ ~~transmitted~~ ~~by~~ ~~the~~ ~~government~~ ~~of~~ ~~the~~ ~~country~~ ~~where~~ ~~the~~ ~~geographical~~ ~~area~~ ~~is~~ ~~located~~, ~~constitutes~~ ~~a~~ ~~violation~~ ~~of~~ ~~national~~ ~~treatment~~ ~~obligations~~. ~~Moreover~~, ~~they~~ ~~have~~ ~~raised~~ ~~the~~ ~~same~~ ~~claim~~ ~~also~~ ~~with~~ ~~respect~~ ~~to~~ ~~the~~ ~~transmission~~ ~~of~~ ~~statements~~ ~~of~~ ~~objection~~.

## 5. The historical claims of Australia

59. Australia has formulated a number of claims also regarding the alleged absence of a right of objection under Regulation 2081/92 before it was amended through Regulation 692/2003, which entered into force on 8 April 2003.

60. The EC finds it astonishing to have to defend itself against claims which are formulated essentially in the past tense. The objective of WTO dispute settlement is to solve actual disputes and to achieve compliance with WTO obligations. It is not the object of WTO dispute settlement to dwell on historical grievances, whether real or perceived. As the EC has already stated, it therefore considers that Australia's claims relating to measures no longer in force at the time of the Panel's establishment are outside the Panel's terms of reference.

61. However, since Australia has raised these historical claims, the EC nonetheless would like to take the opportunity to correct the historical facts. Australia has referred to the simplified procedure which used to be provided for in Article 17 of Regulation 2081/92, and has claimed that under this procedure, a right of objection was available to EC residents which was not available to foreign residents. This claim is historically incorrect. As the EC has set out in its first written submission, under Article 17 of Regulation 2081/92, the right of objection was explicitly excluded. Therefore, there existed no possibility for objection, regardless of whether the person in question was an EC or a foreign resident. Australia's claims of unequal treatment are already for this reason deprived of any historical basis.

62. The EC notes furthermore that in its submission, Australia appears to have made its national treatment claims not just with respect to the Regulation itself, but also with respect to the over 600 registrations of individual geographical indications carried out until the entry into force of Regulation 692/2003. In the view of the EC, this apparent attempt to invalidate the individual registrations is devoid of all legal basis. The registrations of the individual indications are not in violation of national treatment obligations. In reality, Australia is simply attacking the procedure that was set out in Regulation 2081/92 until its amendment through Regulation 692/2003, but which it did not challenge when it was still in force.

63. Moreover, Australia seems to forget that WTO remedies are not retroactive. Even if it had challenged Regulation 2081/92 before it was amended through Regulation 692/2003, all it could have achieved would have been the amendment of that particular measure. It could not have claimed the cancellation of the hundreds of geographical indications already registered. It seems to the EC that not having attacked Regulation 2081/92 before it was amended, Australia can certainly not claim more now than it could have claimed then.

### B. PROHIBITED REQUIREMENT OF DOMICILE OR ESTABLISHMENT

64. The United States has claimed that the conditions for registration of geographical indications amount to a requirement of domicile or establishment prohibited by Article 2.2 of the Paris Convention. As the EC has already mentioned, this claim was not identified in the Panel requests, and is therefore outside the terms of reference of the Panel. Moreover, as the EC has also set out, this claim also fails on its merits.

65. In a first alternative, the United States has argued that Regulation 2081/92 imposes a requirement of domicile or establishment because it prevents a US national from registering a geographical indication relating to an area located in the US. Quite apart from the question of whether this has anything to do with domicile or establishment, the EC has already confirmed that geographical indications relating to areas in the US can be registered under Regulation 2081/92. Therefore, this claim must fail.

66. Presumably conscious of this weakness, the United States has also tried an alternative formulation of this claim. In this formulation, Regulation 2081/92 imposes a requirement of domicile or establishment because a US national could not register a geographical indication relating to an area located in the EC without some form of investment or business establishment in the EC.

67. This claim already does not do justice to the content of Regulation 2081/92. Faithful to Article 22.1 of the TRIPS Agreement, Regulation 2081/92 requires that in order to qualify for protection as a geographical indication, the product in question must possess characteristics attributable to that geographical origin and that "the production and/or processing and/or preparation" of the product must take place in the defined geographical area. Nowhere does the Regulation, nor indeed Article 22.1 of the TRIPS Agreement, impose a requirement of domicile or establishment.

68. Moreover, the implications of the United States claim are worth noting. The United States seems to believe that a US national should be allowed to register a geographical indication relating to an area in the EC regardless of whether this producer or his products have any link with that area. Taken to its logical consequence, this view of the United States would entirely undermine the protection of geographical indications as foreseen in the TRIPS Agreement. The EC regrets to have to say that this claim casts some doubt on how seriously the United States takes the conditions for the protection of geographical indications.

69p98relatigulation, nor

plaatlasy, bo Tcoclaaatlnsayoclacsirely undermin14ti.siOoloclaac9 production an1 regardle80ational 0.153establish

n689aany li 0 TD 0 Tc 0.1875 Tw ( ) Tj -14and tha5 TD ( ) Tj 0 -12.75 TD2ir 5Tcoclaaatw (69p98relatigulation, nor ) Tj 0 -12.7

74. In conclusion, Regulation 2081/92 is therefore compatible with national treatment obligations under the GATT.

**V. REGULATION 2081/92 IS COMPATIBLE WITH THE OBLIGATION TO PROVIDE MOST-FAVoured-**

84. Moreover, Article 4 TRIPS refers to advantages which are granted to the "nationals of another country". Regulation 2081/92 does not grant any advantage to nationals of "another country". The EC is a founding member of the WTO. When it adopts a measure which harmonises the law within the EC, it does therefore neither grant its Member States any advantages, nor do its Member States grant each other advantages.

85. As the United States knows perfectly well, Regulation 2081/92 is a measure of the EC. This is why the United States has correctly brought this case against the EC, and not against its Member States. The US claim that "through Regulation 2081/92", Member States are granting each other advantages is therefore entirely artificial and in contradiction with the United States' own actions in the present dispute settlement proceedings.

#### **VI. REGULATION 2081/92 IS CONSISTENT WITH OBLIGATIONS UNDER THE TBT AGREEMENT**

86. Australia has alleged that Regulation 2081/92 is inconsistent with the TBT Agreement in two respects: first, it has claimed that the requirement to indicate the country of origin in Article 12 (2) of the Regulation is inconsistent with

## 2. Articles 4 and 10 of Regulation 2081/92 are not a technical regulation

92. With its claim regarding Articles 4 and 10 of Regulation 2081/92, Australia is challenging the requirement that inspection structures must exist. As follows from Article 10(1) of Regulation 2081/92, the objective of inspection structures is to ensure that agricultural products and foodstuffs bearing a protected name meet the requirements laid down in the specification.

93. As the EC has set out in its first written submission, this requirement of the existence of inspection structures cannot be regarded as constituting a technical regulation. Under the TBT Agreement, a technical regulation is a measure which lays down product characteristics. The TBT Agreement carefully distinguishes technical regulations from conformity assessment procedures, which are used to determine whether the requirements contained in technical regulations are met. Whereas technical regulations are dealt with in Articles 2 and 3 of the TBT Agreement, the WTO obligations regarding conformity assessment procedures are set out separately in Articles 5 to 9 of the TBT Agreement.

94. Even if the product specifications, with which the inspection structures must ensure conformity, were to be regarded as a technical regulation, then the inspection structure itself could still not be regarded as a technical regulation falling under Article 2 of the TBT Agreement. Rather, it would have to be regarded as a conformity assessment procedure falling under Articles 5 to 9 of the TBT Agreement. However, Australia has not referred to these provisions in its panel request, so that such a claim would be outside the terms of reference of the panel.

95. For this reason, Articles 4 and 10 of Regulation 2081/92 cannot be regarded as technical regulation falling under Article 2 of the TBT Agreement.

### B. ARTICLE 12 (2) OF REGULATION 2081/92 IS NOT INCOMPATIBLE WITH ARTICLE 2.1 OF THE TBT AGREEMENT

96. Australia has claimed that the requirement to indicate the country of origin in Article 12 (2) of Regulation 2081/92 violates the national treatment provision in Article 2.1 TBT Agreement. In the view of the EC, even if the Panel came to consider that Article 12 (2) constitutes a technical regulation, this claim would have to fail.

97. As the EC has said earlier, Article 12 (2) does not treat EC and foreign geographical indications differently. It merely requires that where there are identical protected names from the EC and from a third country, the country of origin must be indicated. This requirement may affect the EC or the third country geographical indication, whichever is registered later. There is therefore perfect equality of treatment between domestic and foreign geographic indications.

98. Australia has criticised the fact that Article 6 (6) of Regulation 2081/92 does not contain the same requirement as regards identical geographical indications from within the EC. In the view of the EC, this comparison is not pertinent. First of all, the EC does not see how Australian products can be disadvantaged by the way in which conflicts between homonyms from within the EC are being resolved. Moreover, it should be noted that Article 6 (6) deals with a larger set of potential conflicts than Article 12 (2). In particular, it also may concern conflicts between geographical indications from within the same Member State. It is therefore not surprising that the provision requires a "clear distinction in practice", rather than requiring the indication of the country of origin in all cases.

C. ARTICLES 4, 10, AND 12 (1) OF REGULATION 2081/92





3. However, the EC would like to underline that in making an objective assessment of the facts, and in particular of the meaning of Regulation 2081/92, the Panel must take due account of the fact that Regulation 2081/92 is a measure of EC domestic law. It can therefore not "interpret" Regulation 2081/92, but rather must establish the meaning of its provisions as factual elements. In this context, reference can be made to the approach described by the Panel in *US – Section 301*.<sup>3</sup>

In this case, too, we have to examine aspects of municipal law, namely Sections 301-310 of the US Trade Act of 1974. Our mandate is to examine Sections 301-310

United States as regards the interpretation and application of the challenged measure.<sup>4</sup> The same was also the case in *Canada – Pharmaceutical Patents*, where the Panel relied on assurances given by Canada during the proceedings.<sup>5</sup> Similarly, in *US – Section 211*, the Panel relied on a US response given to the Panel in order to establish the meaning of the challenged measure.<sup>6</sup>

## Question 2

*Can the procedures under Articles 5 and 6 of Regulation (EC) No. 2081/92 apply to names of geographical areas located outside the EC?*

9. The procedures set out in Articles 5 and 6 of Regulation 2081/92 in principle apply only to names related to geographical areas located inside the EC. The corresponding procedures for geographical indications related to geographical areas located outside the EC are contained in Articles 12a and 12b. However, these provisions also contain a number of references to specific sections of Articles 5 and 6, which to this extent are applicable to the registration of geographical indications from outside the EC.

## Question 3

*Did the phrase "[w]ithout prejudice to international agreements" in Article 12(1) of Regulation (EC) No. 2081/92 predate the TRIPS Agreement? Did it refer to any specific agreements when it was adopted? Which agreements does it refer to now? Would it cover bilateral agreements for the protection of individual geographical indications?*

10. The phrase "[w]ithout prejudice to international agreements" was already contained in Article 12(1) of Regulation 2081/92 as originally adopted in 1992.

11. The phrase "without prejudice to international agreements" is not in any way limited to particular specific agreements or types of agreements. Accordingly, this phrase applies both to multilateral and to bilateral agreements. Moreover, the phrase does not just apply to agreements in force at the time the Regulation was adopted, but also to agreements which were adopted subsequently.

12. At the time that Regulation 2081/92 was adopted, the GATT was one of the agreements to which the "without prejudice" clause applied. Moreover, at the time that Regulation 2081/92 was adopted, the TRIPS Agreement was in the final phases of its negotiation. It was therefore the objective that the "without prejudice" clause should also apply to the TRIPS and other WTO agreements resulting from the Uruguay Round.

13. The importance of the WTO Agreements, and notably of the TRIPS Agreement, for the interpretation and application of Regulation 2081/92 was reconfirmed by Regulation 692/2003,<sup>7</sup> the 8<sup>th</sup> recital of which prominently refers to the obligations resulting from the TRIPS Agreement.

## Question 4

*Is it unusual that the text of Article 12(1) of Regulation (EC) No. 2081/92 covers only a small number of countries that are non-WTO Members, but the introductory phrase "[w]ithout prejudice to*

---

<sup>4</sup> Panel Report, *US – Section 301*, para. 7.125.

<sup>5</sup> Panel Report, *Canada – Pharmaceutical Patents*, para. 7.99.

<sup>6</sup> Panel Report, *US – Section 211*, para. 8.69.

<sup>7</sup> Exhibit COMP 1h.

*international agreements" covers the entire membership of the WTO? Why was this structure retained when the Regulation was amended in April 2003?*

14. The EC does not consider this as unusual. First, the EC would like to point out that out of the 191 current Members of the United Nations, 48 are not Members of the WTO, including certain important countries such as Russia. Therefore, even though this group has been shrinking since the



**Question 14**

*Please express your view on whether and to what extent the mandatory/discretionary distinction in GATT and WTO jurisprudence applies under the TRIPS Agreement. Would the nature of those TRIPS obligations which are not prohibitions but rather oblige Members to take certain actions, affect the application of the distinction?*

25. The relevance of the distinction between "mandatory" and "discretionary" measures under the TRIPS Agreement is the same as under the other WTO Agreements.

26. As clarified by the Appellate Body in *United States – Carbon Steel (Japan)*<sup>8</sup>

32. As regards the approach to be taken by the European Court of Justice, the European Commission considers it important to underline that the European Court of Justice has shown a consistently high degree of awareness and respect for the international obligations of the European Communities.

33. According to the settled case law of the Court of Justice, Community legislation must, so far as possible, be interpreted in a manner that is consistent with international law, in particular where its provision are intended specifically to give effect to an international agreement concluded by the Community.<sup>10</sup>

34. As one scholar of Community law has observed in a recent book on the external relations law of the European Communities, the principle of consistent interpretation has been particularly important with respect to GATT and WTO law: "The EU Courts have never hesitated to make use of consistent interpretation for the purpose of applying GATT and WTO law".<sup>11</sup>

35. As regards specifically the TRIPS Agreement, the Court for instance has held as follows:<sup>12</sup>

It is true that the measures envisaged by Article 99 and the relevant procedural rules are those provided for by the domestic law of the Member State concerned for the purposes of the national trade mark. However, since the Community is a party to the TRIPs Agreement and since that agreement applies to the Community trade mark, the courts referred to in Article 99 of Regulation No 40/94, when called upon to apply national rules with a view to ordering provisional measures for the protection of rights arising under a Community trade mark, are required to do so, as far as possible, in the light of the wording and purpose of Article 50 of the TRIPs Agreement.

36. The Court of Justice will be particularly prone to take into account the international obligations of the Community where the Community legislative act itself indicates that it is intended to implement obligations of international law. For instance, in a recent judgment, the Court held that, on the basis of a recital in the Community Anti-Dumping Regulation, the duty to provide an explanation contained in Article 2.4.2 of the AD Agreement had to apply also in the context of the 0 Twiwu902

It is therefore established that the Community adopted the basic regulation in order to satisfy its obligations arising from the 1994 Anti-dumping Code and that, by means of Article 2(11) of that regulation, it intended to implement the particular obligations laid down by Article 2.4.2 of that code. To that extent, as is clear from the case-law cited in paragraph 54 of the present judgment, it is for the Court to review the legality of the Community measure in question in the light of the last-mentioned provision.

In that regard, it should be recalled that Community legislation must, so far as possible, be interpreted in a manner that is consistent with international law, in particular where its provisions are intended specifically to give effect to an international agreement concluded by the Community (see, in particular, Case C-341/95 Bettati [1998] ECR I-4355, paragraph 20).

37. The interpretation of Article 12 of Regulation 577/77 (EC) (C) Tj 7.5 0 TD 01(ItC -2



indications from outside the EC correspond to the definition of a geographical indication.

As to the conditions which must be fulfilled for registration to take place, some WTO Members have considered, on the basis of Article

44. Like the Commission, the Council of Ministers is bound to apply the terms of Regulation 2081/92. Like the Commission, it is bound to give effect to the wording "without prejudice to international agreements", and to take account of the Community's international obligations under the WTO Agreements.

### Question 19

*Has a judicial authority ever ruled on the availability of protection provided by registration for third countries under Regulation (EC) No. 2081/92? If the Commission registered the name of a geographical area located in a third country WTO Member, could that registration be subject to judicial review because the area was located in a WTO Member that did not fulfil the equivalence and reciprocity conditions of Article 12(1) of the Regulation?*

45. Community courts can only rule on an issue when concrete cases are brought before them. Since no request for registration has ever been made in respect of a geographical indication from a third country, no judicial authority has ever had the occasion to rule on the availability of protection provided by registration for third countries under Regulation 2081/92.

46. The registration of the name of a geographical indication, whether from a third country or from within the EC, takes the form of a regulation of the Commission. The condition under which such a regulation can be challenged before the European Court of Justice are set out in Article 230 of the EC Treaty, which reads as follows:

The Court of Justice shall review the legality of acts adopted jointly by the European Parliament and the Council, of acts of the Council, of the Commission and of the ECB, other than recommendations and opinions, and of acts of the European Parliament intended to produce legal effects vis-à-vis third parties.

It shall for this purpose have jurisdiction in actions brought by a Member State, the European Parliament, the Council or the Commission on grounds of lack of competence, infringement of an essential procedural requirement, infringement of this Treaty or of any rule of law relating to its application, or misuse of powers.

The Court of Justice shall have jurisdiction under the same conditions in actions brought by the Court of Auditors and by the ECB for the purpose of protecting their prerogatives.

2081/92 by the Court of Justice on 12 July 2001 in Case T-10/01, paragraph 100. The TcTj 3.75

The Court of Justice shall have jurisdiction to give preliminary rulings concerning:

- (a) the interpretation of this Treaty;
- (b) the validity and interpretation of acts of the institutions of the Community and of the [European Central Bank];
- (c) the interpretation of the statutes of bodies established by an act of the Council, where those statutes so provide.

Where such a question is raised before any court or tribunal of a Member State, that court or tribunal may, if it considers that a decision on the question is necessary to enable it to give judgment, request the Court of Justice to give a ruling thereon.

Where any such question is raised in a case pending before a court or tribunal of a Member State against whose decisions there is no judicial remedy under national law, that court or tribunal shall bring the matter before the Court of Justice.

## Question 20

*With reference to paragraph 43 of the EC's oral statement, does the EC contest that equivalence and reciprocity conditions such as those under Article 12(1) and (3) of Regulation (EC) No. 2081/92, if applied to other WTO Members, would be inconsistent with the national treatment obligations in the TRIPS Agreement and/or Article III:4 of the GATT 1994?*

48. First of all, the EC considers that this question may be too broad to be answered in abstract terms. Since different things may be understood by "conditions of reciprocity and equivalence", an answer can only be given on a case by case basis. This is aptly illustrated by the United States' reference to the EC's requirement of inspection structures as "equivalence by another name".<sup>17</sup> As the EC has already indicated during the first meeting with the Panel, it emphatically considers that this requirement is not inconsistent with the national treatment obligations of the TRIPS Agreement or the GATT.

49. As regards the specific conditions contained in Article 12(1) of Regulation 2081/92, the EC has already confirmed that it does not apply these to WTO Members. For this reason, the EC considers that the question whether these conditions are inconsistent with the national treatment obligations of the TRIPS Agreement and the GATT does not arise.

## Question 21

*If Switzerland, as a WTO Member, can apply for registration of its GIs under Regulation (EC) No. 2081/92 without satisfying equivalence and reciprocity conditions, what was the purpose of its joint declaration with the EC concerning GIs set out in Exhibit US-6 and mentioned in paragraph 119 of the US first written submission and paragraphs 243-244 of the EC's first written submission?*

50. The bilateral agreement envisaged in the declaration represents an alternative approach to the protection of geographical indications to the direct registration under Regulation 2081/92. Compared to the registration on a case-by-case basis, a bilateral agreement would have the advantage that protection of the parties' geographical indications would be obtained in one single act. Moreover,

---

<sup>17</sup> Oral Statement of the US at the first substantive meeting of the Panel, para. 17.

possible controversial issues, for instance regarding generic names, homonyms, or registrations concerning cross-border areas, could be resolved in a non-contentious way.

51. However, the declaration is without prejudice to the possibility of applying for protection of Swiss geographical indications under Regulation 2081/92. Accordingly, the envisaged agreement merely represents an alternative approach to protection which does not exclude direct applications under Regulation 2081.

52. Finally, as the EC has already said in its first written submission, it would like to recall that the declaration is merely a political text, and that so far no such agreement has been concluded.

## **Question 22**

*Are there any legal requirements or other provisions in EC or national laws which ensure that groups or persons entitled to apply for registration under Article 5 of Regulation (EC) No. 2081/92 are always, or usually, EC citizens or legal persons organized under the laws of the EC or an EC member State? What conditions have been laid down for natural or legal persons to be entitled to apply for registration pursuant to Article 5(1)?*

53. There are no such requirements.

54. The conditions subject to which a natural or legal person shall be entitled to apply for registration are set out in Article 1 of Commission Regulation 2037/93,<sup>18</sup> which reads as follows:

Applications for registration pursuant to Article 5 of Regulation (EEC) No 2081/92, may be submitted by a natural or legal person not complying with the definition laid down in the second subparagraph of paragraph 1 of that Article in exceptional, duly substantiated cases where the person concerned is the only producer in the geographical area defined at the time the application is submitted.

The application may be accepted only where:

- (a) the said single person engages in authentic and unvarying local methods; and
- (b) the geographical area defined possesses characteristics which differ appreciably from those of neighbouring areas and/or the characteristics of the product are different.

2. In the case referred to in paragraph 1, the single natural or legal person who has submitted the application for registration shall be deemed to constitute a group within the meaning of Article 5 of Regulation (EEC) No 2081/92.

55. These conditions define only the conditions under which a natural or legal person, as opposed to a group as defined in the second subparagraph of Article 5 (1) of Regulation 2081/92, may apply for registration. As can be seen, these conditions have nothing to do with nationality.

---

<sup>18</sup> Exhibit COMP-2.

**Question 23**

*How do you interpret the term "nationals" as used in Article 1.3, including footnote 1, and Articles 3.1 and 4 of the TRIPS Agreement and Article 2 of the Paris Convention (1967) in relation to this dispute? Do a Member's nationals necessarily include natural persons who are domiciled, or legal persons who have a real and effective industrial and commercial establishment, in that Member?*

56. As regards the definition of nationals in Article 3.4 and 4 of the TRIPS Agreement, natural persons who are domiciled in a Member's territory and legal persons who have a real and effective industrial and commercial establishment in that Member's territory are considered to be nationals of that Member.



**Question 25**

*Is it appropriate to compare nationals who are interested in GIs that refer to areas located in different WTO Members in order to examine national treatment under the TRIPS Agreement? Why or why not?*

64. The EC is not entirely certain that it understands the meaning of the phrase "nationals who are interested in GIs that refer to areas located in different WTO Members" in the present context. However, the EC would like to recall that national treatment under the TRIPS requires a comparison as between domestic and foreign nationals who are otherwise in the same situation.

**Question 26**

*If national treatment can be examined in relation to GIs in terms of the location of the geographical*

even more caution is necessary when attempting to transpose national treatment principles from one agreement to another.

70. As the Panel in *Canada – Pharmaceutical Patents* has convincingly explained, there is therefore no general concept of discrimination which would be common to all WTO Agreements. Rather, the meaning of each provision prescribing equal treatment must be established on the basis of the precise legal text in issue:<sup>22</sup>

In considering how to address these conflicting claims of discrimination, the Panel recalled that various claims of discrimination, *de jure* and *de facto*, have been the subject of legal rulings under GATT or the WTO. These rulings have addressed the question whether measures were in conflict with various GATT or WTO provisions prohibiting variously defined forms of discrimination. As the Appellate Body has repeatedly made clear, each of these rulings has necessarily been based on the precise legal text in issue, so that it is not possible to treat them as applications of a general concept of discrimination. Given the very broad range of issues that might be involved in defining the word "discrimination" in Article 27.1 of the TRIPS Agreement, the Panel decided that it would be better to defer attempting to define that term at the outset, but instead to determine which issues were raised by the record before the Panel, and to define the concept of discrimination to the extent necessary to resolve those issues.

71. The EC would suggest that such a case-specific approach would also be appropriate in the present case. In this context, the EC would not exclude entirely that under certain circumstances, measures which are neutral on their face may nonetheless constitute less favourable treatment of foreign nationals. However, the EC would suggest that when considering whether Regulation 2081/92 involves discrimination as between nationals within the meaning of Article 3.1 TRIPS and 2.1 of the Paris Convention, the Panel should also take account of the following considerations:

72. First, Article 3 TRIPS refers to nationals. This specific reference, which differs from Art III:4 GATT, must be given meaning. For this reason, it should not be argued that because a measure involves discrimination on the basis of the origin of a good, or of domicile and establishment, it also constitutes *de facto* discrimination of nationals, since such discrimination is already covered by Article III:4 GATT, or Article 2.2 of the Paris Convention.

73. Second, the Appellate Body has held repeatedly that *de facto* discrimination is a notion intended to prevent circumvention of national treatment obligations.<sup>23</sup> Such a risk does not exist if a specific issue is already dealt with in other national treatment provisions, such as those of the GATT.

74. Third, the national treatment provisions of the TRIPS and the GATT should not systematically overlap. The Panel must also take account the different legal context of the provisions, which are contained in different agreements. For example, the Panel would have to consider whether Articles XX and XXIV GATT, which are available as defenses against national treatment claims under the GATT, could also apply under the TRIPS Agreement. This is an issue of major systemic implications, which should be taken into account in the interpretation of the national treatment provisions of the TRIPS Agreement.

---

<sup>22</sup> Panel Report, *Canada - Pharmaceutical Patents*, para. 7.98 (footnotes omitted).

<sup>23</sup> Cf. Appellate Body Report, *EC – Bananas III*, para. 233; Appellate Body Report, *Canada – Autos*, para. 142.



**Question 30**

*In Article 2(1) of the Paris Convention (1967) as incorporated in the TRIPS Agreement by its Article 2.1, should the words "country of the Union" be read mutatis mutandis to refer to "WTO Member"?*

75. Yes.

**Question 31**

*What is the respective scope of the national treatment obligations in Article 2(1) of the Paris Convention (1967) and Article 3.1 of the TRIPS Agreement? Do they overlap?*

76. The scope of the national treatment obligations in Article 2(1) of the Paris Convention (1967) and Article 3.1 of the TRIPS Agreement must be derived from the precise wording of those provisions. Given the closely parallel wording of the two provisions, it appears to the EC that they overlap to a considerable extent.

**Question 33**

*Is there a public policy requirement specific to GIs which underlies the requirement that a group or person must send a registration application under Regulation (EC) No. 2081/92 to the EC Member State or authorities of a third country in which the geographical area is located, rather than directly to the Commission?*

77. The requirement that a group or person must send a registration application to the EC Member State or authorities of a third country in which the geographical area is located reflects the important role that Member States or third country authorities play in the registration process under Regulation 2081/92.

78. According to Article 5 (5) of Regulation 2081/92, the Member State shall check that the application is justified and shall forward the application, including the product specification referred to in Article 4 and other documents on which it has based its decision, to the Commission. In a recent judgment, the European Court of Justice has explained that this role of Member States is due in particular to the detailed knowledge of Member States in respect of geographic indications relating to their territory.<sup>24</sup>

It follows that the decision to register a designation as a PDO or as a PGI may only be taken by the Commission if the Member State concerned has submitted to it an application for that purpose and that such an application may only be made if the Member State has checked that it is justified. That system of division of powers is attributable particularly to the fact that registration assumes that it has been verified that a certain number of conditions have been met, which requires, to a great extent, detailed knowledge of matters particular to the Member State concerned, matters which the competent authorities of that State are best placed to check.

79. These same considerations are also underlying the requirement in Article 12a (2) of the Regulation, according to which the third country must verify that the requirements of the Regulation are verified before it transmits the application. Indeed, the need for an involvement of the national authorities appears even more compelling when the application concerns a geographical indication from a third country rather than from a Member State.

---

<sup>24</sup> Case C-269/99, *Karl Kühne*, [2001] ECR I-9517, para. 53 (Exhibit EC-19).



Accordingly, the transmission of such applications does not require the same degree of verification as

92. Similarly, Article 5(1) of the Lisbon Agreement for the Protection of Appellations of Origin (Exhibit EC-21) provides that applications for the registration of appellations of origin must be requested by the offices of the countries of the Special Union:

The registration of appellations of origin shall be effected at the International Bureau, at the request of the Offices of the countries of the Special Union, in the name of any natural persons or legal entities, public or private, having, according to their national legislation, a right to use such appellations.

93. Such examples for requirements for cooperation between governmental authorities can also be found outside the area of intellectual property protection. For instance, the Specific Annex on Origin to the International Convention on the Simplification and Harmonisation of Customs Procedures (Kyoto Convention) provides that in certain cases, a certificate of origin issued by the competent authorities of the country of origin may be required.<sup>25</sup> Moreover, the Specific Annex also provides that in certain cases, the customs authorities of the importing party may request the competent authorities of the party where the certificate of origin has been established to carry out controls.<sup>26</sup>

94. Further examples can be found in the field of technical standards and conformity assessment. For instance, the EC has concluded mutual recognition agreements with both the United States and Australia. Under these agreements, the parties mutually recognize the results of conformity assessment carried out by conformity assessment bodies so 76ilarly,<sup>25le8 Tj 7.5 5 Tf -0.18e(le) 0 -12.7 -3pa 9 8f2by csp a ibleSuch on ta</sup>

wishing to carry on fishing activities under this Agreement; the application shall be submitted no later than 25 days before the start of the validity period mentioned therein. Applications shall be made using the forms provided for this purpose by Mozambique, specimens of which are given in Appendix 1 for tuna seiners and longliners, and in Appendices 1 and 2 for freezer bottom trawlers. They shall be accompanied by proof of payment of the advance payable by the vessel owner;

97. Finally, examples can also be found in the field of judicial cooperation in civil and commercial matters. For instance, Article 3 of the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters (Exhibit EC-27) provides as follows:

The authority or judicial officer competent under the law of the State in which the documents originate shall forward to the Central Authority of the State addressed a request conforming to the model annexed to the present Convention, without any requirement of legalisation or other equivalent formality.

98. Finally, the EC would like to recall that it is a common feature of customary international law that states act on behalf of their nationals and their rights and interest. This is most clearly recognized in the institution of diplomatic protection, on the basis of which states may raise claims against other states on the basis of injury suffered by the national of the claiming state.<sup>29</sup>

99. That fact that most of the examples above are drawn from international agreements does not diminish their relevance for the present case. Rather, these examples illustrate that in an increasingly interdependent world, the effective protection of individual rights in cross-border situations inevitably engenders a need for cross-border cooperation.

100. The EC considers that the examples quoted above are merely a fraction of the cases where intergovernmental cooperation occurs in the cross-border protection of individual rights. The EC reserves the right to elaborate further on this question in the later stages of the procedure. However, at this stage, the EC would like to remark that the Panel should be mindful that the claims of the complainants may have implications that go far beyond the present case.

### **Question 39**

*Does an EC member State participate in decision-making on a proposed registration either in the Committee established under Article 15 of Regulation (EC) No. 2081/92 or in the Council of Ministers, where that EC member State transmitted the application or an objection to it to the Commission? Is the EC member State identified with the applicant or person raising the objection in any way? Are there any limits on the participation of the EC member State - for instance, can it object to an application which it transmitted?*

101. The Committee assisting the Commission in accordance with Article 15(1) of Regulation 2081/92 is composed of representatives of all Member States. This includes also the Member State which has transmitted the application or the statement of objection.

102. As the EC has already explained in its first written submission,<sup>30</sup> the constitution of regulatory committees is a typical modality under which the Council of Ministers delegates regulatory powers to

---

<sup>29</sup> Cf. Diplomatic Protection of Foreign Nationals, in: Encyclopaedia of Public International Law, Vol. 1, p. 1067 (1992).

<sup>30</sup> EC, FWS, paras. 79 to 83.

the European Commission. Regulatory committees such as the one foreseen in Article 15(1) of Regulation 2081/92 are therefore an integral part of the Community's constitutional system.

103. When fulfilling their functions under Regulation 2081/92, a Member State is in no way identified with the applicant or the person raising the objection. In verifying the applications or

108. Both in "protected name of a third country" and in "Community protected name", "protected" in principle means "protected under Regulation 2081/92". However, the provision also applies where protection under Regulation 2081/92 is sought for a protected name from a third country.

(b) *does the phrase "a Community protected name" cover both names of geographical areas located in the EC as well as in third countries, registered under the Regulation?*

109. No. "Community protected name" covers only protected names of areas located in the EC.

(c) *does the requirement to indicate the country of origin apply also where a name of a geographical area located in the EC is identical to a Community protected name (irrespective of whether this Community protected name is the name of a geographical area located in the EC or in a third country).*

110. No. "Community protected name" covers only protected names of areas located in the EC. Moreover, the provision applies only to protected names.

#### **Question 42**

*If Article 12(2) of Regulation (EC) No. 2081/92 applies to the registration of a name of a geographical area located in the EC that is identical to a name, already registered in the EC, of an area located in a third country, what is the difference in its scope compared to Article 6(6) of the Regulation? Why is it necessary to cover this situation in both provisions?*

111. Article 12(2) is a specific provision dealing with certain cases of conflicts between homonyms which may arise between Community and third country protected names. Article 6(6) is a more general provision dealing with a wider set of conflicts, and notably conflicts between homonyms from within the Community, but including also conflicts involving third country names not yet resolved by Article 12(2), for instance between names from within the same third country, or between third countries.

#### **Question 43**

*Where does Regulation (EC) No. 2081/92 provide for the registration of a name of a geographical area located in a third country WTO Member which is a homonym of an already registered name? Where does it provide for the registration of a name which is a homonym of an already registered name of a geographical area located in a third country WTO Member?*

112. As regards the first question, if the already registered name is a name from the Community, this situation would be covered by Article 12(2) of Regulation 2081/92. As regards the second question, if the name to be registered is from the Community, this situation would equally be covered by Article 12(2).

#### **Question 44**

*Can the EC provide the Panel with any official statement predating its first written submission that Article 12(2) of Regulation (EC) No. 2081/92 applies to names of geographical areas located in the EC and that Article 12(2) will be applied on the basis of the date of registration?*

113. No. The EC would like to remark that since there have been no cases of application of Article 12(2) so far, the EC has not felt a need to make official statements as regards the application of this provision.

**Question 45**

*With respect to paragraph 135 of the EC's first written submission, could the Council of Ministers prevent a registration because the Commission applied Article 12(2) to names of geographical areas located in the EC on the basis of the date of registration?*

114. No. As the Commission, the Council is bound by law to apply the terms of Regulation 2081/92.

**Question 46**

*Has a judicial authority ever ruled on the applicability of Article 12(2) of Regulation (EC) No.*





jurisprudence on Article III:4 GATT, but rather would also have to take the structural differences between the TBT Agreement and the GATT into account.<sup>34</sup>

#### **Question 54**

*Article 12(2) of Regulation (EC) No. 2081/92 is designed to avoid "practical risks of confusion". How would the application of the country of origin label on the basis of a product's date of registration help avoid those risks of confusion?*

126. Typically, the geographical indication which is registered first will have been marketed under that name longer, and will therefore already be known by consumers. Inversely, the geographical indication which is registered later will have been used less long, and will be less known by consumers. It is therefore in line with consumer expectations to require appropriate labelling for the indication registered later. This solution also takes into account the fact that the older geographical indication is already registered, and that the terms of its protection can therefore no longer easily be amended.

#### **Question 55**

*Does the TRIPS Agreement apply as *lex specialis* as regards GATT 1994 and the TBT Agreement, with respect to a practical condition to differentiate homonymous or identical GIs on a label? Please comment in the light of Article 23.3 of the TRIPS Agreement, which is applicable to homonymous GIs for wines, and the national treatment obligation, which is applicable to GIs for other products.*

127. The EC would agree that Article 23.3 TRIPS must be considered as a *lex specialis* with respect to the practical conditions to differentiate homonymous or identical GIs on a label. Under this provision, the practical conditions for differentiation of homonymous indications will be determined by each Member, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled. This constitutes an exhaustive set of disciplines for this issue, which exclude the application of the national treatment provisions of the GATT and the TBT Agreement.

128. It is noteworthy that the TRIPS Agreement does not contain a corresponding provision for homonymous geographical indications for products other than wines. Therefore Members must decide whether and how to accord protection to homonymous geographical indications on the basis of the general provisions of Section 3, and notably of Article 22.4 of the TRIPS Agreement. This indicates that Member enjoy a greater degree of discretion as to ~~Article~~ to resolve conflicts between homonyms

**Question 59**

*Under what circumstances would the Commission consider the holder of a GI certification mark registered in another WTO Member to meet the requirements for inspection structures under Article 10 of Regulation (EC) 2081/92 (read together with Article 12a of that Regulation)?*

130. The EC understands that the question of the Panel relates to a certification mark which protects the use of a name which would qualify for protection as a geographical indication under Regulation 2081/92.

131. Any inspection structure must comply with the conditions set out in Article 10 of Regulation 2081/92. According to Article 10 (2) of Regulation 2081/92, the inspection structures must offer adequate guarantees of objectivity and impartiality with regard to all producers or processors subject to their control. The answer to the question would therefore depend on how the holder of the certification mark is related to the producers or processors in question. If the holder is not itself a producer or processor, and is independent of them, then it would not seem excluded that it could also function as an inspection structure. Otherwise, it would be necessary to establish an independent inspection structure which offers the necessary guarantees of independence and impartiality.

**Question 60**

*Australia argues that the EC's inspection structures requirements are a technical regulation under the TBT Agreement (paragraphs 209-224 of its first written submission). Is there a dividing line under the TBT Agreement between a technical regulation and a conformity assessment procedure? If so, where does it lie?*

132. In the view of the EC, the dividing line follows clearly from the definitions in points 1 and 3 of Annex 1 to the TBT Agreement. According to point 1 of Annex 1, a technical regulation "lays down product characteristics". According to point 3, a conformity assessment procedure ensures that "relevant requirements in technical regulations [...] are fulfilled".

133. In other words, technical regulation set down product characteristics in general and abstract terms. Conformity assessment procedures verify the compliance of concrete products with such requirements. In yet other words, the difference is the one between abstract regulation and the enforcement of regulations in concrete cases.

134. In accordance with Article 10(1) of Regulation 2081/92, inspection structures ensure that agricultural products and foodstuffs bearing a protected name meet the requirements laid down in the specifications. In other words, inspection procedures ensure the compliance of concrete products with the abstract specifications. On the basis of the definitions set out above, there should therefore be no doubt that the requirements regarding inspection structures concern a conformity assessment procedure.

**Question 61**

*If the inspection structures are conformity assessment procedures, are the eligibility criteria for registration under Regulation (EC) No. 2081/92, against which conformity is assessed, technical regulations?*

135. As a preliminary point, the EC would like to remark that the only claim which Australia has raised with respect to the eligibility criteria for registration under Regulation 2081/92 concerns Article 12(2), i.e. the provision regarding homonymous protected names from the EC and third

countries. The Panel does therefore not need to address the question of whether other eligibility criteria contained in the Regulation might constitute technical regulations.

136. Furthermore, the EC notes that it is wrong to suggest that "conformity is assessed against" the eligibility criteria for registration. The existence of inspection structures constitutes a condition for registration. Accordingly, inspection structures do not ensure that the criteria for the eligibility of registration are met; they ensure that concrete products bearing a protected name comply with the product specifications.

137. In reality, the eligibility criteria for registration have nothing to do with technical regulations. They do not lay down characteristics for specific products, but apply for all geographical indications for which protection is sought under the Regulation. Accordingly, the Regulation, and in particular its eligibility criteria for registration, do not lay down product characteristics. Rather, they require the definition of product specifications as part of the application process. However, "requiring the definition of product characteristics" (by the applicant) is not the same thing as "laying down product characteristics".

138. Quite remarkably, Australia has characterised Regulation 2081/92 as "establishing a process related to product characteristics".<sup>35</sup> However, as the EC has already had the occasion to remark at the first meeting with the Panel, a measure "establishing a process related to product characteristics" is not the same thing as a measure actually laying down product characteristics.

139. At the very most, the question could therefore be asked whether the individual product specifications for specific protected names constitute technical regulations. However, the EC notes that Australia has made no claims with respect to any particular specifications, and that this issue is therefore outside the terms of reference of the Panel.

### **Question 63**

*What does Article 14(2) of Regulation (EC) No. 2081/92 mean where it provides that a prior trademark "may continue to be used"?*

140. Article 14(2) of Regulation 2081/92 is an exception to Article 13(1) of the same regulation, which provides that registered geographical indications shall be protected against certain practices, including certain uses of trademarks. Article 14(2) allows trademark owners to continue to use their trademarks in relation to goods which do not comply with the requirements of the geographical 359 Tc 0.323.

registration. In other words, the right holders of a geographical indication only have a positive right to use the name registered as a geographical indication. That right does not extend to other names or signs which have been not been registered. If the use of such unregistered names or signs leads to likelihood of confusion with the same or a similar sign which is the subject of a valid trademark it may be prevented by the owner of that trademark.

Article 14(2) of Regulation 2081/92 would be somehow inconsistent with those of Article 24.5 of the TRIPS Agreement. Were the complainants to raise any such claim at this stage of the proceedings, it would have to be considered outside the terms of reference of the Panel.

146. In any event, Article 14(2) is fully consistent with Article 24.5 of the TRIPS Agreement. Any trademark applied for, or established by use, before 1 January 1996, but after the date of application for a registered geographical indication, could not be deemed to have been so "in good faith".

147. Furthermore, the complainants have not alleged, let alone proved, that the registration of any of the geographical indications that were applied for before 1 January 1996, which constitute a closed category, has resulted or will result in a likelihood of confusion with any of the trademarks that were applied for, registered, or established by use before 1 January 1996, but after the date of the application for the geographical indication, which also constitute a closed category.

### **Question 66**

*Has Article 14(2) of Regulation (EC) No. 2081/92 ever been applied in a specific case? For example, what did the national courts finally decide in the Gorgonzola case, referred to in Exhibit US-17 and in footnote 140 to paragraph 163 of the US first written submission, after the order of the European Court of Justice?*

148. Article 14(2) of Regulation 2081/92 does not have to be "applied" by the registering authorities. Rather, it sets out the legal consequences that follow from a decision providing for the registration of a proposed geographical indication.

149. The "Cambozola"<sup>41</sup> case mentioned in the question remains so far the only instance where Article 14(2) has been interpreted by the European Court of Justice. In essence, the issues in dispute in that case were whether the use of the trademark "Cambozola" fell within one of the situations listed under Article 13(1) and, if so, whether the conditions laid down in Article 14(2) for allowing the continued use of that trademark were met.

150. The European Court of Justice concluded that the use of the trademark "Cambozola" might be deemed to evoke the registered geographical indication "Gorgonzola" and, therefore, fall within the scope of Article 13(1)(b), even if the true origin was indicated in the package. As regards the question of whether the trademark "Cambozola" could continue to be used in accordance with Article 14(2) the Court ruled that

... It is for the national court to decide whether, on the facts, the conditions laid down in Article 14(2) of Regulation No 2081/92 allow use of an earlier trademark to continue notwithstanding the registration of the protected designation of origin 'Gorgonzola', having regard in particular to the law in force at the time of registration of the trade mark, in order to determine whether such registration could have been made in good faith, on the basis that use of a name such as 'Cambozola' does not, per se, constitute an attempt to deceive the consumer.

151. Following the Judgement of the European Court of Justice, the Supreme Court of Austria ruled that the trademark "Cambozola" had been registered in good faith and was not affected by any

---

<sup>41</sup> Judgement of the European Court of Justice of 4 March 1999, Case C-87/97, *Consorzio per la tutela del Fromaggio Gorgonzola v. Kaeserai Champignon Hofmeister GmbH & Co. KG, Eduard Bracharz GmbH*. (Exhibit EC-32).



158. If Article 14(3) does not mention expressly the similarity of goods and signs, it is simply because those criteria are always relevant to establish the likelihood of confusion between two signs and must necessarily be taken into account. Indeed, as discussed below, neither the length of use nor the reputation and renown of a trademark can be assessed meaningfully without taking into account the degree of similarity of the goods and signs. Moreover, it must be recalled that the application of Article 14(3) presupposes the applicability of Article 13(1) and that, in order to determine whether the use of a trademark falls within one of the situations listed under Article 13(1), it is necessary to consider the similarity of goods and signs.

159. Furthermore, the interpretation of Article 14(3) made by the complainants would lead to a result which conflicts and cannot be reconciled with the obligations imposed upon the EC institutions by Articles 7(4) and 7(5)(b).

160. Article 7(4) provides that a statement of objection shall be admissible, *inter alia*, if it shows that "the registration of the name proposed would jeopardize the existence of a mark".<sup>45</sup> This language encompasses any instance of likelihood of confusion between the proposed geographical indication and an earlier trademark. If Article 14(3) only required the refusal of a proposed geographical indication where it gives rise to likelihood of confusion with a famous trademark used for a long time, as claimed by the complainants, the admissible grounds of objection would have been limited to the cases where one such mark is likely to be jeopardized. Article 7(4), however, refers to all trademarks, without any distinction or qualification. It would be pointless to admit an objection on certain grounds if, in any event, it were not possible to reject the application on such grounds.

161. Further confirmation is provided by Article 7(5)(b), which provides that where an objection is admissible, and no agreement is reached among the Member States concerned,

the Commission shall take a decision in accordance with the procedure laid down in

Article 15, having regard to Article 17(1) and Article 18 of the TRIPS Agreement and Article 15 of the TRIPS Agreement, and to the provisions of the TRIPS Agreement which are relevant to the dispute.



indication "Jijona" with the trademark "Coca-Cola", given the lack of similarity between the two signs.

165. Similar considerations can be made with respect to the similarity of goods. For example, a geographical indication for cheese may be less likely to be confused with a trademark that enjoys great reputation and renown with respect to shoes than with a trademark for cheese even if it has less renown and reputation. Similarly, the length of time during which a trademark has been used must be determined in relation to a given category of goods. To continue with the same example, a geographical indication for cheese may be less likely to be confused with a trademark for shoes that has been used for decades than with a relatively recent trademark for cheese.

166. The above examples illustrate that the likelihood of confusion between two signs cannot be properly established by considering only the length of use and the reputation/renown of one of them, but must take into account necessarily the similarity of the goods and signs concerned. An interpretation of Article 14(3) which prevented the registering authority from considering the similarity of goods and signs would be neither reasonable, nor workable, and cannot be correct. It must be concluded, therefore, that the criteria mentioned in Article 14(3) do not purport to be exhaustive.

*Is the criterion of "length of time [a trade mark] has been used" relevant to its liability to mislead if the trademark has not been used for a significant, or considerable, length of time?*

167. Article 14(3) requires the registering authority to consider the length of time during which a trademark has been used. The reason why this criterion must be considered is because, as a general rule, the longer a trademark has been used, the more distinctive it will be, and, as result, the more likely that a proposed geographical indication may be confused with it.

168. However, contrary to what has been argued by the complainants, Article 14(3) does not say that the registering authority must refuse the registration of a geographical indication only if it has been shown that the trademark has been used for a long time. It is conceivable that a trademark which has been used for a relatively short period of time may, nevertheless, have become strongly distinctive

confusion because the trademarks concerned were not famous enough or had not been used for a sufficiently long time.

171. The EC wishes to clarify that it is not the EC's position that its trademark legislation, together with Article 14(3) of Regulation 2081/92, "render Article 14(2) inapplicable". Rather, the EC's position is that its trademark legislation, together with Article 14(3), prevent the registration of geographical indications that result in a likelihood of confusion with pre-existing trademarks, which is the only type of confusion envisaged in Article 16.1 of the TRIPS Agreement. Article 14(2) applies to other situations not involving that type of confusion where, in accordance with Article 13(1) of Regulation 2081/92, the right holders of a registered geographical indication would be entitled, in principle, to prevent the use of an earlier trademark.

#### **Question 70**

*Do the EC member States agree with the Commission's submission to this Panel that the terms of Article 14(3) of Regulation (EC) No. 2081/92, if properly interpreted, are sufficient to prevent the registration of any confusing GIs?*

172. The EC recalls that the submissions to the Panel are made on behalf of the European Communities, and not of the EC Commission.

173. The EC also recalls that Regulation 2081/92 is a measure of the European Community and not of its Member States. Therefore, in principle, only the views of the EC institutions, and not the individual views of the EC Member States, are relevant for the interpretation of Regulation 2081/92.

174. In any event, the Member States of the EC are aware of the legal interpretations stated in the EC submission. They have expressed no objections or reservations.

*Could the EC member States apply national trademark laws in a way that made this impossible?*

175. This question is unclear to the EC. The EC fails to see how the Member States could, through the application of their national trademark laws, prevent a correct application of Article 14(3) of Regulation 2081/92.

176. In any event, the EC Member States are required under EC law to apply their trademark laws consistently with all the relevant provisions of EC law, including 20

could oppose a proposal from the Commission to refuse a registration on the basis of Article 14(3) if it considers that the conditions provided in that Article are not met.

### Question 71

*Has a judicial authority ever ruled on the interpretation of Article 14(3) of Regulation (EC) No. 2081/92?*

178. As noted in the EC's First Written Submission (para. 288) Article 14(3) of Regulation (EC) No. 2081/92 has never been interpreted by the European Court of Justice or by the courts of the Member States. Once again, this confirms that, as explained by the EC, the criteria for the registrability of trademarks ensure that the potential for conflicts between trademarks and geographical indications is very limited.

179. As explained above<sup>48</sup>, according to well-established case law of the European Court of Justice, EC law must be interpreted, to the extent possible, in a manner that ensures its consistency with the WTO Agreement, in particular where it is intended specifically to give effect to that agreement. This principle of interpretation must be observed also by the other EC institutions and by the courts of the Member States when interpreting EC law.

180. Moreover, as also explained<sup>49</sup>, the European Court of Justice takes account of the assurances regarding the interpretation of EC law given by the EC Commission on behalf of the European Communities in international fora, such as the WTO.

*If Article 14(3) of the Regulation, the Community trademark regulation and national trademark laws were applied in such a way as to prevent the registration of GIs that were confusing with a prior trademark, could this be subject to judicial review?*

181. A decision refusing the registration of a proposed geographical indication on the grounds provided in Article 14(3) of Regulation 2081/92 can be challenged before the courts, just like any other decision refusing or granting the registration of a proposed geographical indication.

182. Likewise, the decisions of the trademark authorities of the Member States or of the Office for Harmonisation in the Internal Market to refuse the registration of a trademark on the grounds provided in letters (b), (c) or (g) of Article 3.1 of the Trademarks Directive, or in letters (b), (c) or (g) of Article 7.1 of the Community Trademark Regulation, respectively, are also subject to judicial review.

### Question 73

*Please supply a copy of the wine regulations referred to in paragraph 16 of the EC oral statement.*

183. The wine regulations referred to in paragraph 16 of the EC's First Oral Statement are the same mentioned in paragraphs 310-311 of the EC's First Written Submission. A copy of the relevant provisions of those regulations has been supplied as Exhibit EC-11, together with the EC's First Written Submission.

---

<sup>48</sup> Response to Question 15.

<sup>49</sup> Ibid.

**Question 74**

*Which particular GIs did the EC protect under Regulation (EC) No. 2081/92 prior to 1 January 1995?*

184. The registration of a geographical indication under Regulation 2081/92 produces effects vis-à-vis concurrent trademarks from the date of application (cf. Article 14(1) of Regulation 2081/92). Of the 658 geographical indications currently registered, 487 were applied for prior to 1 January 1995.

185. Furthermore, many of the geographical indications registered or applied for under Regulation 2081/92 were already protected at the Member State level prior to 1 January 1995.

*Is Article 24.3 of the TRIPS Agreement relevant to any other GIs?*

186. Yes. Article 24.3 requires to maintain the level of protection of geographical indications available on 1 January 1995, rather than the protection of the particular geographical indications that were registered, or applied for on that date.

187. On the interpretation suggested in the question, Article 24.3 would impose obligations only upon those Members which protect geographical indications via a system of registration, or another system involving the recognition *ex ante* of geographical indications, but not where protection is provided through other systems (e.g. unfair competition laws or generally applicable consumer protection regulations that apply indistinctly to any geographical indications).

188. For example, assume that, before 1 January 1995, a Member had legislation in place prohibiting the use of *any* geographical indications for products of a different origin, even when the geographical indication is used together with terms such as "type", "kind", etc. On the interpretation suggested in the question, after 1 January 1995, that Member would be free to repeal such legislation

ing th another ) With respect to products of the same kind as those which are the subject of the question, the EC has argued that the TRIPS Agreement does not require a Member to maintain the level of protection of geographical indications available on 1 January 1995, rather than the protection of the particular geographical indications that were registered, or applied for on that date.

In implementing this section, a Member shall not diminish the protection of geographical indications that existed in that Member immediately prior to the date of entry into force of the WTO Agreement.

193. First, Article 24.3 alludes to the "protection of geographical indications", and not to the "protections" in the plural form, as argued by the United States. Moreover, the term "geographical indications" is not preceded by the word "the". This indicates that the drafters had in mind the general level of protection available in each Member. Second, the term "existed" refers to the word "protection" and not to the "geographical indications". It is not required, therefore, that the geographical indications "existed", or *a fortiori* that they had been specifically recognised as such, as of the date of entry into force of the WTO Agreement. This is made clear by the Spanish and the French versions, which read as follows, respectively:

Al aplicar esta Sección, ningún Miembro reducirá la protección de las indicaciones geográficas que **existía** en él inmediatamente antes de la fecha de entrada en vigor del Acuerdo sobre la OMC. [emphasis added]

Lorsqu'il mettra en oeuvre la présente section, un Membre ne diminuera pas la protection des indications géographiques qui **existait** dans ce Membre immédiatement avant la date d'entrée en vigueur de l'Accord sur l'OMC. [emphasis added]

194. The United States also argues that Article 24.3 is an "exception" with respect to the "implementation of the GI Section of the TRIPS Agreement" and not an "exception to the implementation of the trademark obligations".<sup>51</sup> This argument is specious. In the first place, Article 24.3 is not an "exception" to the protection of geographical indications, because it does not exempt Members from the obligations provided under Section 3 of Part II. Rather, it adds a supplementary obligation. Second, the "protection" of geographical indications includes "protection" vis-à-vis the exercise of trademark rights. Indeed, Section 3 of Part II provides expressly for such type of protection in Articles 22.3, 23.2 and 24.5. Those provisions operate as limitations to the "trademark obligations" under Article 16.1. Article 24.3 provides for another limitation to those "trademarks obligations".

195. The objective of Article 24.3 is to maintain the balance between the protection of geographical indications and that of trademarks that existed in each Member at the entry into force of the WTO Agreement. If, prior to that date, a Member provided protection vis-à-vis trademarks going beyond that required by Section 3 of Part II, it is required to continue do so after that date. For example, if prior to 1 January 1995 a Member provided generally the type of protection required by Article 23.2 for wines and spirits with respect to all products, it must continue to do so after that date, whether or not a certain geographical indication had been specifically recognised as such before that date.

196. Finally, the United States argues that the EC interpretation would allow Members to derogate from "any WTO provision".<sup>52</sup> This is simply not true. Article 24.3 requires Members to depart from other WTO provisions only to the extent necessary to maintain the existing "protection" of geographical indications. In order to "protect" geographical indications it is not necessary, for example, to limit patent rights or copyrights.<sup>53</sup> On the other hand, as mentioned, it is beyond question that "protecting" geographical indications may require to limit trademark rights.

---

<sup>51</sup> Ibid.

<sup>52</sup> Ibid., para. 72.

<sup>53</sup> Ibid.

### **Question 75**

*Which party bears the burden of proof in relation to:*

- (a) *Article 24.5 of the TRIPS Agreement? In particular, does this relate to the scope of the obligation in Article 16.1? Does it create an exception for measures otherwise covered by Article 16.1? Or neither?*

197. Article 24.5 is not an "exception" to Article 16.1. Rather, it defines the boundary between a Member's right to implement protection for geographical indications and its obligation to protect trademarks under Article 16.1.<sup>54</sup> The burden of proving that a measure falls within the scope of the obligations provided in Article 16.1 is on the complainants.

198. The EC notes that, while the United States now argues that Article 24.5 is an "exception"<sup>55</sup>, in its panel request it has stated a claim under that provision. Similarly, Australia cited Article 24.5 in its panel request and has made a claim under that provision in its First Written Submission.<sup>56</sup>

WIPO<sup>58</sup>, typically the owner of a registered trademark has an "exclusive right to use the trademark", which "encompasses two things":

- the "right to use the trademark" and
- the "right to exclude others from using the mark".

202. In turn, according to WIPO the "right to use a trademark" means the following:<sup>59</sup>

It means first the right of the owner of the mark to affix it on goods, contains, packaging, labels, etc. or to use it in any other way in relation to the goods for which it is registered.

It means also the right to introduce the goods to the market under the trademark.

203. The term "validity" alludes to something which is "valid", which in turn means something "having legal strength or force, executed with proper formalities, incapable of being rightfully overthrown or set aside."<sup>60</sup> The opposite of "valid" is "invalid", which means "having no force, efficacy, or cogency, esp. in law".<sup>61</sup>

204. In order to be "valid", the registration of a trademark does not necessarily have to confer exclusive rights vis-à-vis all third parties. The fact that the owner of a registered trademark cannot prevent the use of the same or a similar sign by the r

209.



spirits of another Member by its nationals or domiciliaries who have used it before 1 April 1994 in good faith or for at least 10 years preceding that date, regardless of whether this gives rise to confusion with the products of the other Member that are entitled to use that geographical indication.

### Object and purpose

214. In its First Written Submission, the United States stressed that Article 16.1 had to be interpreted "in the light of the object and purpose of the TRIPS Agreement, and specifically with respect to Article 16.1 and its grant of exclusive rights".<sup>65</sup>

215. It must be recalled, however, that, under Article 31 of the *Vienna Convention*, only the object and purpose of the treaty as a whole is relevant. To the extent that granting exclusivity to trademark owners is one of the objects and purposes of the TRIPS Agreement, so is affording exclusivity to the right holders of geographical indications. As explained, exclusivity is as essential to geographical indications as to trademarks. Indeed, it could be argued that exclusivity is even more important in the case of geographical indications because the choice of geographical indications, unlike the choice of trademarks, is not arbitrary, and because it takes longer to establish a geographical indication.<sup>66</sup>

### Drafting history

216. The United States has argued that the predecessor to the current Article 24.5 included in the so-called Brussels Draft made no reference to the right to use the trademark.<sup>67</sup> However, such reference was included in the predecessor to the current Article 24.4, which provided as follows.<sup>68</sup>

Where a geographical indication of a PARTY has been used with regard to goods originating outside the territory of the PARTY in good faith and in a widespread and continuous manner by nationals or domiciliaries of another PARTY, **including as a trademark**, before the date of application of these provisions in the other PARTY as defined in Article [65] below, nothing in this Agreement shall prevent such continued use of the geographical indication by those nationals or domiciliaries of the said other PARTY. [emphasis added]

217. The scope of the above draft provision overlapped, as far as trademarks are concerned, with the predecessor to Article 24.5, which read as follows:<sup>69</sup>

A PARTY shall not take action to refuse or invalidate registration of a trademark first applied for or registered:

- (a) before the date of application of those provisions in that PARTY as defined in Article [65] below;
- (b) before the geographical indication is protected in its country of origin;

on the basis that the trademark is identical with, or similar to, a geographical indication.

---

<sup>65</sup> US FWS, para. 145.

<sup>66</sup> EC's FWS, paras. 295 and 307.

<sup>67</sup> US Oral Statement, para. 64.

<sup>68</sup> Reproduced in Daniel Gervais, "The TRIPS Agreement, Drafting History and Analysis", Sweet and Maxwell, 1998, p. 133.

<sup>69</sup> Ibid.

218. The reference in the predecessor to Article 24.4 to the continued use of the geographical indications as trademarks indicates that the authors of the Brussels Draft envisaged the co-existence of trademarks and geographical indications of other Members. Such co-existence, however, would be rendered impossible by the US reading of the predecessor to Article 24.5, which would confer to the owners of the trademarks covered by the predecessor to Article 24.4 an exclusive right to use the geographical indication.

219. In the final text of the agreement, the reference to the "use of trademarks" was deleted from the predecessor to Article 24.4 and added to Article 24.5, but it has the same meaning and purpose as when it was included in Article 24.4.<sup>70</sup>

### **Question 77**

*Article 24.5 of the TRIPS Agreement uses the phrase "right to use" a trademark. Why did the drafters not choose to state, for example, "exclusive rights" or "rights under Article 16.1"? Is that fact relevant to interpretation of the phrase "right to use" a trademark?*

220. As suggested in the question, if the drafters had intended to preserve the right of the owners of the grandfathered trademarks to prevent the use of the geographical indication, they would have used express language to that effect.

221. Furthermore, if Article 24.5 did not allow co-existence, the protection of geographical indications provided under Part II, Section 3, would become pointless whenever there is a grandfathered trademark. Indeed, why protect the intellectual property rights of the holders of geographical indications against illegitimate uses by third parties if the right holders cannot use it themselves? Yet, Article 24.5 assumes that Members will continue to protect geographical indications ("...measures adopted to implement this Section shall not preclude the use of geographical indications by holders of trademarks which are not identical to the geographical indication and which do not contain the geographical indication").

**Question 87**

*What is the significance of the EC's statement that the complainants' claims are "theoretical"? Does the EC suggest that this affects the Panel's mandate or function in any way?*

223. The fact that the claims raised by the complainants are purely theoretical cast doubts on whether the complainants have a genuine interest in bringing this dispute. The EC, nevertheless, is not suggesting that the Panel's jurisdiction is affected by the complainants' apparent lack of genuine interest. In particular the EC does not consider it necessary to request the Panel to rule on whether the complainants have acted consistently with Article 3.7 of the DSU.

224. If the EC has insisted that the complainants' claims are often theoretical it is because this has implications for the Panel's assessment of whether such claims are well-founded. In particular, in some cases the fact that the complainants' claims are theoretical confirms that they are based on a misinterpretation of the measures in dispute.

225. For example, the fact that the complainants have not been able to identify any single registered geographical indication which gives rise to likelihood of confusion with any prior trademark confirms that, as argued by the EC, the criteria for registrability of trademarks, together with Article 14(3) of Regulation 2081/92, prevent the registration of confusing geographical indications.

226. Similarly, to mention but another example, the fact that Australia has not been able to provide any evidence that the EC authorities have rejected statements of objection for the reasons mentioned by Australia under Claim 21<sup>71</sup> confirms that Article 7(4) does not provide for the limitation of the grounds of objection alleged by Australia.

**Question 89**

*Is there a notion of estoppel in WTO dispute settlement which applies where a Member refrains from raising claims in relation to a measure until after it is amended?*

227. According to Article 3.10 of the DSU, the participants in dispute settlement procedures under the DSU are bound by an obligation of good faith. The principle of estoppel is similarly based on the notion of good faith. Accordingly, the EC considers that the notion of estoppel is applicable in the