TRIPS: Protection of Geographical Denominations and Undisclosed Information*

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Paper is divided into two parts. Part I, i.e. Geographical Indications, describes the protection of geographical indications under multilateral agreements, geographical indications under TRIPS Agreement, protection and enforcement of geographical indications under existing laws in India, proposed new law and its salient features. Part II, i.e. Undisclosed Information, gives the definition of undisclosed information under TRIPS and its protection under existing law in India.

The topic is addressed in terms of the following scheme:
Part I: Geographical Indications covers: (i) definition, (ii) protection of geographical indications under multilateral agreements, (iii) protection and enforcement of geographical indications under existing law in India, and (iv) proposed new law: its salient features.
Part II: Undisclosed Information presents: (i) definitions under TRIPS, and (ii) protection available in India.

Geographical Indications

Various terms have been adopted to define a geographical denomination. For purposes of the presentation, the following terms would be relevant: "Indication of source" means a geographical indication perceived by the public as indicating the origin of goods or services (e.g. Made in India). "Appellation of Origin" means: "The geographical name of a country, region or locality, which serves to designate a product

originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors. "Geographical Indication" means: "indications which identify a good as originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin"

**International Protection of Geographical Denominations of Origin**

A geographical denomination is any noun or adjective that designates geographical location and would tend to be regarded by buyers as descriptive of the geographical location of origin of the goods. In this merely descriptive meaning, the geographical adjective can be truthfully applied to a wide range of products that emanate from a certain location but cannot, *per se*, function to identify and distinguish the goods of only one seller in that geographical location. In other words, geographically descriptive terms are in the "public domain", in the sense that every seller should have the right to inform customers of the geographical origin of his goods. Therefore, a seller must build up goodwill and consumer recognition in a descriptive geographical term in order to have a legally protectable interest, and to take the term out of the public domain. Such an acquisition of distinctiveness is referred to as "secondary" meaning. Thus, only by this secondary sense of indicating one source and quality of goods may any trademark significance be connected to the geographical name. However, reputation may attach to a geographical name that remains purely descriptive of a place or area so that the right to attach it to goods or business may form part of the goodwill of those who are duly associated with that place or area in which case, wrongful or dishonest use of that name will be actionable.

The protection of geographical denominations plays an important role in commercial relations both at the national and at the international level. The wrongful use of geographical denominations is contrary to honest practices in industry and trade. It can be misleading for purchasers of the goods for which the geographical denomination is used; persons buying the goods in the erroneous belief that they originate from the indicated source may suffer damage—sometimes serious damage where the stated source has a special reputation for the goods concerned. For example, Spanish Champagne or Sheffield-type cutlery are instances of misleading or deceptive use of the respective well-known geographical indications. The consumer usually just throws a glance at the label of a product and becomes, therefore, only aware of the famous indication and not of its corrective.

In addition, the person wrongfully using the geographical indication gains an unfair advantage over his competitors, who may lose the whole or part of their custom. In this context, the protection of geographical denominations can, therefore, be considered as a particular aspect of the protection against unfair competition.

Geographical denominations are of considerable importance for developing countries like India. India is richly endowed with natural and agricultural products, products of handicraft and industry. Darjeeling tea, *basmati* rice, Alphonso mangoes, Malabar pepper, etc. are a few examples of products which enjoy a reputation for high intrinsic quality and are known in the world market
by reference to the geographical indications traditionally applied to them.

A geographical denomination contributes to the reputation of the products concerned and creates "goodwill" among consumers, which will assist the product's distribution and sale. The consumers of goods exported from developing countries like India are often those of the industrialized countries. It is, therefore, important that the geographical denominations of India are protected in the industrialized countries.

International Protection of Geographical Denominations under Multilateral Agreements

The international protection of geographical indications has evolved stage by stage and on various levels. Until the GATT-TRIPS Agreement, protection was mainly based on the Paris Convention of 1883, and its special agreements under Article 19 of the Madrid Agreement of 1891 and the Lisbon Agreement of 1958. Furthermore, E.C. Regulations on the description and presentation of wines/grapes juices, liquors, and the protection of geographical indications and designations of origin for agricultural products and foodstuffs, were adopted in recent years.

The Paris Convention of 1883 was the first step to protect geographical names of an international level. Article 1(2) provides that the protection of industrial property has as its object, among others, "indications of source" or "appellation of origin". Articles 9 and 10 of the Convention prohibit the direct or indirect use of a false indication of the source of goods subject to the frame of protection in every single Member State of the Convention. This means that no indication of source may be used that refers to a geographical area from which the products do not originate. For the provision to be applicable, there is no need for the false indication to appear on the product, since any direct or indirect use, for example in advertising, is sanctionable. However, Article 10(1) does not apply to indications which, without being false, may mislead the public, or at least the public of a certain country. (For example, where certain geographical areas in different countries have the same name but only one of these areas is internationally known for particular products, the use of that name in connection with products originating from another area may be misleading).

The main advantage of the protection afforded by the Paris Convention to indications of source lies in the extent of the territorial area covered by the Paris Union, which on 1 January 1997, comprised 140 member states. On the other hand, the question of indications, which, in countries other than the country of origin, are generic names of a product in other countries, is not dealt with in the Paris Union so that Member States of the Paris Union seem to be entirely free in that respect. Finally, sanctions, although specifically mentioned in the Paris Convention, are not in all cases mandatory and apply only to false but not to misleading indications of source.

A slightly higher level of protection is ensured by the Madrid Agreement of 1891 which is a special agreement within the framework of the Paris Union. The Agreement aims at the repression not only of false but also of deceptive or misleading indications of source. Article 1(1) of the Madrid Agreement prescribes that any product bearing a false or misleading indication, by which any one of the contracting parties or any part thereof is indirectly or directly indi-
cated as being the country or place of origin, may in any of the contracting countries be seized at the customs or affected by an import prohibition. The territorial scope of the Madrid Agreement is considerably smaller than that of the Paris Convention, as only 31 countries were party to this as on 1 January 1997. The reasons for the limited territorial scope of the Agreement are not hard to seek. In particular, the repression of false or deceptive indications used in translation or qualified by terms such as "kind" or "type" is not provided for. Furthermore, apart from regional appellations concerning the source of products of the vine, indications of source are not protected against the risk of becoming generic names. Finally, the sanctions provided for are limited.

By the Lisbon Agreement of 1958, a special Union was founded, the members of which undertook to protect on their territory appellations of origin of the other contracting countries, which were recognized and protected as such in the country of origin and registered in the International Bureau of the World Intellectual Property Organization, WIPO. Because of the narrow approach of this Agreement, geared to geographical indications of wines, many countries favouring a high level protection of geographical names stayed away from the Agreement. Hitherto, 17 states have joined the Lisbon Agreement.

A package of European legislation (EC Regulation 2081/92) came into force in 1993 which provides for a simpler system for the protection of food names on a geographical or traditional recipe basis. Under this regulation, a named food or drink registered at a European level will be given protection against imitation throughout the European Union. There are the following main designations in EC law both of which attract a similar degree of protection:

(i) Protected Designation of Origin (PDO), and
(ii) Protected Geographical Indication (PGI).

PDO is open to products whose names are geographical or traditional non-geographical names and which are produced, processed and prepared within a particular geographical area, and with features and characteristics which must be due to the geographical area. The method used to produce the product must be unique in that area.

PGI is open to products whose names are geographical names and which must be produced or processed or prepared within a geographical area and have a reputation, features or contain qualities attributable to that area.

Though the territorial scope of the regulation is limited to members of the European Union, it is permissible for non-member countries to avail itself of the protection of the regulation on the basis of reciprocity in respect of identical guarantees, inspection arrangements and protection.

Protection of Geographical Indications in TRIPS

TRIPS Agreement contains a section devoted to the protection of "geographical indications". TRIPS requires WTO members to adopt these and other substantive protection into their laws. Failure to enact appropriate implementing legislation will subject a WTO member to the possibility of claims and sanctions under the dispute resolution mechanisms (Art.64). All the countries of the world that wish to enjoy the benefit of
WTO will have to accept the text of the TRIPS Agreement and embody the same in their national legislation. Consequently, the said Agreement can be considered as the constitutional law of intellectual and industrial property and any new convention or legislation in the field of industrial property must now be based on the TRIPS Agreement.

The TRIPS provisions regarding geographical indications are found in Section 3 of Part II of the Agreement, and consist of three articles. Article 22 concerns the protection of geographical indications in general. Article 23 sets forth "Additional Protection for Geographical Indication for wines and spirits". Article 24 concerns exceptions to the requirements of the prior two articles and sets forth commitments to a process of international negotiation regarding protection of geographical indications.

Article 22.1 defines a geographical indication to mean "an indication which identifies a product as originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or characteristic of the good is essentially attributable to its geographical origin.

This means that this is not just an indication of source (such as Made in India) but has to indicate that a product of a particular origin has a certain quality or reputation or some other characteristic which is essentially attributable to its geographical origin.

The TRIPS Agreement obliges WTO members to provide two levels of protection for geographical indications. At a general level, under Article 22.2, every WTO member is obliged to protect a geographical indication against consumer deception and against acts of unfair competition. This double-edged general protection is stipulated in two operative provisions. The first, Article 22.2(a), requires Member nations to provide the legal means for interested parties to prevent the use of "any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good".

The second, Article 22.3, requires members to bar registration of trade marks that contain or consist of a false geographical indication provided "use...is of such a nature as to mislead the public as to the true place of origin". A further provision, Article 22.4 brings within the reach of these two operative provisions, so-called "homonymous" geographical indications, that is, indications "which, although literally true as to the territory, region or locality in which the goods originate, falsely represent to the public that the goods originate in another territory.

At another level, additional protection is to be provided for wines and spirits, even where there is no possibility of misleading the public, namely, where the true origin of the goods is indicated or where the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation", etc. For wines or spirits the registration of trademarks containing geographical indications shall be refused or invalidated in all cases where such wines or spirits do not have this origin, even where there is no deception of the public.

Article 23.1 requires members to prohibit use of false geographical indications for wines or spirits regardless of the presence of any qualifiers or delocalising terms such as the true place of origin or expressions such
as "kind", "type", and the like. The provision gives members a choice between providing a private right of action in court or providing an administrative enforcement mechanism available to "interested parties".

The seemingly broad protection granted under Article 23.1 is, however, substantially limited by the provisions of Article 24.4 to 24.6 which constitute an exception to the obligations on protection of geographical indications. These are:

- When geographical indications have been used in a continuous manner: (a) for at least 10 years preceding 15th April 1994, or (b) in good faith preceding that date. In addition, where a trademark has been applied for or registered or where rights have been acquired through use in good faith, either before the date of application of these provisions in that territory or before the geographical indication is protected in the country of origin, this shall not be invalidated even upon request from an interested party. In any case, such a request made under this section must be presented within five years after the adverse use of protected indication has become generally known in that territory or after the date of registration of the trademark provided this was published, whichever is earlier.

Most importantly there is a general exception to any obligation to protect geographical indications which either are not protected or cease to be protected or have fallen into disuse in the country of origin.

**Protection of Geographical Denominations in India**

Except for the TRIPS Agreement, India is not a Member State of any of the other Conventions referred to above. However, Article 2 of the TRIPS Agreement provides that, in respect of Parts II, III and IV of this Agreement, members shall comply with Articles 1-12 and 19 of the Paris Convention (1967). In other words, the ratification by India of the TRIPS Agreement assumes an obligation on its part to honour and comply with the substantive provisions of the Paris Convention. This obligation is however subject to the transition period of five years envisaged in Article 65, Part VI of the TRIPS Agreement.

Under the existing Trade and Merchandise Marks Act, 1958, there is no specific provision which has the purpose of controlling the use of geographical names in trade. This does not of course mean that there is no legal protection for such names, or that they can be used in a way which would deceive consumers or enable traders to benefit without justification by famous names. There are following three ways in which the existing Indian law can be used to control, or prevent the misuse of geographical denominations.

**Consumer Protection Law**

The principle legislation in the field of consumer protection are the following:

(a) The Consumer Protection Act of 1986, and
(b) Sections 36-A to 36-D of the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969. The said sections pertain to unfair trade practices and these were inserted in the MRTP Act by an Amending Act of 1984 with effect from 1 August 1984.

As the definition of "unfair trade practices" adopted in Sections 36-A to 36-D of the MRTP Act is incorporated in the Consumer Protection Act, it would be useful to start...
with the said definition. Section 36-A defines "unfair trade practice" to mean a trade practice which, for the purpose of promoting the sale, use or supply of any goods or for the provision of any services, adopts one or more of the following practices and thereby causes loss or injury to the consumers of such goods or services whether by eliminating or restricting competition or otherwise, namely:

The practice of making any statement, whether orally or in writing or by visual representation which:

(i) Falsely represents that the goods are of a particular standard, quality, grade, composition, style or model;
(ii) Falsely represents that the services are of a particular standard, quality or grade; and
(iii) Represents that the goods or services have sponsorship, approval, performance, characteristics, accessories, use or benefit which such goods or service do not have.

False representation that goods are of a particular standard, quality, grade, composition, style or model are covered by this sub-clause. "False" here connotes representations which are untrue. Where there is a false representation that particular goods comply with ISI (Indian Standards Institution) standard, it would come within the mischief of this sub-clause. Where a tape-recorder is sold under a representation that it is a Japanese make, it would be a false representation of standard, if, in fact, it is not of Japanese make. Where cotton garments are sold under a representation that they are made from "Egyptian" cotton, it would be a case of false representation as to grade, if in fact the garments are made of cotton of non-Egyptian origin. Where a television set is sold under a representation that it is made of assembled parts imported from abroad, it would be false representation as to composition, even if some of the parts in it have been locally produced.

Proceedings under the MRTP provisions are civil matter. As per Section 36-B(a) of the Act, consumers' associations, trade associations or a single consumer can make a complaint of facts to the MRTP Commission. These must relate to unfair trade practices indulged in by a trade or manufacturer. According to Section 2(n), a registered consumers' association is a voluntary association of persons, registered under the Monopolies and Restrictive Trade Practices (Recognition of Consumers' Association) Rules 1987. Needless to state, such associations are formed for the purpose of protection of the interests of consumers. "Trade Association", as per Section 2(t) is an association formed for the purpose of furthering trade interests of its members or persons represented by its members. In the case of a trade association, it is not necessary that it should be incorporated. Complaints made by these associations should be verified in a manner prescribed by Order VI of Code of Civil Procedure. As per existing provisions, the Commission on the basis of a complaint from a single consumer can institute enquiry under Section 36-B(a) of the Act. In the case of a complaint by an Association, it is necessary under the amended Section 36-C that preliminary investigation be conducted by the Director General before institution of enquiry by the Commission. Enquiry can be instituted only after the Commission is satisfied that the complaint requires to be enquired into. In the case of reference by the Central or the State Government, investigation is not mandatory for the purpose of institution of an enquiry. Generally, when
the Commission receives information about unfair trade practice, it may order the Director General or the Director of Research, an officer of the Commission, to conduct investigation in the matter and thereafter examine the same for the purpose of institution of an enquiry. The purpose of investigation before institution of an enquiry by the Commission is to gather facts relevant to the enquiry and so satisfy itself prima facie about the complaint. In case, however, of an invalid or defective complaint, the Commission may treat the same as information and proceed under Section 36-B(d).

It should be borne in mind the primary purpose of the consumer protection legislations is to protect consumers. It is in a sense incidental that they also protect producers against misuse of their designations, including geographical indications.

**Passing-Off**

The primary purpose of the action for passing-off the other hand is to protect the name, reputation and goodwill of traders and producers against those who try to benefit from their reputation. India, like most common law countries, does not have a law specifically concerned with unfair competition. It is probably true to say however that most acts of unfair competition likely to cause damage to other traders come within the broad concept of passing-off.

The action for passing-off was created by the courts during the early part of the nineteenth century, when the expansion in mass production and distribution of goods prompted the unscrupulous to imitate the marks or trade dress of their more successful competitors. In fact, the concept of trademarks can be said to have grown out of passing-off, and trademarks were protected in this way for several decades before the legislation which first provided for their registration. Unregistered trademarks can nowadays be protected only through the action for passing-off.

At its simplest, the principle of passing-off can be stated as "no one is entitled to pass-off his goods as those of another". Passing-off is concerned with misrepresentations made by one trader which damage the goodwill of another. Misrepresentation, damage and goodwill are therefore the three essential elements of the tort.

Of course, the concept has become more developed and more sophisticated, not least as a result of some of the judicial decisions as will be evident from the following cases:

4. The Advocaat Case- Erven Warnick B.V. V.J. Townend & Sons (Hull) Ltd (1979) (AC-731)
6. The YSL Champagne Case
7. Mohan Meakin breweries Ltd vs The Scotch Whisky Association, AIR 1980 Delhi, 125
8. Scotch Whisky Association vs Pravara Sahakar Sahakar Karkana Ltd - AIR Bom, 294
**Trademarks Legislation**

Section 2(0) defines "false trade description" as a trade description which is untrue or misleading in a material respect as regards the goods to which it is applied.

Section 2(c) defines "certification trademarks" to mean "a mark adapted in relation to goods to distinguish in the course of trade, goods certified by any person in respect of origin, material, mode of manufacturer, quality, accuracy or other characteristics, from goods not so certified and registerable as such.

Under the proposed Trade and Merchandise Marks Bill, there is a proposal to introduce a scheme for registration of collective marks. "A Collective mark" is defined to mean "a trademark distinguishing the goods or services of members of an association of persons who is the proprietor of the mark from those of others. Certification marks superficially resemble collective marks, since both are accompanied by regulations governing the use of the mark. The main function of a collective mark however is to indicate a connection in the course of trade between the goods and members of the association owning the mark. A collective mark is therefore simply a special kind of trademark.

With a view to conferring full protection upon geographical indications within the meaning of the TRIPS Agreement, a draft law is currently under consideration of the Government of India. Once enacted into law, the proposed legislation will enable our traditional geographical indications to be registered and such registration will furnish a **prima facie** proof of ownership in Indian as well as overseas courts.

**Protection of Undisclosed Information**

Article 39 of TRIPS deals with the protection of undisclosed information. Such information is sometimes called a "trade secret". The expression "undisclosed information" is defined in Article 39(2) (a) as "secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question".

The TRIPS provisions require that members shall prevent such information from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices. The Agreement links the protection of undisclosed information to the Paris Convention, treating such protection as a special case of protection against unfair competition.

Examples of disclosing "in a manner contrary to honest commercial practices" are given in footnote 10 to paragraph 2:
- breach of contract;
- inducement to breach;
- acquisition of undisclosed information by third parties who know or were grossly negligent in failing to know, that practices contrary to honest commercial practices were involved in the acquisition.

Paragraph (3) contains specific provisions concerning the protection of test data relating to pharmaceutical and agricultural chemical products.
In India, there is no specific legislation for protection of undisclosed information or trade secrets. However, such information/trade secrets can be effectually protected under the law of contract. The courts in India are fully cognizant of the balance between the need for protection of trade secrets and the public interest in denial of such protection to matters within the public domain. The following cases decided by Indian courts in this behalf are important to note:

(1) Konrad Wiedemann GmbH & Co. vs Standard Castings P. Ltd and others IPLR 1985 page 243,

(2) Michael Health Nathan Johnson vs Subhash Chandra & Ors PTC (15)1995 page 300, and

(3) LG Electronics Inc. & another vs Onida Savak Limited & Ors (Unreported judgement dated 3 October 1997)

Conclusion

Pending fuller incorporation of the TRIPS obligation into our national law, the existing remedies under the available statute and principles of common law unfair competition provides a sound basis for protection of geographical indications and undisclosed information.