Law Council
OF AUSTRALIA

Business Law Section

26 November 2020

IP Australia
Discovery House
47 Bowes Street
PHILLIP ACT 2606

Dear Sir / Madam

Submission to Australia-European Union Free Trade Agreement: Consultation on a Possible New Geographical Indications Right

1. The Intellectual Property Committee of the Business Law Section of the Law Council of Australia (**the Committee**) welcomes the opportunity to comment on the Australian Government's *Australia-European Union Free Trade Agreement: Consultation on a Possible New Geographical Indications Right*.

General comments

2. At the outset, the Committee would like to emphasise a number of important preliminary policy issues when considering the potential implementation of a geographical indication (**GI**) system for Australia.

3. The first preliminary policy issue is that it is extremely important that it be borne in mind that GIs are not trademarks. As shown by the fact that GIs are the subject of their own independent GI chapter in the TRIPS Agreement, GIs are an entirely different form of intellectual property right. Whilst there may be a number of similarities between GIs and trademarks (such as the fact that GIs provide in certain respects an indication of the source of products), the distinctions between trademarks and GIs are numerous and fundamental.

4. Easy examples of such differences are that unlike trademarks, GIs cannot be assigned or licensed and have no owners. Rather they "belong" (or "run with" or "attach to") to the land or area to which the GI appertains even if the persons who own the land change. Accordingly, processes and considerations that might apply to trademarks (such as opposition processes or non-use processes) might be able to be applied (with the necessary changes) to GIs, but a GI system needs to be carefully crafted focusing solely on GIs and without endeavouring to overlay the GI system onto the existing trademarks system or any trademark-type system or policies. Simply providing for GIs to be a modified form of certification mark, for example, would be entirely inappropriate.

5. Irrespective of whether this process has been followed by other countries, it would be inappropriate to put any Australian legislative scheme concerning GIs into the

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trademarks legislation (as suggested in the discussion paper) or to give its administration to IP Australia.

6. The architecture of the trademarks legislation is not appropriate for a GI scheme, as it sets up a system for the creation of private rights and incorporates terminology ill-suited to the concept of GIs. Whilst the concepts of examination and opposition exist in the trademarks legislation, they also exist in multiple fields (including even for making applications for building permits).

7. The Committee urges the Government not to take what might look like an easy shortcut by simply amending the existing trademarks legislation if it introduces a GI scheme. It is imperative, in the view of the Committee, that if implemented, the scheme should be administered not by persons who are skilled in trademark law, but rather by those who have relevant experience and expertise relating to agricultural products[1] which is fundamentally important to a system of GIs for such products, and who do not have a background which might mean that they are inclined to impose onto the GI system concepts or ideas or policies derived from other areas, such as trademark law.

8. The Committee recommends that any Australian system of agricultural GIs should be considered and administered by a suitably resourced and empowered body, having the requisite experience and skills to make determinations in respect of the goods, the area and the GIs in question.

9. The Committee notes that it is necessary to have the requisite trade-specific knowledge and dedicated resources needed for an agricultural GI system rather than have a set of GIs imposed by administrators who do not work in the relevant sector. Whilst Wine Australia could certainly handle a set of GIs that extend beyond wines to include spirits, there should be a separate body for other agricultural goods.

10. While IP Australia has significant experience in administering multiple IP regimes, the Committee is concerned that there might be a view within IP Australia that its expertise in relation to substantive trademark matters could be readily applied to GIs. While a number of procedural matters such as the admissibility and timing of receipt of evidence might be common to both regimes, GIs are a fundamentally different type of intellectual property. Procedural experience and capacity do not equate to substantive knowledge of the IP area in question. The necessary skills in agriculture relevant to considering GIs would demand considerable additional human resources that would include staff with necessary understanding of the agricultural industry. For example, there would need to be a capacity of examiners to understand and question evidence from applicants claiming the existence of a GI and to equally understand and question any evidence in any opposition to such a claim. Failure to do so would effectively create a system in which the definition of a GI would become “any indication that any applicant claims, in writing, is a GI”. Other issues that examiners would need to consider would be the appropriateness of any particular conditions of use of a GI. It might be the case that any GI system of registration should be administered by a separate organisation from either the Department of Agriculture or IP Australia.

[1] In this submission, the term “agricultural products” is used to mean agricultural products including alcoholic products such as beers and spirits.

11. We set out below our specific responses to the consultation questions.

Q.1 What types of goods should be eligible for protection as a GI?

12. The goods that should be eligible for registration as GIs should only be agricultural products (which should include foodstuffs, beer and spirits). The Committee is also open to the concept of GIs for indigenous handicrafts known to come from a particular geographic area in Australia, although more information is needed in order to respond more fully to the question insofar as this sub-group of products is concerned.

13. Whilst the Committee is, of course, aware of such GIs as “Swiss knives” or “Swiss watches” and the like, manufactured goods raise an entirely different level of complication and consideration than do agricultural products, and there was no support for extending protection beyond agricultural products.

Q.2 Should GIs filed under a new system cover a single good or multiple goods?

14. The manner in which this question has been structured suggests that a trademark type overview has been put over this (and possibly other) questions. GIs are almost invariably registered or protected for particular agricultural goods. The fact that Australia currently asserts that it protects GIs by the certification trademark scheme does not mean that all features of certification trademarks should apply to the new GI system. Trademark schemes clearly incorporate the possibility of registering marks (including certification trademarks) for multiple goods and/or services. GIs are not at all like that. To our knowledge, countries that protect GIs as GIs do not allow a “multiple goods” system to be implemented. If there are multiple GIs of the same name but which apply to difficult agricultural goods, those different GIs are regarded as homonyms, and each should (subject to fulfilling of the usual criteria) be entitled to individual registration. Thus, by way of example, if the area “Barossa” is a registered GI for wine, that should not stop the same name from being able to be separately registered as a GI for another agricultural product (such as honey, wool or cheese). However, each of those other different agricultural products would need a separately registered GI as each would have different considerations for assessment. The territorial limits for different products using the same name would be highly unlikely to be exactly the same, as the characteristics of a product or its reputation attributable to the geographical origin will undoubtedly vary from product type to product type.

Q.3 Are there particular safeguards that should be considered for a new GI right?

15. In relation to the safeguards that should be considered in establishing new GI rights, again the Committee has seen that there is a clear preference expressed in the consultation paper to align the GI system with the trademark system (as can be seen by the comment that “the reasons for rejection and opposition in a new system could align with the existing CTM system and wine system”). Leaving aside the fact that the wine GI system is not at all aligned with the CTM system, again the Committee stresses that GIs are not trademarks.

16. Looking, for example, at the opposition grounds set out in the *Trade Marks Act 1995* (Cth), many of the provisions are simply not applicable (or would need significant amendment to become applicable), such as sections 41 and 44.

17. Insofar as GI safeguards are concerned, there are several set out in sections 40DA and 40FA of the *Wine Australia Act 2013* (Cth) that could be used as examples (and which relate to situations such as where the GI being used is a common English word or term or where the use is of a person's own name).[2]

18. Another matter that the Committee considers should be a potential safeguard is that when applications are lodged for GIs in Australia, those GIs should fit within the definition of such a term within Article 22.1 of the TRIPS Agreement. In other words, a name may be registered as a GI if it identifies goods as originating in a particular region or locality where a given quality or other characteristic of the good is essentially attributable to its geographical origin or its reputation is essentially attributable to its geographical origin. It would be preferable to avoid the creation of new GIs merely as a political expediency (for example, where the name "Wrattonbully" was used as a so-called GI for wines to be able to be used for those persons whose vineyards fell outside of the newly-established Coonawarra wine region).

Q.4 Under what circumstances should two rights, for example a new GI and an earlier trade mark, be able to co-exist?

19. The Committee is of the view that any new GI system should include the application of the general intellectual property policy of "first in time, first in right". Such a provision is already a part of the *US-Australia Free Trade Agreement* signed in 2004 and has been implemented, albeit in a very curious manner, in section 40RC of the *Wine Australia Act 2013* (Cth) (see in particular, Note 1 that sits under that section). This provision has already been applied in the Rothbury GI Application matter.[3]

20. The Committee does not believe that the rule should be inflexible, and points to the "Great Western" (in use in Australia since the mid-1850s) wine GI that now co-exists with the "TWI Great Western" trademark that has been used since the 1860s. The GI was registered subject to conditions that make co-existence possible.

21. Further, there may be situations where homonyms exist, such as where the name "Barossa" is registered as a GI for wines (which is the actual case) and where it is also sought to be registered for other agricultural products such as cheeses, wool or honey. In the Committee's view, there should be no reason why the same name cannot be used for two GIs for different products.

Q.5 What level of detail should be required for any conditions of use, such as production methods, boundaries and what it means for a product to come from the region?

[2] An example would be where Mr David King establishes his own cheese business in Barwon Heads, Victoria and produces cheese at the same time as King Island has a GI registered for cheeses. Mr King should be allowed to use his name for his cheeses provided he uses the name "David King" and not simply use his surname. At the current time, there is a degree of uncertainty and a number of different court decisions that relate to the "use of own name" defence. It would be desirable to avoid further uncertainty by dealing with a "use of own name" defence in a more fulsome manner than might otherwise be usual. An example would be, as already mentioned, a requirement that a person's full name be used (together with an explanation as to whether that requires the use of middle names).

[3] *Rothbury Wines Pty Ltd v Tyrrell* [2008] ATMOGI 1.

22. The Committee has a high level of reservation about introducing agricultural GIs into Australia that would require the inclusion of conditions of detailed production methods, as described below.[4]

23. Certainly, every GI must have specific boundaries; otherwise the term "GI" is a nonsense.

24. Rather, the issue of whether a new agricultural GI must have particular conditions of production should be left to the local producers who can put forward such systems if appropriate, for consideration by the relevant administrative authority. It would be short-sighted not to allow for that to occur.

25. The level of detail of conditions of use should correlate with the evidence supporting the claim that the alleged GI meets the definition of a GI. Hence, a condition of use should be justified by evidence that such use substantially contributes to either a material part of the relevant reputation of the goods that is essentially attributable to its geographical origin or substantially contributes to the goods having a quality or other characteristic essentially attributable to its geographical origin. Such conditions of use would be inextricably linked to the process of proving that the relevant indication is in fact a geographical indication. The imposition of any conditions of use unrelated to the reputation, quality or characteristics of the goods would not be justified and probably have anti-competitive implications.

26. One consequence of such an approach would be that the greater the connection between the conditions of use and the geographic area in question, the more likely it is that the indication will be a GI. For example, if 100% of a product is from the relevant area, there is a higher likelihood that the relevant indication for that product will be a geographical indication than if only a small percentage of the product is from the relevant area.

Q.6 Should a new GI right extend the international standard of protection for wines and spirits to all goods? Are there other practices that should be prevented?

27. The Committee notes that the minimum standard required by Article 23 of the TRIPS Agreement must be applied in relation to GIs for wines and spirits but that there is no obligation to apply that standard for other goods. The minimum standard for those other goods is set out in Article 22. There are a number of exceptions permitted by Article 24.

28. The Committee is of the view that in any new Australian GI system, the standard of protection that should be applied should be Australian-type standards of protection, using language that already has an Australian meaning such as "misleading or deceptive" as used in the Australian Consumer Law or "deceptive or confusing" as

[4] For the wine sector, the wine industry, on negotiating the *Agreement on Trade in Wine* in 1993 with the European Community, made very specific representations to government that it did not wish to have any conditions of use of any nature imposed on producers. It said that it wanted to avoid the introduction of an "appellation system", by which it meant a system as complicated as the European GI system. As a result, the only restriction placed on the users of wine GIs under the current Australian system is that the wine must originate within the boundaries of the defined geographical area. Indeed, for wines, it is noted by the Committee that where wine is sold under a particular wine GI only 85% of the fruit needs to originate from within the boundaries of that GI.

used in the *Trade Marks Act 1995* (Cth). The Committee suggests that the Australian GI system should ensure that comparative advertising involving use of a GI is permitted. The Committee does not support introducing a new concept of infringement using words or ideas not yet used in Australian jurisprudence, as that would merely create uncertainty for producers and their advisers.

29. The Committee does not support adopting European standards such as "evocation" of a GI as constituting a breach of a GI. Australia has never had a system of trademark dilution.[5] Equally, we have no legislative prohibition or common law tort of "unfair competition" and it would be wrong to allow such laws to creep into our system through the back door of a new GI system.

Q.7 Who should be able to apply for a GI in Australia?

30. The Committee believes that there should not be any specific regulation as to which person should be entitled to apply for registration of a GI in Australia. Similar to the manner in which the *Wine Australia Act 2013* (Cth) provisions function, there should not be any specific standing requirements that need to be fulfilled in order to allow a person to apply to register a GI. The Australian agricultural industry is not organised in such a manner as would readily allow specific standing rules to be applied in an even-handed manner across the board. Insofar as international applications are concerned, the laws are likely to be so diverse that a review would not be feasible.

31. Implementing rules requiring individuals or collectives within a particular region who wish to apply to register a GI to be able to demonstrate that they represent the interests of users in the proposed region would impose a very significant hurdle and one that might impede the ability to register GIs. As has been seen in the wine sector, there are some wine regions where it is simply not possible to find a consensus amongst producers and where there is no organisation or group that represents the interests of all or even most producers within a particular area. Those disputes, such as the Coonawarra dispute, the King Valley dispute and the Rothbury dispute (the latter of which was principally a dispute between those seeking to register a name as a GI as against the interest of a party that owned a trade mark of the same name) were eventually resolved by litigation but represent less than 3% of all Australian wine GIs.

32. Most producer groups in agricultural regions do not have the resources or the desire to become embroiled in litigation and it is expected that most potential disputes would be able to be resolved by adopting an inclusionary approach to the definition of local GIs. The Committee suggests that the way to deal with the issue as to which persons are entitled to apply for GIs is both to allow any person to make the application and, most importantly, to ensure that any application for a new GI must be widely advertised and members of industry affected notified (as happens in the wine sector).

33. It is highly unlikely that persons who have no connection to the relevant goods or to the region would be motivated to apply to register a relevant GI.

[5] The provisions of section 120(3) of the *Trade Marks Act 1995* that most closely simulate dilution laws in some other countries are virtually unused.

34. Requirements to maintain the registration of a GI are mentioned in the consultation paper. There is no requirement under the *Wine Australia Act 2013* (Cth) that GI registrations be "maintained" or that any regular renewal fees be paid (as there are with trademarks). This question about maintenance of the registrations again suggests that there is a heavy trademark influence in the thought process, which is, in the Committee's view, inappropriate.

35. The reality has shown, again in the wine industry, that whilst any person can apply to register a wine GI, it is extremely rare that an individual or small group of individuals goes off "on a frolic of their own". Further, since being the registrant of a GI does not itself confer any valuable substantive right (as addressed further below), it is unlikely that a problem of speculative "squatting" would arise. There have been a few isolated instances but there are always outliers in every system and no system can be devised that is perfect in all aspects.

Q.8 Should those who meet the requirements of a GI be able to use the GI automatically, or should they need approval from the GI right holder?

36. The Committee is of the view that it is clear that producers who meet the criteria of a registered GI must be entitled to use that GI without any specific permission of a third party (such as the "GI right holder") being needed. The Committee's understanding is that it is common internationally for GI systems not to provide for any third party permission, provided that there is compliance with the rules.

37. Further, this is yet another example of trademark concepts inappropriately slipping into the concept of a GI system. GIs do not have "rights holders". There is no such concept as a GI right holder. That are not owned by anyone and are not registered in anyone's name. They differ dramatically from CTMs. The wine GI system in Australia does not have GIs "owned" by any person and there is no "right owner" of those GIs. Similarly, further agricultural GIs should not have any GI right holder.

Q.9 Should any user be able to enforce a GI or should it be limited to the GI right holder?

38. The Committee believes that any person should be able to enforce a GI and not just GI users. In the same manner that breaches of provisions of the Australian Consumer Law entitle any person to take action, so too should any new GI system be open to any person to take enforcement action. The rules relating to standing simply impose an additional burden of costs and time and there is no justification for that.

39. As the protection of GIs is a form of consumer protection, ensuring that Australian consumers are not misled or deceived (or confused, depending on the test for infringement that is implemented), that would mitigate in favour of allowing any person to take an action to enforce a GI.

Q.10 Should criminal enforcement be available for GIs registered in Australia?

40. The Committee considers that criminal sanctions should be available for breaches of GIs, in the same way in which other intellectual property legislation, and in particular the *Copyright Act 1968* (Cth), the *Trade Marks Act 1995* (Cth) and the *Wine Australia*

Act 2013 (Cth), incorporates criminal penalties. There is no reason why other agricultural GIs should not receive the same protection.[6]

Q.11 What would be the costs and benefits to Australian industry, producers, and consumers of creating a new GI right?

41. The Committee notes that, subject to the comments below, it is not well placed to provide details of what the costs and benefits would be to Australian industry, producers and consumers in creating a new GI right.

42. Some Committee members made mention of increased costs of labelling and of compliance with new laws, and there would also undoubtedly be costs of education and promoting the system amongst various Australian agricultural industries and sectors. The necessary costs associated with the recruitment, training and ongoing employment of staff involved in the registration of GIs would be a cost that would have to be borne by either applicants, users of GIs, consumers and/or the Australian tax payer. The costs are likely to be substantial.

43. It was also noted that some European countries, in particular France, have long asserted that their own GI system, in particular for wines, has significantly increased the value of such agricultural products providing a "value-add" to what would otherwise be fungible products.[7] In addition, there is the benefit of collective promotion and marketing of a GI by all of the local producers, a tried and true method used in Europe.

44. Should you require further information in the first instance please contact Matthew Swinn, Chair of the Committee, at matthew.swinn@kwm.com.au or on (03) 9643 4389.

Yours faithfully

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Chair, Business Law Section

[6] However, of more concern was the question as to whether GIs should be the subject of private criminal prosecutions. The question from IP Australia does not deal with public versus private prosecutions and thus that might be left aside for the moment and debated if and only if the law becomes a likelihood in Australia and drafting commences. However, the Committee should at least note the reservation of some of its members about the possibility of private criminal prosecutions for GI breaches.

[7] By way of example, if one wants to buy a wine of the pinot noir variety, then such wines are available from around the world, as many countries have several wine regions that produce pinot noir. Thus, a bottle labelled merely as pinot noir (without the use of a GI) would compete against pinot noirs from around the world. However, where a bottle of pinot noir also bears a GI that has a reputation, then there is only local competition. By way of explanation, if someone wished to purchase a bottle of, for example, red Burgundy, then the competition is only amongst Burgundy producers and not amongst producers of pinot noir from around the world. Wines labelled "Burgundy" can only be sourced from the region of that name and thus acquiring a reputation for a regional name can give a significant trade benefit.