



Geographical Indications - Challenges and Opportunities in Post-Covid India

Abhishek Mishra[†]

O.P. Jindal Global University, Sonapat, Haryana – 131 001, India

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The post-COVID economic crisis has led to a mass unemployment and migration of workers to their hometown. These returning underprivileged workers can use their traditional knowledge to support their families and create employment opportunities locally. Indian laws relating to Geographical Indications will be useful in protecting and promoting such traditional products. The same can be further complemented by India ratifying the Geneva Act to the Lisbon Agreement, enforced from February 2020, which has provision for a single-window registration of Geographical Indications in multiple countries. Further this article highlights the loopholes in Indian GI laws which need to be addressed to realize the object behind law. Finally, it is argued that during the on-going difficult times government should take adequate measures to promote geographical indications as a policy instrument to help the rural economy.

Keywords: Geographical Indication, Traditional Knowledge, Geneva Act, Post-Covid, World Trade Organisation (WTO) Report, TRIPS, *Sui Generis* Legal System, Paris Convention, Lisbon System, WIPO, *Appellation of Origin*, Trade and Merchandise Marks Act, 1958, Geographical Indication of Goods (Registration and Protection) Act, 1999, Madrid System, Comprehensive Economic Partnership Agreement, Pseudo Brands, Trademarks, Certification Mark, The Geneva Act

Before 2020, India's economy was facing slow economic growth in the aftermath of demonetization and the implementation of the goods and services tax regime. Recent Covid-19 outbreak has further aggravated the situation. In its recent report Asian Development Bank has forecasted a negative GDP growth of 9% in 2020. Current economic crisis caused by the pandemic is leading to large-scale unemployment especially in the informal sector which is responsible for more than 90% of total employment in India.¹ Migrant workers are returning to their homes and will soon be looking for alternative sources of income. Locally made traditional products can provide revenue to such migrant workers. States like Uttar Pradesh have already notified programs to promote traditional and local products.² The paper focuses on traditional products that are registered as geographical indications and the various challenges faced by their producers under the existing legal system. Focus of this paper is limited to GI products other than wines and spirits.

Geographical Indications

Since times unknown different geographical regions across the world have enjoyed fame for their

products. *Colombian coffee*, *Scotch whisky*, and *Basmati rice* are just some of the products which have enjoyed a distinct reputation for centuries due to their geographical origin. Due to their reputation and distinctive quality from other similar products, GI products command a premium price in the market over similar products. As per the seminal World Trade Organisation (WTO) Report, Jamaican Blue Mountain Coffee received a premium of 14.5 dollars per kilo in the consumer market compared to benchmark prices of *Columbian milds* and *French cheese* receives a similar premium over *non-French GI cheese*.³ The same Report also states that 40% of the consumers are willing to pay a premium of 10% for GI products over other similar products in the market.

Globalization and liberalization have increased opportunities manifold by opening international markets for GI producers and maintains the relevance of producers from an undeveloped and remote geographical location in the consumer market.^{4, 5} In today's world GI is increasingly becoming a form of intellectual property that is commercially indispensable because of not only its economic value and reputation accorded to such products in the market but also the historical, reputational, and traditional aspects. GIs are strong conveyor of

[†]Email: abhishekmishra7860@gmail.com

information relating to product quality and origin for the consumers and are thus used extensively for marketing registered products in International markets. GI is based on the rationale that origin can add value to a product and make it a self-sufficient brand.⁶ Increased globalization has opened new markets for such products.

Globalization also comes with some costs. Protection of GIs has emerged as a significant concern. As per Article 22 (2) of TRIPS every member country has an obligation to give recognition and legal protection to GIs in their territory. The minimum standard for such protection is set by Article 1.1 of TRIPS which states '*Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.*'

Since Article 1.1 leaves it to different member countries to decide the minimum standard for GI protection, therefore, diversity can be observed in ways GIs are protected across other countries. For instance, GI products are protected under the existing trademark regime in US, UK and Australia while India and European Union provide for a specific body of law for protection of GI (known as *sui generis* legal system). Further, India is different compared to European Union in two aspects – protection of non-agricultural products and the level of involvement of state authorities in GI protection. The diversity across countries in protection of GIs can be explained by the difference in understanding the nature of GI and its importance in different contexts.

History of Regulation of GI in International Trade

GI products have enjoyed protection since centuries. In 1351, the French King John decreed that, in order to protect quality and taste, no two different *French wines* can be mixed by traders. Process of making *Roquefort cheese* has enjoyed protection since the 15th century.⁷ Obviously, such measures were localized efforts to protect product quality.

In 19th century, increasing cross border trade interfaced with a new concern about presence of counterfeit products in consumer market. So, a movement started towards the end of 19th century to institutionalize intellectual property and protect

business owners, dealers and producers in cross-border trade. Paris Convention for the protection of industrial property of 1883 (Paris Convention) was the first treaty among states for protecting the intellectual property, including 'indications of source', in international trade.⁸ With increase in international trade Paris Convention was, however, considered inadequate in dealing with newer issues of IPR. Uruguay Round Negotiations (1986-1994) attempted to fill the void when it concluded with the most comprehensive international trade agreement till date on intellectual property – Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). In TRIPS, enforced from 1 January 1995, GI has been recognized as one of the six forms of intellectual property in Part II of the Agreement. Article 22 Paragraph 1 of TRIPS defines Geographical Indication as "*indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.*" Thus, a GI product must show a strong link between its reputation, quality or other characteristic and the place of its geographical origin. Like the famous GI, *Darjeeling tea* is grown only in one of the 87 tea estates in Darjeeling and Kalimpong districts in India; from where it acquires its distinctive taste, texture and unique colour.

A special mention is required for World Intellectual Property Organization (WIPO) administered 'Lisbon Agreement for the Protection of Appellations of Origin and their International Registration', 1958 (Lisbon Agreement). It is an international agreement which ensures protection and registration of *appellation of origin* in the member countries. Appellation of origin requires a much stronger connection to the place of origin than GI. This narrow scope of '*appellation of origin*' is the reason behind its bleak success in attracting many supporters (as of January 2020 it has only 30 member countries). GI is a watered-down version of the appellation of origin. Current GI definition was negotiated and agreed upon during the Uruguay Round Negotiations and incorporated into TRIPS.

Legal Systems & their Challenges in Registration, Protection and Enforcement of GI

Rationale behind GI protection is not limited to prevention of unfair trade competition in consumer market. Article 4 of EU Regulation 1151/2012 states

that protection and regulation of GI has three benefits: a) ensures fair market value to the underprivileged workers; b) uniform protection of the name; and c) providing information on the value added qualities distinguishing it from similar products.⁹

Two situations need to be borne in mind. Firstly, all intellectual property rights (IPR), including GI, are territorial rights. Therefore, registration process is to be followed separately in each country where protection is sought. This leads to the apparent second situation that there is no harmonization of laws relating to GIs at international level. Laws regulating GIs vary across countries. USA, leads the 'new world countries' which oppose a strong protection for GIs as proposed by 'old world countries' led by European Union. TRIPS, the most acceptable international agreement on GI till date, offers little help in furthering harmonization of laws. Article 1.1 (TRIPS) allows countries to determine their own way of implementing the requisite minimum protection (laid down in Articles 22 and 23) under their framework of domestic laws. Currently, as per the world trade organization, countries across the world regulate GI in one of the following three ways:¹⁰

Sui Generis System

Adopted by the old-world countries, under the *sui generis* system a separate law exists for protection and registration of GI. Since GI is a territorial right a subsequent registration or certification is required under the local laws of every country where the right is sought to be established. For example, in addition to India, *Darjeeling tea* as of 2008 is registered in more than 20 countries in the world.¹¹ Registration in a foreign country requires generally hiring of a local lawyer who can file the requisite documents and understand the local laws of the country. Thus, it comes with a heavy financial burden which only few right holders in India can enforce.

Certification or Collective Trademark

Promoted by new world countries, in this system GI is protected under the trademark laws. Such countries see GI as a species of trademark and fear that a strong GI protection may be used as disguised protectionism by countries in international trade as non-tariff trade barriers.¹² In such countries a certification or a collective trademark for both 'word and logo' is required for protection of GI. Where they are not available, GIs are protected as a figurative mark. In the registration procedure, standard

trademark principles are applied.¹³ In comparison with *sui generis* system, trademark system fails to capture the essence of GI. Firstly, as trademark there is no control on quality standard of the product. Secondly, all the requisite powers of certification and protection are outsourced to private bodies instead of public authorities.

Unfair Competition or Consumer Protection Law

Unfair competition in consumer market is prohibited by both Paris Convention (Article 10*bis*) and TRIPS Agreement (Article 22). Thus, all member countries are obligated to ensure law against unfair competition in their territory including countries falling in above-mentioned two countries. Passing off cases are a typical example. However, passing off cases are evidentially unpredictable and in absence of specific law in such cases success is not guaranteed even in clear cases of infringement. This diversity in legal systems creates problems in international trade and proves unaffordable for the under privileged weavers and artisans.¹⁴ As per a recent report, weavers of '*Banarsi Saree*', one of the most well-known GI of India, are forced to live in abject poverty.¹⁵ In stark contrast, India is the second largest textile exporter globally (and the sector is the highest employer after agriculture).¹⁶ The case with other GI right holders in India is also not very encouraging.

India has a welfare constitution. In addition, many GIs like *Banarasi saree* and *Madhubani paintings* are symbols of the glorious Indian history and culture. Hence, the Government takes measures steered to protect the interests of the poor right holders. For example, most GI applications in India are filed by the government authorities only.¹⁷ This is in stark contrast to European countries where only producers can apply to state authorities for GI recognition. Also, government assistance in India at the application stage rarely extends beyond the borders to foreign countries. Therefore, registration of Indian GI in offshore jurisdictions, monitoring and their enforcement becomes complicated and expensive. Prohibitive costs and lack of knowledge means that most Indian GIs never get registered in foreign countries and are open to usurpation.

Weak enforcement and monitoring provide room for growth of counterfeit products in the consumer market. This has two adverse results. Counterfeit products create confusion and many loyal customers of a specific producer of a GI good are lost to cheaper

imitations. Secondly, customers will impute the same high quality of a GI good to the fake product. The second case is more harmful as inferior goods get sold to gullible consumers and it adversely affects the reputation of the GI good in the long run.

The above reinforces that the minimum protection system which is followed by countries by virtue of Article 1.1 of TRIPS is clearly detrimental to interests of the right holders in international trade. This minimum protection is also in stark contrast to the higher protection accorded to wines and spirits under Article 23 (where protection is available even without any proof of consumer confusion). Such dual standard allowed by TRIPS in GI protection has for long been vehemently contested by many countries including India.

Law Relating to Geographical Indications in India

Domestic Law

It is a myth that India enacted its *sui generis* law on GI to comply with TRIPS obligations. Before the enforcement of present GI Act, GIs were commonly protected as certification marks in India under the Trade and Merchandise Marks Act, 1958. This was sufficient to meet the minimum standard requirement under TRIPS. Instead, two significant events in 1990s pushed Indian into enacting a *sui generis* law for GI in 1999. Opening of the Indian market in 1990s meant the domestic products and rich traditional knowledge of India had to be protected. Secondly, in 1997 an American agri-based company *RiceTec* was awarded the patent to a new variety of Basmati rice by the US patent office. This caught the attention of International media as *Basmati* - a long grain and aromatic variety of rice, is traditionally grown only in India and Pakistan for centuries. For better protection of similar products, India enacted the 'Geographical Indication of Goods (Registration and Protection) Act, 1999' (GI Act) and the 'Geographical Indication of Goods (Registration and Protection) Rules, 2002' (GI Rules). India used the flexibility provided by TRIPS to enact a law based on domestic requirements. GI Act and GI Rules were subsequently enforced from 15 September 2003.

Prior to 15 September 2003, there was no specific law for GI protection in India. Misuse of GI was prevented by one of the following three ways:¹⁸

- a) Under Consumer Protection Law
- b) Through passing off action in court
- c) Through Certification Trademark

GI Act defines geographical indication and establishes its relationship with a deceptively similar Trademark,¹⁹ allows for registration of *only goods* as a GI,²⁰ provides for a GI Registry in India²¹ and finally provides for both civil and criminal remedies against cases of infringement.²² Registration of GI is renewable every 10 years and, interestingly, is optional under the law. As per Section 23, a GI registration is only a *prima facie* evidence i.e. validity of a GI registration can be challenged in the Court of Law. The objective is to protect the gullible, poor and often illiterate producers of GI products from the unscrupulous traders and intermediaries.

Darjeeling tea was the first GI to be registered in India in 2004-05. As per the Geographical Indications Registry of India as of May 2020, 370 GIs have been successfully registered under the GI Act.²³ However, GI Act is still one of the least contested laws in India. In almost 17 years since its enforcement, only 6 cases have been heard by different High Courts or the Supreme Court (as of October 2020).²⁴ GI protection in India has its own loopholes. It has been observed that, enforcement mechanism and protection of brand value of GI are intertwined intricately.

International Agreements

India has also signed two multilateral agreements for easier registration of GIs in foreign states. These are: the Paris Convention for the protection of Industrial Property (1883) and the Madrid System comprising the Madrid Agreement Concerning the International Registration of Marks (1891) and Protocol Relating to the Madrid Agreement (1989). Madrid System, administered by WIPO, is primarily a system for protection and registration of trademarks in multiple countries. However, it can also be used for international registration and protection of GI in member countries, like USA, which treat GI as a species of trademark. In February 2020, another multilateral agreement for GI protection in foreign countries – the Lisbon System - has entered in force. It is different from Madrid system as its focus is only on automatic registration of GI and *Appellation of Origin* in signatory states. Lisbon System tries to fill the void not covered by the Madrid System.

As an alternative to the lack of harmonization of laws and problems with registration, countries protect their GI through the route of bilateral agreements with another country. This is a common feature in almost all free trade agreements entered into by the European Union. India has used this route in Comprehensive

Economic Partnership Agreement (CEPA) with Japan (Article 107) and Korea (Articles 12.1-12.6) to protect its intellectual property in foreign country.²⁵ For instance, Article 107 of India-Japan CEPA states: ‘Each Party shall ensure protection of geographical indications in accordance with its laws and regulations and in conformity with the TRIPS Agreement.’

Although, such unified systems are useful for GI protection however India is yet to realize its full potential. In stark contrast to European Union, majority of the bilateral investment agreements by India do not contain an IPR or GI protection clause (of all the bilateral agreements till date specific IPR/GI clause were found only with Japan and South Korea). Consequently, direct application for registration in the foreign country is the most common method used by Indian right holders. Interestingly, GI is the only form IPR negotiated between states and similar protection is never afforded to trademarks or patents.

Challenges Faced by Indian Producers under the GI Act in Domestic and International Trade

After gaining independence in 1947, India remained a closed economy for many decades. Indian governments were wary of foreign powers and stressed on self-sufficiency. Finally, liberalization started post 1991. This opening of borders and access to new markets led to re-emergence of many traditional products of India. Economic policies have thus also played an essential role in relation to traditional products.

GI is an industrial property like trademark or patent. Such products have a potential to ensure sustained and better income for the poor producers especially in third world countries like India. However, in reality producers are unable to get fair market value for their products. This is in consequence of many challenges producers face. Apart from the issue relating to GI as a weak brand in international market, a recent study with the producers has revealed there are various challenges that the producer/manufacturers of the products face.²⁶ The same can be categorized as:

a) *No Protection to Technology or Know-How* – GI products attain fame and reputation after work put in by people collectively through generations. This leads to collective ownership of the unique method and processes. However, GI laws do not give

protection to technology, method or know-how used in making the product. Protection is limited to only the name-place. Consequently, markets get flooded with cheaper machine-made imitations. For instance, one can make and sell the famous *Banarasi Saree* anywhere in the world under a different name, though, it is a registered GI in India. This fact is leading to most weavers of *Banarasi Saree* being forced out of work because identical sarees from Surat and China are available in the market at a much cheaper price. Thus, any price conscious consumer will be attracted to buy the cheaper alternative available in the market. This takes away the level playing field from artisans.

This results in a twisted tale. Artisans can-not adopt new methods or technologies for cost efficiency. As per GI Law, only the traditional method can be used to make the GI product. In contrast, traders are free to imitate and manufacture similar GI products using cheaper technology as long as they don't use the GI registered name. This rigidity in product specification in a cost-conscious consumer market is the primary reasons behind many artisans and producers living in abject poverty.

b) *Ambiguous Laws for Protection of GI across the World*- As per Article 1.1 of TRIPS, every member country is free to determine the appropriate method for protection of GI in their legal systems. This leads to different levels and types of protections among countries and may result in subject matter mismatch in international trade. For instance, European Union does not recognize non-agri products like handicrafts for GI protection under Regulation 1151/2012 (some EU countries like France do have domestic laws for protection of non-agri GI products). To the contrary, approximately three-fourth of GIs registered in India (214 out of 370 as of April 2020) are from the non-agri handicraft industry like, *Madhubani paintings* and *Banarasi saree*.²⁷

Moreover, multiplicity of legal systems creates confusion, for instance, *Darjeeling tea* is registered as a PGI in Europe (Reg No. IN/PGI/0005/0659) although, it qualified the more stringent requirements of a PDO. Again, in UK and USA its registered as a certification mark since there is no *sui generis* law. Thus, a harmonization of GI related laws is required in order to fully exploit the benefit of unique skills and traditional knowledge of the craftsmen and producers.

c) *Confusing Definitions of Producers/Authorized User/Proprietor* – Interestingly, a for profit company, Karnataka Silk Industries Corporation Limited, is the sole applicant and proprietor of the GI for *Mysore silk*.²⁸ This raises the question can a ‘for profit company’, even though a government enterprise, represent the interests of all weavers of famous *Mysore silk* and is it allowing a single entity to establishing a monopoly in the market? In reality, the confusion is embedded in the GI Act. Unlike EU Regulation, GI Act creates a distinction between the producers and proprietors of GI. Section 11(1) states “Any association of persons or producers or any organization or authority established by or under any law for the time being in force representing the interest of the producers of the concerned goods.” Consequently, any third party which claims to represent the interest of producers can apply for registration as the proprietor of GI goods. In India, we see a heavy State Intervention in registering GI goods as a proprietor. In contrast, producers and artisans are expected to register themselves as ‘authorized users’ of GI goods under Section 17. In EU, producers collectively act as the proprietor and authorized users themselves. This distinction between ‘proprietor’ and ‘authorized user’ is to assist the underprivileged producers in registering products as GI in India.

Section 2(k) contains a broad and ambiguous definition of the term 'producer'. As per Section 2(k), in case of handicrafts or industrial goods a producer "includes any person who trades or deals in such production, exploitation, making or manufacturing, as the case may be, of the goods". No attempt has been made in the GI Act to distinguish between the dealers, retailers and producers. Benefits which should reach the vulnerable producers and artisans are lost to the dealers and traders. Producers are generally underprivileged who can barely understand the concept of GI and fight for their rights. It also needs to be highlighted that producers should be the integral part of any law on GI and without their existence there will be no need for protection of GIs.

d) *Assistance by Government* – Famous *Basmati rice* to *Kolhapuri slippers*, most GI products in India have been registered by the Central/State Governments or their agencies. For instance, Government of Karnataka (Department of Horticulture) is the proprietor of GIs including *Coorg orange*, *Mysore betel leaf*, etc. Similarly, Central Government – Development Commissioner for

Handicrafts (Union Ministry of Textiles) is the proprietor of GIs including *Blue pottery* of Jaipur, *Kathputli* (Rajasthan), etc. This raises three issues. Firstly, Section 11 has twin requirements i.e. the applicant should be: *Any association of persons or producers; any organization; or authority established by or under any law for the time being in force and capable of representing the interest of the producers of the concerned goods.* However, State/Central Governments do not fall in any of the above three categories. So, their position as applicants does not confirm the requirements of Section 11(1).

Secondly, this creates a very unique situation because various agencies of the government act as the applicant, examiner and the authority granting registration. This strikes at the root of the principle of non-arbitrariness in state action enshrined in Article 14 of the Constitution.²⁹ In France, the registration is done by INAO, a public institution. INAO consists of representatives from the producers, traders and officers from the management. The representatives determine the geographical area and collectively offer opinion on each application for GI registration. France (INAO) has producers as majority members. This brings trust and transparency in the system. In India in most cases public authorities are responsible for GI application, scrutiny, opposition procedures and finally awarding the GI recognition. This highlights the need for an overhaul of the system on lines of the French system to build greater trust and integrity in the GI process.

e) *Post Registration Follow Up* – Government seldom extends its assistance post registration of product. Only registration of GIs is not sufficient in itself for the producers to get benefit. In a globalized world, the government needs to assist in various ways for protection of GI through capacity building programs, assistance and reimbursement upon registration of GI in a foreign country, assistance in protection of GI in foreign market by hiring services of an international watchdog, etc.

Sustained measures are required to maintain presence in the market. Such measures vary according to the product and the dynamics of the consumer market whether domestic or international. There is a need to maintain quality and standard of goods produced by all its manufacturers, marketing strategy to build the brand value of the goods and reducing information asymmetry between the producers and the consumers by informing the

consumers about the distinguishing features and distinguishing qualities of the GI product. There is also a need to develop further and enhance the skill and knowledge of the stakeholders like the producer, dealers, traders and retailers.

f) *Defining the Geographical Boundary* – GI share a strong qualitative connection with the geographical origin. It is always critical to delimit the geographical boundaries while registering a GI. In India, since the government or its agencies file the maximum number of applications therefore the geographical boundary is arbitrarily delimited to cover the entire district or the state. This practice many times may exclude actual artisans who reside in a particular geographical area which may fall outside the area demarcated in the GI application.

g) *No Protection of Traditional Knowledge* – It is thought that GI is the most appropriate IPR for protection of traditional knowledge. GI Act protects only the name-place of the product and the right to use it. Knowledge or process behind the product is not protected. Although, registration of GIs does result in creating a repository of traditional knowledge and products. Knowledge can remain proprietary so long as it remains a secret in the community of producers as in the case of GI *Aranmula mirror*. Presently, India lacks a law capable of protecting the traditional knowledge from usurpation by third parties.

h) *State Control* – Due to the State Authorities acting as the applicant, in many cases the specification and process of GI is defined by them. This excludes any other artisan who may be producing the same good using a differing process or method. For instance, in case of the GI *Mysore sandal soap* the geographical area (Bengaluru district) corresponds with the factory site of the applicant company Karnataka Soaps & Detergents Ltd., a Karnataka Government Undertaking. This disregards the traditional and historical importance of Mysore - the site from which the GI also derives its popular name – and also excludes artisans who may still be making the same product in Mysore outside the demarcated area of Bengaluru. Secondly some cases indicate a lack of coherence between state agencies. As, in the case of tea, the Tea Board of India holds the GI for *Darjeeling tea* while another State Government entity, Himachal Pradesh Patent Information Centre is the proprietor of another tea variety - *Kangra tea*.³⁰

i) *Term* – Unlike perpetual protection in EU, GI in India is wrongly granted registration for only 10 years which may be renewed again for the same period. This process is closer to the trademark system and not appropriate for product which have enjoyed reputation for centuries together.

j) *Information Technology* – Presently, very few GI products have the desired online presence. Most products which are available online are sold by third party traders. In present times, information technology and ecommerce can provide the visibility and market penetration at a fraction of the cost. Right holders can take advantage of various government schemes to enhance their online presence. For instance, Pradhan Mantri Mudra Yojana provides cheap loans upto Rs. 10 lakhs to support micro and small businesses in technology up-gradation.

Enforcement of Geographical Indications in India and the Foreign Market

India

Sui Generis Law of India has been drafted and enforced after the TRIPS Agreement. GI Act allows both civil and criminal remedy for infringement. Civil remedy under the GI Act includes:

- a) Temporary/Permanent injunction from further infringement
- b) Damages; and
- c) Delivery up of the infringing material

While, criminal remedy includes imposition of fine and imprisonment or both. However, effective remedy as it may seem, in practice the protection of GI in India is nothing but a difficult task. Firstly, the right holders need to monitor the consumer market continuously to prevent any infringement. Secondly, a system needs to be in place to bring cases against such infringers. Further, as we shall see in the subsequent parts of this article that success in such cases is also not guaranteed.

Clearly, most right holders in India lack the financial strength and therefore the willingness to fulfill either of the two conditions mentioned above. For instance, Indian markets are flooded with cheap imitations of *Benarsi saree* from China or the power looms in Surat which cost one tenth of the price. Leaving no option for the famous Benarasi weavers (who once served only the royal families in India) to look for other means of livelihood. In such a condition, it will be preposterous to expect them to

monitor the domestic consumer markets for infringement. GI brand also usually comes in conflict with similar trademarks. In case of such a conflict, Courts in India have favored coexistence of the two unless a clear case of misappropriation of brand value or deception is made out.³¹

Indian GI Products in Offshore Consumer Markets

The two conditions applied above in Indian scenario relating to proper monitoring of consumer market and filing cases to deter and stop infringers are as much applicable to the international market too. Keeping a vigil on the international market can be done only by hiring the expensive services of an International Watchdog and contesting court cases against infringement includes hiring services of expensive law firms. The same in absence of any financial strength will be very expensive for such right holders like *Benarasi saree* weavers.

As the only exception, Tea Board of India which is the right holder of GI '*Darjeeling tea*' has made concerted effort in protecting it in international market. Since 1998, Tea Board has been taking services of CompuMark to watch the trademark in international market. In addition, *vide* Customs Notification dated 25 June 2001, no consignment of '*Darjeeling tea*' can leave Indian border unless a certificate of origin for such *Darjeeling tea* is produced. Ensuring all consignments of *Darjeeling tea* are pure when they leave Indian border. However, as per the facts every year 40 million kg of '*Darjeeling tea*' is sold globally while the actual production of '*Darjeeling tea*' is only 9 million kg.³² Further, in international market, with varying degree of success, Tea Board has been opposing actions against the misuse of the word '*Darjeeling*'. In Europe, it has opposed the use of word *Darjeeling* by companies; in France for perfumes, articles of clothing and telecommunication devices with misleading logo.³³ Indeed, weak enforcement along with globalization and liberalization has increased the chances of GI misappropriation for undue gain.³⁴

GI as a Weak Marketing Brand for Products

Building the reputation of a GI can take generations. "*Champagne*" is believed to have built the reputation among its consumers after a period of more than 150 years. Producers have to maintain minimum standards of quality, employ innovative marketing strategies, reduce information asymmetry about products and to make continuous efforts to keep

infringing goods out of the market. Despite the effort, reputation is not a guarantee for good sale because there may be cheaper machine-made products claiming identical quality and standards. It needs to be analysed whether consumers actually accept GI as strong a commercial brand in the market.

GI as 'Pseudo Brands'

It is argued that GIs are 'pseudo brands' as even two proprietors under the same GI may compete with each other. Thus, diluting the actual economic and market value of the GI in the ultimate consumer. Presently, there are approximately four categories of *Darjeeling tea* which have further sub-categories and each brand which sells them uses the GI '*Darjeeling tea*' as a marketing tool. Thus, the consumer market gets flooded with brands selling the famous '*Darjeeling tea*'. This lowers the brand value of the GI as a marketing tool.

Interestingly, brand building exercise for GI becomes more significant and undeniable if they are publicly unknown like '*Kangra tea*' of India which draws its name from the Kangra district of Himachal Pradesh where it is grown. These GIs have hardly any reputation even in domestic markets let alone foreign countries. This means the right holders need to spend additional resources in first building the brand value. Only once the brand value has been established can the right holders reap the benefits.

Trademark and GI

At its core, 'Brand' means a "name, term, sign, symbol or design, or a combination of them" which helps in informing the consumers and distinguishing products of one seller from his competitors. Same is the objective behind development of trademark and GI as an intellectual property right. A conflict at times is therefore unavoidable. Some of the differences between the two are:³⁵

- a) *Objective* - GI intends to inform the consumer about the geographical origin and consequent reputation the product enjoys while trademark is meant to distinguish product of one seller from another.
- b) *Right holder* - Trademark is a property of a single entity to the exclusion of the rest while GI is a community driven mark and is to be exploited by only the authorized users, manufacturers and dealers.
- c) *Dual Identity* - Products can use GI symbol along with the company/manufacturers trademark giving

dual identity to the same product. For example, Indian markets are flooded with different brands of *Basmati rice*.

d) *Consumer Confusion* - Unlike trademark, GI as an intellectual property right does not enjoy a standardized visual, phonetic, aesthetic or functional element that helps in easy recognition. Thus, GI misses a vital element of identity in the product.

e) *Protection is Forever* - In many countries (excluding India), a GI is protected for an unlimited time as the rationale is to protect the collective cultural heritage of inhabitants of a specific territorial area.³⁶ Therefore, GI can never become generic. Trademark is generally protected for a period of 10 years and is renewable.

f) *Weak GI protection in Trademark System* - In regimes like USA and Australia, many trademarks with names similar to a GI product (including geographical name) but with different logo can get registered because state agencies are not required to examine GI specification or link to origin. Status of *Kona coffee*, grown in the Kona district of Hawaii in USA, is one such case where many companies hold similar trademark. This adversely affects the hard-earned reputation and thus market penetration of a GI product.

GI and Trademark – Conflicting Rights

GI and Trademark are the most closely related intellectual property rights. Both use words and marks for distinguishing themselves and serve the function of distinguishing products in the market. At times a trademark may come in conflict with a GI. GI and trademark conflict results in the following problems:³⁷

a) *Weak Identification Mark* – Conflict between trademark and GI reduces the value of GI as a conveyor of product quality and its origin. As a result, companies end up spending additional amount for building the value of their trademark in the consumer market. Thus, incurring wasteful and additional expenses.

b) *Wasteful Competition* - Different companies selling the same GI product end up in competition amongst themselves, at times discrediting each other, in the market to attract customers. Thus, reducing the very economic and brand value of GI to a naught.

c) *Consumer Confusion* - Presence of various companies selling the GI product and each claiming to be selling superior quality product in the consumer market confuses the customers regarding the quality and reputation of GI.

d) *Lack in Enforcement* - Presence of multiple companies in the market selling the GI product allows enough room for fake products to enter the consumer market and claim GI distinction without much fear. Absence of any third party to monitor such fake products further enhances the problem. For instance, Indian consumer markets are flooded with fake brands selling *Basmati rice*.

Two Conflicting Approaches

A well-known example is the Budweiser Trademark Dispute - a series of legal dispute spanning decades and three continents where either party claims exclusive right over the word '*Budweiser*' based on trademark or geographical indication right.³⁸ The deadlock continues because there is no established international principle based on which such a conflict could be resolved. However, there are two dominant approaches in the international arena. The first approach favors GI right of the community over that of an individual trademark owner. This argument was taken by EU recently in a WTO dispute:

“Geographical indications are the common patrimony of all producers of a certain area and, ultimately, of the entire population of the area which may potentially qualify for the right to use the geographical indication. It would be unfair to deprive the population from the use of the geographical designation for the exclusive benefit of an individual trademark owner ... simply, because he happened to register the name first as a trademark.”³⁹

The second approach considers GI protection hinders with innovations like trademark. This may take away benefits from many new business people to develop new products. This is well presented in an opinion to the European Court of Justice:

“At least in economic terms and perhaps also from the human point of view, trademarks are no less important and no less deserving of protection, than any other form of intellectual property. They are, in the words of an author [W. R. Cornish] nothing more or less than the fun-dament of most market-place competition.”

He further stated,

“Without trademark protection there would be little incentive for manufacturers to develop new products or maintain the quality of existing ones.”⁴⁰

It is a matter of scholarly debate as to which right shall give way in case of a conflict.⁴¹ In India, Section

25 prohibits registration of a similar trademark. In case of prior registration of trademark Section 26 allows both to co-exist. It is the author's opinion that the two principles shall be followed in cases of conflict i.e. who has a better market recognition and whether co-existence of the goods may lead to consumer confusion.

Tea Board, India v ITC Limited

No formula has been agreed upon till now for harmonization of Geographical Indication and Trademark laws at the international level. Recently, in the case of *Tea Board, India v ITC Limited* the High Court of Calcutta was called upon to decide a case involving conflict between use of *Darjeeling* as a GI and trademark.⁴² This case was filed by the Tea Board of India, a statutory body set up under the Tea Act, 1953 and proprietor of *Darjeeling tea*. The defendant company owned a 7-star hotel in the city of Kolkata (West Bengal, India) and named their lounge on the ground floor as '*Darjeeling Lounge*'. The lounge was exclusively meant for serving foods and beverages to high end visitors. The case involved three relevant issues. a) Whether use of word '*Darjeeling*' by the defendant company amounts to infringement of GI and certification mark of the plaintiff? It was held that infringement of GI, by its definition, can only be protected against another good. Since the defendant was using the '*Darjeeling*' for service therefore there was no infringement of plaintiff's rights under the GI Act. b) Whether the use of '*Darjeeling*' by the defendant company amounts to passing off? The Court in its judgment emphasized that the aspect of confusion is the yardstick of any such legal action. It stated that in case of GI or a certification trade mark a passing off action can be maintained against another person using similar mark only if the use is with respect to similar product or business area and where a nexus can be established with the plaintiff's product which was found to be absent in this case. Thus, the Court refused to accept the contention of passing off against the defendant company. c) Whether the use of '*Darjeeling*' by the defendant company leads to dilution of the '*Darjeeling*' brand? The High Court held that the word '*Darjeeling*' has been in use since a long time before the GI Act was enacted and denied to the plaintiff exclusive right to use the word '*Darjeeling*' by virtue of its registration as a GI or a certification mark. The Court observed that the use of word '*Darjeeling*' is so widespread that no confusion can be said to have occurred by its use by the

defendant. Thus, the Honorable High Court rejected this case on all three grounds and was pleased to dismiss this case.

In another case, Court of Appeals of France ruled that use of word '*Darjeeling*' even if used as a trademark for a different product can lead to dilution of the famous GI.⁴³ There are other cases as well in which European Court of Justice has sought to protect GI even against trademarks which were not identical.⁴⁴

International Harmonization of GI Framework

GI is clearly a weak form of intellectual property right. As a result, countries are adopting innovative measures to strengthen the framework for protection of GI. These measures can be classified as:

- a) *Forming Regional Organizations* - African Intellectual Property Organization (OAPI) is a regional organization. It is responsible for recognition and protection to IPR in 17 French speaking African countries. OAPI also acts as the sole representative of member countries while negotiating trade agreements. EU is also a regional organization which negotiates trade agreements on behalf of 27 member countries. Regional organizations have a collective strength which is especially beneficial when trade deals are negotiated with more resourceful countries.
- b) *Trade Agreements* – Countries while negotiating bilateral or multilateral trade agreement at times include a list of GI products to be automatically protected in contracting states. EU proactively protects its GI through this strategy.⁴⁵
- c) *Domestic State Intervention* – GI is a community-driven right. Therefore, governments play an active role in protecting the GI. Scope of intervention is not limited to enactment and enforcement of laws only but also intervention in practice as a stakeholder. For example, in India, government agencies not only grant but also act as applicants of most GIs. This is necessary since GI is more than just a quality standard. It is a policy instrument for the government that serves many socio-economic purposes for underprivileged communities.⁴⁶ It brings social and economic vibrancy, improved environmental sustainability and addresses the need for healthier food.⁴⁷ It indicates a growing concern towards protecting a common heritage and preventing unfair exclusion of authorized producers from reaping full benefits in consumer market.
- d) *Geneva Act to the Lisbon Agreement (Geneva Act)* – After ratification by United Kingdom Geneva Act has entered into force from 15 February 2020. Geneva

Act is a much-awaited revision of the Lisbon Agreement and both together form the Lisbon System. Geneva Act expands the scope of Lisbon Agreement by incorporating the definition of GIs in addition to appellation of origin. Biggest benefit of Geneva Act is the single window registration system for GIs in all member countries. Thus, India should consider ratifying the Geneva Act at the earliest. It will be very relevant for the Indian producers seeking protection of their products in offshore markets.

Conclusion

For developing countries like India, GI can emerge as a power-horse for economic development especially for the rural economy. This is significant since Indian economy has suffered contraction by 23.9 percentage in the first quarter of 2020-21, the highest in past 40 years.⁴⁸ This has happened when, as per the World Bank, India needs to create approximately 8 million jobs annually to keep the employment rate constant.⁴⁹

In India, GI is at the point of intersection of three significant fields - intellectual property, trade and socio-economic policy. Indeed, in addition to their various advantages including quality, GIs are an easy way of helping the underprivileged producers and artisans in India. Thus, it has an important socio-economic aspect. GI products can be a source of income for the returning migrant labourers in the wake of Covid19 pandemic. It can provide local employment, protect the heritage and traditions of local community and ultimately play a significant role in rural development and their self-sufficiency.

No doubt, benefits of GI can be realized only when the products are effectively marketed and protected from fake imitations in the market. For this, government support will be critical and needs to be extended beyond mere registration of GI products. In third world countries like India, where approximately 22 percent of the population is living under poverty line and 27.1% of the population is illiterate, a more proactive stand needs to be taken by the government at the federal and state level to promote GIs.⁵⁰ The government measures should include four essential features:

- a) Assistance in capacity building of the authorized users;
- b) Assistance in filing for registration, hiring of legal services in foreign countries especially USA, UK and Europe (because of their economy and size);

c) Assistance in hiring services of an international watchdog to monitor the market and keep an eye on the infringers.

d) Using the power of internet and online platforms to promote and advertise GI products.

In addition, India should ratify the Geneva Act at the earliest. It provides for the much-needed single window GI registration in all member countries. This can go a long way in helping the underprivileged producers in India who are otherwise facing a grim future and possible extinction due to market erosion.

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