

**WORLD TRADE ORGANISATION**  
*Third Party Submission to the Panel*

***EUROPEAN COMMUNITIES – PROTECTION OF TRADEMARKS  
AND GEOGRAPHICAL INDICATIONS FOR AGRICULTURAL  
PRODUCTS AND FOODSTUFFS  
(WT/DS174 and WT/DS290)***

**THIRD PARTY SUBMISSION OF NEW ZEALAND**

**1 June 2004**

## TABLE OF CONTENTS

<b>I. INTRODUCTION .....</b>	<b>1</b>
<b>II. THE EC REGULATION IS INCONSISTENT WITH THE EC’S NATIONAL TREATMENT OBLIGATIONS UNDER THE TRIPS AGREEMENT AND THE GATT 1994 .....</b>	<b>4</b>
A. Introduction .....	4
B. Interpretation of the EC Regulation .....	4
C. Articles 2.1 of the <i>TRIPS Agreement</i> (incorporating Article 2.1 of the <i>Paris Convention</i> ) and 3.1 of the <i>TRIPS Agreement</i> .....	7
1. The EC is obliged to provide no less favourable treatment to other WTO Member nationals than it does to EC nationals .....	7
a. Treatment of nationals .....	7
b. The most favourable treatment granted to EC nationals should be compared with that received by WTO Member nationals.....	10
c. Treatment of foreign nationals must be no less favourable than that accorded to nationals .....	11
2. The Registration procedure in the EC Regulation provides less favourable treatment to WTO Member nationals.....	12
a. WTO Member nationals are treated differently than EC nationals under the EC Regulation registration procedure .....	12
b. The differences in treatment under the registration procedure between EC and WTO Member nationals result in the less favourable treatment of WTO Member nationals .....	12
c. The extra hurdles mean that WTO Member nationals are disadvantaged in the EC market, as well as procedurally .....	14
3. The procedure for objections to applications for registration provides less favourable treatment to WTO Member nationals.....	15
D. The <i>GATT 1994</i> .....	17
1. The EC Regulation cannot be justified under Article XX(d) of the <i>GATT 1994</i> .....	18
<b>III. THE EC REGULATION IS INCONSISTENT WITH ARTICLE 22.2 OF THE TRIPS AGREEMENT .....</b>	<b>19</b>
A. “Legal means” under Article 22.2 of the <i>TRIPS Agreement</i> covers application and objection rights under the EC Regulation.....	20
B. “Interested parties” includes all natural or legal persons with an interest in the use of geographical indications .....	21
C. The EC is obliged to provide the same legal means to prevent misleading uses or acts of unfair competition to nationals of WTO Members as it does to EC nationals.....	22
D. Conclusion.....	22

<b>IV. THE EC REGULATION IS INCONSISTENT WITH ARTICLE 16.1 OF THE TRIPS AGREEMENT .....</b>	<b>23</b>
A. Relationship between Article 16.1 and Article 22.2.....	24
B. The EC Regulation is inconsistent with Article 16.1 .....	25
a. Article 14.2 of the EC Regulation is inconsistent with Article 16.1 .....	25
b. Article 14.3 EC Regulation .....	25
c. Article 7.4 EC Regulation is inconsistent with Article 16.1 .....	26
d. Article 24.5 does not permit “coexistence” .....	27
e. EC is not required to maintain coexistence on the basis of Article 24.3 .....	28
f. Article 17 is not a limited exception.....	29
<b>V. CONCLUSION.....</b>	<b>30</b>

## I. INTRODUCTION

1.01 Effective protection of intellectual property rights is fundamental to the international trading system. The *Agreement on Trade-Related Aspects of Intellectual Property Rights* (“the *TRIPS Agreement*”) creates a framework of minimum standards for the protection of intellectual property rights. In formulating this Agreement WTO Members agreed to apply disciplines on the protection of intellectual property. The Complainants in this dispute are seeking to enforce those disciplines as provided for in the *TRIPS Agreement*.

1.02 New Zealand has a significant systemic interest in ensuring that the WTO disciplines applicable to intellectual property rights are respected. These disciplines seek to ensure that such rights are adequately and effectively protected while also ensuring that the measures Members adopt to enforce these rights do not of themselves become barriers to legitimate trade. New Zealand has a significant interest in maintaining protection for the intellectual property rights of New Zealand producers who have invested in innovation and in the promotion of their products, and in ensuring that the market access and ability to brand New Zealand products is not precluded.

1.03 The subject of this dispute is the European Communities’ Geographical Indications Regulation on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (“the EC Regulation”).<sup>1</sup> As a major exporter of the agricultural products and foodstuffs New Zealand has an interest in ensuring that its producers are able to brand and promote their agricultural products in export markets, including the European Communities (“EC”).

1.04 The issue before the Panel is whether the EC Regulation contravenes the provisions of the *TRIPS Agreement* and the *General Agreement on Tariffs and Trade*

---

<sup>1</sup> Council Regulation (EEC) No. 2081/92 of July 14, 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, as amended, and its related implementing and enforcement measures. References to particular articles are references to Regulation 2081/92 itself, as most recently amended (see Exhibit COMP-1.b). This regulation will be referred to in this submission as “the EC Regulation”.

1994 (“the *GATT 1994*”).<sup>2</sup> Under the *TRIPS Agreement*, WTO Members can choose to adopt “more extensive protection” than is required by the *TRIPS Agreement*. They may also “determine the appropriate method” of meeting the minimum standards of protection contained in the *TRIPS Agreement*.<sup>3</sup>

1.05 The EC’s geographical indications and designations of origin (“GIs”)<sup>4</sup> protection regime provides “more extensive protection” within the meaning of the *TRIPS Agreement* for GIs associated with agricultural products and foodstuffs. However, the EC may only provide more extensive protection if such protection does not contravene the provisions of the *TRIPS Agreement*.<sup>5</sup> In New Zealand’s view, and as outlined by the Complainants, the EC Regulation contravenes the *TRIPS Agreement*, as well as the *GATT 1994*, and therefore establishes a system of protection that is contrary to the *TRIPS Agreement*.

1.06 In this Submission New Zealand will bring forward arguments to support the claims of the Complainants that the EC Regulation violates the EC’s WTO obligations. In the interests of brevity, New Zealand will focus its submission on arguments under Articles 2.1, 3.1, 16.1 and 22.2 of the *TRIPS Agreement* and Article III:4 of the *GATT 1994*.

1.07 First, New Zealand will demonstrate that the EC has breached its national treatment obligations under Articles 2.1 and 3.1 of the *TRIPS Agreement* and Article III of the *GATT 1994*. Second, New Zealand will argue that the EC has failed to provide the legal means for interested parties to prevent misleading uses and acts of unfair competition in respect of GIs as required by Article 22.2 of the *TRIPS Agreement*. Third, New Zealand will show that the EC has acted inconsistently with Article 16.1 of

---

<sup>2</sup> Australia in its First Written Submission, 23 April 2004, (“Submission of Australia”) has also argued that the EC Regulation is inconsistent with Articles 2.1 and 2.2 of the *Agreement on Technical Barriers to Trade* (paragraphs 209 – 265). New Zealand supports the arguments of Australia but for the sake of brevity does not address them in its submission.

<sup>3</sup> Article 1.1 of the *TRIPS Agreement*.

<sup>4</sup> For the purposes of this submission, both geographical indications and designations of origin (defined in Article 2(2) of the EC Regulation) will be referred to as “GIs”.

<sup>5</sup> Article 1.1 of the *TRIPS Agreement*.

the *TRIPS Agreement* by failing to give owners of registered trademarks the exclusive right to prevent confusing uses of identical or similar signs by third parties.

1.08 Given the limited time that New Zealand has had to consider the First Written Submission by the EC,<sup>6</sup> New Zealand reserves the right to make any further comment on it during the Third Party Session of the Panel.

---

<sup>6</sup> First Written Submission by the European Communities, 25 May 2004 (“Submission of the EC”).

## **II. THE EC REGULATION IS INCONSISTENT WITH THE EC'S NATIONAL TREATMENT OBLIGATIONS UNDER THE TRIPS AGREEMENT AND THE GATT 1994**

### **A. Introduction**

2.01 The national treatment obligation is “a cornerstone of the world trading system that is served by the WTO”.<sup>7</sup> In the *TRIPS Agreement*, this obligation is incorporated into the legal framework for protection of intellectual property rights by way of Article 2.1 (which requires WTO Members to comply with, inter alia, Article 2.1 of the *Paris Convention for the Protection of Industrial Property 1967* (the “*Paris Convention*”)) and Article 3.1. By virtue of Article 2.1, the EC is obliged to provide nationals of other WTO Members with “the same protection” as its own nationals. Under Article 3.1 the EC is obliged to provide “treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property”.

2.02 The EC is also obliged under Article III:4 of the *GATT 1994* to accord to imported products of the territory of any contracting party “treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale.” The EC does not dispute that these national treatment obligations apply to the EC Regulation.<sup>8</sup>

### **B. Interpretation of the EC Regulation**

2.03 The EC disputes as a factual matter the Complainants’ interpretation of Article 12(1) of the EC Regulation on which the national treatment violation arguments rely.<sup>9</sup> The EC claims this interpretation “is based on a misunderstanding” of its Regulation.<sup>10</sup>

2.04 The EC argues that Article 12(1) of Regulation 2081/92 clearly applies “without prejudice to international agreements”. It goes on to state that such international

---

<sup>7</sup> Report of the Appellate Body, *US – Section 211 Omnibus Appropriations Act of 1998*, WT/DS176/AB/R, paragraph 241.

<sup>8</sup> Submission of the EC, paragraphs 110-112.

<sup>9</sup> Submission of the EC, paragraphs 64-65.

<sup>9</sup> Submission of the EC, paragraphs 64-65.

<sup>10</sup> Submission of the EC, paragraph 65.

agreements include the WTO Agreements, and for this reason “Article 12(1) and (3) of Regulation 2081/92 do not apply to WTO Members”.<sup>11</sup> Rather, WTO Members are to follow the procedures set out in Article 12a and 12b of the EC Regulation.<sup>12</sup>

2.05 This novel interpretation of the EC does not withstand close scrutiny. First, it runs counter to the usual meaning of the phrase “without prejudice to international agreements”. Second, it is inconsistent with the wording of the EC Regulation itself. Third, to New Zealand’s knowledge this is the first time that this interpretation has been raised by the EC, despite consultations being held on the interpretation of its Regulation.

2.06 The EC interprets the phrase “without prejudice to international agreements” in a manner which acknowledges its obligations under the *TRIPS Agreement*.<sup>13</sup> It appears to New Zealand that the EC is effectively admitting that requiring nationals of WTO Members to follow the procedures set out in Article 12(1) and 12(3) of the EC Regulation would be contrary to its WTO obligations.

2.07 However, in New Zealand’s view there are sufficient internal inconsistencies between the EC’s novel interpretation and the wording of the EC Regulation to doubt whether any reliance can be placed on this interpretation of the EC Regulation in the future.

2.08 The EC notes the distinctions made in Articles 12(2)(a) and (b) (*sic*)<sup>14</sup> and Article 12d(1) between “WTO countries” and “third countries” in support of its interpretation.<sup>15</sup> It also states that the procedure provided for in Article 12(3) does not apply to WTO Members.<sup>16</sup> New Zealand notes, however, that Article 12a is prefaced with the phrase “In the case provided for in Article 12(3)”. If Article 12(3) does not apply to WTO Members then, based on the EC’s own arguments, Article 12(a) would not apply to WTO Members.

---

<sup>11</sup> Submission of the EC, paragraphs 66.

<sup>12</sup> Submission of the EC, paragraphs 67-69.

<sup>13</sup> Submission of the EC, paragraph 65.

<sup>14</sup> New Zealand understands the EC to mean Article 12b(2)(a) and (b).

<sup>15</sup> Submission of the EC, paragraph 66.

<sup>16</sup> Submission of the EC, paragraph 74.



2.09 Taken to its logical conclusion, therefore, the EC’s argument would mean that there is in fact no application procedure in the EC Regulation under which a national of a WTO Member could apply for GI protection. In that case the Panel must find that the EC is in breach of its national treatment obligations under the *TRIPS Agreement* and the *GATT 1994* by failing to provide a WTO consistent application procedure for GI registration for WTO members. New Zealand does not believe that the EC would agree with this consequence of its interpretation.

2.10 New Zealand notes that this is the first time this interpretation has been raised, despite numerous consultations on the EC Regulation, including under the *Dispute Settlement Understanding* (“the *DSU*”). As the Appellate Body has indicated, all parties engaged in dispute settlement under the *DSU* should be fully forthcoming with respect to the facts, and consultations “do much to shape the substance and the scope of subsequent panel proceedings”.<sup>17</sup>

2.11 Essentially, the EC’s argument that Articles 12(1) and 12(3) of the EC Regulation do not apply to WTO Members rests on the claim that the Regulation will indeed be interpreted in the manner the EC suggests, that is, in a WTO consistent manner. But the EC can offer no basis for assuring WTO Members that this will be so. The EC’s position is even less credible where the interpretation that the EC puts forward is an interpretation that is not suggested by the ordinary meaning of the text of the EC Regulation.

2.12 The alternative interpretation, and one which is consistent with the wording of the EC Regulation, is that adopted by the Complainants, namely that Article 12(1) and (3) apply to WTO Members.

---

<sup>17</sup> Report of the Appellate Body, *India – Patent Protection for Pharmaceutical and Agricultural Chemical Products*, WT/DS50/AB/R, paragraph 94.

**C. Articles 2.1 of the *TRIPS Agreement* (incorporating Article 2.1 of the *Paris Convention*) and 3.1 of the *TRIPS Agreement***

**1. The EC is obliged to provide no less favourable treatment to other WTO Member nationals<sup>18</sup> than it does to EC nationals**

2.13 Article 2.1 of the *TRIPS Agreement* requires WTO members to comply with, *inter alia*, Article 2.1 of the *Paris Convention for the Protection of Industrial Property 1967* (“the *Paris Convention*”). The EC is therefore obliged to provide nationals of other WTO Members with “the same protection” as provided to foreign nationals.<sup>19</sup> It is also required to accord to nationals of other WTO Members “treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property” under Article 3.1 of the *TRIPS Agreement*.

2.14 There are three essential components of the national treatment obligation under Articles 2.1 and 3.1 of the *TRIPS Agreement*. First, it is the treatment received by “nationals” that is key. Second, the standard for comparison with the treatment received by foreign nationals is the most favourable treatment received by nationals. Third, foreign nationals must receive no less favourable treatment than that accorded to nationals.

**a. Treatment of nationals**

2.15 The national treatment obligations in the *TRIPS Agreement* are owed to nationals, that is, natural or legal persons.<sup>20</sup> In the context of the present case, this means that the standard for comparison is simply with EC nationals, since all EC nationals are potentially eligible to apply for GI registration under the EC Regulation.<sup>21</sup>

---

<sup>18</sup> References to WTO Member nationals means non-EC WTO Member nationals.

<sup>19</sup> Article 2.1 of the *Paris Convention*, incorporated by Article 2.1 of the *TRIPS Agreement*.

<sup>20</sup> Article 1.3 of the *TRIPS Agreement*.

<sup>21</sup> It is noted that whether EC nationals are successful in seeking GI registration is irrelevant to the issue of the standard for comparison between EC nationals and WTO Member nationals.

<sup>20</sup> Article 1.3 of the *TRIPS Agreement*.

<sup>21</sup> It is noted that whether EC nationals are successful in seeking GI registration is irrelevant to the issue of the standard for comparison between EC nationals and WTO Member nationals.

<sup>21</sup> It is noted that whether EC nationals are successful in seeking GI registration is irrelevant to the issue of the standard for comparison between EC nationals and WTO Member nationals.

2.16 The EC has raised a creative but nevertheless erroneous interpretation of “nationals” in an attempt to claim that its conditions for registration and objections do not breach its national treatment obligations. In particular, the EC claims “the conditions and procedures contained in Regulation 2081/92 for the registration of geographical indications do not depend on nationality”.<sup>22</sup>

2.17 New Zealand submits that this interpretation of the national treatment obligation to apply to persons of a particular “nationality” cannot be correct. The WTO Agreements are to be interpreted according to the ordinary meaning of the words in their context, and in light of their object and purpose.<sup>23</sup> In the context of the *TRIPS Agreement* the term “nationals” clearly has a geographical connotation. Support for this is gleaned from both the *TRIPS Agreement* and the *Paris Convention* (incorporated by reference into the *TRIPS Agreement*).

2.18 Article 1.3 of the *TRIPS Agreement* provides:

Members shall accord the treatment provided for in this Agreement to the nationals of other Members. In respect of the relevant intellectual property rights, the nationals of other Members shall be understood as those natural or legal persons *that would meet the criteria for eligibility for protection in the Paris Convention ...*<sup>24</sup>

2.19 One particular category of natural or legal persons that meet the criteria for eligibility for the same protection as nationals under the *Paris Convention* are those eligible under Article 3 [Same Treatment for Certain Categories of Persons as for Nationals of Countries of the Union] of the *Paris Convention*. This provides (emphasis added):

Nationals of countries outside the Union who are domiciled or who have real and effective industrial or commercial establishments in the territory of one of the countries of the Union *shall be treated in the same manner as nationals* of the countries of the Union.

---

<sup>22</sup> Submission of the EC, paragraphs 123.

<sup>23</sup> Article 31(1) of the *Vienna Convention on the Law of Treaties*.

<sup>24</sup> Footnote omitted.

2.20 The *Paris Convention* therefore includes not only a “nationality” element to the national treatment obligation, but also includes a “geographical” element relating to the person’s place of domicile or establishment.

2.21 This is further supported by footnote 1 to Article 1.3 of the *TRIPS Agreement* which also adopts a geographical element to the term “nationals” when used in the relation to separate customs territories:

Where “nationals” are referred to in this Agreement, they shall be deemed, in the case of a separate customs territory Member of the WTO, to *mean persons, natural or legal, who are domiciled or who have a real and effective industrial or commercial establishment* in that customs territory.

2.22 In the geographical context of GIs, therefore, the term “nationals” includes not only natural or legal persons of a particular nationality, but also those who are domiciled or who have a real and effective industrial or commercial establishment in a particular WTO Member. Those legal or natural persons who are domiciled or have an establishment in the third country to which the GI relates are therefore “non-EC nationals” for the purpose of the national treatment obligation under the *TRIPS Agreement*.

2.23 As a consequence of its erroneous interpretation of “nationals”, the EC asserts that it is the area where the GI is located which determines which procedure under the EC Regulation applies in a given case, not the “nationality” of the producers of the product concerned.<sup>25</sup> Therefore, it claims there is no breach of the national treatment obligations. If this argument were correct, it would mean that even if a Regulation provided that only EC GIs could be registered, there would be no violation of the national treatment obligation because in theory the nationals of any country could live in the EC and register their GIs. This would gut the *TRIPS Agreement* of the national treatment obligation with respect to GIs.

2.24 In any case, the EC Regulation as drafted does not support the EC assertion. In particular, Article 12a provides (emphasis added):

---

<sup>25</sup> Submission of the EC, paragraph 125.

...if a group or a natural or legal person as referred to in Article 5(1) and (2) in a third country wishes to have a name registered under this Regulation it shall send a registration application to the authorities in the country in which the geographical area is located.

2.25 New Zealand submits that the plain meaning of “a group or a natural or legal person ... in a third country” is that all persons domiciled or with a real and effective industrial or commercial establishment outside of the EC are subject to the procedure in Article 12a of the EC Regulation.<sup>26</sup> So a person’s location is indeed relevant to which application process applies.

2.26 The EC Regulation, therefore, adopts two different registration procedures – one for EC nationals in respect of GIs located in the EC; and one for nationals “in a third country”. The EC is obliged by its national treatment obligations to provide a no less favourable application process for nationals “in a third country” as it does to EC nationals.

**b. The most favourable treatment granted to EC nationals should be compared with that received by WTO Member nationals**

2.27 New Zealand supports the arguments of the Complainants that a WTO member cannot require reciprocity of a higher standard of treatment than that required by the *TRIPS Agreement* before the right to that higher standard accrues under national treatment.<sup>27</sup> To do otherwise would in effect result in a WTO Member being able secure concessions that it was unable achieve at the negotiating table.

---

<sup>26</sup> Provided that the requirements of Article 12(3) have been met.

<sup>27</sup> Submission of Australia, paragraph 182; First Written Submission of the United States, 23 April 2004, (“Submission of the United States”), paragraph 49.

<sup>28</sup> Report of the Panel *US-Section 337 of the Tariff Act of 1930*, BISD 34S/345, paragraph 5.11, cited in *US-Section 211 Omnibus Appropriations Act 1998*, paragraph 261. According to the Appellate Body, WTO jurisprudence on Article III:4 of the GATT 1994 may be useful in interpreting the national treatment obligations in the TRIPS Agreement. *Ibid*, paragraph 242.

<sup>29</sup> Report of the Appellate Body, *Korea-Various Measures on Beef* WT/DS161/AB/R, WT/DS169/AB/R paragraph 135.

<sup>30</sup> *US-Section 211 Omnibus Appropriations Act 1998*, paragraph 265.

**c. Treatment of foreign nationals must be no less favourable than that accorded to nationals**

2.28 In determining whether a particular measure violates the national treatment obligation a first line of inquiry is whether there is a difference in treatment in the applicable laws.

2.29 A difference in applicable law, by itself, is not sufficient to constitute a breach of national treatment.<sup>28</sup> It must be demonstrated that “less favourable treatment” or some disadvantage accruing to the foreign national as a consequence of the difference in treatment has occurred.<sup>29</sup>

2.30 In terms of what may amount to a disadvantage, the Appellate Body has found that subjecting foreigners to additional procedures constitutes a breach of national treatment. The Appellate Body in *US-Section 211* concluded that “even the possibility that non-United States successors-in-interest face two hurdles is inherently less favourable than the undisputed fact that United States successors-in-interest face only one”.<sup>30</sup> Thus an “extra hurdle” faced by foreigners constitutes “less favourable treatment” under Article 3.1 of the *TRIPS Agreement*.

2.31 Further, whether or not ‘less favourable treatment’ is accorded to nationals should be assessed “by examining whether a measure modified the *conditions of competition* in the relevant market”.<sup>31</sup> In other words, treatment no less favourable in Article III:4 of the GATT 1994 calls for “effective equality of opportunities”.<sup>32</sup>

---

<sup>28</sup> Report of the Panel *US-Section 337 of the Tariff Act of 1930*, BISD 34S/345, paragraph 5.11, cited in *US-Section 211 Omnibus Appropriations Act 1998*, paragraph 261. According to the Appellate Body, WTO jurisprudence on Article III:4 of the GATT 1994 may be useful in interpreting the national treatment obligations in the TRIPS Agreement. *Ibid*, paragraph 242.

<sup>29</sup> Report of the Appellate Body, *Korea-Various Measures on Beef* WT/DS161/AB/R, WT/DS169/AB/R paragraph 135.

<sup>30</sup> *US-Section 211 Omnibus Appropriations Act 1998*, paragraph 265.

<sup>29</sup> Report of the Appellate Body, *Korea-Various Measures on Beef* WT/DS161/AB/R, WT/DS169/AB/R paragraph 135.

<sup>30</sup> *US-Section 211 Omnibus Appropriations Act 1998*, paragraph 265.

<sup>30</sup> *US-Section 211 Omnibus Appropriations Act 1998*, paragraph 265.

<sup>31</sup> *Korea –Various Measures on Beef*, paragraph 137. (Emphasis in original)

<sup>32</sup> *US –Section 337*, paragraph 5.11.

**2. The Registration procedure in the EC Regulation provides less favourable treatment to WTO Member nationals**

**a. WTO Member nationals are treated differently than EC nationals under the EC Regulation registration procedure**

2.32 The Complainants have demonstrated that nationals from WTO Members are subject to different registration procedures from those applying to EC nationals.<sup>33</sup> New Zealand has summarised the differences between the registration processes applicable to EC and WTO Member applications.<sup>34</sup> The particular difference at issue between the two registration procedures is the requirements of equivalence and reciprocity in Article 12(1) of the EC Regulation.<sup>35</sup> Further, while the requirement to submit all applications through government applies equally to applications from EC and WTO Member nationals, New Zealand will show that its effect is to disadvantage nationals from WTO Members.

**b. The differences in treatment under the registration procedure between EC and WTO Member nationals result in the less favourable treatment of WTO Member nationals**

2.33 New Zealand submits that the effects of the differences in registration process mean that, at worst, the benefits of registration are entirely unavailable to producers from countries outside the EC.<sup>36</sup> Indeed, New Zealand is not aware of any successful registration applications from nationals from WTO Members made under the process set out in the EC Regulation, whereas there have been more than 600 successful applications for registration of EC GIs.<sup>37</sup> At best, WTO Member nationals are subject to “extra hurdles” and are as a consequence, disadvantaged under the EC Regulation when compared to EC nationals.

---

<sup>33</sup> Submission of Australia, paragraph 42-46; Submission of the United States, paragraph 16-25.

<sup>34</sup> New Zealand Exhibit NZ-1.

<sup>34</sup> New Zealand Exhibit NZ-1.

<sup>35</sup> As noted in New Zealand’s Submission at paragraphs 2.03 to 2.12 above, this argument takes as its premise the fact that Article 12(1) and 12(3) of the EC Regulation apply to WTO Members.

<sup>36</sup> See also arguments raised under Article 22.2 of the *TRIPS Agreement* in Section III of this Submission, paragraph 3.01-3.11.

<sup>37</sup> Submission of the EC, paragraph 277.

<sup>37</sup> Submission of the EC, paragraph 277.

2.34 An “extra hurdle” exists for WTO Member nationals if WTO Members are required to comply with the equivalence and reciprocity requirements in the EC Regulation. The Complainants have shown that before a WTO Member national is eligible to apply for protection under Article 12(1) of EC Regulation, the country of origin of that national must grant *reciprocal* treatment for EC GIs under an *equivalent* system.

2.35 Not only are these requirements for reciprocity and equivalence a breach in and of themselves of the national treatment obligations, but they also mean that WTO Member nationals do not have the same opportunities to protect their GIs through registration as do EC nationals. In such case, an individual’s right to apply for registration under the EC Regulation is conditioned on factors over which the applicant has no control, in other words, whether the applicant’s government applies reciprocal and equivalent treatment.

2.36 New Zealand notes that applications for registration under the EC Regulation are to be submitted by governments, rather than by individuals.<sup>38</sup> The EC claims that the “rules relating to the registration of such geographical indications from outside the EC ... closely parallel the provisions applicable to geographical indications from inside the EC”.<sup>39</sup>

2.37 It is worth recalling, however, that a breach of national treatment may arise from the application of formally identical laws:

...there may be cases where the application of formally identical legal provisions would in practice accord less favourable treatment to imported products and a contracting party might thus have to apply different legal provisions to imported products to ensure that the treatment accorded to them is in fact no less favourable.<sup>40</sup>

---

<sup>38</sup> Article 5(5) and 12a(2) of the EC Regulation.

<sup>39</sup> Submission of the EC, paragraph 62.

<sup>40</sup> *US –Section 337* paragraph 5.11.



2.38 New Zealand argues that in this case “formally identical legal provisions” (or closely parallel legal provisions) in the EC Regulation do indeed result in less favourable treatment for WTO Member nationals.

2.39 EC nationals have an enforceable right that applications that satisfy the requirements of the regulation are forwarded to the Commission. This right exists by virtue of Article 5(6) of the EC Regulation, which provides “Member States shall introduce the laws, regulations and administrative provisions necessary to comply with this Article [Article 5]”.<sup>41</sup> Thus, for an EC national, submission via their Member State government becomes essentially a formality. Failure to submit an application may be judiciable according to the Member States’ applicable national laws. WTO Member nationals have no such enforceable right to ensure that submission occurs.

2.40 Thus, WTO Member nationals face significant “extra hurdles” in order to obtain protection for their GIs under the EC Regulation and are thus accorded less favourable treatment than an EC national. Furthermore, the Panel should find that the EC is in breach of its national treatment obligations by conditioning the receipt of intellectual property protection on provision of reciprocal equivalent treatment.

**c. The extra hurdles mean that WTO Member nationals are disadvantaged in the EC market, as well as procedurally**

2.41 For producers able to register a GI under the EC Regulation, registration grants certain advantages, including the following:<sup>42</sup>

- being able to protect GIs from certain conduct set out in Article 13(1) of the EC Regulation;<sup>43</sup>

---

<sup>41</sup> Article 5.5 of the EC Regulation provides: “The Member State ... shall forward the application ... to the Commission, if it considers that it satisfies the requirements of this Regulation.”

<sup>42</sup> Submission of the United States, paragraphs 57 and 62.

<sup>43</sup> Article 13.1 of the EC Regulation provides: “Registered names shall be protected against:  
(a) any direct or indirect commercial use of a name registered in respect of products not covered by the registration in so far as those products are comparable to the products registered under that name or insofar as using the name exploits the reputation of the protected name;  
(b) any misuse, imitation or evocation, even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as ‘style’, ‘type’, ‘method’, ‘as produced in’, ‘imitation’ or similar;

- being able to prevent the GI term from becoming generic under Article 13(3) of the EC Regulation;
- being able to obtain such protection of GIs on a Community wide basis; and
- according to the EC Regulation’s preamble, secure higher incomes as a result of “a growing demand for agricultural products or foodstuffs with an identifiable geographical origin”.<sup>44</sup>

2.42 Accordingly, lacking the ability to register GIs under the EC Regulation results in commercial disadvantage for WTO Member nationals. They are unable to obtain the same level of protection on a Community wide level as EC nationals and are unable to ‘secure higher incomes’, as claimed by the EC to be a consequence of their GI protection. Thus the conditions of competition faced by WTO Member nationals are modified by the operation of the EC Regulation. As a consequence, the EC Regulation effectively operates as a barrier to trade.

### **3. The procedure for objections to applications for registration provides less favourable treatment to WTO Member nationals**

2.43 The EC Regulation also provides an objection procedure to enable “any person individually and directly concerned in a Member State to exercise his rights by notifying the Commission of his opposition”.<sup>45</sup> The objection procedure can potentially result in an application for registration not proceeding. Not having the right to object is, as a consequence, a loss of a valuable right in the arsenal of a producer to protect his or her commercial interests or intellectual property rights.

---

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

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

<sup>44</sup> EC Regulation, preamble.

<sup>45</sup> EC Regulation, preamble.

<sup>46</sup> Submission of Australia paragraphs 47-52; Submission of the United States, paragraph 26-27.

<sup>47</sup> New Zealand Exhibit NZ-2.

<sup>45</sup> EC Regulation, preamble.

<sup>46</sup> Submission of Australia paragraphs 47-52; Submission of the United States, paragraph 26-27.

<sup>47</sup> New Zealand Exhibit NZ-2.

2.44 The Complainants have demonstrated that nationals from WTO countries are subject to different objection processes from EC nationals.<sup>46</sup> New Zealand has summarised and compared the applicable objection procedures.<sup>47</sup> The process for objections from WTO nationals suffers from the same shortcomings as the process for registrations: namely, objections are subject to reciprocity and equivalence requirements and must be submitted through governments.

2.45 The EC has, however, asserted that the requirements for reciprocity and equivalence do not apply to WTO members and thus are not preconditions for the admissibility of objections from WTO members.<sup>48</sup> In particular, the EC has argued that “[t]he phrase [in Article 12d(1)] “recognised under the procedure provided for in Article 12(3)” only refers to third countries other than WTO Members.”<sup>49</sup> As has been indicated earlier, New Zealand finds this argument unconvincing.<sup>50</sup>

2.46 Such an intention (to refer to third countries other than WTO Members) is not clear from the language of the EC Regulation. The fact that the rest of the EC Regulation and, in particular, the application procedure under Articles 12 and 12a, fail to explicitly distinguish between WTO Members and third countries suggests that there is in fact no such distinction. The distinction could have been made clear in Article 12d(1) by inserting a comma or words in the phrase to make it apparent that the procedures provided for in Article 12(3) apply only to third countries and not to WTO Members.

2.47 However, no such distinction is apparent from the face of the EC Regulation. Therefore the conclusion must be drawn that the EC Regulation requires both WTO Members and third countries to be recognised under the Article 12(3).

2.48 New Zealand submits that the Complainants’ interpretation of Article 12d(1) is the correct interpretation. WTO members are required by the EC Regulation to provide

---

<sup>46</sup> Submission of Australia paragraphs 47-52; Submission of the United States, paragraph 26-27.

<sup>47</sup> New Zealand Exhibit NZ-2.

<sup>47</sup> New Zealand Exhibit NZ-2.

<sup>48</sup> Submission of the EC, paragraphs 73-74.

<sup>49</sup> Submission of the EC, paragraph 74.

<sup>50</sup> See New Zealand Submission, paragraphs 2.08-2.12.

equivalent and reciprocal treatment as a precondition to the initiation of the objection procedure by their nationals.

2.49 Accordingly the objection procedure breaches the EC’s national treatment obligations for the same reasons that the registration procedure does.<sup>51</sup> The effect of the differences in objection processes means that, at best, WTO Member nationals are disadvantaged under the EC Regulation when compared to EC nationals. At worst, the benefits of the right to object are entirely unavailable to producers from countries outside the EC.<sup>52</sup> As a result, the EC has in place a system that virtually guarantees no objections will be received from WTO Member nationals to applications for the registration of EC GIs.

#### **D. The GATT 1994**

2.50 New Zealand considers that the Complainants have demonstrated that all three elements constituting a violation of Article III:4 of the *GATT 1994* have been satisfied.<sup>53</sup> First, the EC agrees that the EC Regulation is a measure affecting the internal sale of products.<sup>54</sup> Second, the EC appears not to raise concerns about whether the products at issue must be “like products”.<sup>55</sup> New Zealand notes, in any case, that the United States is correct that for measures of general application the issue is whether the measure makes distinctions between products based solely on origin, rather than whether particular traded products are “like”.<sup>56</sup>

2.51 It follows that the only issue under debate is whether the EC Regulation confers “less favourable treatment” on imported products. As the phrase “less favourable treatment” is the same as that used in Article 3.1 of the *TRIPS Agreement*, all arguments

---

<sup>51</sup> See New Zealand Submission, paragraphs 2.33-2.42.

<sup>52</sup> See also arguments raised under Article 22.2 of the *TRIPS Agreement* in Section III of this submission.

<sup>53</sup> *Korea –Various Measures on Beef*, paragraph 133.

<sup>53</sup> *Korea –Various Measures on Beef*, paragraph 133.

<sup>54</sup> Submission of the EC, paragraph 194; Submission of Australia, paragraphs 163-164; Submission of the United States, paragraphs 101-102.

<sup>55</sup> Submission of the EC, paragraph 197; Submission of Australia, paragraphs 161-162; Submission of the United States, paragraphs 99-100.

<sup>56</sup> Submission of the United States, paragraph 99.

raised under the previous section apply equally to Article III:4 of the *GATT 1994* and demonstrate that the EC Regulation breaches Article III:4 of the *GATT 1994*.<sup>57</sup>

### **1. The EC Regulation cannot be justified under Article XX(d) of the GATT 1994**

2.52 The EC has claimed that the measure is justified under Article XX(d) of the *GATT 1994*.<sup>58</sup> In particular, the EC claims “the requirements at issue are *necessary* in order to ensure that only those products which conform to the definition of geographical indications contained in Article 2(2) of Regulation 2081/92, which is itself fully compliant with the *GATT 1994*, benefit from the protection afforded to geographical indications by Regulation 2081/92”.<sup>59</sup>

2.53 New Zealand agrees with the United States that the EC’s claim cannot be sustained.<sup>60</sup> Whether a measure is “necessary” is assessed against a high standard of whether the measure is ‘least-trade restrictive’. Hence, if another WTO-consistent alternative can be employed, then a measure will not be justified under Article XX(d).

It was clear to the Panel that a contracting party cannot justify a measure inconsistent with another GATT provision as ‘necessary’ in terms of Article XX(d) if an alternative measure which it could reasonably be expected to employ and which is not inconsistent with other GATT provisions is available to it.<sup>61</sup>

2.54 The EC claims that it is necessary for all applications to be submitted through government “to ensure that only those products which confirm to the definition of geographical indications contained in Article 2(2) of the EC Regulation ... benefit from the protection afforded to geographical indications”.

---

<sup>57</sup> New Zealand Submission, paragraphs 2.32-2.49.

<sup>58</sup> Submission of the EC, paragraphs 224-226. Article XX(d) of *GATT 1994* provides:

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent the adoption of enforcement by any contracting party of measures:

...

(d) *necessary* to secure compliance with laws or regulations *which are not inconsistent with the provisions of this Agreement*...

<sup>59</sup> Submission of the EC, paragraph 226. (Emphasis added).

<sup>60</sup> Submission of the United States, paragraph 107.

<sup>61</sup> *US-Section 337*, paragraph 5.26.

<sup>61</sup> *US-Section 337*, paragraph 5.26.

2.55 Given that the EC itself conducts a six-month investigation into precisely the issue of whether the products conform to the definition of a GI (that is, as set out in the product specification required under Article 4 of the EC Regulation), New Zealand submits that it is not necessary for applications to be passed through a government filter.

2.56 The EC provides no claim with respect to the necessity of reciprocity and equivalence requirements imposed on non-EC products. Further, this claim does not apply to objection procedures, which are also transmitted through governments.

2.57 New Zealand therefore submits that the EC Regulation cannot be justified on the basis of Article XX(d) of the *GATT 1994*. The Panel should find that the EC Regulation violates Article III:4 of the *GATT 1994* as well as Articles 2.1 and 3.1 of the *TRIPS Agreement*.

### **III. THE EC REGULATION IS INCONSISTENT WITH ARTICLE 22.2 OF THE *TRIPS AGREEMENT***

3.01 Article 22.2 of the TRIPS Agreement requires that:

[i]n respect of geographical indications, Members shall provide the legal means for interested parties to prevent:

(a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographic area other than the true place of origin in a manner which misleads the public as to the geographic origin of the good;

(b) any use which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (1967).

3.02 This Article provides a negative right, or a right to prevent certain actions, rather than a positive right, such as a right to authorise use. It is, as a consequence, an important legal right to “interested parties” to ensure appropriate use of geographical indications.

3.03 The Complainants have demonstrated that the EC has failed to provide this right to nationals of WTO Members by requiring reciprocity and equivalence as

preconditions to admissibility of registration applications and objections, and by requiring that all applications be submitted through government.<sup>62</sup> New Zealand will raise the following points in support of the Complainants' arguments:

(i) Both the registration and objection procedures in the EC Regulation form part of the “legal means” that the EC is required to provide under Article 22.2;

(ii) “Interested parties” includes all natural or legal persons with an interest in the use of geographical indications, not just persons with a right to use a particular geographical indication;

(iii) Article 22.2 must be read together with Article 3.1 of the TRIPS Agreement, requiring that the EC is obliged to provide the same legal means to nationals from WTO Members to prevent misleading uses or acts of unfair competition as it does to EC nationals.

**A. “Legal means” under Article 22.2 of the TRIPS Agreement covers application and objection rights under the EC Regulation**

3.04 The phrase “legal means” is used to indicate any laws, rules and regulations through which redress for misleading uses and acts of unfair competition “in respect of geographical indications” can be obtained. Various models of legal means are envisaged under Article 22.2 of the *TRIPS Agreement*, consistent with the principle that WTO Members are free to determine the most appropriate method of implementation within their own legal system and practices.<sup>63</sup> For GI users, registration of their GI under the EC Regulation provides the legal means to prevent a range of uses, including misleading uses and acts of unfair competition under Article 22.2.<sup>64</sup>

3.05 Once a GI has been registered under the EC Regulation, persons affected by use of that GI have extremely limited options to challenge the use of that registered GI. Indeed, they have no such options under the EC Regulation itself for only repeated

---

<sup>62</sup> See Submission of Australia from paragraph 154-155; Submission of the United States, from paragraph 171-183;

<sup>63</sup> Article 1.1 of the *TRIPS Agreement*.

<sup>64</sup> See Article 13(1) of the EC Regulation.

failure to comply with the product specification or a request for cancellation by the natural or legal person or group authorised to seek cancellation may result in the registration being cancelled. Thus the right to object to an application for registration of a GI prior to registration occurring is a crucial aspect of the legal means that the EC must provide under Article 22.2 of the *TRIPS Agreement*.

**B. “Interested parties” includes all natural or legal persons with an interest in the use of geographical indications**

3.06 “Interested parties” is a broad term. “Interested” is defined as meaning “having an interest, share, or concern in something; affected, involved”.<sup>65</sup> “Parties” encompasses any legal or natural person, or group of legal or natural persons.

3.07 In the context of the *TRIPS Agreement*, “interested parties” has a broad meaning and includes persons with an interest in, or affected by, a GI. The term “interested parties” can be contrasted with specific terms used in other provisions which confer rights on particular groups of people. For example, when setting out the particular rights accruing to persons that have registered a trademark, Article 16.1 of the *TRIPS Agreement* refers specifically to “the owner of a registered trademark”. Likewise, Section 1 of the *TRIPS Agreement* refers to “authors” in Article 11, “right holders” in Article 13, and “performers” and “producers of phonograms” in Article 14.

3.08 The EC claims that Article 22.2 “cannot be invoked by a trademark right holder in order to prevent the use a (*sic*) geographical indication which supposedly infringes its trademark right”.<sup>66</sup> This assertion reveals the EC’s particular bias toward systems of GI protection analogous to its registration model. It fails to acknowledge that WTO Members implement their obligations on GIs under the *TRIPS Agreement* in a variety of ways, including for example through collective and certification trademarks. Some trademark owners clearly do have a concern or are affected by use of geographical indications. A trademark holder can and should in particular circumstances be able to defend use of a trademark under Article 22.2 of the *TRIPS Agreement*. The EC’s

---

<sup>65</sup> The New Shorter Oxford English Dictionary, Volume 1 (4<sup>th</sup> Edition, 1993), p1393.

<sup>66</sup> Submission of the EC, paragraph 412.



narrow interpretation of the phrase “interested parties” in Article 22.2 of the *TRIPS Agreement* cannot be justified.

**C. The EC is obliged to provide the same legal means to prevent misleading uses or acts of unfair competition to nationals of WTO Members as it does to EC nationals.**

3.09 The obligation in Article 22.2 to provide legal means to prevent misleading uses or acts of unfair competition must be read together with the other provisions of the *TRIPS Agreement*, including in particular the national treatment obligations in Articles 2.1 and 3.1 of the *TRIPS Agreement*. Thus the EC is obliged to provide “the same protection” or ‘the same legal means’ to WTO nationals as it does to EC nationals.

3.10 The EC has argued that there are other means of preventing the acts mentioned in Article 22.2 of the *TRIPS Agreement* available in the EC.<sup>67</sup> However, in failing to provide the opportunity for WTO nationals to register under the EC Regulation at the centre of the present dispute, the EC fails to provide the same legal means to WTO nationals as it has to the more than 600 GI users in the EC that have had their GIs registered.<sup>68</sup>

**D. Conclusion**

3.11 By requiring reciprocity and equivalence as preconditions of the admissibility of registration applications and objections, and by requiring submission of applications and objections through governments, the EC has failed to provide the legal means to all interested parties to prevent misleading uses or acts of unfair competition under Article 22.2 of the *TRIPS Agreement*.

---

<sup>67</sup> Submission of the EC, paragraph 433-434.

<sup>68</sup> “As of the date of establishment of this Panel, the EC authorities had registered more than 600 geographical indications.” Submission of the EC, paragraph 277.

#### **IV. THE EC REGULATION IS INCONSISTENT WITH ARTICLE 16.1 OF THE *TRIPS* AGREEMENT**

4.01 The EC is obliged under Article 16.1 of the *TRIPS Agreement* to give owners of registered trademarks the “exclusive right” to prevent confusing uses of similar or identical signs by “all third parties”. This right recognises the utility of trademarks to their owners as marketing tools.

4.02 While Article 16.1 of the *TRIPS Agreement* provides an “exclusive right” to registered trademark owners, this is not an absolute right to prevent all use of the sign by other parties. The right is subject to certain limitations explicitly set out in the *TRIPS Agreement* in the same way that the rights to GI protection in Articles 22.2 and 22.3 are also explicitly limited by the terms of Articles 22 and 24 of the *TRIPS Agreement*.

4.03 In any given case, for example, a registered trademark owner bringing an infringement claim against a GI user might not succeed under the requirements of Article 16.1 of the *TRIPS Agreement*. The trademark owner may fail to prove that the GI is identical or similar to the trademark, or that use of the sign is in respect of goods that are identical or similar, or that use of the GI would result in a likelihood of confusion. Alternatively, the GI user may successfully argue in defence that the trademark misleads the public as to the true place of origin of the goods and should therefore be invalidated under the national law implementing Article 22.3 of the *TRIPS Agreement*.

4.04 Article 16.1 does, however, guarantee the entitlement of a trademark owner, whether a national of the EC or another WTO member, to a “day in court” to argue his or her rights against all third parties.

## **A. Relationship between Article 16.1 and Article 22.2**

4.05 New Zealand agrees with the observations of Australia and the United States regarding the relationship between Articles 16.1 and 22.2 of the *TRIPS Agreement*.<sup>69</sup> Despite appearances of a conflict between the two rights on the face of both provisions due to the “exclusivity” of the rights they both accord, there is a presumption of consistency between international obligations.<sup>70</sup> Further, any exception to an obligation must be explicit in the text of an Agreement.<sup>71</sup>

4.06 The rights in Articles 16.1 and 22.2 of the *TRIPS Agreement* must therefore be balanced – each must be read to the fullest extent permissible under the text of the relevant provisions without conflicting with the other right. In other words, the protection of one right cannot be enhanced at the expense of the other.

4.07 Where the negotiators intended a conflict between two rights to be resolved by compromising this exclusivity, they specifically provided for this in the *TRIPS Agreement*. Article 24.5 of the *TRIPS Agreement* is one example of this.<sup>72</sup> In all other cases, upholding the rights granted in both Article 16.1 for trademarks and Article 22.2 for geographical indications is required. To the extent that the EC Regulation compromises the exclusive rights guaranteed to registered trademark owners in ways

---

<sup>69</sup> Submission of Australia, paragraph 103-107; Submission of the United States, paragraph 132-136.

<sup>70</sup> Report of the Panel, *Indonesia –Certain Measures Affecting the Automobile Industry* WT/DS54/R; WT/DS55/R; WT/DS59/R; WT/DS64/R paragraph 14.28. Submission of the United States, paragraph 133.

<sup>71</sup> Report of the Appellate Body, *EC-Trade Description of Sardines* WT/DS231/AB/R paragraph 201 208. Submission of the United States, paragraph 142.

<sup>72</sup> The EC’s interpretation of Article 24.5 of the TRIPS Agreement will be discussed below in the context of specific breaches of Article 16.1. See New Zealand Submission paragraphs 4.15-4.20.

<sup>70</sup> Report of the Panel, *Indonesia –Certain Measures Affecting the Automobile Industry* WT/DS54/R; WT/DS55/R; WT/DS59/R; WT/DS64/R paragraph 14.28. Submission of the United States, paragraph 133.

<sup>71</sup> Report of the Appellate Body, *EC-Trade Description of Sardines* WT/DS231/AB/R paragraph 201 208. Submission of the United States, paragraph 142.

<sup>72</sup> The EC’s interpretation of Article 24.5 of the TRIPS Agreement will be discussed below in the context of specific breaches of Article 16.1. See New Zealand Submission paragraphs 4.15-4.20.

<sup>71</sup> Report of the Appellate Body, *EC-Trade Description of Sardines* WT/DS231/AB/R paragraph 201 208. Submission of the United States, paragraph 142.

<sup>72</sup> The EC’s interpretation of Article 24.5 of the TRIPS Agreement will be discussed below in the context of specific breaches of Article 16.1. See New Zealand Submission paragraphs 4.15-4.20.

<sup>72</sup> The EC’s interpretation of Article 24.5 of the TRIPS Agreement will be discussed below in the context of specific breaches of Article 16.1. See New Zealand Submission paragraphs 4.15-4.20.

not foreseen by the *TRIPS Agreement*, it is inconsistent with Article 16.1 of the *TRIPS Agreement*.

**B. The EC Regulation is inconsistent with Article 16.1**

4.08 New Zealand agrees with the Complainants that the EC Regulation violates Article 16.1 of the *TRIPS Agreement*.<sup>73</sup> New Zealand wishes to address three aspects of the EC Regulation in particular that violate Article 16.1 of the *TRIPS Agreement*, namely Articles 14.2, 14.3 and 7.4 of the EC Regulation.

**a. Article 14.2 of the EC Regulation is inconsistent with Article 16.1**

4.09 Article 14.2 of the EC Regulation provides that use of a prior registered trademark that engenders one of the situations prevented by Article 13 of the EC Regulation “may continue notwithstanding the registration” of a GI. The effect of this provision is that under the EC Regulation a registered trademark and a registered GI can “co-exist” despite the existence of a likelihood of confusion between the two.

4.10 The United States is correct in pointing out that under Article 14.2 of the EC Regulation the best the owner of a valid prior registered trademark can hope for is the ability to continue using his or her trademark, but without the ability to exclude all others from using a confusingly identical or similar GI.<sup>74</sup> In effect, Article 14.2 of the EC Regulation excludes registered GI users from the scope of the group of “all parties” against whom the owner of a prior registered trademark owner should be entitled under Article 16.1 of the *TRIPS Agreement* to defend the trademark. This is inconsistent with the exclusive rights of the trademark owner under Article 16.1 of the *TRIPS Agreement*.

**b. Article 14.3 EC Regulation**

4.11 Article 14.3 of the EC Regulation provides for an exception to the presumption of coexistence of prior registered trademarks and registered GIs in Article 14.2 of the EC Regulation, taking into account the “reputation, renown and the length of time

---

<sup>73</sup> Submission of Australia, paragraphs 88-107; Submission of the United States, paragraphs 130-170.

<sup>74</sup> Submission of the United States, paragraph 134.

<sup>74</sup> Submission of the United States, paragraph 134.

trademark has been in use”. However, just as there is no basis for coexistence under Article 14.3, there is no basis in Article 16.1 of the *TRIPS Agreement* for conditioning a prior registered trademark owner’s right to prevent misleading use on such factors.

4.12 New Zealand agrees with the United States that the exclusive right in Article 16.1 to prevent confusing uses is not limited to owners of trademarks which are longstanding, renowned or reputable. Rather it is an exclusive right that must be provided to all owners of valid prior registered trademarks, irrespective of how long the trademark has been used, or its reputation and renown.<sup>75</sup>

**c. Article 7.4 EC Regulation is inconsistent with Article 16.1**

4.13 Article 7.4 of the EC Regulation provides the criteria by which the admissibility of a statement of objection to an application for registration of a GI is judged.<sup>76</sup> One such criterion of admissibility is if the objection “shows that the proposed registration of a name would *jeopardise the existence* of an entirely or partly identical name or of a mark...”.<sup>77</sup>

4.14 If the proposed GI registration is identical to the prior registered trademark, however, under Article 16.1 of the *TRIPS Agreement* there is a presumption of confusion and the trademark owner should have the right to prevent use of the GI. Consequently, New Zealand agrees with the arguments by Australia that the EC Regulation breaches Article 16.1 of the *TRIPS Agreement* because the owner of the registered trademark may not be able to successfully object to a proposed GI even if its

---

<sup>75</sup> Submission of the United States, paragraph 159.

<sup>76</sup> The criteria in Article 7.4 of the EC Regulation apply to objections from nationals of the EC, as well as from nationals of WTO members by virtue of Article 12d(2) of the EC Regulation.

<sup>77</sup> Article 7.4 of the EC Regulation. (Emphasis added.)

<sup>78</sup> Submission of Australia, paragraph 92.

<sup>76</sup> The criteria in Article 7.4 of the EC Regulation apply to objections from nationals of the EC, as well as from nationals of WTO members by virtue of Article 12d(2) of the EC Regulation.

<sup>77</sup> Article 7.4 of the EC Regulation. (Emphasis added.)

<sup>78</sup> Submission of Australia, paragraph 92.

<sup>77</sup> Article 7.4 of the EC Regulation. (Emphasis added.)

<sup>78</sup> Submission of Australia, paragraph 92.

use would constitute use of an identical or similar sign that would result in a likelihood of confusion.<sup>78</sup>

**d. Article 24.5 does not permit “coexistence”**

4.15 The EC relies on Article 24.5 of the *TRIPS Agreement* as envisaging coexistence of GIs and earlier trademarks. Article 24.5 provides:

Where a trademark has been applied for or registered in good faith, or where rights to a trademark have been acquired through use in good faith either:

- (a) before the date of application of these provisions in that Member as defined in Part VI: or
- (b) before the geographical indication is protected in its country of origin;

measures adopted to implement this Section shall not prejudice eligibility for or the validity of the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with, or similar to, a geographical indication.<sup>79</sup>

4.16 The EC adopts a flawed interpretation as the basis for its argument that coexistence of GIs and earlier trademarks is envisaged under Article 24.5 of the *TRIPS Agreement*. It argues that Article 24.5 distinguishes the “right to use” a trademark, which may not be prejudiced, from the right to prevent others from using the trademark sign, which may be prejudiced.<sup>80</sup>

4.17 New Zealand submits that this interpretation is incorrect for two reasons. First, the purpose of Article 24.5 is to prevent the implementation of new forms of intellectual property resulting from the negotiations of the *TRIPS Agreement* from prejudicing rights to intellectual property legitimately acquired prior to the entry into force of the *TRIPS Agreement*.<sup>81</sup> Trademark owners who had registered a trademark or acquired rights to a trademark through use had the rights both to use and to prevent others from

---

<sup>78</sup> Submission of Australia, paragraph 92.

<sup>79</sup> Trademarks referred to in Article 24.5(a) and (b) of the *TRIPS Agreement* have come to be referred to as “grandfathered” trademarks.

<sup>80</sup> Submission of the EC, paragraph 301.

<sup>81</sup> Article 24.3 of the *TRIPS Agreement* has the same objective. See New Zealand Submission paragraph 4.22 below.

using their trademarks prior to the entry into force of the *TRIPS Agreement*. New Zealand contends that the *TRIPS Agreement* was not intended to detrimentally affect the private rights of individuals by removing trademark owners' entitlement to prevent all third parties from using their trademark where its existence pre-dated the *TRIPS Agreement*.

4.18 Second, Article 24.5 covers trademark rights acquired by registration as well as trademark rights acquired by use. The rights protected under Article 24.5 are dealt with separately. Thus “where a trademark has been applied for or registered in good faith” GI protection measures “shall not prejudice eligibility for or the validity of the registration of a trademark”. And “where rights to a trademark have been acquired through use in good faith” GI protection measures “shall not prejudice the right to use a trademark”.

4.19 The EC's reading of Article 24.5 mixes up the two concepts of registration and use. It suggests that registered trademarks retain the right to use as well as rights to the continued eligibility for or validity of registration. If this reading were correct, the corollary would also be true, namely that trademark rights acquired by use would continue to be eligible for registration, despite the owner not having submitted an application for registration prior to the entry into force of the *TRIPS Agreement*. As the purpose of Article 24.5 is to protect private rights existing immediately prior to the entry into force of the *TRIPS Agreement*, it is clear that it was not intended that unregistered trademark owners would gain the right to registration through use, despite having failed to safeguard their rights through registration prior to the entry into force of the *TRIPS Agreement*.

4.20 Thus New Zealand agrees with the Complainants that Article 24.5 of the *TRIPS Agreement* does not permit coexistence of “grandfathered” trademarks and GI registrations.

**e. EC is not required to maintain coexistence on the basis of Article 24.3**

4.21 The EC goes on to argue that, irrespective of whether coexistence of geographical indications is consistent with Article 24.5, it is required to maintain coexistence under Article 24.3 of the *TRIPS Agreement*. Article 24.3 of the *TRIPS Agreement* provides:

*In implementing this Section, a Member shall not diminish the protection of geographical indications that existed in that Member immediately prior to the date of entry into force of the WTO Agreement. (Emphasis added).*

4.22 The purpose of this Article appears to be the same as Article 24.5, namely to prevent the entry into force of the *TRIPS Agreement* from detrimentally affecting the private rights of individuals. However, despite the EC Regulation having entered into force on 14 July 1993,<sup>82</sup> the first registration of a geographical indication under the regulation did not occur until after the entry into force of the *TRIPS Agreement* on 1 January 1995. So while the EC Regulation provided for coexistence prior to the entry into force of the *TRIPS Agreement*, in fact the EC Regulation conferred no rights to individuals at that time.

4.23 In any case, New Zealand submits that the phrase “In implementing this Section” that prefaces Article 24.3 does not justify a breach of other sections of the *TRIPS Agreement*, including Section 2 on trademarks.

**f. Article 17 is not a limited exception**

4.24 The EC argues in the alternative that coexistence is justified as a “limited exception to the rights conferred by a trademark” under Article 17 of the *TRIPS Agreement*.<sup>83</sup> In New Zealand’s view the exclusion of an entire group of producers from the parties which a registered trademark owner has the right to prevent from using an identical or similar mark in confusing manner is not a “limited exception”. Rather, it is a major exception to the rights granted to a registered trademark owner.

---

<sup>82</sup> Submission of the EC, paragraph 314.

<sup>83</sup> Submission of the EC, paragraphs 315-319.



## V. CONCLUSION

5.01 The Complainants have demonstrated that the EC Regulation is inconsistent with the EC's obligations under the *TRIPS Agreement* and the *GATT 1994*. In particular the EC Regulation breaches the EC's national treatment obligations under Articles 2.1 and 3.1 of the *TRIPS Agreement* and Article III:4 of the *GATT 1994* by imposing extra hurdles on WTO Member nationals in its GI registration process, which results in less favourable treatment being accorded to WTO Member nationals. The extra hurdles include the requirements for reciprocity and equivalence, and the requirement to submit applications and objections through governments. The EC has introduced a new interpretation of its Regulation that is not supported by the ordinary meaning of the words of the EC Regulation. New Zealand does not have confidence that this new interpretation will have any bearing on the practical application of the EC Regulation. Furthermore, the EC has failed to discharge the burden of proving that its measure is justified under Article XX(d) of the *GATT 1994*.

5.02 The EC Regulation is also inconsistent with the EC's obligations under Article 22.2 of the *TRIPS Agreement*. By requiring reciprocity and equivalence as preconditions of the admissibility of registration applications and objections, and by requiring submission of applications and objections through governments, the EC has failed to provide the legal means to all interested parties to prevent misleading uses or acts of unfair competition.

5.03 Further, the Complainants have demonstrated that the EC Regulation violates Article 16.1 of the *TRIPS Agreement*. In particular, the EC Regulation takes away the "exclusive right" of owners of registered trademarks to prevent confusing uses of identical or similar signs by "all third parties". The *TRIPS Agreement* provides no exception that would justify such a violation of Article 16.1.

5.04 Accordingly, New Zealand supports the requests of Australia and the United States that the Panel recommend to the Dispute Settlement Body, in accordance with

Article 19.1 of the *DSU*, that the EC bring its measure into conformity with its obligations under the *TRIPS Agreement* and the *GATT 1994*.