

Legal Protection of Geographical Indications in Canada

**Daniel R. Bereskin, Q.C. of Bereskin & Parr
September 2003**

Presented at the Intellectual Property Institute of Canada's Annual Meeting
Halifax, Nova Scotia on September 18, 2003

* The author gratefully acknowledges the research assistance of Aaron Sawchuk, an associate with Bereskin & Parr.

' 2003 Bereskin & Parr

Bereskin & Parr
40 King Street West, 40th Floor,
Toronto, Ontario, Canada M5H 3Y2

Phone: 416-364-7311
Fax: 416-361-1398

www.bereskinparr.com

In *Wines of France*¹, Alexis Lichine describes a Burgundian peasant, Marcel Servin. Like his father before him, Servin grew grapes and bottled his own wine on a small farm near the village of Chablis. After every storm, the earth washes down to the bottom of the vineyard, and has to be carried back in baskets, by hand. It is heavy work, but it has to be done: the soil is precious. It is upon the soil that the well-being of Servin and his family depend, because largely it is the soil or 'terroir' that gives Chablis its special character.

Prosciutto di Parma or 'Parma' as it is commonly known, is an appellation applied to ham produced in the vicinity of the city of Parma, Italy, under strictly regulated conditions set and supervised by Consorzio del Prosciutto di Parma. When, after 10-12 months, the aging and curing process has finally been completed, the five-point ducal crown PARMA certification is branded into each approved ham, to distinguish it from other cured hams.

Suede is the French word for Sweden, and it is also a type of leather, derived from the French term 'gants de Suede', or gloves from Sweden.

Chablis, Parma and Suede are all geographical indications, but there the similarity ends. Chablis is understood in Canada to be a generic expression for a style of white wine, and likely this has been the case for generations. Its status may be changed, however, by legislative action. PARMA is a valid registered trade mark owned at present by a Canadian company. Suede is the generic name for a type of leather and is likely to remain so.

What is the legal justification in Canada for naming a wine as Chablis when it is not from Chablis? Under what circumstances does a name like Chablis lose its primary significance as a geographical indication, and become part of the vocabulary, entitling anyone to use it lawfully? What practical legal remedies are available in Canada to owners of geographical indications? Is there any justification to give protection to geographical indications *after* they have lost their primary significance as indications of origin, and if so, subject to what conditions? These questions and others are the purpose of this paper to enquire, taking into account not only the interests of legitimate users of geographical indications, but in addition, the rights of the public and traders who seek to compete fairly with the users of geographical indications.

¹ Fifth Edition, Alfred Knopf, 1972, p. 73.

In this paper, the protection of geographical indications in Canada will be discussed from the point of view of both common law and statute law. In addition, reference will be made to the TRIPS Agreement², changes to the *Trade-marks Act* pursuant to TRIPS, and Canadian caselaw including trade mark oppositions. The paper will conclude with a discussion of political developments intended to resuscitate certain generic terms.

It will be shown that Canadian law for a long time has provided ample protection for geographical indications, but that many geographical indications have little or no protection at present because they no longer function exclusively, if at all, as indications of geographical origin, and because of other factors such as acquiescence, and lengthy misuse of the marks by certain authorized users themselves. In the case of some geographical indications, it may not be too late to save them from becoming generic or semi-generic, provided steps are taken promptly to safeguard their exclusivity.

Definition of Geographical Indication

As used in this paper, the term geographical indication usually is used in its broadest sense, to mean any expression or sign that is used to indicate that a product originates in a country, a region, or a specific place. Names such as Canada, Toronto, Niagara are examples of geographical indications in the broad sense. An appellation of origin is a specific kind of geographical indication: it refers to names which are applied to products having specific characteristics or qualities as a result of natural or human factors or a combination of both. Cognac and Roquefort are examples of appellations of origin. In this regard, appellation of origin is similar to the present definition of "geographical indication" in the *Trade-marks Act*, at least with reference to a wine or spirit. In the discussion below, reference will be made to the special definition of "geographical indication" under the *Trade-marks Act*, necessitated by the TRIPS Agreement.

Common Law Protection of Geographical Indications

² The Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS Agreement"). The TRIPS Agreement is part of the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations (Uruguay GATT).

The origin of Canadian trade mark common law can be traced to the middle ages, when trade guilds in England required artisans to mark their goods to enable the public to determine the origin of the goods. A particular mark, such as a representation of a crown, might have been used by a particular artisan to denote his goods and to distinguish his goods from other artisans. Also, some towns became known for the expertise of local artisans in a particular trade. The name Sheffield, for example, became renowned for cutlery. In addition, in some localities, natural conditions such as the chalky soil of Chablis resulted in natural products, such as wine, of particular characteristics. In other cases, both natural and human factors combined to give goods made in a particular locality a recognizable distinctiveness, such as Roquefort cheese.

It is therefore understandable that from the very beginning of the development of trade mark law, the concept of "origin" could mean different things, depending on the context. In one sense, "origin" could mean the person or firm responsible for making or selecting the goods. In another sense, "origin" might mean the geographical location or region where the goods were made or produced. In some cases, the public would rely upon a mark that indicated the maker; in other cases, a geographical indication might be the more important factor influencing a decision to purchase the goods.

Regardless of the context, at common law, protection was given if it could be shown that the mark under consideration had acquired a reputation, in the sense that it was known to and relied upon by the public as indicating origin, that its misuse had caused or was likely to cause confusion, resulting in damage to the goodwill or business of the trade mark owner. Thus, in 1872, in *Radde v. Norman*³, a British court enjoined the use of a name of a particular salt mine, except in relation to salt which came from that mine. Other nineteenth century cases gave protection to the name of a district in Portugal from which wine known as Seixo⁴ was produced, and to names of towns from which beer⁵, starch⁶ and firebricks⁷ respectively were made.

³ *Radde v. Norman* [LR] 14 Eq 348 (1872).

⁴ *Seixo v. Provezende* [LR] 1 Ch App 192 (1866).

⁵ *Manchester Brewery Company, Limited v. North Cheshire and Manchester Brewery Company, Limited* [1898] 1 Ch 539.

⁶ *William Wotherspoon and Another v. John Currie*, [LR] 5 HL 508 (1872).

⁷ *Dunnachie v. Young & Sons*, (1883) 10 R. (Ct. of Sess) 874.

The fact that more than one trader in a particular locality might have been using the same name did not preclude an action by any of them against deceptive use of the name by a third party⁸. It was thus not necessary to prove that the plaintiff had an exclusive right to the use of the name⁹.

Three important aspects of the law of passing off are as follows. First, the law does not protect a property right in the name itself, but instead a property right in the business or goodwill that is likely to be injured as a result of a misrepresentation¹⁰. Second, in order to succeed, a plaintiff must prove that the geographical indication has acquired secondary meaning, in the sense that the name has come to mean goods which either the plaintiff (or others of a recognizable class producing goods in a certain locality)¹¹ alone has supplied, or which is understood by the public as denoting particular characteristics or qualities. Third, the plaintiff has to prove a likelihood of deception, either as to the source of the goods, or as to the nature or quality of the goods, causing damage¹².

To summarize the discussion thus far, at common law, from the very beginning, geographical indications were as entitled to protection as any other mark, provided secondary meaning and likelihood of deception leading to damage could be proved. The fact that the geographical indication was used by a class of persons was not itself fatal to success, although in the early cases, the geographical indication was used as an ordinary trade mark by a single proprietor and was protected according to the usual principles of the law of passing off.

As geographical indications like Champagne and Sherry became more valuable commercially, it became attractive to unauthorized persons to adopt the name. The practice developed in a number of countries to add a distinguishing word such as Spanish or Canadian to names such as Champagne, on the theory that such a modification would reduce if not eliminate any likelihood of deception as to source¹³.

⁸ *Pillsbury-Washburn Flower Mills Co. v. Eagle*, 86 F. 608 (1898).

⁹ *Dent v. Turpin*, 30 LJ Ch 495 (1861); *Southorn v. Reynolds*, 12 LT 75 (1865).

¹⁰ *A.G. Spalding & Bros. v. A.W. Gamage*, 32 RPC 273 (1915).

¹¹ *Pillsbury*, *supra*, note 8.

¹² *Erven Warnink BV v. J Townend & Sons*, [1979] 2 All ER 927 (HL), per Lord Diplock, pp. 932-33.

¹³ For instance, the Canadian *Consumer Packaging and Labelling Act* ("CPLA") (R.S. 1985, c. C-38), encourages the use of geographical modifiers as a technique to reduce consumer confusion as to the source. Specifically, Section 7 of the CPLA makes it an offence for a trader to label wares in a false or misleading fashion with respect to the origin of the wares. Conversely, Section 10 of the

The *Spanish Champagne* case, decided in England, was a landmark case. In that case, it was held that it was untruthful to describe wine as Spanish Champagne, and such usage was enjoined. Not only was it untruthful, it was also said to be dishonest if the description was used with the deliberate intention of acquiring sales through the reputation of the world-famous and true Champagne¹⁴. The answer to the argument that the addition of the word Spanish prevented deception, was that many people whose life or education had not taught them much about the nature and production of wine, but from time to time wish to purchase Champagne, as the wine with the great reputation, are likely to be misled by the description "Spanish Champagne" even if the Spanish wine were of good quality¹⁵.

The *Spanish Champagne* case is important for two main reasons. First, the case confirms that it does not matter whether the plaintiff in a passing off case is a single individual, or whether the plaintiff is a class of persons who collectively are entitled to describe their goods by means of a geographical indication. Second, it is not necessary to prove that the defendant is leading people to believe that his goods are those of the plaintiff. It is sufficient to show that the defendant has damaged the plaintiff's goodwill by using a false trade description. The tort identified in the *Spanish Champagne* case is merely a species of a wider tort, normally called passing off in English law, but, interestingly, called "unfair competition" in the Statement of Claim of that case.

The *Spanish Champagne* case was referred to with approval by the House of Lords in the *Advocaat* case¹⁶, where the use of the name "Old English Advocaat" was enjoined. In that case, it was shown that for many decades, all Advocaat sold in England had been made in Holland and was based on a Dutch spirit called brandewijn. The Defendant's product used a fortified Cyprus wine instead. The fact that the word Advocaat did not happen to have a geographical connotation was irrelevant. What mattered was that Advocaat had come to mean in England a product of a particular character, and that it had acquired considerable goodwill which was likely to be damaged by the use of "Old English Advocaat".

CPLA imposes a positive duty on a trader to ensure that his or her product label contains accurate information with respect to the product's "geographic origin".

¹⁴ *J. Bollinger and others v. Costa Brava Wine Company, Ltd.* [1961] RPC 116, p 123.

¹⁵ *Ibid*, p.127.

¹⁶ *Erven Warnink, supra*, Note 12.

The reasoning of the *Spanish Champagne* and *Advocaat* cases was adopted and applied in a New Zealand case, *Wineworths Group Ltd. v. Comite Interprofessionnel du Vin de Champagne*¹⁷, where the use of the name Champagne for Australian sparkling wine was enjoined.

It is clear from these cases that the common law is fully effective to protect geographical indications, provided it can be established that the geographical indication has acquired goodwill, and that the defendant is making use of a false description that is likely to damage the goodwill.

That said, most trade mark cases are decided on their own facts, which is why it is often unsafe to rely on precedents, except for general principles. At any rate, in Canada, unlike the situation in England and New Zealand, Champagne at present¹⁸ can be used in relation to wine not produced in the Champagne region of France, provided it is qualified by a distinguishing word such as Canadian. In this sense, Champagne is semi-generic in Canada; only authorized producers in the Champagne region of France can call their wine Champagne *simpliciter*, but anyone else may sell a sparkling wine with an appropriate distinguishing word. How this situation came about is as follows.

In 1933, Canada and France entered into a treaty that required each country to protect appellations of origin nominated by the respective countries. There were two basic conditions: (1) the name must not have been generic in the country requesting protection, and (2) the name must be "registered. . .with the competent services of the other Party." The word Champagne was so registered under the Unfair Competition Act, by which ordinary trade marks also were protected.

In 1967, Chateau Gai Wines Ltd. brought action for cancellation of the registration of Champagne on the ground that the Treaty had never validly been ratified, and also on the ground that Champagne was not a "trade mark" and therefore was registered improperly under the Unfair Competition Act. This case eventually reached the

¹⁷ *Wineworths Group Ltd. v. Comite Interprofessionnel du Vin de Champagne*, [1992] 2 NZLR 327.

¹⁸ See: *Institut National Des Appellations D'Origine Des Vins Et Eaux-De-Vie et al. v. Andres Wines Ltd. et al.*, (1987) 16 CPR (3d) 385 (Ont. HCJ), affirmed by the Ontario Court of Appeal, (1990) 30 CPR (3d) 279. As will be discussed below, political decisions in the near future are likely to resuscitate Champagne and other Appellations of Origin.

Supreme Court of Canada, which in 1974 decided that the Treaty was in fact in force, and that Champagne was entitled to protection under the Treaty. In 1976, the Institut National des Appellations d'Origine des Vins et Eaux-de-Vie ("INAO") obtained a permanent injunction against T.G. Bright & Co. Ltd. in the Superior Court of Quebec for breach of its rights under the Treaty. It was no defence to INAO's action under the Treaty that the expression Canadian Champagne had been used continuously in Canada since before 1933 when the Treaty first came into effect, and that no action had been taken under the Treaty for many decades.

No doubt as a result of this litigation, and pressure from Canadian vintners, in 1978 Canada withdrew from the Treaty. The situation that confronted INAO in Canada after 1978, therefore, was that: (1) the word Champagne had been used semi-generically in Canada for about fifty years; (2) Champagne had not been registered as a certification trade mark as it could have been, with or without a Treaty; (3) no action had been taken against any Canadian vintner using the name Canadian Champagne until 1968; and (4) certain French vintners themselves had not used Champagne properly in countries outside of France.

After Canada's withdrawal from the Treaty, vintners in Ontario resumed use of the name Canadian Champagne, but the use of this name was forbidden in Quebec by Soci t des Alcools du Quebec, the provincial government body that regulates the sale of alcoholic beverages in Quebec. This prohibition remains in force in Quebec to this day.¹⁹

INAO then sued Andres and several other Ontario vintners, for the common law tort of passing off, relying on the extended concept of the tort enunciated in the *Spanish Champagne* and *Avocaat* cases. After more than ten years of litigation, the case finally came to trial in 1987. The trial judgment, which was affirmed by the Ontario

¹⁹ Officials at the Soci t des Alcools du Quebec currently take the position that the term "Champagne" can only be used by sparkling wine producers in the region of Champagne, France. It appears that this position is based on *An Act respecting the Soci t des alcools du Qu bec* (R.S.Q. S-13) and the corresponding *Regulation respecting wine and other alcoholic beverages made or bottled by holders of a wine maker's permit* (R.Q. S-13,r.6) which states: "[a]ny description, mark, brand or reference concerning a wine must be true and exact. It must not lend itself to any confusion in consumers' minds regarding the origin".

Court of Appeal, held that the use of Canadian Champagne in Ontario is not a violation of the rights of INAO or any of its members.²⁰

Facts which weighed against INAO were the following: sparkling wine had been sold in Ontario as Canadian Champagne or the like since at least 1927; there was no proof that in using Canadian Champagne, the defendants had misrepresented their product in any way; certain French vintners themselves did not have a spotless record in relation to the use of Champagne; an expert called by the plaintiff, INAO, actually used Champagne generically in his own book, *International Guide to Wine*; there was no evidence of confusion despite lengthy opportunity; and at no time prior to 1930 until the commencement of the action did the INAO or any one else on their behalf request the Canadian producers to stop using Champagne.

In *Andres*, the Ontario Court of Appeal agreed that the law of passing off is broad enough to encompass the use of misrepresentations in the form of false trade descriptions. For example, it would be a false trade description to call wine Champagne *simpliciter* so as to induce a customer to believe that what was being sold was the esteemed product of the Champagne region of France. However, if the trade description did not constitute a misrepresentation, there would be no tort. That characteristic was absent in the *Andres* case, according to the Court, because in over the past half century the defendants had built up a business in Canadian Champagne; such product had acquired a reputation and clientele of its own, and so no longer was likely to be confused with the original. Thus, by the time INAO brought action in Ontario, the Canadian Champagne industry had developed to the point where substantially no misrepresentation leading to confusion existed as a result of the use of the expression Canadian Champagne.

Of course, geographical indications are not necessarily limited to wine and spirits: they could embrace other products as well, in particular foodstuffs. A case in point is *Consorzio del Prosciutto di Parma v. Maple Leaf Meats Inc.*²¹. The Consorzio is the authority in Italy which regulates the use of the appellation PARMA for cured ham. Maple Leaf and its predecessors had sold various meat products, including prosciutto, under the registered trade mark PARMA in Canada since 1971. The package was dressed-up to give it an Italian "look", but only the word PARMA had

²⁰ Leave to appeal was refused with costs by the Supreme Court of Canada.

²¹ *Consorzio del Prosciutto di Parma v. Maple Leaf Meats Inc.* (2001) 11 CPR (4th) 48 (FCTD).

been registered. In 1997, Consorzio sought to expunge the PARMA mark on the grounds it was deceptively misdescriptive and non-distinctive.

As in the *Andres* litigation, there were several facts which weighed against the Consorzio. First, the Consorzio was not able to prove that PARMA was understood in Canada to signify meat products as originating from Parma, Italy.²² Second, the evidence demonstrated that although the Consorzio knew about the PARMA registration since 1985, it did not initiate expungement proceedings for another twelve years. Third, meat products originating from Parma, Italy were not allowed to be sold in Canada until 1997, twenty-six years after the trade mark PARMA first was used in Canada.²³ Based on the foregoing facts, the Federal Court dismissed the application for expungement of Maple Leaf's PARMA mark, concluding that the average Canadian consumer of Maple Leaf's PARMA meat products would not associate those products as originating from Parma, Italy.²⁴

The Relevance of Surrounding "Get-Up"

In a claim for passing off or in an opposition, the "get-up" surrounding a trade mark may be the determinative factor in whether the adjudicator finds that the average consumer is likely to be misled. For example, in *Beatrice/Hunt-Wesson Inc. v. Chocosuisse, Union des Fabricants Suisses de Chocolat*²⁵, the Union of Swiss Chocolate Manufacturers (Chocosuisse), owner of the certification mark SWISS for chocolate, opposed the application SWISS MISS used in association with dairy products, hot chocolate and cocoa mix. In considering the evidence, the Board found that the applicant sold its SWISS MISS hot chocolate and cocoa mix in packaging which incorporated a picture of a traditional Swiss woman in an alpine village. Consequently, based on this faux Swiss packaging and the similarity of the parties' wares, the Board held that the SWISS MISS mark was deceptively misdescriptive of Swiss origin and confusingly similar with the opponent's certification mark.

²² Much of the Consorzio's evidence in *Parma* was found to have little probative value because it was based on whether experts in the Italian food industry would be confused by the use of the mark PARMA and not whether the average consumer would be confused. *Parma*, p.55. The principle that confusion must be shown among the average consumer and not a specialized segment of the public is well-established in Canadian caselaw. See, for example: *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 SCR 120.

²³ *Parma*, p.54

²⁴ This decision was affirmed by the Federal Court of Appeal, (2002) 18 CPR (4th) 414 (FCA).

²⁵ *Beatrice/Hunt-Wesson Inc. v. Chocosuisse, Union des Fabricants Suisses de Chocolat*, (1992), 45 CPR (3d) 268 (TMOB).

Scope of Protection

Whether the average consumer would be misled by the applicant's mark with respect to the origin of its wares was the critical issue in two oppositions initiated by the INAO involving the French appellations Bordeaux and Touraine.²⁶ In *Institut National des Appellations d'Origine v. Pepperidge Farm, Inc.*²⁷, the INAO opposed the mark BORDEAUX for cookies on the basis that it was likely to mislead the average consumer into believing that BORDEAUX cookies originated in the Bordeaux region of France and were associated with Bourdeaux wine. The Board rejected the opposition, however, holding that the applicant's mark BORDEAUX was distinctive when used in association with cookies and that it was unlikely that the average consumer would be misled into believing that the applicant's wares were associated with the French appellation. In support of this holding, the Board primarily emphasized three factors: first, Bordeaux was a generic term for wine that should be accorded a limited scope of protection; second, the applicant's BORDEAUX cookies had co-existed with the opponent's Bourdeaux appellation in the U.S. for the past forty years without any evidence of consumer confusion; third, the nature of the parties' wares was significantly different.²⁸

Despite its lack of success opposing BORDEAUX cookies, the INAO sought to oppose an application for LA TOURAINE based on proposed use for coffee, tea, cocoa and spices. In *Institut National des Appellations d'Origine v. Chock Full O' Nuts Corp.*,²⁹ the INAO relied on essentially the same ground of opposition as it did in the earlier Bordeaux case: the application LA TOURAINE was likely to mislead the average consumer into believing that LA TOURAINE wares originated in the Touraine district of France and were associated with Touraine wine and cheese. The Board, however, rejected the opposition for three reasons: the INAO had not demonstrated that the Touraine region was known among Canadians for producing wine or cheese;

²⁶ The INAO did not register either Bordeaux or Touraine as a "protected geographical indication". Accordingly, the INAO relied on common law appellation rights with respect to the oppositions.

²⁷ *Institut National des Appellations d'Origine v. Pepperidge Farm, Inc.* (1997) 84 CPR (3d) 540 (TMOB).

²⁸ *Pepperidge*, pp.552-554.

²⁹ *Institut National des Appellations d'Origine v. Chock Full O' Nuts Corp.* (2000) 9 CPR (4th) 394 (TMOB).

the nature of the wares were different; and, the applicant's wares, i.e. coffee, tea, cocoa and spices, were not indigenous French agricultural products.³⁰

In *Institut National des Appellations d Origine v. Brick Brewing Co., Ltd.*,³¹ the INAO opposed an application for THE COGNAC OF FINE BEER for beer. The INAO relied on two principle grounds of opposition: (1) that the applicant's mark would likely mislead the average consumer into believing that the applicant's wares originated in the Cognac region of France and were associated with the appellation "cognac", well-known as a type of brandy; and, (2) the applicant's mark violated Section 5(2) of the *Food and Drugs Act* ("FDA").³² The Board rejected the first ground of opposition primarily on the basis that the opponent's evidence was insufficient to conclude that a significant number of Canadians were aware that "cognac" signifies a brandy originating from a particular region of France. The INAO, however, was successful on its second ground of opposition, i.e. that the applicant's mark violated Section 5(2) of the FDA. Section 5(2) of the FDA stipulates that no article of food is to be labeled or packaged contrary to the *Food and Drug Regulations* ("FDR")³³. Further, S.B02.053 of the FDR stipulates that "cognac" shall be brandy manufactured in the Cognac district of France in accordance with the laws of the French Republic. After reviewing these provisions, the Board was left in a "state of doubt" concerning whether beer produced in Canada could be designated as "cognac" under the FDA³⁴. Accordingly, the Board refused to register the application.³⁵ This is curious, considering a Consultation Paper dated October 4, 2002, published by Industry Canada in connection with the then impending trade negotiations with the EU concerning certain wine appellations, expressly stated that, even if an appellation is listed under the *Trade-marks Act* as a geographical indication for a wine or spirit,

³⁰ *Chock Full O' Nuts*, pp.403, 401..

³¹ *Institut National des Appellations d Origine v. Brick Brewing Co., Ltd.* (1995) 66 CPR (3d) 351 (TMOB).

³² *Food and Drugs Act* (R.S. 1985, c. F-27). Certain regulations prohibit the use of geographical indications, such as Scotch Whisky, Irish Whiskey, Tequila, Armagnac, Bourbon and Mezcal unless the product emanates from the country usually identified with such indications. For example, Regulation B.02.016 of the FDR stipulates that: "Scotch Whisky shall be whisky distilled in Scotland as Scotch whisky for domestic consumption in accordance with the laws of the United Kingdom."

³³ *Food and Drug Regulations*, [C.R.C. 1978, c. 870].

³⁴ The regulation relied upon by the Board, Regulation B.02.054 of the FDR, pertains to the naming of Cognac Brandy or Cognac, and does not appear applicable to the use of a slogan applicable to a beverage or other food other than brandy.

³⁵ Based on the fact that it violated Section 30(i) of the *Trade-marks Act*. *Brick Brewing*, p.355.

this does not preclude the registration of a trade-mark that is in whole or in part a protected GI for a wine or spirit, provided the product is other than a wine or spirit (for example, "the Champagne of Ginger-ales").³⁶

Deceptively Misdescriptive: Establishing The Necessary Nexus Between The Goods and the Geographical Locality

In an opposition proceeding involving an alleged geographical indication, the opponent does not have to rely on confusion. Instead, pursuant to paragraph 12(1)(b) of the Act, an opponent merely has to demonstrate that the trade mark is deceptively misdescriptive of a geographical locality, irrespective of whether the locality has an appellation attached to it. Nonetheless, the mere fact that a trade mark is composed of a misdescriptive geographical name will not *ipso facto* preclude registration.³⁷ Instead, a trade mark composed of a geographical locality must *falsely* represent a geographic region in a manner that is likely to mislead the average consumer. Simply put, it is not enough that the applicant's mark is misdescriptive of the place of origin, *it must be misdescriptive in a deceptive fashion.*

In order to oppose a trade mark application on the basis that it is deceptively misdescriptive of the place of origin, the onus is on the opponent to provide at least *de minimis* evidence that there is a nexus between the applicant's wares and the geographical locality. If this nexus is not established, then the trade mark will not be found to be deceptively misdescriptive. For instance, in *Bio Generation Laboratories Inc. v. Pantron I, Corp.*³⁸, an application for HELSINKI FORMULA used in association with hair care preparations was opposed, in part, on the ground that the mark was deceptively misdescriptive of the origin of the wares. This ground of opposition was rejected, however, on the basis that there was no evidence that "Helsinki was known in Canada as a centre for hair-care products."³⁹ In sum, in order to prove that a trade

³⁶ Industry Canada, "Consultation Paper On Possible Phase-Out Of Generic Names for Wines and Spirits (Geographical Indications)", October 4, 2002, available at: <http://strategis.ic.gc.ca/SSG/SSG/ip01104e.html>.

³⁷ For example, see: *Molson Breweries, A Partnership v. Labatt Brewing Co. Ltd.*, (1996) 69 CPR (3d) 274 (TMOB), at p.280.

³⁸ *Bio Generation Laboratories Inc. v. Pantron I, Corp.* (1991) 37 CPR (3d) 546 (TMOB).

³⁹ *Pantron*, p.551. In contrast to the *Pantron* decision, in *Holiday Juice Ltd. v. Sundor Brand Inc.*, (1990) 33 CPR (3d) 509 (TMOB), the Opposition Board found that there was a link between the geographical locality, Florida, and the applicant's wares, citrus punch. Accordingly, given that the average consumer would likely believe that FLORIDA CITRUS PUNCH originated in Florida, the trade mark was refused on the basis that it was either clearly descriptive or deceptively misdescriptive of the origin of the wares.

mark is not registrable because it is deceptively misdescriptive of a geographical locality there must be evidence that the region has established "at least some measure of a reputation as to the character or quality" of the goods in the minds of the general public.⁴⁰

The discussion thus far has focused on the common law, and application of common law principles and caselaw to the interpretation of the *Trade-marks Act*. As will be seen, however, the landscape involving geographical indications has changed radically as a result of the TRIPS Agreement, and in addition, there is continuing bilateral pressure on Canada to modify the law concerning geographical indications, not merely in relation to wine and spirits, but other products as well. It is therefore appropriate to examine the TRIPS Agreement, and to consider the changes that were made to the *Trade-marks Act* as a result. It will also be appropriate to make some reference to recent political developments which are expected to lead to even more significant changes in the manner in which certain geographical indications are protected in Canada.

The TRIPS Agreement

The TRIPS Agreement was concluded in 1994, as a result of extensive multilateral trade negotiations under the auspices of the World Trade Organization. The relevant provisions protecting "geographical indications" are found in Articles 22 - 24. Article 22(1) defines a "geographical indication" as being used to:

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.⁴¹[emphasis added]

In order to qualify as a geographical indication under Article 22(1), the quality, reputation or characteristics of the product must be connected, i.e. essentially attributable, to a specific locality.

⁴⁰ *S.T. Dupont v. Nabro Enterprises Inc.*, (2000) 9 CPR (4th) 102 (TMOB), at p.109.

⁴¹ This Provision is similar to Article 1712 of the *North American Free Trade Agreement* which stipulates that a "geographical indication" is defined as "any indication that identifies a good as originating in the territory of a Party, or a region or locality in that territory, where a particular quality, reputation or other characteristic of the good is essentially attributable to its geographical origin."

Article 22(2)(a) delineates the scope of protection afforded to a geographical indication. Article 22(2)(a) stipulates that a GI shall be protected from any designation that "indicates" or "suggests" that the goods attached to the designation originate "in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good".⁴² Article 22(2)(a), therefore, creates two criteria for establishing a legal right associated with a geographical indication: first, there must be a false indication as to the origin of the good; second, this false indication must mislead the public as to the origin of the good. In short, with the exception of wine and spirits which will be discussed below, Article 22(2)(a) of the TRIPS Agreement requires that the public be misled in order for a violation of a geographical indication to occur.⁴³

In contrast to Article 22(2)(a), Article 23 of the TRIPS Agreement does not require that the public is misled with respect to wine and spirit geographical indications. Article 23(1) states that a designation falsely identifying the origin of wine or spirits shall be prohibited, "even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as 'kind', 'type', 'style', 'imitation' or the like." In contrast with other goods, therefore, public deception is not the determining factor in whether a wine or spirit geographical indication is protected under the TRIPS Agreement.

The scope of protection afforded to geographical indications, however, is limited by the provisions in Article 24. First, Article 24(5) provides that trade mark rights acquired in good faith are valid, even if the trade mark is identical or similar to a geographical indication, as long as the trade mark has been applied for, registered, or used prior to: (a) the date the TRIPS Agreement is enacted; or, (b) the date the geographical indication is protected in the country of origin. Second, Article 24(6) provides that a Member country does not have to apply the protective provisions of Articles 22 or 23 to

⁴² Article 22(2)(b) further stipulates that geographical indications shall be protected from any "act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (1967)". Article 10*bis* of the Paris Convention defines "unfair competition" as any act of competition that is contrary to honest practices in industrial and commercial matters.

⁴³ In addition, under Article 22(3), the TRIPS Agreement requires that each Member country refuse to register, or invalidate the registration of, a trade mark containing or consisting of a geographical indication with respect to goods that do not originate in the indicated territory, region or locality, if use of the indication in the trade mark for such goods is of such a nature as to mislead the public as to the geographical origin of the goods. Further, the TRIPS Agreement does not require that a geographical indication has to be registered in order to be protected. In effect, a geographical indication is protected as an unregistered certification mark.

any generic term, i.e. any term customary in common language as the common name for such goods or services". Third, pursuant to Article 24(9), a Member country does not have to protect a geographical indication that is not protected in its country of origin, or which has fallen into disuse. Finally, Article 24(4), which only applies to Article 23, stipulates that a Member country may allow a designation which is identical or similar to a geographical indication identifying wines or spirits of another Member country as long as the designation has been continuously used with respect to the same or related goods or services: (a) for at least 10 years preceding April 15, 1994; or, (b) in good faith preceding April 15, 1994.

Amendments to the *Trade-marks Act* Necessitated by TRIPS

Several changes were made to the *Trade-marks Act* ("*Act*") in order to comply with Articles 22 - 24 of the TRIPS Agreement.⁴⁴ First, under Section 2, a "geographical indication" is defined as follows:

"geographical indication" means, in respect of a wine or spirit, an indication that:

(a) identifies the wine or spirit as originating in the territory of a WTO Member, or a region or locality of that territory, where a quality, reputation or other characteristic of the wine or spirit is essentially attributable to its geographical origin, and

(b) except in the case of an indication identifying a wine or spirit originating in Canada, is protected by the laws applicable to that WTO Member.

Although not expressly excluding other goods and services, Section 2 defines a geographical indication only in relation to wine and spirits. This restrictive definition is also evident in Section 11 of the *Act*, which only employs the term geographical indication in association with wine or spirit products. It appears, therefore, that under the 1996 revisions of the *Act*, a geographical indication is only applicable to wine and spirit products and not to other goods or services.⁴⁵

⁴⁴ These changes, part of Bill C-57 (*An Act to Implement the Agreement Establishing the World Trade Organization*), became effective in Canada as of January 1, 1996.

⁴⁵ This conclusion is supported by the Canadian Group of AIPPI which "does not believe that geographical indications need to be extended beyond wines and spirits. Products other than wines and spirits may be protected as certification marks". See: Jacques Leger, Report of the Canadian Group to the XXXVIII Congress of AIPPI, "Appellations of Origin, Indications of Source and Geographical Indications", May, 1998, p.2.

Under Section 11, a protected geographical indication⁴⁶ is provided with greater rights than accorded to a traditional trade mark in three significant respects. First, under Section 11.13(2) of the *Act*, a geographical indication may only be opposed "on the ground that the indication is not a geographical indication". Accordingly, traditional grounds of opposition, such as lack of distinctiveness or confusion with a previously registered mark, are not applicable to the opposition of the registration of a geographical indication.

Second, paragraphs 12(1)(g) and (h) of the *Act* stipulate that a trade mark is not registrable if it is composed in whole or in part of a protected geographical indication and the mark is used in association with wine or spirits not originating in the territory indicated by the geographical indication. Third, Sections 11.14 and 11.15 of the *Act* prohibit the adoption or use of a trade mark or other designation which identifies a wine or spirit that does not originate in the territory indicated by the protected geographical indication. Thus, Sections 11.14 and 11.15 and paragraphs 12(1)(g) and (h) of the *Act*, provide protection to a geographical indication even in circumstances where the average consumer would not necessarily be confused. As Industry Canada stated in a recent consultation paper, if the term "burgundy" is considered a protected geographical indication and not a generic term:

wine producers and sellers in Canada would no longer be able to use the word "burgundy" on wine labels without incurring the risk of being challenged in a Canadian court by rights holders or other interested persons. This would include use of the word "burgundy" accompanied by expressions such as "kind", "type", "style", or "imitation". It would also include use of the GI with a territorial qualifier. For example, "Canadian Burgundy" would likely no longer be allowed to be used as a trade-mark in association with wine.⁴⁷

In sum, under Section 11, a geographical indication may be protected from a similar trade mark used in association with wine or spirits, even in circumstances where the average consumer would not be misled.

⁴⁶ A "protected geographical indication" must be registered pursuant to Section 2 and Section 11.12 of the *Act*. The Registrar of Trade-marks keeps a list of protected geographical indications, which are published in the *Canada Gazette*. As of August 19, 2003, the entire list of protected geographical indications in Canada are: Bernkasteler K rufurstlay; Canadian Rye Whisky; Canadian Whisky; Chilean Pisco; Fraser Valley; Lake Erie North Shore; Niagara Peninsula; Okanagan Valley; Pelee Island; Pisco Chilien; Scotch Whisky; Similkameen Valley; and, Vancouver Island.

⁴⁷ Industry Canada, *Consultation Paper on Possible Phase-Out of Generic Names for Wines and Spirits (Geographical Indications)*, October 4, 2002.

As mentioned previously, Section 11 was enacted to provide heightened protection to wine and spirit geographical indications pursuant to its obligations under Article 23 of the TRIPS Agreement. Not surprisingly, therefore, Section 11 parallels the TRIPS Agreement with respect to the limitations of the rights accorded to wine and spirit geographical indications. These limitations include:

(a) - pursuant to 11.17(1) - Sections 11.14 and 11.15 do not apply to a Canadian who has used a protected geographical indication in a continuous manner with respect to wares or services: in good faith prior to April 15, 1994; or, for at least ten years prior to April 15, 1994;

(b) - pursuant to 11.18(1) - Sections 11.14 and 11.15 and paragraphs 12(1)(g) and (h) do not apply if the protected geographical indication identifying a wine or spirit ceases to be protected in the home country of the WTO Member or falls into disuse in that country;

(c) - pursuant to 11.18(2) - Sections 11.14 and 11.15 and paragraphs 12(1)(g) and (h) do not prevent the adoption, use or registration of a trade mark or other designation in respect of a wine or spirit that is identical with a term customary in common language in Canada as the common name for the wine, spirit, or grape variety;

(d) - pursuant to Section 11.19(1) - Sections 11.14 and 11.15 do not apply to the adoption or use of a trade mark if no proceedings are taken to enforce those sections within five years from registration or from knowledge of unlawful use, unless it is established that when the person first used or adopted the mark, he or she had knowledge that such use was contrary to Sections 11.14 and 11.15;

(e) - pursuant to Section 11.19(2) - in proceedings respecting a registered trade mark, if no proceedings are taken to enforce paragraphs 12(1)(g) and (h) within five years from registration or from knowledge of unlawful use, the registration shall not be held invalid, unless it is established that when the person first applied for registration, he or she had knowledge that such use was contrary to paragraphs 12(1)(g) and (h).

In addition to the above-mentioned limitations, pursuant to Sections 11.18(3) and 11.18 (4), the Act also allows the adoption, use or registration of a trademark or other designation of a number of "generic names" for wines and spirits, such as: Chablis, Champagne, Port, Bordeaux, Burgundy, Medoc, Grappa, Schnapps and Sambuca. As will be seen, the government of Canada has agreed to remove many of these

"generic" names from this list, thus paving the way to their protection as geographical indications.

It should be emphasized, however, that the fact that a "geographical indication" is now defined in a restrictive sense under the Act, limited strictly to appellations associated with wine and spirit products, does not mean that appellations associated with other goods and services are not protected in Canada. Canadian adjudicators have consistently held that an "appellation" is protected in the same manner as a certification mark under the common law and the *Trade-marks Act*.⁴⁸ Indeed, an appellation will be protected as long as a party is able to demonstrate that a particular type of product, such as SWISS chocolate, is known by the average consumer as originating from a particular locality and that the product meets certain character or quality standards associated with that locality. If a party meets this criteria, it may initiate various claims in order to protect its appellation, including: opposing the registration of a similar trade mark; expunging a similar trade mark registration; seeking damages and/or an injunction under passing-off; and, if the appellation is registered as a certification mark in Canada, seeking damages and/or an injunction based on trade mark infringement.

Political Developments

Politics tends to trump legal analysis, which makes the subject of geographical indications so interesting and difficult. A case in point is the agreement reached in June 2003 by representatives of the Canadian government and the EU concerning certain appellations⁴⁹, which when implemented, will have the effect of removing some 23 wine and spirit names from the list of generic names under Section 11.18 (4) of the Act. All of the wine names in this list, except for Tokay, are currently listed as generic names under Section 11.18 (4) of the Act.

Moreover, the agreement contemplates that these names will be added to the

⁴⁸ *Brick Brewing, supra*, Note 31, p.356.

⁴⁹ According to an agreement reached by Canadian and EU negotiators reported on 24 June 2003, which is subject to governmental approval, the "generic" classification for the following EU wine and spirits names will be removed in three phases: Chablis, Champagne, Port/Porto, Sherry, Bourgogne/Burgundy, Rhin/Rhine, Sauterne/Sauternes, Bordeaux, Chianti, Claret, Madeira, Malaga, Marsala, Medoc/M doc and Mosel/Moselle, Grappa and Ouzo. In return, Canada is entitled to protect "Rye Whiskey" in the EU.

regulations under the *Food and Drugs Act*⁵⁰, which effectively means that these names cannot be used by anyone in Canada on labels affixed to the goods, for wine or spirits produced in localities other than those specified in the regulations. In other words, after the *Food and Drugs Act* regulations are amended by Order-in-Council, and the prohibitions come into force, it will be unlawful to label any wine as Chablis unless it comes from the region in France for which Chablis is recognized as an Appellation of Origin.

In return, the Agreement specifies that the term "Rye Whiskey" is to be protected in the EU. This does not seem an even trade, but there were other factors facing the Canadian negotiators. One of them is that it has been very difficult for Canadian vintners to sell wine in Europe due to a myriad of regulations, including regulations which have had a very serious effect on the sale in Europe of world-renowned Canadian ice wine. Relief from these regulations is to be provided in the new arrangement. Also, the EU had objected to the fact that some wine stores in Canada are organized to sell only Canadian wine, which is considered by the EU to be a breach of the GATT as giving preferential treatment to Canadian vintners, a GATT no-no. Other relatively minor concessions relate to "forgiving" the government of Qu bec in relation to its long-standing practice of purchasing European wine in bulk and rebottling it for resale in Qu bec. As indicated above, for many years Qu bec has refused to allow many wines to be sold in Qu bec under French appellations such as Chablis, unless the wine came from Chablis, and indeed the wine appellations which are the subject of this agreement are all currently respected in Qu bec, so the rebottled wine presumably involved names that were less well known in Canada than the 23 listed names.

A full discussion of the politics behind this agreement is beyond the scope of this paper, but it is fair to point out that the problem of geographical indications does not stand alone, but is inextricably bound up with agricultural issues, and specifically direct or indirect subsidies to growers which have been common in Europe and elsewhere for generations, and which are seen as inconsistent with fair trade. In fact, the EU flatly disagrees with discussing agriculture in the current (Doha) round of WTO talks until there is movement on the issue of geographical indications. More specifically, the EU has indicated that, at the WTO Cancun Ministerial Conference scheduled for this September, one of its main goals will be to extend the scope of

⁵⁰ Footnote 32, *supra*.

protection accorded to geographical indications in three interrelated areas⁵¹:

1) Article 23 of the TRIPS Agreement, which currently only encompasses wine and spirits, should encompass a number of other food products, including meat, cheese, rice and tea. As mentioned previously, Article 23(1) of the TRIPS Agreement provides protection to GIs even in circumstances where the consumer would not be confused.

2) The EU has requested that WTO members remove prior trade marks which conflict with select EU geographical indications and, where necessary, grant protection to EU geographical indications even in circumstances where the GI has become a generic term in the domestic country.⁵²

3) The EU has emphasized the "necessity" for a multilateral registry system for GIs under the TRIPS Agreement. Pursuant to the EU proposal, once a geographical indication passes an eighteen month opposition stage, it will be entered into a central registry system and protected in all WTO member states. The EU registry system would require a member country to oppose the registration of a GI, *a private party would have no standing to oppose*.⁵³

The EU's attempt to extend protection of geographical indications has drawn the ire of Sergio Marchi, Canada's ambassador to the WTO, who is reported to have said: "If you think about it, the very concept of geographical indications runs contrary to the whole liberalization that underscores the whole Doha round", and "are countries afraid of enhanced competition around the world? We should be bringing down barriers. . .not creating new ones". Not surprisingly, the Canadian ambassador is not alone in his criticism of the European Union's GI policy. Elanor K. Meltzer, Senior Counsel at the USPTO, has also been sharply critical of the EU's attempt to limit foreign agricultural competition through its GI policies:

⁵¹ For an outline of the EU objectives with respect to GIs, please see European Trade Commission press release, "Intellectual Property: Why do Geographical Indications matter to us?", July 30, 2003, available at the EU website: <http://europa.eu.int>. For a more detailed analysis of EU policy with respect to the TRIPS and GIs, please see the EU's communications to the WTO, namely: "The Extension of the additional protection for geographical indications to products other than wines and spirits" and "Negotiations relating to the establishment of a multilateral system of notification and registration of geographical indications". These Communications are available at the EU website listed above.

⁵² Edwin Lubin, Co-Chair of INTA's Subcommittee of Geographical Indications, has recently derided this agenda, using the "tongue-and-cheek" example of a person walking into a deli and being forced to order a "ham and 'holey' cheese sandwich". See: INTA Bulletin, "Holey Cheese, Batman!" June 15, 2003, Vol, 58, No.11.

⁵³ Other countries have also submitted proposals with respect to a multilateral GI registry system. The Proposal submitted by Canada, United States, Chile and Japan is a non-binding system in which the enforcement of GIs is largely left to the domestic courts of the individual states. This proposal is available at the WTO website, <http://www.wto.org>, under document number: IP/C/W/133/Rev.1. For an overview and critical analysis of the various proposals see: Burkhart Goebel, "Geographical Indications and Trademarks — The Road From Doha", (2003) 93 *Trade Mark Reporter* 964.

[the EU initiative] would require companies in all WTO Members, including developing countries, to abandon names even in domestic markets no matter how long those names have been used or how much has been invested in them. In cases where a company is forced to abandon use of the term, it would lose the benefit of the reputation built up in that product, their market access, and the benefit of use of a well-known name. Although difficult to quantify, such losses would likely be substantial.⁵⁴

Despite this criticism, however, the EU continues to push its GI policy on the basis that heightened GI protection is a necessary *quid pro quo* in exchange for reducing agricultural subsidies and tariffs.⁵⁵ For example, in a recent speech this year, Pascal Lamy, the EU Trade Commissioner responsible for Agriculture, intimated that EU's willingness to reduce agricultural tariffs was linked with enhanced international protection for EU geographical indications.⁵⁶ As Aranch Gonzales, a spokesman for Pascal Lamy, has stated: "We want to get back the exclusive use of a handful of geographical indications that have become generic in international trade or are being used by others in the form of trade marks. We are telling our farmers to move away from quantity and concentrate on quality, and you can't tell them to concentrate on quality if you don't give them the possibility to defend this quality internationally." It appears, therefore, that the EU wants extra GI protection for agricultural producers because the tendency of current trade negotiations is to require WTO members to force its agricultural producers to rely less on governmental assistance.

At present, Canada remains firmly opposed to this EU initiative, but it remains to be seen whether, or to what extent, the EU will be able to effectively extend protection to additional generic names such as gorgonzola, not to mention Parma. Currently, the EU is placing a lot of diplomatic pressure on Canada to politically overrule the recent *Parma* decision, discussed previously, and protect the Italian PARMA geographical indication, irrespective of whether Maple Leaf as a valid pre-existing trade mark. For instance, Franz Fischler, the EU Commissioner for Agriculture, stated in May, 2003, in a meeting of EU Ministers for Agriculture, that:

⁵⁴ Eleanor Meltzer, "Geographical Indications and Trademarks: Intellectual Property Any Way You Slice It", Presentation at Worldwide Symposium On Geographical Indications, July 9 — 11, 2003, p.14. Document available at the WIPO website, <http://www.wipo.org>, under the document number: WIPO/GEO/SFO/03/3.

⁵⁵ See: *The Economist*, "Europe's Trade-Marks: Protecting Names", August 2nd- 8th, 2003, p.49.

⁵⁶ Pascal Lamy, "The progress of negotiations on the Doha Development Agenda" July 2, 2003, available at EU website: <http://europa.eu.int>.

we are pressing very hard to ensure that our quality wines, spirits and other products are not denied access to markets *by trademark protection tricks*. It is simply *unacceptable* for geographical descriptions to be used as trade marks and thus products named after their true origin to be excluded from the market. For example, Parma ham can be registered as a trade mark in Canada and real Parma ham can then no longer be sold under its real name.⁵⁷[emphasis added]

Given the EU's self-proclaimed agenda to protect its agricultural producers from "trademark protection tricks", it should not be surprising that during the *Parma* litigation the EU Trade Barriers Regulation Committee published a report which concluded that the PARMA geographical indication must, at minimum, be allowed to *co-exist* with Maple Leaf's PARMA mark or "WTO action would have to be seriously considered".⁵⁸ Even though the Report acknowledged that the Canadian mark had been used and registered in Canada prior to the PARMA geographical indication, the Report stated that anything less than co-existence constituted an "unfair" trade barrier.

What next: will the Swedes try to claw back "suede"? Will the English demand repatriation of "cheddar"? Will the Danes demand an end to Danish pastry not emanating from Denmark? Who knows?

⁵⁷ Franz Fischler, "Quality in Agriculture", Speech given to EU Ministers for Agriculture on May 13, 2003, speech available at the EU website: <http://europa.eu.int>.

⁵⁸ Paolo Garzotti and Elisabeth Cavarero, *Report To The Trade Barriers Regulation Committee: TBR proceedings concerning Canadian practices affecting Community exports of Prosciutto di Parma* ("Report"), 1999, Brussels, D(99), p.54. The document is available at the EU website: <http://europa.eu.int>.