

# Geographical Indication Protection in South Africa with particular reference to wines and the EU connection

## 1. Introduction

Indications of the geographical origin of goods are becoming increasingly important in the trade environment. This is especially the case where the association between goods and country of origin carries a connotation of some or other uniqueness such as quality or other characteristics. Protection under such indication of geographical origin is found in the benefit that producers of associated goods can prevent producers of similar goods from outside the region from identifying their goods with the region via such indication.

As the association between goods and a region via a geographical indication only becomes established through long use, such indications have become particularly important in the case of agricultural produce. It is, however, not limited.

The particulars of the origin can and often do form part of an indication of geographical origin. But this need not be the case. As long as an association between a region and the goods involved can be derived the indication suffices to become recognized as indication of geographical origin.

The basis for the protection of indications of geographical origin is found in international instruments. These instruments, however, require that the particulars of such protection must be specifically enacted by the signatories of such instruments.

While geographical indications of origin in the international sphere are briefly referred to below the object of this article is to particularly discuss such protection in the South African context. In the process the possibility of bilateral agreements between jurisdictions to extend protection to indications that have become generic will also be considered with particular reference to wines and spirits and the South African and European Union connection.

## 2. The international instruments for the protection of the geographical origin of goods

Under the Paris Convention<sup>1</sup> indications of source and appellations of origin are included as matters that qualify for protection. While indications of source do not require a unique connotation such as quality or reputation, it is of lesser impact in the field of commerce than appellations of origin that sources goods as regards quality or other characteristic tied with a specific geographical locality.

The TRIPs agreement<sup>2</sup> in particular uses the term a 'geographical indication of origin', (GI). It is specified as a linkage between goods and a geographical area for quality, reputation or other characteristics that are attributable to such area as geographical origin.<sup>3</sup> While the definition of a GI is broader than that of an appellation of origin the latter is also covered by it. It is in contrast of lesser extent than pure indications of source though forming part of it. TRIPs requires that its members must provide legal means to prevent the misleading use of GI's as well as their protection under conditions of unfair (unlawful) competition.<sup>4</sup> To accommodate previous use in a jurisdiction of a term or the like other than that where it has developed as GI, TRIPs provides in article 24(6) that an indication which is identical to a term that is customary in the common language as common name for the same goods or services, will not be affected.

While any kind of goods can become involved in such GI linkage particular provision is made for wines and spirits.<sup>5</sup> The addition of words such as 'kind' or 'type' cannot serve as distinguishing feature as regards an established GI.<sup>6</sup> Trademark protection can furthermore not be obtained for geographical indications for such goods while even existing trademarks are subject to cancellation.<sup>7</sup> A multilateral system for notification and registration is also envisaged.

In addition to particular provision for wines and spirits TRIPs also gives particular exceptions in case of such goods. Previous use of a wine or spirit-related GI<sup>8</sup> in a jurisdiction other than that where it has developed as GI, is accommodated by TRIPs. It is accordingly specified that an indication which is identical with the customary name of a grape variety that existed in the territory of a jurisdiction as of the date of entry into force of the World Trade Organization Agreement will not be affected.<sup>9</sup> In addition GI's that have been used for the same or related goods by nationals or domiciliaries of a member other than that where the GI has become established for a period of more than ten years prior to 15th April 1994 or in good faith prior to this date are also permitted to continue with such use except if otherwise negotiated between specific members.<sup>10</sup> In such case the GI is said to have become generic.

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1 Article 1(2) of the Paris Convention 1967 as found on the World Intellectual Property (WIPO) website at [www.wipo.int/treaties/en/ip/paris](http://www.wipo.int/treaties/en/ip/paris).

2 Agreement between WIPO and the World Trade Organization (WTO) on Trade-Related Aspects of Intellectual Property (TRIPs).

3 TRIPs art. 22(1).

4 TRIPs art. 22(2).

5 TRIPs art. 2.

6 TRIPs art. 23(1).

7 TRIPs art. 23(1).

8 Product of the wine.

9 TRIPs art. 24(6).

### 3. The South African legal situation in respect of GI protection

As a member of TRIPs the use of GI's must accordingly be protected under South African law. No GI specific statutory protection exists in South Africa. Such protection is found in a variety of statutes that each deals with related legal matter. In addition the common law can be used to address conduct that is by way of unlawful competition.

A distinction must be drawn between protection that involves the conferring of rights and protection that forbids certain forms of conduct.

As regards protection that forbids certain forms of conduct the *Merchandise Marks Act*<sup>11</sup> amongst others makes it an offence to apply a false trade description to goods.<sup>12</sup> A trade description is amongst others defined as an indication as to place or country of manufacturing or production of goods. It includes any mark or the like that according to custom in trade is taken to serve as indication of place of manufacturing or production of goods.<sup>13</sup> The term 'mark' is very broadly defined including a word and any graphical representation.<sup>14</sup> Persons that are liable under such conduct are amongst others those that knowingly participated therein or had reason to suspect that a trade description so used was not genuine.<sup>15</sup> The protection corresponds with the protection of indication of source under the Paris Convention,<sup>16</sup> as referred to above. Being broader than pure GI protection, protection under the *Merchandise Marks Act* will to at least a substantial extent cover GI protection as required by TRIPs.

The *Counterfeit Goods Act*<sup>17</sup> prohibits amongst others the use of mark involving intellectual property rights in relation to goods without the authority of the owner of the rights. A mark in the case of not being a trademark or otherwise qualifying for copyright protection is only regarded as an intellectual property right where it has been positively dealt with under the *Merchandise Marks Act*.<sup>18</sup> GI protection under the *Counterfeit Goods Act* will consequently require such positive notification.

Under the *Agricultural Product Standards Act*, as amended,<sup>19</sup> the use of a mark, in whichever way set out, in connection with the sale of an agricultural product, that conveys or creates a false or misleading impression as to, amongst others, the quality or place of production of such product is prohibited.<sup>20</sup> A specific

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10 TRIPs art. 24(4) read in conjunction with art. 24(1).

11 *Merchandise Marks Act* 17 of 1941, as amended (The *Merchandise Marks Act*).

12 Art. 6 of the *Merchandise Marks Act*.

13 Art. 1 of the *Merchandise Marks Act*.

14 Art. 1 of the *Merchandise Marks Act*; 'mark'.

15 Art. 6 of the *Merchandise Marks Act*.

16 Art 1(2) of the Paris Convention.

17 *Counterfeit Goods Act* 37 of 1997 (The *Counterfeit Goods Act*).

18 Art. 1 of the *Counterfeit Goods Act*; the terms 'counterfeiting' and 'intellectual property right' taken in conjunction with section 15 of the *Merchandise Marks Act* that gives authority for prohibiting the use of any mark or the like.

19 The *Agricultural Products Standards Act* 119 of 1990 (The *Agricultural Product Standards Act*) as amended by the *Agricultural Products Standards Amendment Act* 63 of 1998.

20 Art. 6 of the *Agricultural Products Standards Act*.

prohibition can be declared in connection with geographical and other names including any use in conjunction with words such as 'kind', 'type' or the like.<sup>21</sup> While protection under this statute is not absolute as it requires the sale of a product, it is at any rate clear that the value of a GI in fact lies in its commercialization.

In relation to alcoholic products the *Liquor Products Act*,<sup>22</sup> among others, prohibit the use of the name of any country or word or expression containing such name in relation to the sale of liquor product, except for product originating from that specific country.<sup>23</sup>

While it appears as though most circumstances that regulate the use of GI's are covered under the various statutes briefly referred to above, a definite prohibition is often required under these statutes.

Unlike for the countries of the European Union,<sup>24</sup> right conferring protection for GI's under South African law must be obtained under the *Trademarks Act*.<sup>25</sup> Marks that exclusively consist of signs that may serve in trade to designate amongst others the geographical origin of goods can, however, not be registered as trademarks.<sup>26</sup> Marks that do not exclusively consist of such signs are however registerable as trademarks. This may permit the registration of GI's that are accompanied by graphics or other terms even though the GI may represent the main feature of such mark. But when so registered the use of such mark will most likely be prohibited under one or more of the statutes discussed above which will render the right under the trademark ineffective.

Provision is furthermore made for the registration of certification marks and collective marks.<sup>27</sup> Certification and collective marks under the *Trademarks Act* are in essence the same as those obtainable in comparable jurisdictions. Collective marks are most probably the best vehicle for obtaining rights to a GI under South African law. Such marks, in so far as being distinctive, are available for the goods of persons that are members of an association for distinguishing it from similar goods of non-members.<sup>28</sup> Geographical names and other indications of geographical origin are specifically said to be registerable as collective marks.<sup>29</sup>

Under South African common law misleading or deceiving of the public in respect of own performance inclusive of the origin of goods has been ruled as an act of unlawful competition. The legal object in such case is, however, not something akin to a mark but rather the right to attract custom that ties in with the goodwill of an enterprise.<sup>30</sup>

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21 Art. 6A of the *Agricultural Product Standards Act*. Art. 6A relates to TRIPs art. 23.

22 *Liquor Products Act* 60 of 1989 (The *Liquor Products Act*).

23 Art. 11 of the *Liquor Products Act*.

24 GI regulation 2081/92 of the European Commission for agricultural products.

25 *Trademarks Act* 194 of 1993 (The *Trademarks Act*).

26 Art. 10(2)(b) of the *Trademarks Act*.

27 Arts. 42 and 43 of the *Trademarks Act*.

28 Art. 43(1) of the *Trademarks Act*.

29 Art. 43(2) of the *Trademarks Act*.

30 See for example *William Grant & Sons Ltd and Another v Cape Wine and Distillers Ltd and Others* 1990 (3) 897 (C).

#### 4. The protection of SA wines and the coercive actions of the EU

Particular provision is accordingly made both under TRIPs and South African statutory law for GI's that involve goods in the form of wines and spirits.<sup>31</sup>

South Africa is, in fact, no stranger to the concept of geographical indications. A long time prior to TRIPs the South African authorities had already concluded a bilateral agreement with the French authorities in respect of, amongst others, the GI's 'Champagne' and 'Burgundy'.<sup>32</sup>

Although not registerable under some or other registration regime except for under the Wine of Origin scheme,<sup>33</sup> it is apparent that some local geographical names have become geographical indications in at least the local environment.<sup>34</sup> In addition some names that are presently registered under the EU registration regime have been used in the South African trade environment for a very long time to the effect of having become generic. Amongst these are found the names 'port', 'sherry', 'grappa' and 'ouzo'.

As discussed above prior use of a wine or spirit-related GI in a jurisdiction other than that where it has developed as GI is accommodated by TRIPs. The further unobstructed use of GI's that have accordingly been used for the same or related goods by nationals or domiciliaries of a member other than that where the GI has become established, for a period of more than ten years prior to 15th April 1994 or in good faith prior to this date, is consequently permitted under TRIPs. Use of the names 'port', 'sherry', 'grappa' and 'ouzo' in the South African context fit this exclusion.

In the normal course of events there would not have been any recourse to re-monopolize the use of names that have become generic for use only by producers where they had originated from. Under TRIPs this exclusion can however be re-negotiated between specific members with the object to conclude bilateral or multilateral agreements to increase the protection of GI's.<sup>35</sup> The conducting of such negotiations is in fact obligatory even in the case of exclusions under article 24(4).<sup>36</sup>

The EU being South Africa's most important trading partner some years ago commenced with negotiating a trade agreement with South Africa dealing with aspects of science and technology, fisheries and wines and spirits.<sup>37</sup> The agreement also included the aspect of free trade between South Africa and the countries of the EU. Conclusion of the agreement was amongst others coupled to acceptance on the part of the South African negotiators that the names 'port', 'sherry', 'grappa' and 'ouzo', as protected as GI's in the countries of the

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31 The *Liquor Products Act* and TRIPs art. 23.

32 The so-called Crayfish Agreement of 1935. See, amongst, others Van Wyk 2006:40-41.

33 Under the *Liquor Products Act*.

34 Such as 'Rooibos' tea.

35 TRIPs art. 24(4).

36 TRIPs art. 24(1).

37 The so-called Trade, Development and Cooperation Agreement (TDCA). See Craven and Mather 2001:313.

EU under a regulation of the European Commission, should also be accepted as such in the South African market. It was eventually agreed that the names were to have been phased out of local use as regards the South African local and export market as the agreement was otherwise too important to permit it to fail on the basis of protection of these GI's. Being the embarrassed party in the negotiations owing to the strong negotiating position of the EU the South African negotiators were in fact coerced into accepting the terms of the EU negotiators as regards these names.<sup>38</sup>

The EU with its large and highly developed market is consequently often in a strong negotiating position to enforce bilateral agreements with countries of much smaller economies, like SA, in regaining control of terms and names that have really become generic. In the case of a jurisdiction comparable to their economic power such as the USA, the EU finds it more difficult to achieve the same result as with South Africa or countries of similarly sized economies.<sup>39</sup>

## 5. Conclusion

It appears as though South African law provides reasonable protection of geographical indications of origin even though not having a specific GI registration system. Such system at any rate not yet obligatory is still being negotiated under article 23(4) of TRIPs. However, GI's are of particular value for smaller businesses such as individual farming enterprises.

But as is the case with other segments of IP law, it should be accepted that once the subject of protection that originally had a GI connotation has become part of the public domain it should not be permitted to be re-monopolized.

Because a primary object of GI's (similar to other forms of IP) involves financial benefit, steps will always be afoot to push the limits of protection. Where such limits are dependent on negotiations the party that otherwise has more to gain from the negotiations will naturally be at a disadvantage with regard to aspects such as the re-monopolization of GI's that have become generic. As discussed above such negotiating advantage will under the right circumstances put one of the parties in an unassailable position.

The re-monopolization of the names 'port', 'sherry', 'grappa' and 'ouzo' for the benefit of European producers in the South African market is a done deal. But in the case where such action is planned for other names such as are apparently on foot for foodstuffs of the EU,<sup>40</sup> it may be useful for jurisdictions like

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38 As additional benefit for giving up these names, the EU granted Euro15M for the development of new names for the products previously sold under these names.

39 See the views of the Office of the United States Trade representative, Doha Development Agenda Policy Brief — December 2005 found at [www.ustr.gov](http://www.ustr.gov).

40 See in general Echols 2003. There are apparently plans afoot by the EU to also recover or re-monopolize some 41 presently generic food and drink names as GI's. See the communication of the Law Society of South Africa of 19th September 2003 and a release by the same institution as found on [www.veracityincorporated.com](http://www.veracityincorporated.com).

South Africa to associate with other new world economies to ensure a better position of bargaining during negotiations, except where such negotiations deals with purely localized issues. In the case of a common approach on an aspect it will always be useful to co-operate with a large economy such as the USA to put forth a coordinated approach for appropriate amendment of TRIPs. This will typically be to prevent the unfair re-monopolization of alleged GI's that have become generic.

Perhaps a useful overall strategy can include the aspects of:

- (1) Diligently working in conjunction with the other WTO members and especially those of similar interest, on appropriate adjustment of TRIPs in respect of GI's;
- (2) Ensuring, together with other players and especially those that have substantial power, that GI recovery actions are fair, and
- (3) Positively develop own sources of GI's and actively pursue their identity.