

**The Protection of Trade Marks vis-a-vis
Geographical Indications on Wines and Spirits
in South Africa with reference to the
Liquor Products Act and the Trade Marks Act.**

by

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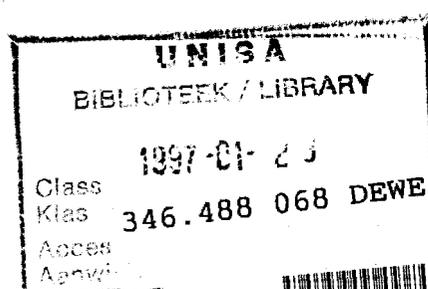
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SUMMARY

Geographical indications utilised in respect of wines and spirits are, in terms of the Liquor Products Act, protected from being used in a manner that would mislead consumers as to the origin of the product.

By nature a trade mark is also an indication of origin. Whether a trade mark can coexist with a protected geographical indication, or prevent the protection of geographical indications recognised at a later stage, depends inter alia on rights conferred by the Trade Marks Act.

South Africa is a signatory to the General Agreement on Tariffs and Trade (GATT). One of its subsections, referred to as TRIPS, addresses the relationship between trade marks and geographical indications. These provisions must be incorporated into the domestic laws of Member Countries.

Viewed against TRIPS, South African legislation does not provide sufficient protection for trade marks, in particular vested trade mark rights. Amendments will therefore have to be made.

Key Terms

Indications of Source; Appellations of Origin;
Geographical Indications; Origin; Trade Marks;
Liquor Products Act; Trade Marks Act; TRIPS;
International Treaties; Intellectual Property.

1. INTRODUCTION

Large sums of money are being invested by companies in the registration and protection of their trade marks. This is done because a registered trade mark provides them with certain rights, the most important of which is to stop the unauthorised use of the same or a confusingly similar mark on goods or services in respect of which the trade mark is registered or on similar goods.¹ These rights reassure a company that the huge investments that are being made in building and adding value to a trade mark are well protected.

The requirements for the registration of a trade mark and for the infringement thereof in terms of the new Trade Marks Act that came into effect on 1 June 1995, specifically provide for the fact that an indication of geographical origin will neither be registrable if a mark exclusively consists thereof,² nor will any bona fide use thereof infringe a registered trade mark.³ In this regard, the previous Trade Marks Act⁴ stipulated that a term which was reasonably required for use in the trade⁵ was not registrable and that a bona fide description of the characteristics and quality of one's goods would not infringe a registered trade mark.⁶

The Liquor Products Act⁷ and in particular the Wine of Origin Scheme created thereunder, regulates the use of indications of origin in respect of the selling of wine produced in the Republic. Unless authorised by the Scheme, no one may use the name of an area of production or the name of a geographical unit recognised and protected by the act.⁸ The act also prohibits any use of inter alia a trade mark that will mislead as to the origin of the liquor product.⁹

1. Section 34(1)(a)&(b) of the Trade Marks Act 194 of 1993.

2. Section 10(2)(b).

3. Section 34(2)(b).

4. Act 62 of 1963.

5. Section 10(1A) of the Trade Marks Act 62 of 1963.

6. Section 46(b).

7. Act 60 of 1989.

8. Section 11(3)(a)(i)&(ii).

9. Section 12.

In terms of legislation in the European Union¹⁰ it is possible, as was demonstrated by the so-called Torres-case, to neutralise an established trade mark on well-known and internationally exported wine in favour of a lesser known, later recognised Portuguese indication of origin.¹¹

This paper investigates the protection of trade marks in South Africa vis-a-vis geographical indications of origin with reference to our legislation concerning wines and spirits and compares the situation in South Africa with that of our main trading parties, in particular the European Union and the USA.

It also investigates the extent to which our legislation complies with international treaties to which South Africa is a member, in particular the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) recently concluded as part of the Uruguay Round of Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade (GATT), which deals inter alia with the protection of geographical indications for wines and spirits.

It will be shown that our legislation in respect of wines and spirits does not comply with TRIPS and the rights of owners of well established trade marks are not sufficiently protected.

Proposals will be made as to how this can be rectified.

10. Council Regulation (EEC) No. 2392/89 of 24 July 1989.

11. See also Vincent O'Brien in "The System of Wine Denominations in the United States of America" a paper delivered at the Symposium on the International Protection of Geographical Indications at Wiesbaden, 1991.

2. GEOGRAPHICAL INDICATIONS DEFINED¹²

- The Trade Marks Act¹³ refers to "geographical origin" of goods or services without defining the term. In terms of section 10 a mark which "consists exclusively of a sign or indication which may serve, in trade, to designate the geographical origin of the goods or services" shall not be registered as a trade mark. In terms of section 34 a registered trade mark is not infringed by "the use by any person of any bona fide description or indication of geographical origin"

- The Liquor Products Act¹⁴ and the Wine of Origin Scheme created in terms thereof, provide for the protection of indications of origin on a liquor product. "Any name, word, expression, reference, particulars or indications in any manner, either by itself or in coherence with any other verbal, written, printed, illustrated or visual material, (used) in connection with the sale of a liquor product in a manner that conveys or creates or is likely to convey or create a false or misleading impression as to the origin of the liquor product"¹⁵ is prohibited. "Origin" is not defined. The act also provides for the protection of the names of "an area or piece of land or portion of a piece of land"¹⁶ that is demarcated as such in terms of the Scheme, and also the name "under which an area in the Republic where viticulture is practised is generally known"¹⁷.

12. See also VVW Duba "The Indication of Source, Appellation of Origin and Geographical Indication," (1995)7 SA Merc LJ 176.

13. Act 194 of 1993.

14. Act 60 of 1989.

15. Section 12.

16. Section 11(3)(a)(i).

17. Section 11(3)(a)(ii).

- TRIPS¹⁸ defines "geographical indication" as follows in article 22: "Geographical indications are, for the purpose of this Agreement, indications which identify a good as originating in the territory of a Party, or a region or a locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin". It is therefore not any geographical indication, but only one which is known for the specific quality, reputation or other characteristic in respect of the goods (wine).

- European Council Regulation (EEC) No 2081/92¹⁹ introduces two concepts for protection. Whereas "geographical indications" are defined as relating to products which possess "a specific quality, reputation or other characteristics attributable" to a particular origin; "designations (appellations) of origin" are defined as relating to products whose quality or characteristics "are essentially or exclusively due to a particular geographical environment"²⁰. The latter are geographical indications that are governed by additional rules, depending on the traditions in the country concerned.

- Geographical origin must be distinguished from "indication of source". The latter is nothing more than the geographical name that identifies a product as coming from a particular country or origin.

18. Agreement on Trade Related Aspects of Intellectual Property Rights including trade in Counterfeit goods - part of the Uruguay Round of Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade (GATT), concluded in Marrakesh in April 1994.

19. 14 July 1992.

20. Article 2(2)(a)&(b).

3. PROTECTION OF TRADE MARKS VIS-A-VIS GEOGRAPHICAL INDICATIONS IN SOUTH AFRICA

Geographical indications can be protected in South Africa under the general common law principles of unlawful competition and passing-off or in terms of legislation such as the Merchandise Marks Act 12 of 1941 and Trade Practises Act 76 of 1976 which in general prohibit the use of false and misleading descriptions in connection with the selling of products²¹.

The Liquor Products Act provides for the protection of geographical indications in respect of wines and spirits and will be examined below. It is also important to determine the protection provided by trade mark legislation over and above common law protection. This investigation will be restricted to the Liquor Products Act and the Trade Marks Act 194 of 1993.

3.1 THE TRADE MARKS ACT 194 OF 1993

The protection afforded to registered trade marks flows from the provisions of the act on the registrability and infringement of trade marks. In respect of the registrability of trade marks the act provides as follows in section 10:

"The following marks shall not be registered as trade marks or, if registered shall, subject to the provisions of sections 3 and 70, be liable to be removed from the register:

(1) -

(2) a mark which

(a) -

(b) consists exclusively of a sign or an indication which may serve, in trade, to designate the kind, quality, intended purpose, value, geographical origin or other characteristics of the goods or services, or the make or time of production of the goods or of rendering of the services".

21. See VVW DUBA op cit 181.

In terms of section 34(2)(b), a registered trade mark is not infringed by "the use by any person of any bona fide description or indication of the kind, quality, intended purpose, value, geographical origin or other characteristics of his goods or services, or the mode or time of production of the goods or the rendering of the services".

The above provisions differ from the previous act (Act 62 of 1963) and the specific references to geographical origin are new. Although they are listed in a more user friendly manner in the new act, one can argue that the exemptions from infringement under the new act were generally speaking also available under the repealed act provided that the description was not used as a trade mark.²²

However section 10(2)(b) and in particular the inclusion of the word "may" seems to broaden the scope of unregistrable trade marks. It is not required that the particular word designate say origin, but simply that it "may serve" that purpose. If kept in mind that the function of a trade mark originally was to indicate origin,²³ this disqualification is a potential hazard for trade mark owners. Not only can new trade marks not be registered, but registered trade marks can also be removed from the register if they "may serve to indicate geographical origin". Trade marks like Klipdrift, also a farm near Robertson, and San Marco, also a famous piazza in Venice, might not have been registrable under the new act before they became capable of distinguishing as a result of the use thereof,²⁴ because it could have been found that they "may serve" to indicate geographical origin.

22. See Webster and Page *South African Law of Trade Marks* (Third Edition) 297. See also a Resolution by AIPPI referred to by Florent Gevers in "Conflicts between Trade Marks and Geographical Indications - The Point of view of The International Association for the Protection of Industrial Property (AIPPI)", a paper delivered at a Symposium on Geographical Indications held in Melbourne (1995) 166, which states "In principle, a geographical (name or sign) can constitute a protectable mark. However a mark consisting of geographical (name or sign) or containing a geographical element shall not entitle the proprietor to prohibit a third party from using (it) in the course of trade, provided the use is in good faith, solely to identify the geographical origin of the goods or services, and is not such as to be perceived as a mark".

23. Webster and Page *op cit* 19 et seq.

24. See section 10.

In terms of the previous act, a mark that was reasonably required for use in the trade was not registrable. This did not necessarily exclude the registration of any geographical origin.²⁵ Many trade marks that could indicate geographical origin were indeed registered including many names of (wine) farms. Such names include trade marks such as Fleur du Cap, Stellenryck, Lanzerac, Witzenberg, Zonnebloem, Roodebloem and numerous others.

The scope of the new section 10 and the obligation on the registrar not to register such marks creates potentially a far greater risk to current and prospective trade mark owners. It is submitted that the intention of the legislature must have been to exclude from registration only designations of geographical origin that are reasonably required for use in the trade.

The provisions of the new act in relation to certification and collective marks also makes provision for the registration of geographical indications as trade marks. Certification trade marks (also under the repealed act) distinguish, in the course of trade, goods or services certified by any person in respect of inter alia geographical origin from goods and services not so certified²⁶. Because these trade marks may not be registered in the name of the person trading in the goods, little use has been made of these provisions in the past in respect of wines and spirits. Effective use thereof can however be made by an administrative body, like the Wine and Spirit Board created in terms of the Liquor Products Act to administer the Wine of Origin Scheme.

The protection of collective marks is an innovation in the new act.²⁷ These are marks which are capable of distinguishing, in the course of trade, goods or services of persons who are members of any association from goods or services of persons who are not. Geographical names and other indications of geographical origin are registrable as collective marks. Thus, for example, the association of producers of sparkling wine according to the traditional method can register the name "cape classique" as a collective mark, despite the geographical significance of the mark.

25. Webster and Page op cit 48.

26. Section 42.

27. Section 43.

The following protection is accordingly afforded to the owner of a registered trade mark vis-a-vis indications of geographical origin in terms of the current trade marks act:

1. Registrations in terms of the old act will remain valid in terms of section 70 of the new act. Registered trade marks can prevent the use, as a trade mark, of an indication of geographical origin provided such use is not a bona fide description or indication of the origin of the goods. In the event of such use being a bona fide indication of origin, the trade mark and geographical origin may coexist.
2. Names that may serve to designate geographical origin are unregistrable in terms of the new act. Even if a name is registered and subsequent to that it is shown that the trade mark might serve to designate geographical origin, such a trade mark can be removed from the register, provided it has not become capable of distinguishing as a result of use made of the mark.
3. Names of geographical origins can be registered as certification or collective marks and enjoy the same protection as a registered trade mark. Such applications may possibly be defeated by existing registrations of the same names in terms of the previous act. As was seen above, the same does not necessarily apply to registrations in terms of the current act.

3.2. **THE LIQUOR PRODUCTS ACT 60 OF 1989**

The protection of South African geographical indications were made official for the first time in June 1972 in terms of the Wine, Other Fermented Beverages and Spirits Act 25 of 1957. It provided for the Cape winelands to be divided into various regions, districts, wards and estates (the smallest recognised area of origin), based on climate, geography and the soil type. Unless authorised by the act, the use of these names were prohibited.

The Liquor Products Act subsequently repealed the Wine, Other Fermented Beverages and Spirits Act and came into operation on 1 July 1990. It prescribes the contents of liquor products²⁸ and controls the production, marketing and selling thereof.²⁹

Section 11 of the act prescribes the use of certain information in connection with the sale of liquor products. Subsection (3) deals with wine in particular and reads as follows:

"(a) Unless authorised thereto in terms of a scheme no person shall use in connection with the sale of wine -

(i) the name under which an area or a piece of land or a portion of a piece of land is defined by virtue of provision included in a scheme in terms of section 15 (1) (d), or deemed in terms of section 15 (2) (a) to have been so defined;

(ii) the name under which an area in the Republic where viticulture is practised is generally known, irrespective of whether the boundaries of such area can readily be determined or not;.....

(b) The Minister may, on the recommendation of the board, by notice in the Gazette publish lists of the names and designations referred to in paragraph (a) (ii).

(c) The Minister may by notice in the Gazette declare the provisions of paragraph (a), or so many thereof as he may deem expedient in a particular case, applicable to a liquor product other than wine, or a particular class thereof".

These provisions effectively introduced a scheme, known as the Wine of Origin Scheme, that provides inter alia for origin, vine cultivar and vintage and the use thereof in respect of wine. The act also established the Wine and Spirit Board (the Board) that administers the Wine of Origin Scheme.³⁰ Particulars relating to origin,

28. Sections 5 - 9.

29. Sections 11 and 12.

30. Section 2.

vine cultivar and the vintage can only be used in respect of a wine in the manner prescribed if the Board has certified the contents and labelling to be in accordance with the act, the regulations promulgated thereunder and the Wine of Origin Scheme. These provisions have to date not been extended to liquor products other than wine.

In terms of section 11(3)(a)(i) &(ii), provision is made for indications of origin, i.e. areas defined as such by the Board and also any area "where viticulture is practised". Defined areas include the various wine estates,³¹ wards,³² districts³³ and regions.³⁴ Other viticultural areas include for instance the various farms that are not demarcated as wine estates such as Delheim and Blaauwklippen.

Section 11 further provides as follows:

"(4)(a) The Minister may by notice in the Gazette prohibit or reserve, under such circumstances and on such conditions as may be set out in the notice, the use of any word, expression or representation in connection with the sale of a particular liquor product, or a particular class thereof.

(b) -

(5) Notwithstanding anything to the contrary contained in this section, the Minister may by regulation -

(a) -

(b) grant exemption, under such circumstances and subject to such conditions as may be prescribed, from a prohibition referred to in subsection (2) or (3)."

31. Names such as Rietvallei, Boschendal and Bloemendal.

32. Names such as Bonnievale, Durbanville and Walker Bay.

33. Names such as Robertson, Swartland and Stellenbosch.

34. Names such as Breede River Valley, Coastal Region and Little Karoo.

"(6) The provisions of this section shall not be construed as restricting the use of -
(a) a trade mark as defined in section 2(1) of the Trade Marks Act, 1963 (Act No 62 of 1963), which is used or is intended for use in connection with the sale of a liquor product;

(b) -

(c) -

(d) -

that was registered, used or established on the date of commencement of this section, except if the word "estate", "landgoed", "vineyard" or "wingerd" is contained in, or forms part of such trade mark or name".

The provisions of subsection (6) only apply to trade marks that were "registered, used or established" prior to 1 July 1990. Any trade mark that was registered and/or used after that date, is subject to the powers of the Minister to prohibit at any time its use in respect of a liquor product in terms of subsection (4) and also subject to subsection (3)(a)(i) and (ii) in terms of which the use of the name of a defined area or a viticultural area is prohibited.

The Minister has until now not made use of his powers under subsection (4). It remains however a threat to the owner of any trade mark registered or adopted subsequent to 1 July 1990. New wine of origin areas are regularly demarcated in terms of subsection (3), a recent example being the area "Papagaaiberg".³⁵ Papagaaiberg has also been a registered trade mark since 1965. The Board has also on numerous occasions refused to approve labels where it was shown that the wine did not originate from the area indicated by the applicable trade mark, irrespective of whether that area is known or used in the selling of wine. The test simply is whether there are vineyards grown in an area which is generally known under a certain name.³⁶

35. Government Gazette No. 13943 of 30 April 1992.

36. For instance a label under the name of Goede Moed was refused because the Board was of opinion that use of that name contravenes section 11(3)(a)(ii) of the Act. Goede Moed is an unknown viticultural area near Robertson, but the wine in question did not originate from this area.

To complicate matters, section 12 of the Liquor Products Act also provides as follows in respect of false and misleading descriptions: "No person shall use any name, word expression, reference, particulars or indication in any manner, either by itself or in coherence with any other verbal, written, printed, illustrated or visual material, in connection with the sale of a liquor product in a manner that conveys or creates or is likely to convey or create a false or misleading impression as to the nature, substance, quality, composition or other properties, or the class, cultivar, origin, age, identity, manner or place of production, of the liquor product".

It should be noted that section 12 prohibits the impression that the indication creates, irrespective of whether it in fact is false or misleading.

The act appears to contain a contradiction. On the one hand section 12 prohibits the use of a trade mark on the ground that it is misleading as to the origin of the product. On the other hand such use is explicitly authorised in terms of section 11(6). For example the trade mark "Paradyskloof" existed prior to the commencement of the provisions of section 11. Its use is therefore authorised in terms of section 11(6), even though an area known as Paradyskloof exists where viticulture is practised. In terms of section 12 however use of the same trade mark is prohibited if the applicable wine does not originate from Paradyskloof, an area near Stellenbosch, on the grounds that it creates a false or misleading impression as to origin. The same would apply to the trade mark Lanzerac which is an old and established trade mark owned by Stellenbosch Farmers Winery. The historic farm Lanzerac on the other hand, is now, under the ownership of Pepcor's Mr Christo Wiese, in the throes of a major replanting programme. They will be ready to release their maiden vintages in the next couple of years. If the farm is not promulgated as an estate in terms of subsection (3)(a)(i), it will in any event qualify as an area "where viticulture is practised" in terms of subsection (3)(a)(ii). Although protected in terms of subsection (6), use of their trade mark Lanzerac by SFW can be prohibited in terms of section 12 if it creates a misleading impression as to the origin of their wine, the origin of which is not the farm Lanzerac.

If a trade mark with the same name as an area provided for in subsection (3)(a)(i) & (ii) is used on wine not originating from that area, it can be prohibited in terms of section 12 because it creates a false or misleading impression as to origin. The exemption provided for in subsection (6), as far as it applies to origin, cannot then be relied upon. On the other hand, where the wine concerned does originate from the applicable area, the trade mark will not create a false or misleading impression as to origin and can be used in relation to that wine, e.g. "Papagaaiberg merlot" on wine originating from the demarcated Papagaaiberg area.

The manner in which indications of origin and vested trade mark rights are protected in terms of the Liquor Products Act, depends on the coexistence of sections 11(6) and 12. The prohibition in section 11(3) currently applies in respect of wine only. The exemption in section 11(6) is therefore not available to trade marks used on liquor products other than wine. Section 12 however applies when these trade marks conflict with indications of origin.

Section 12 also does not prohibit the use of the name of a geographical indication on goods not originating from the particular areas per se, only where it creates or is likely to create a false or misleading impression as to origin. This will depend for instance on how well known the said area is for the production of wine or other liquor products. For instance when the name "Vrolikheid", a viticultural area in the Robertson district, is used as a trade mark on a Wine of Origin Stellenbosch, it is unlikely to create a false or misleading impression as to origin and will therefore not amount to a contravention of section 12. It is however a protected area in terms of section 11(3)(a)(ii) and its use would have been prohibited if not for the provisions of subsection (6).

Section 12 furthermore not only prohibits the use of a trade mark of the same name as a demarcated or viticulture area but also the use of a trade mark that is similar thereto or otherwise misleading. No exemption is provided for such existing trade marks by section 11(6). The name "Waveren" for example can be misleading as to the "Tulbagh" area of origin, because that area has also been referred to as "Het land van Waveren" and can be prohibited in terms of section 12. The use thereof is not

prohibited in terms of section 11 because the area is not "generally known" as Waveren, nor is it demarcated as such. It will therefore not qualify for the exemption afforded by section 11(6).

The following protection is accordingly provided for indications of origin vis-a-vis trade marks in terms of the Liquor Products Act:

1. Names of protected areas of origin can be -
 - i) the name of an area demarcated as such in terms of section 11(3)(a)(i);
 - ii) the name of an area where viticulture is practised in terms of section 11(3)(a)(ii);
 - iii) the name of an area where viticulture is practised and listed as such by notice in the Gazette in terms of section 11(3)(b);
 - iv) any name prohibited as an area of origin by notice in the Gazette in terms of section 11(4)(a);

2. A trade mark can coexist with the name of these protected areas if it is -
 - i) the same as the name of a protected area of origin and registered, used or established before 1 July 1990, provided it is not likely to convey or create a false or misleading impression;
 - ii) allowed by way of an exemption granted in terms of section 11(5)(b), provided it is not likely to convey or create a false or misleading impression.

3. Trade marks consisting of the name of an area of origin and used or registered after 1 July 1990 can be used if the product originates from the said area and provided all other requirements of the wine-of-origin scheme are met.

4. The use of a trade mark consisting of a name that is similar to the name of a protected area of origin on wine and is likely to convey or create a false or misleading impression is prohibited, even if the said trade mark has been used registered or established before the 1 July 1990.

3.3 CONCLUSION

According to the legislation discussed above, the current situation of the trade mark owner in the Liquor Industry in respect of geographical indications, is as follows:

1. A trade mark can coexist with a geographical indication only if:
 - it is the same as a protected geographical indication, was registered used or established before 1 July 1990 and is not likely to convey or create a false or misleading impression as to the origin of the liquor product;
 - it is similar to a protected geographical indication and not likely to convey or create a false or misleading impression as to the origin of the liquor product;
 - it is used on products originating from the said area and provided the requirements of the wine of origin scheme are met;
2. A trade mark that coexists with a geographical indication will also serve to designate geographical origin and will be unregistrable or can be removed from the register, if it has not become capable of distinguishing as a result of use made of the mark.
3. The attempt in section 11(6) of the Liquor Products Act to protect vested trade mark rights has been nullified to a large extent by the provisions of section 12.
4. The use of any bona fide description or indication of geographical origin will not infringe registered trade marks.

4. INTERNATIONAL TREATIES

Article 10 of the Paris Convention³⁷ prohibits the importation of goods "in cases of direct or indirect use of a false indication of the source of the goods or the identity of the producer, manufacturer or merchant"³⁸.

For more than a 100 years since the adoption of the Paris Convention, the protection of geographical indications were limited to "indications of origin", being a general descriptive term denoting the source of origin of products. The Lisbon Agreement³⁹ was the first to establish an international system for the registration and protection of appellations of origin. It defined "appellation of origin" as the "geographical name of the country, region or locality, which serves to designate a product originating therein, the quality and characteristic of which are due exclusively or essentially to the geographical environment, including natural and human factors".⁴⁰

In an effort to effect consistent worldwide protection of geographical indications, other treaties were also concluded, the most recent of which is TRIPS.

4.1. THE TRIPS AGREEMENT

The TRIPS agreement is an integral part of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) which was agreed upon in Marrakesh in April 1994 and in terms of which the World Trade Organisation has been established.

37. Convention of Paris, for the Protection of Industrial Property of 20th March 1883, as last revised at Stockholm, on 14 July 1967.

38. See Lee Bendekgey and Caroline H. Mead in "International Protection of Appellations of Origin and Other Geographic Indications" Vol 82 *Trade Mark Reporter* 780 et seq.

39. The Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of 31 October 1958.

40. Article 2(1) of the Agreement.

This agreement on Trade Related Aspects of Intellectual Property Rights, including trade in Counterfeit goods (TRIPS), addresses a wide scope of intellectual and industrial property rights and although it is not a detailed document and consists only of 73 articles, it can be considered as the constitution of international intellectual and industrial property law.⁴¹

TRIPS desires to "reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade".⁴² The parties to TRIPS, including South Africa, are obliged to give effect to the provisions thereof and may also implement in their domestic law more extensive protection than is required by TRIPS, provided that such protection does not contravene the provisions of TRIPS.⁴³

Trade marks are dealt with in Section 2 of the TRIPS agreement and the rights conferred by a registered trade mark are stated in article 16 namely:

"(1) The owner of a registered trade mark shall have the exclusive right to prevent all third parties not having his consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trade mark is registered where such use would result in a likelihood of confusion".

Exceptions are provided for in article 17: "Parties may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trade mark and of third parties". Although "legitimate interests" is not elaborated on, it can include the right to prevent the use of a descriptive term as a trade mark in a manner that would confuse.

41. See Florent Gevers op cit 151.

42. Recital to TRIPS. See also a recent article by Alan Dunlop in "Conventional TRIPS - The increasing prominence of intellectual property in world trends" 1995 WSF 21.

43. Article 1.

Geographical Indications are dealt with in Section 3 of TRIPS. From the definition, quoted in paragraph 2 above, it is clear that it is not every indication of origin that is recognised by TRIPS, but only those with an added meaning, i.e. where a given quality, reputation or other characteristic is attributable to that origin.

The parties to TRIPS must in terms of article 22(2)(a) provide legal means to interested parties to prevent the use of any designation or presentation of goods that indicates or suggests that the said goods originate in a geographical area other than the true place of origin.

According to article 23(1) (additional protection for geographical indications for wines and spirits) legal means must be provided to prevent use of a geographical indication identifying wines (or spirits) for wines not originating in the place indicated by the geographical indication in question, even where the true origin of the wine is indicated or the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation" or the like.

Articles 22(3) and 23(2) in particular deal with the relationship between geographical indications and trade marks. Their contents are practically identical. According to article 22(3) "A Party shall, ex officio if its legislation so permits or at the request of an interested party, refuse or invalidate the registration of a trade mark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trade mark for such goods in that Party is of such a nature as to mislead the public as to the true place of origin". Article 23(2) provides: "The registration of a trade mark for wines which contains or consists of a geographical indication identifying wines or for spirits which contains or consists of a geographical indication identifying spirits shall be refused or invalidated, ex officio if domestic legislation so permits or at the request of an interested party, with respect to such wines or spirits not having this origin".

The provision in article 22(3) to the effect that it only applies if the use of the indication (trade mark) is of such a nature as "to mislead the public" as to the true place of origin is not included in article 23 and probably adds to the additional

protection afforded to geographical indications in respect of wines and spirits.

Section 3 of TRIPS seems to provide absolute supremacy to geographical indications in relation to trade marks. This necessitated the inclusion of article 24(5) which contains special exceptions to the provisions of Section 3 in the event of conflicts between geographical indications and trade marks. The text thereof reads as follows: "Where a trade mark has been applied for or registered in good faith, or where rights to a trade mark have been acquired through use in good faith either (a) before the date of application of these provisions in that Party as defined in Part VI below (15 April 1994); 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 trade mark, or the right to use a trade mark, on the basis that such trade mark is identical with, or similar to, a geographical indication".

Other than the exceptions in respect of trade marks, articles 24(4) and 24(6) also provide exceptions in respect of the use of similar geographical indications and also the use of geographical indications as common names for goods or services or as customary names for grape varieties.

In terms of article 24(4), the parties to TRIPS cannot prevent each other from using a similar geographical indication, provided such indication was used by a party in a continuous manner with regard to the same or related goods or services in good faith preceding its signature of TRIPS or at least ten years preceding its signature of TRIPS.

The use of terms identical to geographical indications, but "customary in common language as the common name for such goods or services"⁴⁴ or used as "the customary name of a grape variety" cannot, in terms of article 24(6), be prevented by other parties.

⁴⁴. Names such as Port and Sherry used in South Africa.

From TRIPS, the international authority on the relationship between trade marks and geographical indications and the provisions of which must be given effect to in our domestic law, we learn the following:

1. Trade marks applied for registration or registered or used in good faith before 15 April 1994 or before a geographical indication is protected in its country of origin, may coexist with an identical or similar geographical indication;
2. The registration of a trade mark applied for subsequent to the provisions of TRIPS being made applicable, can be refused or invalidated if it contains a protected geographical indication and is used in respect of wines or spirits not having this origin, even if it does not mislead as to the true place of origin.
3. From the wording of articles 16 and 17, an existing trade mark can prevent the use of a later recognised geographical indication if use of the latter would result in a likelihood of confusion. TRIPS does not limit the enforcement of trade mark rights to more than the descriptive use of indications of origin.

5. PROTECTION OF TRADE MARKS VIS-A-VIS GEOGRAPHICAL INDICATIONS IN OTHER COUNTRIES.

Various countries, inter alia Canada and New Zealand, have already implemented the provisions of TRIPS in their domestic law. A comparison of the situation in South Africa with the current situation in these countries will be indicative of the manner in which South Africa presently complies with TRIPS and will provide a useful indication as to the future development of our law.

Reference will also be made to the current situation in the USA in view of the priority being given to trade mark rights and the extent to which USA policies comply with the provisions of TRIPS.

TRIPS also makes provision in article 24(1) for members to enter into negotiations to conclude bilateral or multilateral agreements with the aim of providing additional protection for geographical indications in particular in respect of wines and spirits. A comparison of our situation with that of our main trading partners, in particular the European Union with their long tradition of protection of geographical indications, is also necessary.

5.1. THE EUROPEAN UNION:

Various European Countries, and in particular France, have a long history of recognising and protecting their appellations of origin in respect of wines and spirits. Numerous disputes have been entered into worldwide by INAO (National Institute of Appellations of Origin)⁴⁵ in an effort to prevent the use of indications of origin

45. See Marie-Helene Bienaymé "Conflicts between Trade Marks and Geographical Indications - The point of view of INAO", a paper delivered at a Symposium on Geographical Indications in Melbourne, 1995. See also the case of *Taittinger and Others v Allbev Limited, Guy Woodall and Shiela Woodall (trading as Thorncraft Vineyard Limited)* as discussed in *Trademark World* July/August 1993, in which it was held that the misrepresentation that "Elderflower Champagne" was a champagne also contravened EC Regulation 823/87 and that an injunction was an appropriate remedy.

• INAO is currently also opposing a trade mark application Vin de Nuit "wine (harvested) at night" in South Africa on the grounds that it can indicate to Nuit et Côtes de Nuit, protected wine growing areas in Bourgogne, France.

on products not originating from specific areas even in the absence of any confusion as to the true origin of the product. One can appreciate that European legislation would be inclined to favour geographical indications instead of trade marks in the protection afforded. The following legislation is of relevance in respect of wines:

Council Regulation (EEC) No 2392/89 of 24 July 1989-laying down general rules for the description and presentation of wines and grape musts.

This Regulation corresponds with our Liquor Products Act (including the wine of origin scheme) in respect of the presentation of wine and in particular lays down general rules governing the description of wine on labels, packaging and containers.

Recitals 13 and 14 in particular deal with possible conflicts with trade mark rights as follows:

"Whereas elements which are liable to create confusion or false opinions in the minds of persons should be prohibited in the description and presentation of those products addressed to such persons; whereas provision should be made in particular for similar prohibitions of trade marks used for the description of wines and grape musts; whereas, with a view to providing effective protection to geographical names...., trade marks should be abolished which contain wording that is identical to a geographical name used to describe a table wine, the description of which is regulated by community provisions, without the product described by the trade mark in question being entitled to such description".

Recital 14 provides for the coexistence ("to tolerate, in certain cases and for a transitional period") of trade marks registered by 31 December 1985 which are identical to the names of geographical units.

Article 40(2) then proceeds as follows:

"Where the description, the presentation and the advertising of the products referred to in the Regulation are supplemented by brand names, such brand names may not contain any words, part of words, signs or illustrations which (a) are likely to cause confusion or mislead the persons to whom they are addressed". This is the case

in all circumstances, whether the right to the trade mark is older than the description or not.

Article 40(3), as foreshadowed by recital 14, reads as follows:

"By way of derogation, the holder of a registered trade mark which is identical

- to the name of a geographical unit, (may) continue to use that trade mark until 31 December 2002, provided that the trade mark in question:

(a) was registered not later than 31 December 1985.....,

(b) has actually been used without interruption since its registration until 31 December 1986..."

According to this provision, the names of geographical indications have absolute priority vis-a-vis all trade marks that are likely to cause confusion or mislead the buying public. Actual deception or confusion is therefore not required. Identical trade marks duly registered not later than 31 December 1985 and in continuous use, are allowed to be used until December 2002. The provision applies to identical marks only. Similar marks are not dealt with. Common law trade marks are not protected at all.

The effect of these provisions was clearly illustrated by the so-called TORRES case.⁴⁶ The Torres trademark is owned by the Spanish firm Miguel Torres S.A. and has been used by the family since 1911. It is internationally known and registered and has been used on millions of bottles of wine in Portugal, where the trade mark has been registered since 1962. In 1989 the local Government decided to demarcate and protect a new wine growing area called Torres Vedras. According to the above Regulation, this meant that the well-known and internationally distributed trade mark TORRES, in which millions have been invested over the years, would have to be abandoned by the year 2002 in favour of a little known and subsequently recognised wine growing region.

46. See discussion thereon by Florent Gevers op cit 155.

This situation gave rise to an amendment of the above wine Regulation,⁴⁷ but only to make provision for the Torres situation. The amendment provides that the holder of a well-known registered trade mark for wine which is identical (similar marks are not mentioned) to protected geographical names, may continue to use that mark provided it has been registered for at least 25 years before the recognition of the said geographical name and provided that it has actually been used uninterruptedly during that period.⁴⁸

Trade marks that are likely to mislead or confuse consumers as to the origin of a product and have been registered less than 25 years before the recognition of the geographical area concerned or have not been in continuous use for that period can only remain in force until the end of the year 2002. Trade marks that are likely to mislead or cause confusion as to the origin of a product, but are not registered or are not identical to the name of the geographical area are "abolished" with immediate effect.

Trade marks ("brand names") may not be invoked against the use of the names of geographical units used to describe quality wines produced in a specified region or a table wine (as defined). Therefore, although certain old and well known trade marks can coexist with later protected geographical indications, it can never prevent them from being used descriptively.

Except for trade marks that existed for 25 years before a geographical indication was recognised, this Regulation gives absolute priority to geographical indications vis-a-vis trade marks, irrespective of whether such trade marks are older than the geographical indications or not.

47. The third modification of the EC Wine Regulation of 16 December 1991 (Council Regulation EC No. 3897/91- The Torres case).

48. Article 40(3).

The Regulation is not compatible with the provisions of article 24(5) of TRIPS in respect of the relationship between trade marks and geographical indications. The protection afforded to geographical indications should be an indication of the route that will be taken by the European Union in multilateral agreements.

5.2. THE UNITED STATES

In contrast to the protection afforded in the European Union to geographical indications, the interest in protecting geographical indications in the United States is secondary to assuring that consumers are not misled by their use.⁴⁹ The legal protection afforded to an indication therefore depends on how it is perceived by consumers. Indications that have become generic are not protected while geographic indications that have become distinctive through use can even be registered as trade marks.

Protection of geographical indications stems primarily from the common law principle that no person can obtain an exclusive right to use a geographical name and therefore "to preclude others who have businesses in the same area and deal in similar articles from truthfully representing to the public that their goods or services originate from the same place and from using the geographical term in connection with such goods or services".⁵⁰

The Lanham Trademark Act of 1946, as amended, (the "Lanham Act") is the main contributor to the law in respect of trade marks and geographical indications.⁵¹ Protection of the latter is limited and afforded only to those indications that do not qualify as a trade mark. Section 2(e) prohibits the registration of a trade mark that

49. See Milo G. Coerper "The Protection of Geographical Indications in the United States of America" a paper delivered at the Symposium on the International Protection of Geographical Indications at Wiesbaden, 1991.

50. Lee Bendekgey and Caroline H. Mead op cit 768.

51. See also Peter M. Brody "Protection of Geographical Indications in the Wake of TRIPS: Existing United States Laws and The Administration's Proposed Legislation" Vol 84 *Trade Mark Reporter* 520.

"consists of a mark which, (1) when used on or in connection with the goods of the applicant is merely descriptive of them or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them or deceptively misdescriptive of them, except as indications of regional origin may be registrable under section 4 hereof (collective and certification marks), (3) when used on or in connection with the goods of the applicant is primarily geographical deceptively misdescriptive of them..."

This prohibition is limited by section 2 (f) which provides that "nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce".

The United States trade mark law therefore provides that a geographical indication can acquire a secondary meaning, as perceived by consumers, and can therefore qualify to be registered as a trade mark.

Trade mark rights can however never prevent the "fair use" of a geographical indication. Section 33 (b)(4) of the Lanham Act limits the trade mark owner's rights by providing a defence to a trade mark infringement claim if a term is used "otherwise than as a trade mark... which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin". This defence is commonly referred to as the "fair use" defence.

Under United States law, a "false" geographic designation can also be registered as a trade mark if it is "arbitrary".⁵² This is the case if consumers are not likely to believe that the product comes from the place named, i.e. if it does not lead to a false "goods - place" association on the part of the public. The application of the "goods-place" association test depends on the degree to which the geographic location is well known for producing the goods on which the indication is used.

52. Lee Bendekgay and Caroline H. Mead op cit 773 et seq.

Geographic indications that have become "generic" in use are also not protected and may be used without restriction. A generic geographic indication is one which is so widely used to identify a category of products that consumers come to understand the geographic indication as the name for all such products of the same type, for instance Port or Sherry. In an appeal by INAO against a dismissal by the Trademark Trial and Appeal Board of its opposition to the registration of "Chablis with a Twist",⁵³ the Court found that "Chablis" is a generic name for a type of wine with certain general characteristics. In coming to this conclusion, the court emphasised that the fact that "... the term "Chablis" may have some geographic significance does not make that geographic significance the primary significance of that term, let alone the primary significance of the mark Chablis with a Twist. More importantly, it does not establish how the term is understood by American consumers of wine. Nor does it establish that consumers would perceive the mark to indicate that (the) wine product comes from the Chablis region of France. Finally, it does not establish what could and what would not be a material factor in the decision of consumers to purchase the product".⁵⁴

Section 43 (a) of the Lanham Act provides for a civil action for "any person who believes that he or she is likely to be damaged" by another party's use of a false designation of origin which "is likely to cause confusion, or to cause mistake or to deceive as to the origin of his or her goods...". The cases dealing with the "misleading" provisions of section 43(a) as with the decisions under section 2(e), tend to turn on whether the public makes an association between the product and the geographical indication and the likelihood of consumers mistakenly forming that association on the basis of the indication.⁵⁵

53. *Institut National des Appellations D'Origine v Vinners International Co. Inc.*, 958 F2d 1574. This case is discussed by Lee Bendekey and Caroline H. Mead op cit 774 and also by Milo G. Coerper op cit 65.

54. Lee Bendekey and Caroline H Mead op cit 775.

55. Peter M. Bordy op cit 527.

Other United States laws also offer protection against the misuse of geographical indications. Of these the regulations of the Bureau of Alcohol, Tobacco and Firearms (BATF) contain specific provisions in respect of the use of geographic indications on wines and spirits.

These regulations provide for a classification scheme in which geographical indications are listed. Geographical indications for wines are classified as follows:⁵⁶

- Generic names: may be used without restriction;
- Semi-generic names: may be used if the correct place of origin is directly conjoined to the name, e.g. Champagne, Burgundy and Chablis;
- Non-generic, non-distinctive names: may be used without restriction for wines originating in the place named, e.g. American, French and Californian;
- Non-generic, distinctive names: may be used only for wines from that place, e.g. Bordeaux and Rhone.

All the laws and regulations, other than the Lanham Act, that deal with the use and protection of geographical indications, are administered by administrative bodies in terms of the specific legislation. It is only the Lanham Act that provides judicial remedies to private parties.⁵⁷

Certification marks by definition can be used to certify the origin of goods and are therefore the principal method by which geographic indications can be protected in the United States.⁵⁸

A certification mark registration provides the following benefits: ⁵⁹

- It indicates that a federal agency has determined that the mark qualifies for registration and therefore that the mark indicates regional origin, has not become generic and is legitimately controlled by a specific legal entity;

56. Article 4(24) of the BATF Regulations under the Federal Alcohol Administration Act.

57. Section 43(a) of the Lanham Act. See also Peter M. Brody op cit 526.

58. See Milo G. Coerper op cit 72 et seq and also Lee Bendekegy and Caroline H. Mead op cit 775 et seq.

59. Milo G. Coerper op cit 80.

- It will be on the trade mark register and thus will prevent any third party from using it;
- It will result in an application for a trade mark registration for a geographical indication that is the same or confusingly similar being turned down.

It is in the area of geographical indications for wines and spirits that TRIPS will require the clearest and most significant changes in United States law.⁶⁰ TRIPS categorically bars, except for the provisions of Article 24(5), the registration of any trade mark that contains or consists of a false geographical indication,⁶¹ while the United States in certain circumstances still permits the registration of false geographical indications as trade marks.

TRIPS also requires Members to protect foreign geographic names of wines and spirits, even where the true origin of the good is indicated or accompanied by expressions such as "kind", "type", "style", "imitation" or the like.⁶² The classification by the United States of names of wines as semi-generic which therefore permits use if the correct place of origin is conjoined does not therefore comply with TRIPS. Although article 24 of TRIPS provides exceptions in the case of registered trade marks and rights acquired through prior use, the obligation on the United States to enter into negotiations regarding such names and the importance of appellations of origin for wines exported to the European Union will, no doubt, result in the United States agreeing to phase out its "semi-generic" category of geographical designations for wines.⁶³

60. Peter M. Brody op cit 529.

61. Article 23(2).

62. Article 23(1).

63. Peter M. Brody op cit 530.

5.3 NEW ZEALAND

A new act, the Geographical Indications Act,⁶⁴ has been introduced in New Zealand in the wake of TRIPS. In terms of this act,⁶⁵ a person will be deemed to have contravened section 9 of their Fair Trading Act if a protected geographical indication is used in relation to specified goods,⁶⁶ which goods do not originate in the geographical region to which the protected geographical indication relates. "Geographical indication" as defined in section 2, means "a description or presentation used to indicate the geographical origin of the goods".

These provisions apply, irrespective of whether -

- (a) the true geographical indication of the goods is used together with the protected geographical indication; or
- (b) the protected geographical indication is used in translation; or
- (c) the protected geographical indication is accompanied by any of the words "kind", "type", "style", "imitation" or any similar word.⁶⁷

Exempted from these restrictions however, is the use of a trade mark "applied for or registered under the Trade Marks Act of 1953, if the trade mark was applied for, registered or used in New Zealand in good faith in relation to goods of the same class before goods of that class were declared to be specified goods."⁶⁸

The act also provides for a register of protected geographical indications to be established.⁶⁹ The register will contain 3 parts, namely geographical indications submitted by the Surveyor - General, indications submitted in accordance with

64. Act 125 of 1994. Supporting regulations have yet to be promulgated but current indications are that they will be introduced in April 1996.

65. Section 4.

66. Specified goods will be goods of a class declared as such by regulation. According to current proposed regulations only wine is being considered and it is not clear whether it will extend to cover spirits.

67. Section 4(2).

68. Section 5(2)(c). It is not clear from the wording whether common law trade marks are included.

69. Section 8. In terms of section 2(1) a protected geographical indication means a geographical indication that is entered on the Register.

multilateral international agreements and indications submitted in accordance with a bilateral international agreement.⁷⁰

Any person may make an application to the Surveyor - General for the determination of a geographical indication,⁷¹ which application will then be referred to a geographical indications committee to make a determination.⁷² Opportunity is provided for the trade mark owner ("any person") to make submissions to the committee with regard to the application.⁷³ The same opportunity does however not exist in respect of indications submitted in accordance with multi- or bilateral agreements entered into by New Zealand.

5.4 CANADA

Following the obligation contained in TRIPS concerning the protection of geographical indications, Canada has introduced various amendments to its Trade Marks Act.⁷⁴

New definitions of terms "geographical indication" and "protected geographical indication" in respect of a wine and spirit have been included in section 2 of the Trade Marks Act. They read 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)..... is protected by laws applicable to that WTO Member;

"protected geographical indication" means a geographical indication that is on the list kept pursuant to subsection 11.12(1).

70. At the moment negotiations are taking place between New Zealand and the European Union regarding geographical indications for wine.

71. Section 13

72. Section 14

73. Section 16(2).

74. Bill C-57, the World Trade Organisation Agreement Implementation Act. It is expected to come into operation on 1 January 1996.

Section 11.12 has introduced a procedure by which a geographical indication can be placed on the protected list, kept by the Registrar of Trade Marks. Objection to such protection can be made only on the ground that the indication is not a geographical indication.⁷⁵

No person may adopt or use as a trade mark or otherwise a protected geographical indication, or any translation thereof, identifying a wine or spirit not originating in the territory indicated by the protected geographical indication.⁷⁶ Except for the provisions made to accommodate the exceptions contained in article 24 of TRIPS,⁷⁷ the prohibition is absolute and although not expressly dealt with, will apply even if qualified or if the true origin is indicated.

The prohibition will not apply where a Canadian has used a protected geographical indication in a continuous manner "(a) in good faith before the 15 April 1994 or (b) for at least ten years before that date."⁷⁸ The prohibition will also not prevent the "adoption, use or registration as a trade mark or otherwise of an indication in respect of wine and spirit (a) that is identical with a term customary in common language in Canada as the common name for the wine and spirit or (b) that is identified with a customary name of a grape variety existing in Canada..."⁷⁹

In addition to the provision for customary names above, section 11.18(3) also lists generic names such as Port and Sherry and numerous others to be excluded from the prohibition.

In terms of the amended subsection 12(1), a trade mark is registrable if it is not in whole or in part a protected geographical indication that is to be used in association with a wine (or spirit) not originating in a territory indicated by the geographical

75. Section 11.13(2) of the Trade Marks Act.

76. Sections 11.14 and 11.15.

77. See sections 11.17 and 11.18.

78. Section 11.17(1).

79. Section 11.18 (2).

indication. A protected geographical indication is therefore registrable as a trade mark in respect of wines and spirits originating from the said geographical indication.

5.5. CONCLUSION

The provisions implemented by New Zealand and Canada in the wake of TRIPS have in common the fact that they acknowledge and protect existing trade mark rights, as provided for by article 24(5) of TRIPS. They also both provide for a register of protected geographical indications to be kept in the interest of legal certainty.

Canada has included a definition of geographical indications that complies with TRIPS whereas New Zealand has a wider definition that corresponds with an indication of source rather than with a geographical indication. Any name submitted by the Surveyor - General or included in agreements entered into by New Zealand can qualify for protection.

The special protection afforded by Canada to the use of customary and generic names as trade marks should also be noted.

Apart from the said exceptions, the trend in protecting geographical indications is towards absolute rather than relative protection. A registered geographical indication can in all instances prevent the use of a trade mark that is likely to cause confusion or to mislead. In accordance with TRIPS, a "false" description can be prevented, even if the true origin of the product is indicated or even if used with qualifying expressions.

The problem concerning the coexistence of trade marks and geographical indications does not exist in the United States because protection is only afforded to geographical indications that do not qualify as trade marks. Generic and arbitrary names are not protected because of the importance attached to how a name or term is understood or perceived by the American consumer. Only fair use, otherwise than as a trade mark, of geographical indications will not infringe a trade mark in the United States.

In the European Union on the other hand it is specifically provided that trade marks can never prevent the use of later recognised geographical indications.

6. EVALUATION AND PROPOSALS

Although it is generally recognised that geographical indications should be protected,⁸⁰ there are potential conflicts between trade marks and protected geographical indications. There are various registered trade marks that have a geographical connotation, often even without the trade mark owner being aware of that fact.⁸¹ Florent Gevers⁸² states that he is very much in favour of the protection of geographical indications, but that "new or improved protection of property rights, such as indications of source and appellations of origin, must take full account of the pre-existing lawfully acquired and used rights such as, for instance, trade marks". TRIPS provides a sound basis for regulating the relationship between protected geographical indications and trade marks, and as a Member of the World Trade Organisation, South Africa is obliged to accept its contents and to embody it in national legislation.

Legal means for the protection of geographical indications in South Africa in respect of wines and spirits are provided for by the new Trade Marks Act and the Liquor Products Act.

Contrary to the provisions of TRIPS and the situation in some of our main trading partners, our legislation does not provide sufficient protection for the rights of the trade mark owner.

Trade marks existing before a geographical indication is protected should at least be allowed to coexist with that indication. A trade mark like "Klipdrift" registered in 1974, should not be at risk of contravening section 12 of the Liquor Products Act in the event that an interested party is of opinion that it can create a false or misleading

80. Milo G. Coerper op cit 72. See also the reference to resolution ECO 3/95, the Paris Resolution, of the International Vine and Wine Office, by Marie-Helene Bienaymé op cit 190.

81. For instance the trade mark Klipdrift.

82. Florent Gevers "EC Indications of Source" *Trade Mark World* May 1991, 24.

impression as to Klipdrift, a farm in the Robertson district where viticulture is practised. This protection is provided for in TRIPS and has also been implemented by various countries in compliance with TRIPS.

A system is proposed whereby only well defined geographical indications that are registered on a public register, are recognised. Existing trade marks should be permitted to coexist with these registered geographical indications, as provided for in article 24(5) of TRIPS and also implemented by New Zealand and Canada. The opportunity should also be created for owners of prior trade mark rights to prevent new registrations of geographical indications if use of the latter would result in a likelihood of confusion, i.e. where used otherwise than as a bona fide description or indications of geographical origin. This right corresponds with the wording of articles 16 and 17 of TRIPS and the "fair use" defence, applicable in the USA.

The Liquor Products Act is a sufficient vehicle to provide for the above system, subject to minor amendments. Such amendments should provide for the inclusion of a definition of a geographical indication, to be distinguished from other indications of source, similar to that in TRIPS and also provided for by Canada. It should also provide for a register of protected geographical indications to be implemented and administered by the Wine and Spirit Board. Existing demarcated areas of origin should automatically qualify for registration, provided they are still in use. New geographical indications, including areas where viticulture is practised in terms of subsection 3(a)(ii) and new international indications applied for by an interested country, should only be listed if they qualify as a geographical indication and once the opportunity has been given to any person (trade mark owner) to object to such registration.

Use of the protected geographical indications should only be allowed if authorised by the Wine of Origin Scheme with the exception of trade marks that existed prior to the 1 July 1994 or prior to the protection of the geographical indication. Section 11 and 12 of the Liquor Products Act should therefore be amended accordingly.

The new Trade Marks Act should be amended to exclude from registration only designations of origin that are reasonably required for use in the trade, i.e. geographical indications as defined. Section 10 of the act should therefore read that a mark shall not be registered as a trade mark or, if registered, subject to the provisions of section 3 and 70, be liable to be removed, from the register if it inter alia consists exclusively of a geographical indication as defined and recognised in terms of the Liquor Products Act. The current section 34(2)(b) complies with the above proposals.

Following the special protection afforded by Canada in respect of the use of customary and generic names as trade marks or otherwise, customary and generic names should be capable of being registered as collective trade marks so as to ensure their coexistence with later recognised geographical indications.

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LEGISLATIVE MATERIAL

- Agreement between the European Economic Community and Australia on trade in wine, signed 16 December 1993.
- Agreement on Trade - Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods (TRIPS), signed in Marrakesh 15 April 1994.
- Canadian World Trade Organization Agreement Implementation Act 1994, Bill C-57.
- Council Regulation (EEC) No. 2392/89 of 24 July 1989 - laying down general rules for the description and presentation of wines and grape musts.
- Commission Regulation (EEC) No 3201/90 of 16 October 1990 - laying down detailed rules for the description and presentation of wines and grape musts.
- Council Regulation (EEC) No.2081/92 of 14 July 1992 - on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.
- Council Regulation (EEC) No. 2333/92 of 13 July 1992 - laying down general rules for the description and presentation of sparkling wines and aerated sparkling wines.
- First Council Directive of 21 December 1988 - to approximate the laws of the Member States relating to trade marks (89/104/EEC).
- Laws and Regulations under the Federal Alcohol Administration Act, Act of 29 August 1935, 49 Stat. 977. (USA)
- Liquor Products Act No. 60 of 1989. (RSA)
- New Zealand Geographical Indications Act 1994, No. 125.

- The Lanham Trademark Act of 1946. (USA)
- Trade Marks Act No 62 of 1963. (RSA)
- Trade Marks Act No. 194 of 1993. (RSA)

CASES

- *Wineworths Group Limited v Comite Interprofessional Du Vin De Champagne* (1992) 2 NZLR 327, as discussed in *Trademark World*, December/January 1992/93.
- *Firma SMW Wintersekt v Land Rhemland - Pfalz* Case C306/93, Proceedings of the Court of Justice of the European Communities on 13 December 1994.