

# American Origin Products (AOPs): Protecting a Legacy



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Organization for an International  
Geographical Indications Network

This publication has been published by oriGIn, the Organisation for an International Geographical Indications Network (<http://www.origin-gi.com/>). OriGIn is the first international network of Geographical Indications, representing some 150 associations of producers (over two million) producers from some 40 countries.

GIs are a growing phenomenon in the US. The present publication has been undertaken to illustrate the commonality of interests GI producer groups in the US hold with others around the world, and to explore some of the challenges all GI producers face in our globalized marketplace.

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# **American Origin Products (AOPs):**

## **Protecting a Legacy**

A publication by oriGIn,  
the Organisation for an International  
Geographical Indications Network

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## Foreword

Over the last few years, the phenomenon of geographical indications has stimulated increased interest in the United States. As producers and consumers in the US become familiar with and appreciate the benefits derived from geographical indications, we do believe time is ripe for a thorough debate on American Origin Products, with the contribution of relevant public and private stakeholders as well as academic circles.

To promote such a debate, oriGIn – in collaboration with various eminent American experts - is publishing a manual “American Origin Products: Protecting a Legacy”. The manual focuses on the socio-economic implications of geographical indications in the US as well as on the adjustments the current legal framework would require for the American GI business to fully deploy its potential.

We do hope that such a manual will contribute to nurture an open debate on American Origin Products as well as to facilitate a productive cross-cultural dialogue in the international debate over geographical indications.

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## Acknowledgements

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Disclaimer: The views presented in this publication are strictly those of the authors and do not represent the opinions of their employers, government agencies, producer groups or any other national or international body.



## Introduction

The purpose of this publication is to open a broader dialogue about origin products in the US, and to focus on the opportunities and barriers facing this type of production in the American context.

In the first section we provide an overview of the general situation of what we have labeled American Origin Products (AOPs), in other words products with specific qualities or characteristics that are deeply rooted in a given geographical area in the US. Moreover, we provide some specific examples of producer group experiences to illustrate our observations. Our hope is that an explanation of the economic and cultural context for AOPs will illustrate the possibilities for broader discussions of how these products might be better recognized and protected in the future.

The second section of the publication takes up a more detailed examination of the legal context for AOPs, which is both complex and internationally contentious. Our comments in this section are not addressed toward any particular national or international dispute over contested names for products, a topic that has garnered the lion's share of attention from the news media. We focus instead on the overall system, national and international, in which AOPs are inscribed and how we might improve the system currently available in the US to protect origin products. We also hope that such an effort will contribute to strengthening cross-cultural dialogue in the international debate over geographical indications, the legal term applied to origin products globally.

We touch on some of the economic, social/political and environmental aspects of AOP production in the US, but we emphasize that these factors interact as an *institutional context* for these products and their producers. This context includes arrangements that exist among producers themselves, government agencies that interact with them, educational and research institutions that support them, and consumers who buy their products. It extends, as well, to

encompass the effects of these products on rural development in their respective regions. Producing AOPs and bringing them to market creates jobs and brings revenue to rural America. How can we better secure their current contribution to rural development and expand that contribution going forward?

The US institutional context embodies a set of assumptions that are at times uniquely American, since they are derived from a national history quite unlike that of most parts of the world. This broader picture sets the stage for a discussion about the legal status of, and legal changes to AOPs that can enhance their economic viability. Making these legal adjustments also entails changing how Americans perceive origin products and what they believe are appropriate roles for governmental institutions in regulating them.

The two main sections are followed by a brief Guide to Identification of an American Origin Product which summarizes what we have termed the Core and Enabling/Governance Conditions that sustain an AOP. We anticipate that this guide will evolve as AOPs receive more attention. But it is offered as a starting point to producer groups, state and federal government entities, researchers and non-governmental organizations to foster better understanding and stimulate discussion.

## **Current Conditions and Future Potential for American Origin Products**

### **1. Setting the Scene**

#### *A Question of Terminology*

Geographical indications, as they are known in Europe and many other countries, are not well understood in the US. Americans may be familiar with the notation on bottles of wine that the “appellation,” a French word meaning the name of the place of origin, is protected. But they may never have stopped to ask, “Protected against what? By whom?” In recent years, a handful of journalists have explored GIs in well-known national newspapers or magazines, but they rarely use the term “geographical indication” or attempt to situate their stories in an international context.

The term geographical indication is part of the legally binding treaty agreements governing the World Trade Organization (WTO), as Section II describes in more detail. But the key point here is that for Americans, it is usually more effective to describe GIs as place-based products, labels of origin, or origin products. These terms are not well defined in the US, but they convey more to the average American of GIs as a *category* of product.

#### *Wine as a Special Case*

The question of terminology is somewhat more complex in the case of wine, where Americans do generally associate the term “appellation” with a wine area. This is significant in an historical sense; systems developed by other countries for protecting products from particular regions first emerged for wines and were only later extended to cover products such as meats, cheeses and other products including vegetables, fruits and nuts. But as Section II explains, under American wine law the term “appellation” can be applied to an entire state or even multiple states (up to three contiguous states) as so-called “political” appellations. In

Europe and other parts of the world, an appellation corresponds to an ecologically defined area and indicates that the product bearing the appellation exhibits characteristics that give it a *typicity*, or make it representative of the region. For example, it is difficult to imagine wines coming from across states as vast as California or Texas that would share qualities or typicity in the same way that the term “appellation” is applied outside of America.

The American understanding of GIs, at least in the case of wine, is further muddled by the designation of American Viticultural Areas (AVAs), which are another type of wine appellation. The AVA system is administered by the U.S. Treasury Department, which historically has been responsible for regulating and taxing alcoholic beverages in the US. (The alcohol excise tax is known colloquially as a “sin tax.”)<sup>1</sup> In most other countries, wine and beer are considered primarily as types of foods, and therefore are commonly regulated by a Ministry of Agriculture. These national ministries are also responsible for encouraging and supporting rural development and with both national and European Community funding they commonly link the promotion of GIs to other programs in a given GI region for environmental management, agri-tourism and rural development. GIs thus become a lever for achieving goals such as the protection of small family farms and sustaining rural towns. In contrast, no office in the U.S. Department of Agriculture (USDA) is specifically dedicated to appellations, AVAs, or geographical indications, much less implementing rural development programs that include GIs.

One aspect of American Viticultural Areas brings them somewhat closer to an international understanding of appellations: producers applying for AVA recognition are required to justify the boundaries of their proposed AVA region based on ecological grounds, namely, viticultural distinctiveness. This reflects an understanding Americans share with the world that wine is directly affected by the ecological niche in which the grapes are grown. This could align the AVA system more closely with the European concept of an appellation, but the AVA system is

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<sup>1</sup> Mendelson, R. 2009. *From Demon to Darling: A Legal History of Wine in America*. Berkeley, Los Angeles, London: University of California Press.



only a few decades old and has not applied consistent mapping principles to delineating regions. Consequently, some AVAs appear to be more justified ecologically than others. Furthermore, wine regions that figure among the most well-known in America, such as Napa Valley – which by European standards might be more properly understood as a true appellation – do not gain the same degree of protection from the AVA system as do other GI products around the world. For example, Napa Valley producers as a group are obligated to pay through their Vintners Association for litigation in the US and abroad to protect the Napa name. Section II explores in more detail this interesting and revealing situation.

These confusions and inconsistencies over terminology do not mean that GIs do not exist in the US. It only offers one possible explanation for why many Americans think of GIs (or labels of origin) as merely “brands.” That is, they often do not readily perceive the strong ties to place that stand behind these often well-known product names. In reality, American GIs are regionally specific, often with a long history and set of traditions based in the local ecology and producer know-how, a reputation with consumers, and high standards for quality.

The current interest by consumers in “local” food,<sup>2</sup> regional cuisines and traditional foods, and their recognition of many American wine appellations that are regularly featured on wine labels all reflect growing attention to food origins in the US. The success of high visibility American GIs like Napa Valley wines, Idaho® potatoes and Vidalia® onions is motivating other producers to follow in their footsteps. This trend is likely to accelerate because GIs also serve other goals related to rural economic development, ecology, food quality, food safety and traceability, as discussed below.

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<sup>2</sup> The National Agricultural Law Center has an online Reading Room dedicated to Local Food Systems where links to a number of resources and web sites can be found related to the local food movement in the US: (<http://www.nationalaglawcenter.org/readingrooms/localfood/>) (last visited Feb. 15, 2010). USDA, Economic Research Service also hosted a webinar on the topic of local food systems in June, 2009, which can be viewed at <http://www.ers.usda.gov/ConferenceCenter/LocalFoods/> (last visited Feb. 15, 2010).

But despite strong and growing interest in local food, Americans still lack a clear understanding of GIs in part because of the absence of either the federal or state government leadership for developing and promoting them. Such leadership is a crucial element of the institutional context of successful GI systems in other countries.<sup>3</sup>

## **2. Sustainability Dimensions of AOPs**

### **2.1 The economic potential**

#### *A proven model*

In the European Union (EU) and elsewhere, geographical indications have often proven to be key economic engines for rural regions that might otherwise be severely marginalized in a global economy. A GI product with a high regional economic impact is a matter not just of local pride but represents an investment for the local people that cannot be moved away to another country, unlike some other forms of production.

Regions that have a successful and well protected GI are able to gain export dollars selling the product out of the region, as well as create jobs at home in its production. And, as mentioned earlier, such products often become the basis for dynamic rural tourism initiatives that include farm visits and farm stays, local festivals and networks of local restaurants prominently featuring the famous local product. Napa Valley is an excellent example of this kind of development. It is commonplace now for tourists to travel to Napa to visit a number of wineries, vineyards and other sites, going for the regional experience that is Napa and not for a single destination. This kind of regional tourism can make an important contribution to rural economies if well managed at the local level.

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<sup>3</sup> Giovannucci, Daniele, Elizabeth Barham, Rich Pirog, 2009 (May). "Defining and Marketing Local Foods: Geographical Indications for US Products." *Journal of World Intellectual Property*, special issue on GIs. Available at: <http://www3.interscience.wiley.com/journal/117991912/issueyear?year=2009>.

When a positive symbiotic relationship of this kind occurs, the impact on the region in question and the larger state and national economy can be profound. A study commissioned by the Napa Valley Vintners Association found that:<sup>4</sup>

*The full annual economic impact of the Napa Valley wine industry in Napa County is \$10.9 billion. The impact of the Napa Valley wine industry on the State of California as a whole is \$15.2 billion. The total impact of the Napa Valley wine industry on the United States economy is \$42.4 billion.*

The benefits work in both directions, however, as a study by the University of California of the price premium to producers of the Napa Valley appellation found:<sup>5</sup>

*Region of origin and, particularly, appellation are also important to price...Out of 125 appellations included in [the study] ...more than half have a significant impact on prices. For example, Napa Valley, one of the most famous appellations in California, produces wines that are, on average, 61 percent more expensive than wines with a California appellation. This means that a bottle of Napa Valley wine, other characteristics constant, costs \$6 more, on average, than a wine with a California appellation.*

The Idaho Potato Commission has found similar price premiums and beneficial regional economic impacts from its promotional efforts, noting approximately a 25¢ per hundred weight premium over the price that other US growing regions can charge. Economists estimate that the industry generates approximately \$5 billion in economic activity within the state of Idaho, and creates approximately 35,000 jobs, both direct and indirect.

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<sup>4</sup> "The Economic Impact of the Napa Valley Wine Industry", by Stonebridge Research (October 2008).

<sup>5</sup> "What Determines the Price of Wine?" University of California Agricultural Issues Center, Brief No. 18 (Jan. 2003). Available at: <http://aic.ucdavis.edu/oa/brief18.pdf> (last visited Feb. 15, 2010).

### *The need for a national list of AOPs*

Regional economic impacts such as these are encouraging, but it would be preferable to be able to assess the impact of all AOPs on their respective regions and on the nation as a whole. The ability to do so would inform policy makers as well as producer groups interested in investing in AOP production. In fact, one of the first questions often asked about American GIs is, “What is the economic impact of these products on the United States at this time?”

To answer this question, we would need a national listing of US GIs as a starting point. But no such list exists. The U.S. Patent and Trademarks Office registers certified trademarks with place identifiers and many GIs would fall in this category, but it does not maintain a listing of this specific type of certification mark. Even if the USPTO did make a list available, there is currently no official process, publicly or privately run, to review and authorize products from it as authentic American GIs.

### *No standard methodology for assessing impacts*

But, assuming a list of US GIs could be derived by contacting each state through their state Department of Agriculture, Land Grant University research offices, and other sources, the challenge would remain of applying a similar approach to each product in terms of estimating its impact. Here again, there is no current agreed upon national methodology for such a study, although research projects undertaken in other countries have made steps towards devising a common approach.<sup>6</sup> Obviously, we would like to know how the producers themselves fare in the market, what recent trends in sales have been, whether they export the product and to which countries, and so forth.

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<sup>6</sup> Barjolle, Dominique, Marguerite Paus, Anna Perret (2009) “Impacts of Geographical Indications: Review of Methods and Empirical Evidences.” *Contributed Paper prepared for presentation at the International Association of Agricultural Economists Conference, Beijing, China, August 16-22, 2009.* Available at: [http://ageconsearch.umn.edu/bitstream/51737/2/PaperIAAE2009\\_85.pdf](http://ageconsearch.umn.edu/bitstream/51737/2/PaperIAAE2009_85.pdf) (last visited Feb. 15, 2010).

But for a GI product there is another layer of assessment that has to do with the economic impact of the product on the region in which it is produced. Regional economics employs a number of approaches to understanding “multiplier effects” of products in their region of production. This aspect is particularly important for GI products, because it can become part of the justification for additional public support to further their development or promotion.

*No standard method of mapping AOP production areas*

Setting aside the issues of a national list and agreed upon methodologies for economic assessments, another important factor impeding economic study of US GIs is the lack of established maps of GI production areas. According to the definition used within the WTO (see Section II), a GI is distinguished by the fact that, “a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.” One way to approach the idea of a “given quality” is to focus on the ecological contributions to the product. Perhaps, for example, it is a particular native species that originated in the region in question, or the product is highly influenced in its characteristics by the climate and soils of its region and so becomes distinctive in that way. Or, the “quality” of the product most affecting its distinctiveness may be the result of the particular know-how of the local people who produce it.

Countries with established GI systems have had to confront the problem of a methodology for mapping their GI areas consistently. This can be a thorny issue, as setting boundaries can be controversial and carries consequences in terms of a producer’s ability to take advantage of a given GI’s market potential. And some New World countries further refining their systems for wine appellations have experienced the difficulties regional wine mapping can present from the point of view of political pressures to adjust the boundaries.<sup>7</sup> But leaving this aspect aside, the mapping of a region is an important step that must take place before a valid economic study can take place.

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<sup>7</sup> Banks, Glenn and Scott Sharpe (2006) “Wine, regions and the geographic imperative: The Coonawarra example.” *New Zealand Geographer* 62(3):173 – 184.

### National data gathering not adapted to AOPs

However, even with a map in hand, there are further difficulties with obtaining the data needed to conduct an economic analysis of a given product. US agricultural statistics are obtained by the National Agricultural Statistics Service (NASS) through the National Agricultural Census, which is taken every five years (the last census was taken in 2007).<sup>8</sup> But their figures are not broken down according to GI regions. Questions could be added to future rounds of the census to obtain GI data, and interviews with NASS personnel indicate openness to adding such questions. But it is highly likely that producers of many GIs would not know at this time how to respond to such questions. Many would need assistance in the form of a national listing of GIs they could refer to, along with maps of GI areas, to help them know for certain whether their production falls in the GI category. For well established producer groups (e.g., Idaho Potato ®) with well organized associations, this would not be a problem. But it seems likely that the majority of producers in the US today are not aware of what a GI is and whether their product qualifies because there is no official system to recognize them.

Thus, answering what appears to be a simple question about the impact of US GIs on the economy turns out to be not so simple. A move towards providing more structure for these products would enable policy makers to consider whether they should invest in particular products in their states, or nationally, to increase their production or expand their marketing programs. A “return on investment” calculation for these products is only possible at this time for the most organized and well financed producer groups that invest in gathering their own data.

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<sup>8</sup> Results and reports on American agriculture derived from the 2007 National Agricultural Census are available at: <http://www.agcensus.usda.gov/>.

## **2.2 The environment, health and AOPs**

### *AOPs as environmentally adapted*

Taking a long-term view, the benefits of GIs from an environmental and health perspective may be as important as their potential economic contributions. Many other countries have pointed to their GIs as examples of sustainable forms of production. The claim is based in part on the fact that there are GIs which have been in production in the same territories for hundreds of years without significant environmental degradation. There is also an argument to be made that GI producers have more of a stake in the environmental reputation of their region as it is tied to their product. There is not a great deal of research that has been devoted to this aspect of GI production. In the US, such studies would once again confront the need for a listing and maps as a prerequisite.

Nonetheless, examples of how some potential AOPs in the US impact environmental and health goals can be illustrative. The American northern native pecan is one such example. The tree can be used in river bottom lands, which flood regularly and often cannot be used in regular crop production, because the tree can tolerate water over its roots longer than many other trees. It provides an attractive food source for wild game and so can be integrated into lands managed for hunting leases, another good source of rural farm revenue in the US. And it is a native, non-invasive species that is long-lived and grows to be quite large, contributing to the aesthetic quality of the overall landscape. Nuts from trees planted on private lands could even be looked at for a role in meeting nutritional needs of disadvantaged rural populations, as they are highly nutritious.

A significant number of potential AOPs would also certainly be found among the products covered by the “Made/Produced by American Indians ®” trademark. Developed by the American Indian Food Foods (AIF) program,<sup>9</sup> the mark represents an ongoing effort to identify and authenticate these products so that they can be better promoted in trade. It was undertaken by the Intertribal Agricultural Council in 1998 with support from the U.S. Department of

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<sup>9</sup> <http://www.americanindianfoods.com/home.html>, last visited Feb. 14, 2010.

Agriculture's Foreign Agricultural Service (FAS). While developed primarily for marketing purposes, the program is also serving to maintain many products in production in their traditional settings, thus contributing to in-situ preservation of biological diversity. It also encourages tribal peoples to pass down the skills needed to continue production into the future of various plant and animal varieties, thereby supporting the continuation of traditions that will keep biodiversity on the land in Indian territories in the future.<sup>10</sup>

### *Nature, culture and health*

From a health perspective, elevating the recognition and respect for traditional American Indian products can have important implications for tribal peoples. They have often been disproportionately affected by nutritionally-linked diseases such as obesity and diabetes, brought on in part by a transition to a less healthful Western diet higher in fats and sugars. It is thought that at least a partial return to more traditional styles of eating could contribute to better health among this population. From this perspective, promotion of traditional American Indian foods at home can generate pride among younger tribal members regarding their food traditions and encourage their inclusion in more healthful diets.

The American Indian Foods program has developed over time a number of requirements for using the trademark which are contained in a guide available online.<sup>11</sup> The guidelines cover, for example, the percentage of raw agricultural product produced by American Indians (80%) required before a package can carry the mark. Requirements are set for a variety of food products (meat, dairy products, fruits, vegetables, grains, nuts, berries) as well as floral and nursery crops and traditional crafts. More will be said later about the steps needed to better define AOPs and establish standards for their production, but it is useful to point out here that the American Indian Foods program has already gained experience

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<sup>10</sup> Nabhan, G.P. (ed.). 2008. *Renewing America's Food Traditions. Saving and Savoring the Continent's Most Endangered Foods*. White River Junction, VT: Chelsea Green Publishing Company.

<sup>11</sup> Official Guide on the Use of the Certified Authentic Made/Produced by American Indians® Trademark. Prepared by the Intertribal Agriculture Council.  
[http://www.americanindianfoods.com/pdf/2009-02-27\\_trademark\\_guide.pdf](http://www.americanindianfoods.com/pdf/2009-02-27_trademark_guide.pdf)



with this process that could be instructive to a national effort that would extend beyond Indian foods. And they have done so in a way that is necessarily sensitive to the rich traditions and cultural diversity present across the tribes participating in their program.

### **2.3 Social realities for AOPs**

#### *Combatting rural decline*

The example of the American Indian Foods program highlights the social embeddedness that is often a component of AOP production. Traditions associated with tribal products, many of which stretch back over centuries of time, are the oldest in the United States. But many other products have histories going back into the earliest settlement of American territories by Europeans. Indeed, early settlers learned to cultivate many products found in their new home directly from tribal peoples who shared their techniques and seeds. They also brought seeds and livestock with them from their home countries which over time became closely associated with particular regions where they were found to thrive. American farming never resembled peasant forms of production that dominated Europe and much of the rest of the world until the last century. But beginning with colonial times, small farms and tightly knit farming towns were the norm, and so long traditions of regionally specific production still played a role in creating regional social identity and a sense of shared culture.

Today, many American origin products exist in rural contexts that are severely challenged by economic and demographic changes outside of local control.<sup>12</sup> As in other industrialized countries, many rural regions of the US are in overall decline and find themselves marginalized by increasingly globalized agricultural production. One major problem for rural areas is retaining their young people, as many youth leave their rural towns for education or job opportunities in urban areas and never return. Farms across America are facing difficult decades ahead in terms of farm succession, as the farm population is rapidly aging and the

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<sup>12</sup> USDA, Economic Research Service (2009). "Rural America at a Glance." 2009 Edition. Economic Information Bulletin. Report 59. Washington, DC. USDA, ERS. Available at: <http://www.ers.usda.gov/Publications/EIB59/> (last visited Feb. 15, 2010).

pool of young people interested in taking over the farms from retiring farmers is disappearing.<sup>13</sup>

In Europe and elsewhere, GIs appear to have made a contribution to reversing rural decline, or at least stabilizing certain rural regions, by providing jobs and income based on their particular specialty. Can American origin products make a similar contribution as farming shifts to a new generation? Some indications point in that direction. For example, many US GIs would be found in the wine world. Wine is a type of production undertaken with a long view, since it takes years to develop the vineyards and production capacity to be successful. Many small wineries have been started in recent years in the US by retirees with an explicit intention of passing their business on to their children. Other GI products, such as the pecan, may also encourage multi-generational farming because of the long time horizon needed before newly planted trees come into production (a minimum of three years, more often five). And regional traditions of production for GI products which encourage local networking may encourage more of a sense of community belonging among young people, encouraging them to stay with the farm.

#### *AOPs and the future of rural America*

Broader social trends may also bode well for increased GI organizing and production in the US. For example, many new rural residents moving out from urban areas are more likely to bring with them food tastes that depart from those of post-World War II America, tastes informed by urban chefs and international travel. This can mean an increased willingness to support local foods of all kinds, as well as a more sophisticated understanding of how niche products can sustain a rural area. The local food movement underway in the US would seem to dovetail well with new attention to GIs, particularly by new rural residents interesting in taking up farming. Most new farmers in the US today are immigrants and women,

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<sup>13</sup> Hinrichs, Clare and Tom Lyson (eds.). (2007) *Remaking the North American Food System*. Lincoln, NB: University of Nebraska Press.

and they are keenly interested in niche products with high value-added that can bring more revenue to the farm.

Kona Coffee on the “Big Island” of Hawaii is an interesting case to consider along these lines. Several producers in Kona are retired from previous employment “stateside,” and have invested their retirement savings in their farms. They bring business connections and business savvy with them that was not present in the region before. Kona will never be a major volume producer, and so producers need to focus on obtaining the highest value they can from relatively small farms. This means continually pushing the quality of their product forward, and seeking out more ways to market direct (*i.e.*, internet sales) to retain more of the profit from their sales. Hawaii has struggled agriculturally in recent years, and so products such as Kona can be important to its future. But reaching its full potential will not be easy, in part because of struggles over protecting the intellectual property value of the Kona name (see Section II), but also because the island itself is highly diverse and somewhat ethnically divided. Given the situation, bringing Kona Coffee producers together from throughout the region, while difficult, is nonetheless an effort that could reap big benefits for the island and contribute to better social integration overall.

In a larger context, whether or not Kona Coffee producers can coalesce and reach their full potential in the market is more than a question for just the producers. The coffee’s reputation is intimately tied up with the image of the island as a tourist location. Much more could be done to integrate coffee production into that industry, particularly with island restaurants. But even without intensive cross-sectoral coordination of this kind, the fact is that the presence of the coffee on the island, along with farm tours of various kinds, helps make a visit to Hawaii something special. Building from this reputation is not unlike what happens with well-known wine regions that enjoy sales from tourists after they return home. Over the long term, it can make a significant contribution to the economic well-being of the island through the multiplier effects of both local spending by tourists and extra-local purchases.

### **3. The Need for Better Coordination**

#### **3.1 Different roles of state and state government agencies**

##### *A confusing mix for producers and the public*

Every country protecting and promoting GI products is responsible for developing regulations that comply with legal requirements and that are adapted to a country's specific prevailing norms and institutional arrangements. Protection for GI products in the US is carried out in a variety of ways that invoke agencies in different government departments. At this time, there is no unified system or hierarchy of responsibility for administering and overseeing GIs.

As discussed earlier in this section, at least two major ways of understanding wine GIs in the US co-exist, one political (*i.e.*, a state or county name), and one more ecologically based (the American Viticultural Area). Both are overseen by the Alcohol and Tobacco Tax and Trade Bureau (TTB), part of the US Treasury Department. Food products that might be like GIs are protected as certified trademarks, administered by the USPTO; wine and beer makers may also seek trademarks to protect their product names. Some regulations within the U.S. Department of Agriculture, such as Marketing Orders administered by the Agricultural Marketing Service, restrict the use of specific names for products (*i.e.*, Vidalia Onion). But Vidalia Onion producers have also sought protection through a state-level statute in the state of Georgia.

A few other states also protect regionally-specific products that generate significant producer and state tax revenues. The Florida Department of Citrus and the Idaho Potato Commission are examples of state agencies supported by self-imposed grower fees to protect their respective products.

### Seeking a level playing field

With so few mechanisms to promote an understanding of GIs to producer groups or to the general public, it is often the case that producers of these products only begin to discover what a GI is and means when they encounter trade problems – usurpation of their name by another producer domestically or internationally. *If* they have procured a US trademark, and the conflict is a domestic one, they may attempt to find some protection through the Federal Trade Commission (FTC). The FTC can assist with enforcing their rights as trademark owners within the US, but this authority is rarely exercised. Their jurisdiction lies only within the US, and action will be at the producers' cost. Should a dispute arise abroad, producers themselves are obliged to pay the fees of legal counsel with the appropriate foreign country expertise. This means that only those companies with high capitalization can consider pursuing offenders.

The U.S. Customs & Border Protection (CBP), a bureau of the Department of Homeland Security, also offers some protection against importation of goods bearing marks that infringe on a trademark registered through the USPTO. Trademark owners can access an online system for a fee to enter their mark(s) in the CBP database, which is then used by CBP officers to monitor imports at 317 ports of entry.<sup>14</sup>

As producers become more aware of the legal intricacies of the situation governing GIs in America, the complex arrangement of multiple departments with varying degrees of authority and little or no overt coordination can obviously be frustrating. Added to this is the overall difficulty for producers of finding clear information about how to proceed, whether they wish to protect themselves before problems arise or deal with them once they are at the door. Although interest in GIs has grown in some academic circles, there is currently no US center devoted to the myriad of questions that arise related to GIs as a regionally-based form of production. In the private sector, some individual lawyers and a few major

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<sup>14</sup> Information on this system is available at:  
<http://www.uspto.gov/trademarks/notices/tmrecorduscustoms.jsp> (last visited Feb. 19, 2010).

law firms have developed specialized expertise to assist GI producers, but even well organized and financed producer groups may not know how to locate and access this expertise.

Our point here is not to criticize the government offices that attempt to meet the needs of US GI producers in various ways, but to draw out the current situation so that we might better see how to move forward. As country, the US should be interested in promoting its GIs for a number of reasons, not the least of which is that they are among our best and most famous products, representing a valuable agricultural heritage. A dialogue across the different departments would represent a first step towards envisioning a better system for AOPs, but this would require leadership from a high administrative level.

### **3.2 Producer organization lacking**

#### *Finding a producer voice*

One reason action has not already been taken in the US concerning a structure for AOPs is the general lack of organization across producer groups themselves. Obviously, this problem is intertwined with the lack of an agreed upon system for public recognition and validation of AOPs. Without a strong organization, AOP producers stand little chance of being heard in the American democratic system, where it is often said that, "The squeaky wheel gets the grease." Some AOP producer groups (Florida citrus and Idaho Potato come to mind) are large enough and sufficiently well-financed to be able to send members to Washington to visit with elected officials about issues that concern them. But it is likely that the vast majority of American producer groups with products that could be considered GIs are not interacting with their elected officials as GI producers, if at all.

This lack of leadership among AOP producer groups in the political arena is compounded by the fact that oftentimes producers are not organized among themselves at the level of their region. This would particularly be the case with products having many small producers but lacking coordinated aggregation to bring their product to market as a regional specialty. Thus there could be any number of AOPs that are not perceived as such due to lack of territorial organization. Again, the story of the Missouri Northern Pecan Growers provides an interesting case in point.

While this particular group is small and organized as a Limited Liability Corporation (LLC) under US law, the producers have done well with the product nationally and have even exported their pecans to several countries. Their product is distinguished in several respects. It comes from the northernmost range of the pecan tree, one of the few native nut trees in the US. It is smaller than pecans from more southern states, which produce more nuts from improved cultivars rather than relying on the native variety. The nuts have a high oil content which imparts a sweet and intense flavor sought out by consumers. Some scientists believe that the tree is the result of Native American cultivation, although this cannot be proven. There are, however, Native American tribes which produce nuts from these trees for commercial sale. And the product is in high and increasing demand in large markets such as China.

Taking a forward looking perspective, one could imagine that larger and more profitable markets could be developed for the native northern pecan if the entire territory for the tree was mapped and the producers organized into an association. The Missouri growers are certain that their type of pecan can be found in Kansas and northeastern Oklahoma. It possibly grows as well in Illinois, Kentucky, Ohio and perhaps Arkansas. A study is underway to determine whether the nut can be distinguished using a genetic trace, or whether a map of its potential area of production would need to be based instead on ecological data related to climate and soils, primarily. The region might be quite large, and there may be a large pool of potential grower association members, but it is likely the

majority of these growers would be small farmers with some trees included in a diversified farm operation, as few growers are known to be producing native pecans on a commercial scale.

There may be a significant number of US GIs of this kind that do not reach their full potential in the market, or draw consumer attention as a GI, for lack of sufficient collective marketing. The picture that emerges is one of many regions with potential AOPs that need producer organizing to be realized, along with many other regions already organized (particularly in the wine industry) but still lacking any kind of national organization of AOP regions to bring them all together so that they might better chart their future.

### **3.3 A case for better outreach**

#### *The self-help principle*

Within American business, there is a basic understanding that producers with particular interests to defend or promote should organize on their own first, and only then bring their needs to the attention of a public body. But at the same time, individual producers may not feel that it is their responsibility to reach out to other producers to organize, even in their own region. While programs for outreach to producers do exist within the various government departments mentioned so far, one obstacle is the sheer size of the US. Having such a large territory to cover means that the costs of staffing and training to conduct outreach and provide support could be significant and for the time being would not be cleanly offset by producer contributions. Hesitancy to “grow government” is even more understandable in the current economic downturn.



### Government investing in business opportunities

On the other hand, investment in producer organizing would be relatively small compared to other kinds of business investments made by federal agencies and state governments, for example in high tech laboratories. Yet it can yield big dividends for rural areas. Once organized and able to be more profitable in the marketplace, producers would also be better able to invest in their own future through self-taxing mechanisms on their production.

From a public policy standpoint, better regional organization of AOP producers, and better organization across these groups as a whole, would provide a new tool for federal and state agencies to advance their missions. Because AOP producer groups occupy particular ecological niches or regions, they make good candidates for participation in research of all kinds related to the environment. Regional organization around a particular product makes them good targets for trade promotion programs, creating new rural jobs through additional exports. There are potential health and safety benefits of regional organizations of producers in relation to product traceability. Having a value-added attached to a product that is so closely tied to its region of origin heightens attention to traceability, but also rewards it with higher profit margins. In other words, the returns to government action to assist AOP producers should be expected to outweigh the costs through a variety of mechanisms.

# The US Legal Landscape for AOPs and the Way Forward

## 1. Introduction to GIs in the US Legal System

### 1.1 Preliminary considerations

#### *The international context*

There has long been debate over the limited nature of the US legal system for protecting GIs. Protection of famous GIs as well as lesser known origin products can be broader and more easily accessed with the systems available in the EU and a growing number of other jurisdictions than with the forms of protection available in the US.

The debate over the scope and means of protecting GIs, far from abating, continues in force. The US has repeatedly stated its opposition to expanding protection for all GIs under the TRIPS, the international treaty regarding intellectual property rights which must be adhered to by all WTO members, to the level of protection afforded wines and spirits.<sup>15</sup> The US views its trademark system, including traditional commercial trademarks as well as certification and collective marks, as adequately meeting the requirement of TRIPS to protect and promote intellectual property without hindering international trade.<sup>16</sup> Users, however, view the US system as seriously flawed. Critics contend that the US system is too expensive for producers and offers too little protection in return for the cost. Not only are certification and collective mark owners required to police their own marks, but the owner of a certification mark may not itself use the mark, and only the members of the collective may use a collective mark. Should US trade negotiators, backed by the USPTO, continue to insist on maintaining the current minimal system of GI protection in the US, a hard look may need to be given, and

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<sup>15</sup> *Expanding GIs*, WASHINGTON TRADE DAILY, Dec. 4, 2007.

Article 23 of TRIPS mandates additional and special protection for wines and spirits, namely preventing GIs that evoke a geographic region different from the origin of the wine or spirit, even if the true origin is noted elsewhere. That is, wines and spirits are protected against uses of an existing GI with phrases such as "like," "style," or "as produced in."

<sup>16</sup> Amy Cotton, *Frequently Asked Questions about Geographical Indications (GIs)*, USPTO, available at [http://www.uspto.gov/web/offices/dcom/olia/globalip/pdf/gi\\_faq.pdf](http://www.uspto.gov/web/offices/dcom/olia/globalip/pdf/gi_faq.pdf) (last visited Feb. 14, 2010).

improvement made, to certain features of the US system in order to convince a skeptical world community of the adequacy of US protection and to enable producers of unique local products to realize the full benefits of GI protection.

### *GIs in the US*

At present, there is no formal list of GIs in the US and no way to determine which AOPs qualify as GIs. One can compile a list of registered marks in the US, including certification marks that certify regional origin, collective marks filed by regional or local trade groups for use on their members' products, and trademarks that include geographical terms. But this list would be both over-inclusive and under-inclusive, the former because not all of these registrations are for products "where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin" (TRIPS Article 22(1)), and the latter because many GIs are not registered, and there is no requirement in the US or TRIPS that they be registered.

Notwithstanding the lack of an approved list of American GIs, the growing importance of these products in the US, particularly in the agricultural sector, is evident. To the extent that future US trade policy emphasizes local and regional agriculture, rural development, small business and export, GIs will continue to feature prominently.

Successful GIs generally command a price premium as the result of market differentiation. The sharing of a particular market niche by multiple producers is a distinguishing feature of a GI, and the price premium yields a collective value added that all producers can share. As trade in GIs grows, the producers generally seek formal recognition of, and legal protection for, their GIs, and they fight against usurpation of their product names and other forms of unfair competition at home and abroad.

## 1.2 How to protect GIs in the US

### General framework

In the US, the trademark system offers numerous avenues to protect GIs, but the very diversity of approaches often leaves producers unclear as to how to proceed. American officials tout certification marks as an existing and familiar method of protecting GIs.

### Certification marks

The central method of GI protection in the US is the certification mark.<sup>17</sup> A certification mark is a particular type of trademark under US federal law regarding trademarks (Lanham Act). More specifically, it is a mark “used by a person other than its owner . . . to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.”<sup>18</sup> Section 2(e)(2) of the Lanham Act<sup>19</sup> specifically exempts certification marks from the usual prohibition against registering primarily geographically descriptive terms in trademarks.

Clearly, certification marks offer important advantages for GI protection. Most importantly, the names certified, which typically include geographic terms,<sup>20</sup> do not require “acquired distinctiveness” (also known as “secondary meaning” - the primary meaning being the place of origin and the secondary meaning being the particular product or service)<sup>21</sup> or prior commercialization as a source identifier to be registered as a certification mark. In other words, if a certification mark

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<sup>17</sup> As noted elsewhere, in certain situations, traditional trademarks and collective marks also can be used to protect GIs. Certification marks are the principal method of protection, however.

<sup>18</sup> 15 U.S.C. 1127.

<sup>19</sup> 15 U.S.C. 1052(e)(2).

<sup>20</sup> A generic name, however, cannot be used as a certification mark.

<sup>21</sup> Although Section 4 of the Lanham Act (15 U.S.C. 1054) states that certification marks are “subject to the provisions relating to the registration of trademarks, so far as they are applicable . . .,” Section 2(e)(2) (15 U.S.C. 1052(e)(2)) which prohibits the registration of primarily geographically descriptive marks, carves out a specific exception for “indications of regional origin” that are registered under Section 4.

includes a geographical term (either alone or as part of a composite mark) that functions to certify that a product originates in the specific geographical region identified by the term, it will not be considered to be primarily geographically descriptive.

However, there are several important and unique limitations on certification marks. First, the owner of the certification mark is prohibited from using the mark on its certified goods or in advertisements of its certified goods. This requirement imposes serious organizational and structural issues for a producer, which though they can be overcome (dual entity structures for example), result in higher costs and concerns about possible technical violations of the rules.

Second, the certification mark cannot be used for purposes other than to certify. This requirement is vague and can be interpreted very broadly. For example, may the mark be used in advertising? Does the owner have an obligation to prevent third parties from using the certification mark as a trademark?

Third, the owner of the certification mark cannot discriminatorily refuse to certify the goods of any producer who meets the standards for the mark established by the owner, which may be solely geographic origin or origin and quality. Of course, there may be a subjective element to determining whether goods conform, and if they are determined not to, does that give rise to a possible claim of discrimination? Can there be royalties, which may discriminate against smaller producers?

Finally, the owner of the mark must exhibit control over the use of the mark. There is very little law or learning on the extent of the required control or the form it may take.

A failure to heed any of the requirements described above may subject the certification mark to cancellation. Consequently, enforcing and maintaining a certification mark can be a substantial undertaking.

In addition to these special limitations, a certification mark is subject to the same rules as traditional commercial trademarks. Thus, a certification mark enjoys protection from confusingly similar marks but is vulnerable to dilution, abandonment, or becoming generic.

The guiding principle of the US system is the requirement of use and investment by the producer before the producer is afforded protection for the geographically distinctive product. This means that the producer must finance the acquisition of the chosen certification mark and pay for all enforcement and protection efforts. The USPTO takes the position that producers would prefer to direct the enforcement and protection efforts of the certification mark – even if it means that the producers must finance these efforts as a trade-off. The self-help aspect of certification marks, combined with the limitations already discussed, can present meaningful obstacles for producers who seek protection.

#### Other US approaches

As noted above, other choices for GI protection exist in the US, although they are even less conducive to GIs than certification marks. Traditional trademarks are intended to indicate a single commercial source, which is rarely applicable to geographically distinctive products that usually have multiple producers.

Because trademarks often include a geographic term that is descriptive of the origin of the goods, they generally are registered initially on the Supplemental Register.<sup>22</sup> When and if consumers come to recognize the mark as identifying the particular producer, the mark is said to have developed “secondary meaning.”

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<sup>22</sup> Section 2(e)(2) of the Lanham Act (15 U.S.C. 1052(e)(2)) bars the registration on the Principal Register of marks that are “primarily geographically descriptive” of the goods or services.

When that happens, the mark can be registered on the Principal Register. Alternatively, a composite mark may be registered on the Principal Register at the outset, with the geographic term disclaimed. Either way, the trademark registrant would have the exclusive use of the mark, subject only to "fair use" (that is, the use of the geographic term by others in a non-trademark sense) and any licenses that the trademark holder might grant.

There is an additional hurdle of demonstrating that, despite the trademark being geographically distinctive (which ordinarily prevents acquiring trademark rights except in the case of certification marks), it is recognized as indicating a particular, singular source. For example, SIDAMO was registered as a traditional trademark for regional Ethiopian coffee notwithstanding a significant current of opinion to the effect that a certification mark was the appropriate protection.

As noted above, another option for protecting GIs in the US is the collective mark. The applicant often is a group of GI producers or perhaps their trade association. Unlike a certification mark, the collective mark can be used only by the registrant and its members, who thereby retain exclusive use rights. Another problem affecting collective marks is that they are not effective for products that do not reach consumers in a "packaged" form. For instance, in the coffee sector, producers are interested in roasters buying GI-designated coffee and communicating its GI aspect to consumers. This will not be possible through a collective mark, because only growers - who do not generally sell to consumers - could use it.

As in the case of certification marks, applicants for collective marks face the problem of dealing with pre-existing marks. Typically, the applicant has to obtain the consent of each holder of a prior, existing mark that includes the same geographic name for the same class of goods.

A final means of protecting GIs in the US are United States Department of Agricultural marketing orders for fruits, vegetables and crops (e.g., one order

applies to Vidalia onions), but these provide GI-like protection only in certain limited circumstances and are available only for US products.

### **1.3 The Wine Sector**

#### An overview

A special set of rules is available in the US for alcoholic beverages. In the wine sector, origin is recognized through a *sui generis* system of appellations of origin, administered by the TTB, which is part of the U.S. Treasury Department.<sup>23</sup> Domestic appellations include so-called political appellations, which are the names of the country, states and counties, and AVAs. An AVA is defined as “a delimited grape growing region distinguishable by geographical features, the boundaries of which have been recognized and defined” by TTB. (27 CFR 4.25(e)(1)) As of the end of 2009, 196 AVAs had been established in 32 states. AVAs are established through public rulemaking following the filing of a petition that includes the following:

1. Evidence that the name of the AVA is locally and/or nationally known as referring to the area specified in the application;
2. Historical or current evidence that the boundaries of the AVA are as specified in the application;
3. Evidence relating to the geographical features (climate, soil, elevation, physical features, etc.) which distinguish the viticultural features of the proposed AVA from surrounding areas; and
4. The specific boundaries of the AVA, based on features which can be found on U.S. Geological Survey maps of the largest applicable scale. (27 CFR 9.3(b)).

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<sup>23</sup> This is not to suggest that a certification mark or other form of trademark cannot be registered with the PTO under the same name as the AVA. But the use of that name on wine labels and in wine advertising is controlled by TTB, not PTO. Moreover, TTB is not bound by any pre-existing certification marks in its AVA rulemaking. See, e.g., TTB Final Rule establishing the North Coast AVA (48 Fed. Reg. 42973, September 21, 1983) (North Coast AVA established by TTB is larger than the North Coast area set forth in the certification mark held by the California North Coast Grape Growers Association). TTB’s predecessor, the Bureau of Alcohol, Tobacco and Firearms (ATF) stated its position clearly in this Final Rule: “In the event a direct conflict arises between some or all of the rights granted by a registered certification mark under the Lanham Act and the right to use the name of a viticultural area established under the FAA Act [Federal Alcohol Administration Act], it is the position of ATF that the rights applicable to the viticultural area should control.” Id. at 42976.



To use an appellation of origin on wine labels, the wine must be derived from a minimum percentage of grapes grown inside the appellation. For political appellations, the minimum percentage is 75. For AVAs, at least 85 percent of the wine must be derived from grapes grown in the named AVA.

Although neither the Federal Alcohol Administration Act, under which the appellation system was adopted, nor TTB's implementing regulations mention the phrase "geographical indications," the criterion of viticultural distinctiveness to establish an AVA would appear to qualify all AVAs as GIs, in contrast to political appellations which may be simple indications of provenance.<sup>24</sup> This is not to suggest that political appellations cannot qualify as GIs. A state or county, for example, may be viticulturally relevant by geographical happenstance (that is, the political boundaries may, in fact, be viticulturally relevant). Or the area's wines may have developed a reputation and qualify as a GI on that basis. An example is Amador County in California, which is renowned for its Zinfandel wines.

Similarly, not all AVAs are necessarily GIs. The fact that only 85 percent of a wine bearing an AVA is required to be made from grapes grown in that area may mean that there are no common characteristics in the resulting wine (what the French call *typicité*) because of this blending. Unlike the European wines' appellations, AVAs entail no requirements related to grape growing or winemaking practices. Without these further restrictions on the growing and production processes, the wines of the given AVA may lack the quality or other characteristics that emanate from the land, as required by TRIPS. That being said, AVAs can develop a reputation tied to the place of origin and qualify as GIs on that basis.

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<sup>24</sup> An indication of provenance such as "Made in the US" indicates the origin of the product but not that it has distinguishing characteristics, quality or reputation tied to that area.

Thus, AVAs share the same problem as registered trademarks. Some AVAs may not qualify as GIs. And some places that are not AVAs, including appellations that are the names of counties or states, may be GIs.

To date, the US government, including without limitation PTO, TTAB and the Department of Agriculture, has been reluctant or unwilling to formally recognize GIs for wines or other products, domestic or foreign. Congress did amend the Lanham Act following the adoption of TRIPS to prohibit the registration by PTO of a “geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after [January 1, 1996].” This amendment brings US law into compliance with Article 23(2) of TRIPS which mandates that “the registration of a trademark for wines [or spirits] which contains or consists of a geographical indication identifying wines [or spirits] shall be refused or invalidated, *ex officio* if a Member's legislation so permits or at the request of an interested party, with respect to such wines or spirits not having this origin.

Whereas Article 23(2) of TRIPS concerns trademark registrations, Article 23(1) prohibits the *use* of a GI for wines or spirits not originating in the named place “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.” The US contends that Section 43(a) of the Lanham Act (15 USC 1125(a)(1)) complies with that provision of TRIPS insofar as it prohibits the use of a “false designation of origin.” However, to the extent that this provision requires a showing that the designation is false or misleading or that consumers rely on it in their purchase decisions, the absolute protection guaranteed by TRIPS is denied.

For its part, TTB has its own rules concerning the use of GIs and other indications of origin on wine labels. With respect to foreign wine appellations, TTB recognizes the name of a country, state, province, territory or other political subdivision of a country (27 CFR 4.25(a)(2)) and a viticultural area, defined as “a delimited place or region ..., the boundaries of which have been recognized and defined by the country of origin for use on labels of wine available for consumption within the country of origin” (27 CFR 4.25(e)(1)(ii)). TTB regulations also set forth the requirements for the use of these foreign appellations (27 CFR 4.25(a)(b)(2) and 4.25(e)(3)(iii)).

#### *Generic and semi-generic geographical names*

TTB also has important carve-outs for geographic names that have become generic or semi-generic. A generic wine name is a designation for a particular class or type of wine sold in the US which has lost its original geographic significance.<sup>25</sup> Examples of generic designations of wine in the US include vermouth and sake, which no longer have to be made in Italy and Japan, respectively. These terms may be used on wine labels without any indication of origin.

Semi-generic names retain their original geographic reference but also indicate a type of wine under TTB regulations (27 CFR 4.21). There are 16 authorized semi-generic names (generic as to product characteristics but not as to origin) which may be used to designate wines from the original source or, when modified by an appropriate appellation of origin displayed in direct conjunction with the name, from some other source such as “California Sherry” (27 CFR 4.24(b)). These 16 names are Angelica, Burgundy, Claret, Chablis, Champagne, Chianti, Malaga, Marsala, Madeira, Moselle, Port, Rhine Wine, Sauterne, Haut Sauterne, Sherry and Tokay.

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<sup>25</sup> Under the FAA Act, TTB has the authority to establish "Standards of Identity for Wine," which include various classes of wine (e.g., grape wine, sparkling grape wine, fruit wine) and types of wine within each class (e.g., table or dessert wine, champagne, berry wine as well as varietal types).

In an effort to assure foreign governments and foreign producers that their place names will not fall into generic or semi-generic status in the future, TTB established in 1990 a category of non-generic names that may be used only to designate wines of the origin indicated by such names (27 CFR 4.24(c)). Non-generic status under TTB regulations are of two sorts. First, certain non-generic designations are deemed to be distinctive designations of particular wine types such that they suffice as class and type designations in their own right. These include Chateau Margaux, Graves, Medoc, Rhone and over 100 other names listed in 27 CFR Part 12, Subpart D. To be so classified, the names must be found by the TTB Administrator to be known to the US consumer and trade as designating a specific wine from a particular place, distinguishable from all other wines. Petitioners for such status have adduced a variety of evidence in support of their positions.

The second type of non-generic name is that which can be used only to designate wine of the origin indicated by such name but which is not sufficiently well-recognized to serve as a class and type designation in the US. Such wine names, including Bandol, Piemonte, Rheinpfalz and others listed in Part 12, Subpart C, still must be accompanied by an acceptable class or type designation on the label.

The differences between these two categories of non-generic names are not well understood. Although both are non-generic, the second category seems to many observers to imply a lesser degree of protection. Additionally, those foreign wine names which are not entered on either list seemingly are left unprotected. In fact, this is not so because Subpart C of Part 12 lists only "examples" of foreign non-generic names rather than a comprehensive list, as is the case for Subpart D concerning foreign distinctive designations.

## **2. Flaws in the US Certification Mark System**

### **2.1 Costs: a very expensive system**

#### Introduction

The chief criticism offered by opponents of the US certification mark system is that it costs too much and protects too little. The US is fond of saying “you get what you pay for” in critique of the “free” EU system. The EU might very well respond with a monetary aphorism of its own – “too little bang for the buck” – in criticizing the certification mark system of the US.

There are two primary motivations for producer groups to form organizations to protect their area of production and their distinctive products: securing a greater return for the products and the prevention of other producers from passing off their similar goods as coming from the same geographic region. The group must believe that greater economic returns will result from their banding together to promote and protect the product; otherwise, the effort will fail. To that end, any expenditure made by the group that pulls funds away from promotion of the product will be carefully examined and restricted to prevent diminishing product promotional efforts.

The US has approximately 175 live geographic-orientated certification marks, the vast number of which are related to the production or processing of agricultural products. Prominent examples include Florida® citrus, Vidalia® onions and Idaho® Potatoes. As with a trademark, the initial step in seeking protection is through registration of the mark with the PTO. The costs of registration typically exceed \$10,000. While this may seem minor, most producer groups do not have, in their initial stages, a mandatory funding source (generally a tax on the agricultural product) to be able to afford this cost.

A case in point is the Missouri Northern Pecan Growers LLC. This small company markets their own nuts as well as aggregating and marketing nuts from a number of other growers in their region. They have sold their product widely in the US and in eight foreign countries, including China where it has become very

popular. In the summer of 2009, a firm from one of their exporting countries arrived in the area to purchase a large quantity of pecans, this time for import to the foreign country in question. Suddenly concerned about protecting the intellectual property of their product name and package design, this group was able to secure trademark filing assistance at a cost within their reach from a law firm with particular interest in seeing small producers protected from such threats. But left to their own devices these producers did not have the financial clout, or a base of connections in the legal profession with expertise in GIs, to help them defend the intellectual property associated with their product through trademark registration.

But the costs of registration pale in comparison to what follows registration.

The costs of maintaining a US certification mark can be prohibitive. The four requirements mentioned in Section 1.2 above can place a substantial financial burden on the owner of the certification mark. A certification mark owner must control the mark, protect it from dilution and becoming generic, and prevent its use for purposes other than to certify. Practically, this means that the certification mark owner must be diligent in looking for registrations or uses of potentially confusing marks that include the certification mark (e.g., "Napa Valley Wine Bar"). This level of monitoring requires a significant investment of time and money, often necessitating the employment of a watchdog organization.<sup>26</sup>

Moreover, to satisfy the requirement that the owner of a certification mark control the use of the mark (*i.e.*, ensure that it is applied only to conforming goods; see Lanham Act Section 4 (15 U.S.C. 1054) a licensing system is generally required. Licensing regimes require monitoring and the use of compliance reports, coupled with periodic audits, in order to ensure that the marks are used correctly,

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<sup>26</sup> S.C. Srivastava, *Protecting the Geographical Indication for Darjeeling Tea*, WTO, available at [http://www.wto.org/english/res\\_e/booksp\\_e/casestudies\\_e/case16\\_e.htm](http://www.wto.org/english/res_e/booksp_e/casestudies_e/case16_e.htm) (noting the high cost employing a watchdog company to monitor for potentially infringing uses of Darjeeling throughout the world) (last visited Feb. 14, 2010).

*i.e.*, that product substitution does not take place. In the case of the Idaho Potato Commission, the licensing and compliance monitoring system has an annual cost of in excess of US\$ 200,000.

Except where a government (typically state or local) or a far-sighted producer files a certification mark early for the benefit of all present and future users of the GI, the GI registration generally occurs only after the product has succeeded in the market, typically when the producers join together in a trade association to promote and protect the GI. By that time, the same or similar names may already be registered as a trademark or as part of a composite mark by one of the producers. In that case, even if the trademark registrant were to have disclaimed the geographic term (that is, disclaimed any right to the exclusive use of said term), the applicant for a certification mark would face the daunting, if not impossible, task of having to show that all pre-existing marks comply with the certification standards.

In the event the monitoring reveals potentially infringing activity or confusingly similar registrations, the mark owner should then take action against the perpetrator. Sometimes this means simply sending a cease and desist letter to the offending party. Often, however, the required action entails the filing of an opposition proceeding to prevent the registration of the confusingly similar mark. Opposition proceedings before the Trademark Trial and Appeals Board (TTAB) can approximate litigation in federal court, with depositions, motions, testimony and substantial discovery. As such, an opposition proceeding can easily cost in excess of \$100,000. The risk of not opposing a mark, however, is too high to stand idly by. Were a mark holder to fail to oppose a mark, its certification mark could be subject to dilution or cancellation. And every subsequent applicant to register a similarly offending mark would be able to point to the existing mark as evidence of lack of enforcement.<sup>27</sup>

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<sup>27</sup> See *Tea Bd. of India v. Republic of Tea, Inc.*, 80 U.S.P.Q.2d 1881 (TTAB 2006).

Historically, the PTO has taken a passive approach to preventing the registration of marks that would be confusingly similar to or even include a prior registered certification mark. Even marks that are on their face confusingly similar have been published for opposition (e.g., Darjeeling Nouveau, when DARJEELING was a pre-existing registered certification mark). Thus a certification mark holder must be active and diligent in looking for potentially confusing marks even in situations that seem ripe for administrative denial.

The limited ability of the certification mark owner to recoup the monitoring and enforcement costs compounds the problem. Because an opposition proceeding concerns the right to register a mark, there are no damages available. While a successful opposition will result in preventing the registration of a conflicting mark, it will do so with potentially high litigation expenses. Additionally, the TTAB Rules of Procedure prohibit awards of attorneys' fees.<sup>28</sup> Moreover, an owner is effectively restricted in the amount of royalty it can charge to the users of its certification mark: too high a royalty risks being viewed as discriminating against certain producers. In sum, the US system effectively makes certification marks (and hence the benefits of GIs) available only to the well-financed or those with enough political and economic clout to have their local or state government control the certification mark for them.

#### Concrete cases

As mentioned above, when conflicting applications for registration are filed, opposition proceedings must be undertaken. A recent case, *Idaho Potato Commission v. Blaun Industries, Inc.* (Opposition to registration of Idaho Lite SuperFries marks, Opposition Nos. 9184055 & 911844058), required the expenditure of in excess of \$10,000 to prevent registration of the infringing name. The experience of the Federación Nacional de Cafeteros de Colombia - Colombian Coffee Federation further illustrates this point. While the term "Colombian®" was registered in the US in 1982, the largest expenses were for opposition proceedings because the examiners at the PTO do not check registered certification marks for

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<sup>28</sup> Trademark Trial and Appeals Board Manual of Procedure, TTAB, 502.05 (2004).



conflicts or issue a preliminary rejection based on their registered mark. Only in 2007, the Federation spent \$577,000 to protect their mark.

The Hawaiian Coffee industry provides another example. In Hawaii, the Hawaii Department of Agriculture (HDOA) holds certification marks from the PTO for “100% Hawaii Coffee” and similar certification marks for six other geographic coffee growing regions in the state (e.g., “100% Kona Coffee”, “100% Maui Coffee,” etc). However, in the ten years that these marks have been held, the HDOA has done little to promote them beyond listing the marks on the Department’s web site. Cost has undoubtedly been a factor.

Another factor, unique to Hawaii, is the state’s coffee labeling law (HRS 486-120.6) which permits the use of geographic origin names on coffee packages with only 10 percent genuine content; that is, 10 percent Kona coffee mixed with 90 percent imported coffee can be labeled as a “Kona Blend.” The enormously inflated profit margins from selling these 10 percent coffee blends with Hawaii place names on the label makes the politically and economically powerful “blenders” indifferent, at best, to promotion of the geographic origin names through the “100%” certification marks.

Protecting wine appellation names also can be expensive. As noted previously, American viticultural areas are recognized by the US federal government (specifically, the TTB discussed above). The rulemaking process to establish a new viticultural area averages more than two years, and the evidence gathering and petition writing to satisfy TTB are elaborate and expensive.

Perhaps the most costly expense for a certification mark holder is in the area of enforcement. When product substitution is discovered and litigation is commenced, the defendant in the enforcement action may seek to cancel the certification mark. The grounds for cancellation are set forth in Section 14 of the Lanham Act (15 U.S.C.1064) and may include failure to adequately control the use of the mark, the mark holder engaging in the production or marketing of the

goods to which the marks are applied, permitting the use of the mark for purposes other than to certify the certified goods, discriminately refusing to certify conforming goods and/or that the mark has become generic. Litigation in the US is time consuming and costly. The Idaho Potato Commission has expended in excess of \$1,000,000 in enforcement cases in New York alone over the past 12 years.

Napa Valley's efforts to prevent the use of Napa AVA names as part of trademarks on wines that are not derived from Napa Valley grapes are another perfect example. Working with state legislators, the Napa Valley Vintners (NVV), whose mission is to defend and promote the Napa Valley viticultural area, proposed a California truth-in-labeling law that would require all brands of wine that include Napa appellation names to be made from a minimum of 75 percent Napa County grapes if they are produced or offered for sale in the State of California.<sup>29</sup> That law was challenged by Bronco Wine Company on numerous grounds, and NVV joined that lawsuit as a party on the side of the state. The litigation lasted five years, including one appeal to the California Supreme Court and two petitions for certiorari to the U.S. Supreme Court, both of which were denied. It was hard fought litigation and expensive for all parties.

## **2.2 The anti-use rule**

The anti-use rule creates an additional problem unrelated to costs. The anti-use by owner rule restricts another potential avenue to recoup some of the costs of ownership. Because the owner cannot use the mark, the owner<sup>30</sup> cannot reap the rewards of its enforcement efforts through higher prices for the good.

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<sup>29</sup> California Business Professions Code Sec. 25241.

<sup>30</sup> For this reason, most owners are governments, non-governmental organizations and organizations of producers.

This rule directly contradicts the requirement in the EU that a GI owner must produce or use the product.<sup>31</sup> Thus, producer must establish two distinct entities to control the respective GIs in the US and the EU, which are likely the two largest markets for GI products. In the US, the producer group would have to create an organization that owns the certification mark but does not use the mark. The producer group would have to establish a second distinct organization that would use the mark on the product to obtain GI protection in the EU.

### **2.3 The licensee estoppel issue**

A recent development in the US court system will further increase the costs to certification mark holders. In *Idaho Potato Commission v. M&M Produce Farm and Sales*, 335 F.3d 130 (2d Cir. 2003), and *State of Idaho Potato Commission v. G&T Terminal Packaging Co. Inc.*, 425 F.3d 708 (9th Cir. 2005), two appellate courts held that certification mark holders were to be treated differently than trademark owners by concluding that certification marks are more like patents than trademarks. These two courts voided enforcement of “no challenge provisions” in certification mark license agreements, thus insuring that certification mark holders will face a significant rise in validity challenges to their marks and a corresponding rise in their litigation costs. Specifically, the courts held that a standard contractual provision commonly included in trademark licenses, which precludes licensees from challenging the validity of certification marks, was unenforceable as a matter of public policy. This ruling permitted a former licensee to proceed with its counterclaim seeking cancellation of the federal registration of the certification marks of the Idaho Potato Commission.

Certification marks in the US are most commonly held by non-profit corporations or state or local governmental entities. In the agricultural sector, state governmental entities are the primary owners of certification marks. Faced with the prospect of a counter claim seeking cancellation of its certification mark as an affirmative defense in an enforcement proceeding, the mark holder is confronted with the dilemma of redirecting its limited funds to consumer surveys,

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<sup>31</sup> Council Regulation 510/2006, art. 5, 2006 O.J. (L93) 12 (EC).

federal court litigation, including discovery expenses and motion practice, all of which diminish the promotional purposes of the certification mark holders' organization. It is difficult to understand the public policy the two circuit courts based their decision on, when the objective of enforcement by a certification mark holder is to prevent consumer fraud and deception by one engaging in product substitution.

### **3. The Way Forward**

#### **3.1 Preliminary thoughts**

The formal recognition by the US of GIs, both domestic and foreign, is an important step in the way forward. Such a list would serve the consumers' growing interest in AOPs, and it would facilitate the establishment of a multilateral register, whatever the form or effect of such a register ultimately may be. Possibly the most vexing and potentially controversial question is who will decide which AOPs qualify as GIs. Along with the power to approve must come the power to reject. The governmental body to which this responsibility is assigned should have its own experts, and its decision-making process should be open and transparent, including the right of opposition.

Criteria will have to be developed to judge the quality, characteristics and reputation of any alleged GI. For example, should there be any size limitation on the GI production area? Is Florida citrus to be accorded the same GI status as Indian River navel oranges? If reputation is the basis for GI recognition, how will that be proved? Is knowledge among a discerning few (the *cognoscenti*) sufficient for GI recognition or must there be a broader reputation among consumers? Is there a need to distinguish between GIs that are based on reputation and those for which there is proof of a distinctive quality or characteristic? What type and degree of proof – scientific, organoleptic or otherwise – are required of a product's distinctive qualities and characteristics? Must the production process itself (the so-called human factors) be controlled to ensure that these qualities and characteristics are maintained?

### **3.2 Possible Changes to the Existing US Certification Mark System**

In lieu of a wholesale revision of the US trademark system, or a separation of GIs from trademarks or certification marks as they exist today, a much less radical path to positive change would focus on improvements to the existing US certification mark system. The existing system could, possibly as an interim measure, be made more appealing if it was modified to become more suitable for *all* producers – not just those who have political connections (affording the backing of governmental agencies) or large bank accounts.

First, the PTO should take a more active role in policing its registration of certification marks. Applications for marks for similar goods that include a prior registered certification mark should be administratively denied registration. This step would limit the obligation on owners to challenge even the most obviously offending marks. Official guidelines should be implemented in this respect.

A modified approach to the foregoing would be to adopt regulations containing specific guidelines directing trademark examiners in the PTO to search the registers of existing trademarks for certification marks and to take them into consideration.

Second, the US should not extend certification mark protection to products that use phrasing such as “like” or “style” or “kind.” This level of protection is already mandated by TRIPS for wines and spirits and should be extended to all products. The increased protection for certification marks would generate increased rewards for producers, offsetting some of the enforcement costs, and encouraging more producers to seek certification marks.<sup>32</sup>

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<sup>32</sup> Bruce A Babcock & Roxanne Clemens, *Geographical Indications and Property Rights: Protecting Value-Added Agricultural Products*, MATRIC Briefing Paper 04-MBP 7, at 12-14 (May 2004).

Additionally, the US should work to reduce the prohibitive cost of enforcement and opposition proceedings. One means of doing this is to allow for the award of attorneys' fees to the prevailing party in oppositions. Ideally, attorneys' fees would be available in any opposition proceeding, but at a minimum they should be available in cases in which the applicant applied for the mark in bad faith, seeking to trade off or damage the reputation of the prior certification mark. The United Kingdom has recently enacted a provision which allows for the award of at least partial costs to the prevailing party in their opposition proceedings.<sup>33</sup>

The US should enact legislation correcting the erroneous court rulings regarding the licensee estoppel issue as well. The proposition that certification marks should be treated like patents under a flawed public policy analysis seriously undermines the US argument that its certification mark system is a viable alternative to the EU GI system. There isn't enough money available to agricultural organizations to withstand the affirmative defenses launched against them in an enforcement proceeding by those who voluntarily agreed in a license agreement to not challenge the validity of the certification mark as a condition of using that mark.

Finally, the US should give serious consideration to removing the use restriction on certification mark owners. Allowing the certification mark owner to use the mark would allow it to finance some of the expenses of maintaining and enforcing the mark through sales of its own product. This will also eliminate the potential conflict with the EU system for GIs. The US created the anti-use rule to prevent a conflict of interest between the owner and its licensees. The same goal can be achieved by other means that would not impose such a strict and unique financial restraint on the owner. In fact, discrimination in certifying is already grounds for cancellation.

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<sup>33</sup> *Cost of Proceedings*, UK Intellectual Property Office, available at <http://www.ipo.gov.uk/tm/t-decisionmaking/t-challenge/t-challenge-hearing/t-challenge-hearing-costs.htm> (last visited Dec. 19, 2007) (explaining that "contributory, not compensatory" costs are available to the "winning" party).

### 3.3 A new class of certification marks for GIs

Another option for moving forward, while still avoiding a "revolution" in the current US system, is to establish a new class of certification marks (Class C) specifically for GIs. The Lanham Act might be amended to allow for self-certification: the applicants would be able to self-certify to alleviate the problem of the holder of a certification mark being unable to use the mark on its own goods. Although this would eliminate the certifier's independence and detachment, the ease of protecting the GI earlier in its life cycle outweighs the disadvantages of allowing the certification mark registrant to use the mark on its own goods. As a possible safeguard, all such applications might be required to be authorized or approved by the appropriate local or state government(s). PTO would have the final say about which products qualify as GIs.

Essentially, PTO already has this obligation in administering section 2(a) of the Lanham Act (15 U.S.C. 1052(a)), which prohibits the registration of a designation that consists of or comprises a "geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after [January 1, 1996]."<sup>34</sup> PTO, however, has devised some very strict criteria to apply this section. According to the *Trademark Manual of Examining Procedure*, "A mark for wines or spirits that includes a geographical indication is unregistrable if: (1) purchasers would erroneously believe that the goods originate in the relevant geographic location; and (2) the quality, reputation, or characteristic associated with wines or spirits from that location would materially affect the purchaser's decision to buy the goods."<sup>35</sup> There is no requirement under Article 23(2) of TRIPS, concerning the refusal of misdescriptive marks for wines and spirits, that consumers be misled by the mark or that they materially rely on it in their purchasing decisions. Additionally, although a goods-place association may be relevant to a determination of a GI's reputation, it has no

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<sup>34</sup> This provision was added by the Uruguay Round Agreements Act, implementing TRIPS.

<sup>35</sup> U.S. Department of Commerce, Patent and Trademark Office, *Trademark Manual of Examining Procedure* (5<sup>th</sup> ed. 2009), p. 677.

bearing on whether the product possesses the necessary quality or characteristics tied to its origin to qualify as a GI. Finally, material reliance by consumers is irrelevant to the reputation, quality or characteristics of the good. Such criteria, which PTO uses to decide whether a mark is deceptive under Section 2(a) of the Lanham Act, will have to be modified with respect to GIs if PTO is to administer the new class of certification marks.

### **3.4 An inventory of American Origin Products and extension of TRIPS enhanced protection to all GI products**

If PTO, TTB or any other branch of the federal government is unwilling to assume leadership of the budding GI movement in America, preferring instead to let the market determine which AOPs succeed or fail inside or outside of the US based on the particularities of each case, it would be opportune for a private organization to inventory all of the AOPs in the US and assess which ones qualify as GIs. Such a body might consider obtaining for itself a certification mark in the US with criteria for certification that mirror the TRIPS definition of a GI. The very process of developing criteria and standards for GI recognition will be instructive. These criteria and standards and the relevant burden of proof on GI applicants will determine whether we have many thousands or only hundreds of GIs in the US.

According to the preliminary results of the enquiry on AOPs outside the wine sector, it seems that the economic potential of such products is relevant. Moreover, as long as they acquire reputation in the US as well as in foreign markets, some AOPs face the costly challenges of defending their names from misuse in commerce by unauthorized parties, and requests for trademark registrations of identical or confusingly similar names. Granting enhanced protection to GIs other than wines and spirits, known as the “extension” of Article 23 of TRIPS to other products, could be achieved in the US by extending Section 2(a) of the Lanham Act (15 U.S.C. 1052(a)) to products other than wines and spirits, with a similar grandfathering clause. Section 43(a) of the Lanham Act (15 U.S.C. 1125(a)(1)) would also have to be amended to ensure the absolute



protection of designation of origin, regardless of the likelihood of causing confusion.

Whether or not such extension ever occurs, consumers should be assured that all GIs are distinctively and recognizably different than other similar products. Unwarranted GI multiplication would confuse consumers and distort the market by protecting inefficient producers. Similarly, there must be a method for established GIs to adopt new production processes and technologies and to adapt to ever-changing global markets. Perhaps GI registrations should be renewed periodically to ensure that they are, in fact, being used and to update (or challenge) the basis on which they are established.

### **3.5 Options for a Multilateral Register for GIs**

Any producer of a GI who has faced infringement or usurpation outside the US understands the importance of domestic US GI recognition for the protection of the producer's intellectual property abroad. Without such protection, the producers are left to prove the existence of their GI in each case and in each and every international market. This is time-consuming and expensive and altogether too uncertain an undertaking.

The only other recourse is for American GI producers to pressure the US government to protect their products via bilateral or regional trade agreements. Such protection is commonplace. For example, the North American Free Trade Agreement includes special protections for Kentucky bourbon and Tennessee whiskey,<sup>36</sup> and the US-EU Wine Accords includes mutual recognition of certain wine "names of origin" in the US and Europe and calls for the cessation of any

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<sup>36</sup> North American Free Trade Agreement, Chapter 3, Annex 313, <http://www.sice.oas.org/trade/NAFTA/NAFTATCE.asp>.

new domestic use of “semi-generic” wine names like Champagne and Chablis<sup>37</sup> on products that do not qualify for those French appellations.<sup>38</sup> Often these arrangements alter the definition of a GI from that of TRIPS or afford greater protections than, or additional exceptions to, TRIPS. But the bilateral way establishes different rules in different markets (this does not help transparency) and does not cover often important export markets.

To date, the US (together with Canada, Australia and New Zealand) has steadfastly opposed the establishment of a multilateral register of GIs which provides automatic international protection for any GI on the register. The US (together with South Africa, Argentina, Australia, Colombia, Costa Rica, the Dominican Republic, Equator, El Salvador, Guatemala, Honduras, Mexico, Namibia, New Zealand, Paraguay, Philippines, Chinese Taipei, Korea and Nicaragua – Joint Proposal - TNIP/W/10/Rev.2) supports the establishment of a non-legally binding register where WTO members will notify their geographical indications to the WTO, the register being a simple information source for other members while taking decisions concerning the registration of a mark or a GI at the national level. Non-participant members are encouraged to consult the database but are not obliged to do so. Such a system will not be of any help for American origin producers that face infringements abroad.

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<sup>37</sup> Although unknown in trademark parlance, a semi-generic is defined under the Internal Revenue Code of 1986 (IRC) and the implementing TTB regulations as a name of geographic significance that also is a designation of a particular class or type of wine. A semi-generic name may be used to designate wine of an origin other than that indicated by its name only if there appears, in direct conjunction with the designation, an appropriate appellation of origin disclosing the true place of origin, and the wine so designated conforms with the standard of identity established by TTB. See *supra* at Section 1.2 (The Wine Sector).

<sup>38</sup> “Agreement between the “ of America and the European Community on Wine” (March 10, 2006), [www.ttb.gov/agreements/us\\_ec\\_wine\\_agreement.shtml](http://www.ttb.gov/agreements/us_ec_wine_agreement.shtml).

To move forward with the obligation under TRIPS to negotiate such a register, the US and other members of the WTO should take into account a number of fundamental principles. First, to help enforce GIs in foreign jurisdictions, the register should apply to all countries (this is the very nature of any WTO multilateral agreement). Second, the “territorial nature” of intellectual property rights should be preserved. As a result, the final decision concerning the protection of a GI within a given jurisdiction should remain in the hands of the competent national authorities. So conceived, such a register would represent a reliable source of information for trademark offices, institutions in charge of GIs and national tribunals.

## **Conclusion: A Fresh Look at American Origin Products**

Clearly there are several challenges confronting American Origin Product producer groups in navigating the mix of government agencies and regulations that affect them, gaining recognition from the American consumer for the specificity of their products, and securing the legal protection they need to thrive in both domestic and international markets. The stakes can be quite high for AOP producers, but their success will also determine whether rural America is able to take advantage of new opportunities that AOPs represent in a difficult period of agricultural transition. Clear and transparent market rules and a level playing field for small producers will be key to realizing any potential gains.

In closing, we would like to point out a recent initiative by USDA intended to begin bridging some of the institutional gaps that have frustrated AOP producers until now. Led by the Rural Development Agency within USDA, the project will take a first inventory of US GI “nominee” products on a state by state basis as an initial step towards creating a national listing. Products identified at this stage will be considered nominees because there is no established process, with appropriate expertise and oversight, for recognizing them. It is hoped that development of the listing will encourage a national discussion concerning the process that should be followed for a product to be vetted as an AOP, including who should lead the process and how it should be funded.

The product nominee listing will be developed by a network of researchers across the US, primarily in Land Grant institutions. The University of Arkansas leads the project, with participation from the Pennsylvania State University, Cornell University, Michigan State University, Washington State University, the University of California-Davis and Clemson University. Other schools will be added until all states are covered for the inventory.

As the inventory is gathered, producer group representatives (where a group exists) will be contacted and identified. An outreach effort will be made to these producers to assess their interest in forming a national association. State departments of agriculture will be notified of the project and invited to suggest nominee products from their states. Bringing producers together will help them share their experiences with managing and protecting their products. It will also provide them with a better opportunity to communicate as a group with government agencies that can assist them. In the long run, the goal is to strengthen and build AOP capacity and help these producers become more competitive in the market. Given that the highest value-added for origin products is often earned when they are exported, foreign market preparedness will be given special attention going forward.

A web site is under development for this project and will be available soon to track its progress ([aop.uark.edu](http://aop.uark.edu)). Our hope is that this effort will open the door to beneficial dialogue among producer groups, government agencies and the general public about the way forward for AOPs. While our current institutional structure may not be all that we might wish for, it is a system of our own making, which means that it can be remade. We encourage our readers to explore the fascinating world of geographical indications at home and abroad and contribute their thoughts on the best way forward for American Origin Products via the project web site listed above or by other means.

## **Guide to the Identification of an American Origin Product**

The concept of origin products is a relatively new one in the US. Research is underway to identify “nominee” products for an eventual national listing. Guidelines for identifying American Origin Products (AOPs) should be consistent with international practice. They should also conform to the legal definition of origin products established by international treaty. This means that AOPs should be consistent with the definition of “geographical indications,” the international legal term for these products.

The definition of geographical indications is included in the Trade-Related Aspects of Intellectual Property Rights section (TRIPS) of the General Agreement on Tariffs and Trade (GATT), the international treaty signed in 1994 that established the World Trade Organization. Article 22 of the TRIPS states that:

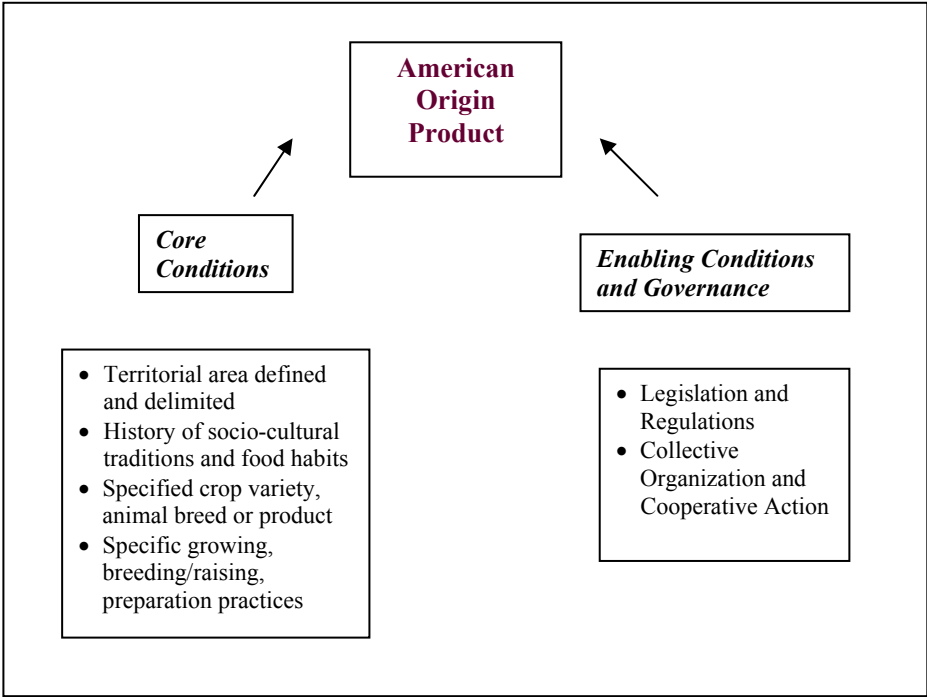
*Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.*

These elements must be adapted to US historical, cultural and legal conditions and traditions. The criteria below represent essential elements of geographical indications as they have been implemented in countries in Europe and around the world. They are intended to encourage a discussion about the criteria themselves (their adequacy and adaptability; the need for additional or different criteria) and how they should be applied in the context of the United States.

Figure 1 illustrates the *Core Conditions* for recognizing an AOP. These conditions do not exist in a linear relationship, but rather interact with one another in the product’s region of origin.

In countries with well developed systems for recognizing and protecting geographical indications, another set of *Enabling Conditions* allows for good governance of the value chain by producer groups and government entities responsible for supporting them. The *Enabling Conditions* provide an indispensable structure for adequate legal and commercial recognition and protection of American Origin Products, and establish the foundation needed to bring them successfully to market.

More explanation of Core and Enabling Conditions appears below the diagram.



## ***Core Conditions***

### **Defined and de-limited territory/area(s)**

- Defined boundaries based on multiple criteria, including bio-physical features, especially soil and climate, and the human activities within the area related to the creation of an AOP

### **Specified crop variety, animal breed or product**

- Includes: the historical significance; specific characteristics related to the specific agro-ecology of the defined territory/area; and reputation related to origins, culture, and/or food habits; it is important to identify why and how a variety, breed or product is well-known

### **Specific growing, breeding/raising, harvesting/collecting, and preparation practices**

- An identifiable shared production/breeding/preparation practices (including wild harvested food) and know-how related to the bio-physical features and socio-cultural activities in the defined territory/area; establishes the typicality of a product
- The presence or development of a code of practices

### **History of socio-cultural traditions and food habits**

- Relationship to socio-cultural occasions and values, food preparation and practices
- Specific recognition of indigenous (Native American) and other culturally/historically significant food traditions such as Cajun/Creole, American colonial era, specific regional food traditions (e.g., grits, barbecue), and immigrant communities



## ***Enabling Conditions & Governance***

### **Legislation and Regulations**

- Legal framework to use a particular geographical name for establishing and protecting the relationship between a product and a place (defined territory); *i.e.*, the protection of origin
- Recognition of some collective/cooperation organization with responsibility to assure that the conditions of a named product are fulfilled
- Legal protection of specified crop varieties and animal breeds
- Government service(s)/agency(ies) to regulate and support place of origin products and producer-based groups responsible for a named product
- Defined governmental responsibility and accountability

### **Collective/cooperative organization and action**

- Producer-based groups organized specifically for establishing and protecting the originality and authenticity of a specified product as a cultural/heritage item originating from a defined territory and socio-cultural traditions and practices
- Defined group responsibility and accountability

February 14, 2010

E. Barham, J. Bingen

## Product Fact Sheets

### Idaho Potato

Full name of the product: Idaho® Potatoes.

Full name of the producer group: Idaho Potato Commission.

Number of farm operations involved in production: 400-600 (varies annually).

Number of producers in the producer group: 600-800 (varies annually).

Date producer group was organized: 1937.

Number of acres included in the production area for the product: 600,000 – 800,000.

Number of jobs associated with production: over 3% of Idaho's employment is related to potato production.

Overall amount of annual sales for most recent year available (2008): Potato shipping and processing has over a \$5.4 billion in net impact on Idaho's economy.

Export countries: Fresh: Canada, Mexico, Taiwan, Puerto Rico, Central America, Macau, Malaysia; Frozen and Dehydrated: worldwide.

Percent of total production sold in the US: 90% - Exported: 10% (2008-09 crop year).

Three top challenges faced:

1. Production imbalances.
2. Government regulatory actions.
3. Product substitution.

Intellectual property protection currently in place (or being applied for):

Certification and Trademarks obtained in the US, Canada, Mexico, Great Britain, Argentina, China, Japan, Korea, Taiwan, etc.

Intellectual property challenges in the past in the US? Yes.

Intellectual property challenges in other countries? Yes.

## Kona Coffee

Producer group: Kona Coffee Farmers Association.

Number of farms in production: approx. 650 farms, most are six acres or less in size.

Number of producers in the producer group: 230.

Date producer group was organized: 2006.

Number of acres included in the production area: approx. 3,500 acres.

Number of jobs associated with production: approx. 2,000.

Annual sales (2009): approx. \$20 million green coffee value.

Export countries: Japan, European Union, Canada, China.

Percent of total production sold in the US: estimated 90% - Exported: 10%.

Three top challenges faced:

1. Hawaii state "coffee blend" statute – permitting use of the "kona" name on packages containing only 10% genuine content.
2. Product counterfeiting.
3. A reliable supply of farm labor.

Intellectual property protection currently in place (or being applied for):

Hawaii Department of Agriculture (HDOA) holds US Patent and Trademarks green coffee trademarks for "100% Hawaii Coffee", "100% Kona Coffee", "100% Maui Coffee" and similar trademarks for 4 other Hawaii coffee-producing regions. The HDOA has done little to promote or protect these trademarks in the last 10 years.

Intellectual property challenges in the past in the US?

Yes. In 1996, the federal government broke up a large scale operation marketing counterfeit kona coffee with a tax evasion prosecution. Counterfeiting and deceptive labeling continues.

Intellectual property challenges in other countries?

Yes. For example, in December 2009, the HDOA declined to file an objection with the Colombian government to oppose a Colombian trademark application for "Café Hawaii". There is virtually nothing being done to combat misuse of the "Kona Coffee" name on the USA mainland or in other countries.

Missouri Northern Pecan Growers

Full name of the product: No brand name yet. Northern Native is being considered. The organic version is sold under "American Native".

Full name of the producer group: Missouri Northern Pecan Growers, LLC.

Number of farm operations involved in production: Organic: 25 GI: 100+.

Number of producers in the producer group: 100+.

Date producer group was organized: August 2000.

Number of acres included in the production area for the product: Estimated 20,000+.

Number of jobs associated with production: 100+ growers, 9 employees in LLC firm.

Overall amount of annual sales for most recent year available (specify the year): \$900,000 in 2009.

If exported, list of countries to which the product has been exported: Canada, Saudi Arabia, England, Taiwan, Dubai, Austria, Mexico, China.

Percent of total production sold in the US: 93% - Exported: 7% (anticipated 10% in 2010).

Three top challenges faced:

1. Purchasing of in-shell pecans by China is driving up the commodity price, which significantly affects our input costs.
2. Adequate lending to purchase greater inventories of in-shell pecans to allow us to grow our markets.
3. Need to identify additional growers.

Intellectual property protection currently in place: Trademark application in process.

Intellectual property challenges in the past in the US? Not yet.

Intellectual property challenges in other countries? Not yet.

## Napa Valley Wine

Full name of the product: Napa Valley wine.

Full name of the producer group: Napa Valley Vintners.

Number of farm operations involved in production: 542 wine producers and blenders, 626 grape growers (*Economic Impact of the Napa Valley Wine Industry*, Stonebridge Research, Oct. 2008).

Number of producers in the producer group: 376.

Date producer group was organized: 1944.

Number of acres included in the production area for the product: 400,207.

Number of jobs associated with production: 39,900 in Napa County; 29,700 in California outside Napa County; 161,400 in the United States outside California (*Economic Impact of the Napa Valley Wine Industry*, Stonebridge Research, October 2008).

Overall amount of annual sales for most recent year available (2008): in excess of \$4.1 billion (*Economic Impact of the Napa Valley Wine Industry*, Stonebridge Research, October 2008).

Export countries: Austria, Belgium, Brazil, Canada, Caribbean, China, Costa Rica, Czech Republic, Denmark, Finland, France, Germany, Holland, Hong Kong, India, Ireland, Italy, Japan, Luxembourg, Malaysia, Mexico, Netherlands, Norway, Panama, Philippines, Russia, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, Vietnam.

Percent of total production sold in the US and Exported: unknown.

Three top challenges faced:

1. International protection.
2. Inconsistent treatment of GIs by different countries.
3. Cost of protecting GI.

Intellectual property protection currently in place (or being applied for): U.S. - Recognized American Viticultural Area; EU - Registered Geographical Indication; India - Pending application for Registered Geographical Indication; Thailand - Pending application for Registered Geographical Indication; Vietnam - Pending application for Registered Geographical Indication.

Intellectual property challenges in the past in the US? Yes.

Intellectual property challenges in other countries? Yes.

## **Websites Available for More Information**

For more information on geographical indications, please consult the following resources (use search terms “geographical indications”):

Europa, Gateway to  
the European Union: [http://europa.eu/index\\_en.htm](http://europa.eu/index_en.htm)

oriGIn (the Organisation for an  
International Geographical  
Indications Network): <http://www.origin-gi.com/>

Office of the U.S. Trade  
Representative: <http://www.ustr.gov/>

World Intellectual Property  
Organization: <http://www.wipo.int/portal/index.html.en>

World Trade Organization: <http://www.wto.org/>

National Agricultural Law Center,  
University of Arkansas  
(GI Reading Room under construction): <http://www.nationalaglawcenter.org/>

Siner-GI  
(EU GI research project): <http://www.origin-food.org/>

U.S. Patent and Trademarks Office: <http://www.uspto.gov/>



oriGIn is the global coalition of Geographical Indications' producers.

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oriGIn represents some 150 associations of producers from 40 countries.

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oriGIn works in the following areas:

- Studying the socio-economic of origin products;
- Promoting origin products as a tool for sustainable development for local communities;
- Setting-up adequate legal frameworks to protect origin products.

The logo for oriGIn features the word "oriGIn" in a bold, sans-serif font. The letter "i" is lowercase, while "G" and "In" are uppercase. The "G" is a dark green color, and the "In" is black. The "i" is black. The "G" is positioned to the right of the "i".

Organization for an International  
Geographical Indications Network

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