

STANDING COMMITTEE ON GEOGRAPHICAL INDICATIONS QUESTIONNAIRE TO NATIONAL GROUPS

Introduction

- 1) The purpose of this questionnaire is to seek information from AIPPI's National and Regional Groups on developments in their respective countries in relation to geographical indications (**GIs**) and appellations of origin (**AOs**) and on the positions taken with regard to issues that have emerged from AO and GI legislation.

- 2) According to the TRIPs Agreement GIs are “indications which identify a good as originating in the territory of a [Country], 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”. A similar definition is adopted by the WIPO Geneva Act.

Under the WIPO Lisbon Agreement an AO is a “geographical denomination of a country, region or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors”. A similar definition is adopted by the WIPO Geneva Act.

- 3) Therefore, the rationale for protection of AOs and GIs is to protect signs identifying the geographical origin of goods whose characteristics and/or reputation are linked to such origin.
- 4) At a worldwide level, many contrasts and divergences have emerged with regard to protection of AOs and GIs. Some countries have enacted specific legislation on AOs / GIs supporting broad protection (particularly in relation to their local typical products). Other countries, who do not tend to favour strong protection of AOs / GIs regulate them, if at all, within the framework of trademark legislation.
- 5) It is intended that the information obtained by means of this questionnaire will:
 - enable AIPPI to further develop its position on issues relating to GIs and AOs, leading to a further Resolution aimed at harmonisation of national laws relating to GIs and AOs; and
 - thereby assist in the advocacy of AIPPI's position on such issues to national and regional governments and in international forums.

Previous work of AIPPI

- 6) AIPPI's most recent study of issues relating to GIs and AOs was Q191 – "Relationship between trademarks and geographical indications". A Resolution on Q191 was adopted in Gothenburg, Sweden in 2006 (**Gothenburg Resolution**). The Gothenburg Resolution is available at:
<http://aippi.org/wp-content/uploads/committees/191/RS191English.pdf>.

Further information on AOs and GIs, their legal regulation and the debate surrounding them can be found in the Study Guidelines for Q191 available at:
<http://aippi.org/wp-content/uploads/committees/191/WG191English.pdf>

- 7) Other work of AIPPI prior to the Gothenburg Resolution is summarised in the Study Guidelines for Q191,
<http://aippi.org/wp-content/uploads/committees/191/WG191English.pdf>

Discussion

- 8) Set out below is a brief discussion on international legal frameworks for the protection of GIs and AOs, including developments that have taken place since the Gothenburg Resolution.
- 9) At an international level, the two multilateral treaties committing signatory States to protect GIs which have gained the broadest adhesion worldwide are the Paris Convention within the WIPO system and the TRIPs Agreement within the WTO system.
- 10) Article 1(2) of the Paris Convention states that the subject-matter of protection of industrial property is (among other things) "indications of source or appellations of origin". Article 10 of the Convention states that seizures and other remedies "shall apply in cases of direct or indirect use of a false indication of the source of the goods or the identity of the producer, manufacturer, or merchant".
- 11) Article 22 of TRIPs requires the protection of "geographical indications". GIs are recognised by Article 1(2) of TRIPs as a category of intellectual property. Under the TRIPs Agreement, GIs are protected against uses misleading the public or constituting an act of unfair competition. Additional and stronger protection is only provided for GIs of wines and spirits. Discussions commenced under the Doha mandate on the question of increasing the level of protection of GIs under the TRIPs Agreement appear to have come to a deadlock.
- 12) Within the WIPO system further agreements concerning AOs and GIs have been adopted, generally providing for a high level of protection:
- a) the Lisbon Agreement of 1958 protects "appellations of origin" against any form of usurpation or imitation, whether or not this usurpation or imitation is misleading for the public. The Lisbon Agreement provides for the establishment of a system for

the deposit of “appellations of origin” with the International Bureau operated by WIPO. Under the Lisbon Agreement, each signatory state is required to protect the appellations of origin registered by another state. A provision is inserted protecting AOs against becoming generic. The list of contracting parties to the Lisbon Agreement can be found at

http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=10

- b) the Geneva Act of the Lisbon Agreement, adopted in 2015, protects both appellations of origin and geographical indications. Protection is given against various types of use, including uses liable to mislead consumers and/or "impair or dilute in an unfair manner, or take unfair advantage of" the reputation of a AO/GI. Further provisions of the Geneva Act protect AOs/GIs against becoming generic and regulate the relationship between AOs/GIs and trademarks. The list of countries that have signed the Geneva Act can be found at http://www.wipo.int/treaties/en/ActResults.jsp?act_id=50.
- 13) Within the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, there are discussions about the proposal by some delegations concerning the protection of GIs in the domain name system. This is particularly with regard to possible modification of the WIPO UDRP in order to "permit complaints to be made concerning registration and use of domain names in violation of the protection of geographical indications".
- 14) Due to the above divergences, the WIPO Agreements have received limited support among WIPO Member States. Only a relatively small number of States have signed them. This debate emerged in particular during the negotiations leading to the adoption of the WIPO Geneva Act. Negotiations were characterized by a clash between countries pushing for a very high level of protection and other countries refuting the content of the Act and even the legitimacy of the negotiations.
- 15) In addition to the protection for GIs and AOs afforded by the international treaties described above, a high level of protection for GIs and AOs relating to agricultural products and foodstuffs is granted in the European Union under EU Regulation 1151/2012 and other regulations pertaining to specific products. EU Regulation 1151/2012 protects "designations of origin" and "geographical indications" against acts which are of a nature to mislead the public and/or to unduly exploit or freeride on the reputation of the GI/AO. The Regulation contains provisions protecting GIs and AOs against becoming generic and in general against a possible loss of rights, as well as regulating relationships between GIs/AOs and trademarks. The EU system is based on registration and EU case law restricts protection of GIs/AOs which are not registered at EU level.

The European Commission is currently investigating the possibility of expanding the protection of GIs and AOs to non-agricultural products.

- 16) Differences and disagreements which have emerged within the international framework regard several key points of legislation on GIs and AOs, such as the way of acquiring rights, the prerequisites for protection, the scope of protection, maintaining protection in the face of supervening circumstances and relationships with other IP rights. The questions below are intended to touch upon these issues.

Name of your National/Regional Group

Hungarian Group of AIPPI
dr. Péter LUKÁCSI

Questions

Your Group is invited to submit a Report addressing the questions below. If your Group considers that the answer to a question has already been given in its report on Question Q191, and that nothing has changed since then, a cross-reference to the specific paragraph in your Group's report on Q191 is sufficient.

In each case please specify whether your answer differs:

- (a) as between GIs and AOs; and
- (b) depending on whether the GI or AO is foreign or domestic.

I. Analysis of current legislation and case law

- 1) Are GIs and/or AOs protected under your Group's current law?

Yes, under Hungarian law, both GIs and AOs are protected.

- 2) If yes, please briefly describe the following:

- a) How AOs and GIs are defined and the prerequisites (in particular the type, nature and intensity of link with a territory).

In Hungary the Act XI of 1997 on the Protection of Trademarks and Geographical Indications (hereinafter: Trademark Act) contains provisions on the protection of geographical indications and appellations of origin.

Pursuant to Section 103 (2)-(3) of the Trademark Act:

- (2) A geographical indication is the name of a region, specific place or, in exceptional cases,

a country that is used for marking products that originate from such area - i.e., are produced, processed or prepared in the defined geographical area - and whose exceptional quality, reputation or other characteristic is essentially attributable to that geographical origin.

(3) A designation of origin is the name of a region, specific place or, in exceptional cases, a country which is used for marking products which originate from such area - i. e. products which are produced, processed or prepared in the defined geographical area - and whose exceptional quality, reputation or other characteristic is exclusively or essentially the result of the particular geographical environment and the characteristic natural and human factors of this environment.

- b) Whether that protection is provided by sui generis laws; solely as aspects of other laws, such as by registration as collective or certification marks; or by other (and if so, what) means.

Under Hungarian law, the protection of AOs and GIs is provided by sui generis law. The Hungarian Trademark Act contains the provisions related to the protection of AOs and GIs.

- c) If GIs and/or AOs are protected by sui generis laws, whether your Group's laws provide for a system of registration. If so, what are the steps of this procedure including the content of the application and the possibility of opposition by third parties.

The Hungarian laws provide for a system of registration.

When filing an application, it is a basic requirement of a geographical indication application to prepare the list of products, which contains the list of those products of which the protection of GI/AO has been requested. When preparing the list of products, the product marked by a GI/AO shall be classified into a product class according to the Nice Agreement. The application fee shall be paid within two months of filing the application. If the application complies with the requirements, the Hungarian Intellectual Property Office (HIPO) carries out the formal and substantive examination.

Third parties may make observations after the publication of the application date and the list of products. Anyone may make an observation alleging that the application may not be granted protection as it does not comply with the requirements for registration.

Under Hungarian law, the possibility of opposition is granted by law only for trademarks, in case of geographical indications the possibility to submit observations remains. The reason thereof is first of all that this form of protection provides rather for the protection of public interest and less for the protection of the private interest.

The Hungarian Trademark Act contains a few specific criteria for GI/AO applications, where the application pertains to spirit drinks. Applications for the registration of a GI/AO regarding spirit drinks shall have enclosed a product specification. The HIPO carries out the examination and formal examination immediately, and after the examination, the HIPO shall forthwith send copies of the documents of the case to the minister in charge of the

agricultural sector. The minister shall make his opinion known within nine months following the time of receipt of the documents. The applicant may submit a statement to the HIPO before the resolution adopted for the registration of the GI enters into effect to request EU protection for the GI of the spirit drinks in question.

- 3) If your country does not protect GIs and/or AOs, was this a deliberate decision and, if so, why?

n/a

- 4) What are the grounds of invalidity/loss of rights for GIs and/or AOs under your Group's law (e.g. becoming generic, lack of use, not paying fees) and where can such be invoked (which court, office etc.)? Please specify the applicable test, how such is proven (e.g. consumer surveys, expert advice, dictionaries, etc.) and who bears the burden of proof.

Section 111 of the Trademark Act regulates the termination of protection of GIs/AOs.

The protection of the GI/AO may be revoked with retroactive effect to the date upon which it commences if the GI/AO does not comply with the requirements for registration and the registration should have not even taken place.

Sections 105 and 106 of the Trademark Act contain the provisions regarding the requirements for registration.

Section 105

(1) A geographical indication may not be granted protection, if it has become the generic name of the product on the market, irrespective of whether or not the product originates from the area indicated by the geographical indication.

Section 106

(1) The following shall be refused protection:

- a) with regard to identical products, a geographical indication that is identical or similar to the earlier geographical indication;
- b) with regard to identical or similar products, a geographical indication that is identical or similar to the earlier geographical indication;
- c) with regard to a geographical indication that is identical or similar to an earlier trademark where, in the light of a trademark's reputation and good name, and the length of time it has been used, registration is liable to mislead the consumer as to the true identity of the product.

(2) A geographical indication shall be refused protection if it conflicts with the name of a plant variety or an animal breed that has been registered earlier and, as a result, is likely to mislead the public as to the true origin of the product.

When assessing the question of becoming generic, the HIPO follows what the European Court of Justice stated in its Feta decisions (C-465/02 and C-466/02). During the analysis, all

the relevant legal provisions shall be examined and all the economical, technical, historical, cultural and social evidences shall be taken into account, which may suggest that the sign became generic in a given market. Further, the focus shall be on the perception of the average consumer, which may be supported with studies. In addition, the marketing of the product under examination shall be also taken into account. The decisive criterion is, whether the average consumer may expect when seeing the sign that it really comes from the evoked geographical area.

Further, the protection of the GI/AO terminates with retroactive effect to the date upon which the proceedings for termination were initiated, if the proprietors have breached the conditions prescribed in the product specification. Consequently, the termination of only those GIs and/or AOs may be requested, which have approved product specification. In Hungary only the GIs/AOs of spirit drinks have approved product specification, thus only the termination of those may be requested. Further, in relation to GIs/AOs for spirit drinks, the termination shall be established also if the inspection body finds grave deficiencies in the use of the geographical indication as compared to the product specification which cannot be remedied by other means. The inspection body is appointed by separate law.

The HIPO has jurisdiction to carry out the proceedings for revocation and for termination of a GI/AO.

In this regard it is worth to mention that pursuant to subsection (2) of Section 105 of the Trademark Act:

(2) Following its registration, a geographical indication may not become the generic name of the product on the market.

5) What is the scope of protection of GIs/AOs under your Group's current law?

In Hungary, the system of protection of GIs/AOs has three elements, thus Hungarian national, EU and international protection may be requested under specific conditions.

Hungarian national protection (that covers only the territory of Hungary) may be gained through the registration procedure carried out by the HIPO. However, due to Hungary is part of the EU, national protection may be requested only regarding those product types which remain above the exclusive union protection (e.g. industrial, craftsman goods) and regarding spirit drinks.

The EU protection provides protection for the GIs/AOs within the whole EU. EU protection may be gained through a two-stage procedure. The national part of the procedure is carried out by the HIPO together with the Minister for Agricultural Policy, in line with the provisions of Section 116/A of the Trademark Act.

The international protection provides for protection within the territory of the Contracting Parties of the Lisbon Agreement. The application may be filed through the Office of the country of origin, thus in Hungary through the HIPO.

The protection of GIS/AOs is valid for an unlimited time.

- 6) Against what kind of conduct are GIs/AOs protected? For example, against use misleading consumers, parasitism and free riding.

Pursuant to Section 109 of the Trademark Act:

(1) On the basis of protection, the proprietors shall enjoy the exclusive right to use the geographical indication. Only the proprietors may use the geographical indication and no license for use may be issued to others.

(2) On the basis of the exclusive right of use, the proprietors may take action against any party which, in the course of commercial activities,

a) uses the protected geographical indication or a designation which could be confused therewith on products which do not originate from the geographical area indicated;

b) uses the protected geographical indication on products which are not listed in the list of products, but which are similar to such products, and by doing so harms or exploits the reputation of the protected geographical indication;

c) copies the geographical indication in any way whatsoever or makes reference to it, even if he indicates the genuine origin of the product or if he uses a translation of the designation or uses it with various appendices;

d) uses any other false or misleading marking in respect of the provenance, origin, nature or essential qualities of the product, regardless of where such marking is located (e. g. on the packaging, in advertising materials or in documents relating to the product);

e) takes any other action liable to mislead consumers as to the true geographical origin of the product.

Pursuant to Section 110 of the Trademark Act:

(1) Infringement of protection is committed by any party which, in violation of Section 109, uses a protected geographical indication without authorization.

(2) Any proprietor may take independent action against an infringement. Organizations representing the interests of the proprietors and consumer protection organizations may also take action against an infringement.

The GIs/AOs under Hungarian national protection enjoy a higher level of protection that complies with Article 23 of the TRIPS Agreement (although the TRIPS Agreement requires higher protection only for wines and spirit drinks).

- 7) Who has legal standing to protect a GI/AO. For example, individual producers, consortiums and associations, public bodies.

Any of the proprietors may take action against violation of the exclusive rights. In addition, organizations representing the interests of the proprietors and consumer protection organizations may also take action against an infringement.

- 8) What remedies are available in the case of violation of rights in a GI/AO?

Under Hungarian law the remedies (civil law claims, customs regulations) in the case of

violation of rights in a GI/AO are the same as in the case of violation of rights in a trademark.

In line with Section 27 of the Trademark Act, the proprietor may, among others, demand a court ruling establishing the infringement, may demand cessation of the infringement or threat of infringement and inhibition of the infringer from further infringement, may demand restitution of the economic gains achieved through the infringement, may demand seizure of those assets and materials used exclusively or primarily in the infringement, may demand compensation for damages in accordance with the provisions of civil liability.

- 9) How does your Group's law regulate the conflict between a GI/AO and a prior trademark? Does the GI/AO or the trademark prevail or do they coexist? Under what conditions?

The Trademark Act covers only one case, where earlier trademarks may constitute a ground for refusal of the GI/AO application. The law qualifies only such earlier trademarks to be reasons that exclude registration, the notoriety, good reputation or its permanent market presence of which would confuse the consumers. Otherwise trademarks and GIs/AOs can coexist.

Pursuant to Point c) of Subsection (1) OF Section 106 of the Trademark Act:

(1) The following shall be refused protection:

[...]

c) with regard to a geographical indication that is identical or similar to an earlier trademark where, in the light of a trademark's reputation and good name, and the length of time it has been used, registration is liable to mislead the consumer as to the true identity of the product.

- 10) Is there any specific provision or practice concerning the inclusion of a GI/AO in a domain name?

The practice of the Hungarian Council of Internet Providers reflects only cases, where the application for a domain was rejected because of a prior trademark or trademark application.

- 11) Is there anybody that administers GIs/AOs in your country and/or is responsible for the verification of compliance of goods bearing a GI/AO? Please briefly describe the relevant processes, e.g. the process by which compliance with product specifications is verified before such goods are put on the market and/or the subsequent market controls on such goods?

The 158/2009 (VII.30) Government decree on procedures for the protection of geographical indications of agricultural products and foodstuffs and spirit drinks and on the control of products contains provisions on the control of use of GIs/AOs.

The Hungarian Council of Origin Protection is acting as an advisory and proposing authority of the Minister for Agriculture and Rural Development in proceedings for the protection of GIs/AOs of agricultural products and foodstuffs and spirit drinks.

To inspect the products, the government appointed the Agricultural Administration Office, the central and territorial offices of which inspect the foods, spirit drinks, fruits and vegetables and agricultural products under GI/AO protection.

This body identifies the products on the market that potentially confuse the consumers. In the event that the consumer protection is violated, the Hungarian Authority for Consumer Protection may carry out proceedings.

If the Agricultural Administration Office identifies that a product on the market does not comply with the product specification and there is only a minor error, the Office may call for correction of the failure. In the event of essential error, the Office may set conditions for the production or placing on the market of the product. In the event of serious error, the Office may immediately prohibit the use of the GI/AO to the infringing producer.

- 12) Please describe any other developments in your country in relation to GIs or AOs which you consider relevant, including any proposals for reform. For example, to the extent that your country has been involved in any negotiations or discussions regarding the protection of GIs and AOs in any fora, such as multilateral, regional or bilateral agreements, please specify whether your country is negotiating or has signed any agreement with other countries that includes provisions on AOs/GIs and whether it was necessary to amend domestic legislation as a result of such agreements.

n/a

II. Proposals for improvements and for harmonisation

- 13) Should there be harmonised definitions of AOs and GIs? If so, please propose appropriate definitions and prerequisites.

Yes, harmonised definitions are desirable. The definitions as in our response to question 2a) are appropriate.

- 14) Should there be a registration procedure for AOs and GIs? If so, what should its key features be? For example, content of the application; examination by competent bodies; possibility of opposition by third parties.

Yes, there should be a registration procedure for AOs and GIs. The key features as in our answer to question 2c) are adequate.

- 15) What should the grounds of invalidity/loss of rights for GIs and/or AOs be? For example, becoming generic, lack of use, not paying fees. Please specify what the applicable test should be, how such should be proven and who should bear the burden of proof.

The Hungarian Group finds that the provisions as in the answer to question 4) above are appropriate.

16) How should conflicts between GIs/AOs and prior trademark rights be regulated?

The Hungarian Group finds that the provisions as in the answer to question 9) above are appropriate.

17) What scope of protection should GIs/AOs have and should it matter if these are domestic or foreign? Against which conduct by third parties should they be protected?

The Hungarian Group finds that the provisions as in the answer to questions 5) and 6) above are appropriate.

18) Who should have legal standing to protect a GI/AO and which remedies are appropriate?

The Hungarian Group finds that the provisions as in the answer to question 7) above are appropriate.

19) Should there be a specific provision or practice concerning the inclusion of a GI/AO in a domain name?

No.

Responses to this Questionnaire

Groups are requested to submit responses to this questionnaire **by May 29, 2017**. Responses should be sent by email to StandingCommittees@aippi.org and should clearly indicate that they are responses to this questionnaire.