



Protection of Geographical Indications in EVFTA

Le Thi Thu Ha – FTU

Introduction

Intellectual assets are one of the integral factors that shape values and competitiveness of the enterprise in the market. They have significant impacts on the decision of the investors and the success of a brand or a business, especially those come from a developing country that experiences deep and wide economic integration like Vietnam (WIPO, 2013). The protection of Intellectual Property in Vietnam, while has improved significantly since the first days, still sees some weaknesses. Thus, it remains a challenge when Vietnam goes into collaboration with other countries and has to follow strict regulations on the protection of Intellectual Property.

On 2 December 2015, the Declaration on the conclusion of the European – Vietnam Free Trade Agreement (EVFTA) negotiation was signed by both parties. On 1 February 2016, the full text of the agreement was officially announced. One aspect that will definitely experiences large impacts under Vietnam’s implementation of EVFTA is Intellectual Property. The growing concern over GI issues has also been featured within the framework of EVFTA.¹

The EU is one of the key economic, trading and investment partners of Vietnam with stable growth in trade flow and balance in the last ten years.² Pursuing its ultimate objective of an ambitious and comprehensive region-to-region FTA with Association of South-East Asian Nations (ASEAN) as a whole, the negotiations were launched in July 2007 with ASEAN as part of a possible move towards an EU–ASEAN FTA. However, these negotiations stalled. In December 2009, EU Member States agreed that the Commission would pursue FTA negotiations in a bilateral format with countries of ASEAN³. The finalization of the landmark EVFTA (after the one with Singapore) is expected to guarantee a balance of interest between the EU and Vietnam and to boost the trade and cooperation among two Parties in a comprehensive picture.

The EU has been known for its *sui generis* protection of long-standing GIs⁴, advocates stronger multilateral protection for geographical indications. The EVFTAs with Vietnam (as with Singapore) raised the obligation to provide for a *sui generis* system comprising a register, an administrative process to evaluate the existence of a link with the origin, an objection procedure, legal means that permit the rectification and cancellation of entries on the domestic register and the right of use of the geographical indication to any complying producer without further

¹ European Commission, 21 June, 2016. *European Union, Trade with Vietnam*, [pdf].

Available: <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113463.pdf> (Accessed 8 July, 2016).

²

³

⁴ Protection of GIs in EU is embodied in two main regulations: with respect to wine and alcoholic beverages, there is EC Reg.1308/2013; and outside the areas of wines, EC Reg.1151/2012 on quality schemes for agricultural products and foodstuffs has come into play. It should be noted that the two regulations are not dissimilar in nature, though.



requirements.⁵ It can be seen that the EU is inclined to apply its GI protection approach in FTA negotiation with previous partners including Canada, South Korea and Singapore; EVFTA has no exception. Accordingly, farmers and small businesses producing food with traditional method will benefit from the recognition and protection on Vietnamese market - at a level comparable to that of EU legislation - of 169 European food and beverage products from a particular geographical location. About 39 Vietnamese GIs will also be recognized as such in the EU, founding an adequate framework for further promotion of imports of Vietnamese quality products bearing GIs.

Like any other FTAs concluded previously, EVFTA with potentially new established benchmark on GI protection shall present Vietnam with challenges in terms of legal institution and implementation commitments and obligations. The notion would hold reasonable especially when the EU has so far been hailed as a persistent partner on GI issues with a sophisticated and well-developed system of GI protection compared to that of Vietnam.

The ultimate goal of the research will be figuring out the challenges for Vietnam in implementing GI obligations under EVFTA. To that end, the central question is to what extent the GI protection in EVFTA has been deviated or expanded over Vietnamese legislation and other relevant FTAs that the EU has previously concluded.

Section 1. Overview of EVFTA and Geographical Indications section in EVFTA

1.1. EVFTA: Negotiating position of Parties

Context. In the wake of stalled talks between the EU and ASEAN at the end of 2009, the EU reverted to the possibility of negotiating bilateral trade agreement with several ASEAN Member States, including Vietnam⁶. The express determination and ambition of the EU in reaching a trade agreement with Vietnam mainly stem from its own economic initiatives⁷.

⁵ See European Commission, *Overview of FTA and Other Trade Negotiations* (Oct., 2016), available at http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf.

⁶ Negotiations with Singapore and Malaysia were launched in 2010, with Vietnam in June 2012, with Thailand in March 2013, with the Philippines in December 2015 and with Indonesia in July 2016. Negotiations of an investment protection agreement are also under way with Myanmar (Burma).

⁷ For the purpose of identifying the objectives of the EU in obtaining its FTAs so far, the working group of Policy Consultant Committee - Vietnam Chamber of Commerce and Industry (VCCI) conducted an in-depth analysis on the FTAs that the EU had concluded by then. The working group figured out the main underlying motives and categorized them into four groups: (i) Group of FTAs with the EU's neighbours, including those in the course of accession (e.g.: Agreement with Western Balkans); (ii) Group of FTAs with a view to maintain security in the expanded EU region (e.g.: Cooperation agreement with Mediterranean); (iii) Group of FTAs focusing on facilitating the development of a particular area (e.g.: Economic Partnership Agreement with African, Caribbean and Pacific region); (iv) Group of FTAs aiming at securing the commercial benefits for European exporters (e.g.: Agreements with Chile, Mexico, South Korea, Columbia, Peru and Singapore). See more: Consultant Committee on International Trade Policy (VCCI), *Recommendations on Policy of Vietnamese business community on the potential of Vietnam-EU Free Trade Agreement*, [pdf]. Available: <<http://www.trungtamwto.vn/sites/default/files/wto->



1.2. Position of Geographical Indication in EVFTA

The whole Agreement between EU-Vietnam conclusively demonstrates ambitious targets of both Parties as it comprises eighteen chapters covering a broad range of issues: tariffs and non-tariff barriers, services, IPR and regulatory cooperation⁸. GI issue is a major part of chapter 12 on IPR, which basically deals with obligations and commitments at TRIPS level. From the aforementioned discussion, it is obvious that the EU would play a critical role in proposing the content framework of negotiation. Hence, a deeper insight into the EU's underlying motive with respect to the inclusion of GIs section in EVFTA would provide a more vivid picture on its relative significance.

For the EU, the protection of GIs intra-region and worldwide has considerable economic merits. The global sales value of GI products registered in the EU was estimated at €4.3 billion in 2010, in which wine sector contributes 56% of total sales (€0.4 billion), agricultural products and foodstuffs being 29% (€15.8 billion) and spirits 15% (€8.1 billion)⁹. Moreover, the value premium rate¹⁰ of products bearing GIs as against non-GI products is 2.23, which means that GI products were sold at 2.23 times as high as the same quantity of non-GI comparable products¹¹.

Apart from the economic significance, GIs also bear an enormous weight in political dimensions as a principal offensive priority with special regards to the international negotiations of the EU in general. All that being mentioned, the EU boils down to the viewpoint that an FTA would not be initiated without an "appropriate" chapter on GIs¹². Clearly enough, it is totally anticipated that the EU would stick to its demand for a profound and detailed GI section when it comes to FTA negotiation with any trading partners.

In pursuit of its long-term economic integration goal, with respect to its target bilateral agreements, the EU has identified that a detailed GI section is a "must have" for the EU¹³.

center/attachments/Khuyen%20nghe%20Chinh%20sach%20Vietnam%20-%20EU%20FTA.pdf> (Accessed 17 April 2016).

⁸ *Ibid.*, p.2.

⁹ European study *Value of production of agricultural products and foodstuffs, wines, aromatized wines and spirits protected by a geographical indication (GI)*, [pdf]. Available: <http://ec.europa.eu/agriculture/external-studies/2012/value-gi/final-report_en.pdf> (Accessed 17 April 2016).

¹⁰ Value premium rate = □ (GI volume x GI price) / □ (GI volume x non GI price)

¹¹ *Ibid.* p.4.

¹² Advisory Group International Aspects of Agriculture, 2012, *Meeting of 25 June 2012, DG AGRI working document on international protection of EU geographical indications: objectives, outcome and challenges*. Available: <http://ec.europa.eu/agriculture/consultations/advisory-groups/international/2012-06-25/agri-working-doc_en.pdf> (Accessed April 17, 2016).

¹³ Nonetheless, the EU's determination is not synonymous with a mere transposition of its regulatory framework to its FTA partners; instead, it indicates feasible adaptations based on mutual agreement and harmonization between the EU and its negotiating partners. See more: *Ibid.*



Accordingly, general objectives as to GI protection within its bilateral FTA framework were highlighted as follows¹⁴:

- (i) Establish a list of EU names to be protected directly and immediately in the third country;
- (ii) Expand the GI protection under Article 23 TRIPS to products other than wines and spirits;
- (iii) Permit the co-existence with prior trademarks if they were registered in good faith;
- (iv) Phase out prior uses of EU names;
- (v) Obtain administrative protection;
- (vi) Avoid dependence of EU's GI protection on individual applications;
- (vii) Ensure a right of use (unlike trademark license system);
- (viii) Establish a co-operation mechanism/dialogue.

For EVFTA the specific objectives of the EU in respect of GI section are not outside the scope of its general foresaid aims. From perspective of Vietnam, the mutual recognition of GI which is at the heart of GI section in EVFTA would benefit domestic businesses in the sense that they stand a better chance of brand leverage and minimize the risks and complexities arising out of GI registration procedures in the EU.

Hence, it is totally perceptible that both Parties in EVFTA are fully aware of the significance of the GIs, which is expected to create a driving-force for them to have a comprehensive discussion on such a hotly debated issue.

Section 2. Main issues of Geographical Indications in EVFTA

2.1. Scope of application

Article 6.1 of the IP Chapter reads as follows: *“This Article applies to the recognition and protection of geographical indications for wines, spirits, agricultural products and foodstuffs which are originating in the territories of the Parties. Geographical indications of a Party to be protected by the other Party, shall only be subject to this Article if they are protected as geographical indications under the system as referred to in Article 6.2 in the territory of the Party of origin”*.

The scope covers four main product ranges emanating from territories of Parties: wines, spirits, agricultural products and foodstuffs, which have, to date, been the subjects of GI protection in the EU. For EU side, that scope of application is a norm as it sets out clear legal framework on the GI protection of these four categories of products embodied in its Regulation (EU) No.1151/2012 on quality schemes for agricultural products and foodstuffs (Reg.1151/2012)¹⁵ and Regulation (EU) No.1308/2013 establishing a common organization of the markets in agricultural products

¹⁴ Advisory Group International Aspects of Agriculture, *Ibid.*, pp.8-9.

¹⁵ Available: <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:343:0001:0029:en:PDF>> (Accessed 7 August, 2016).



(Reg.1308/2013)¹⁶. The scope of GIs application set out above is much similar to the predecessors EU-South Korea Free Trade Agreement (ESKFTA)¹⁷ and EU-Singapore FTA (ESFTA)¹⁸ but is an expansion to 'wines' and 'spirits' compared with EU-Canada FTA (CEFTA)¹⁹.

However, from the perspective of Vietnam, this provision has somehow established a narrower scope compared with the current national legal system in the sense that it introduces a specialized protection restricted to only four particular categories of goods. Since its participation in WTO in 2007 and officially becoming a signatory of TRIPS Agreement, Vietnam made *mutatis mutandis* adjustments to its IP law, including provisions concerning GIs, albeit slightly. Within domestic law, there has not been any specific mention about GI application for which product ranges; instead, Article 79 of IP Law of Vietnam 2005, amended 2009 (IPL VN, 2009) refers to goods in general²⁰, which in fact may cover products in both agricultural and non-agricultural sectors. In fact, there have been two GIs registered for handicrafts²¹. The scope limitation applied in EVFTA would mean that these two GIs for handicrafts (and any future registered products which fall outside the scope of wines, spirits, agricultural products and foodstuff) can not benefit from the provisions of Article 6 and in fact, they are excluded from the Liste of Protected Geographical Indications in {Annex GI – I}²².

Furthermore, the second sentence of Article 6.1 calls upon registration of GIs in compliance with Article 6.2 in the country of origin so as for it to be protected under the FTA. Normally, as set out in IPL VN, 2009, there is an established registration system for GIs in Vietnam to be

¹⁶ Available: <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0671:0854:EN:PDF>> (Accessed 7 August, 2016).

¹⁷ Article 10.18 - Sub-section C. Full text of ESKFTA is available: <<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2011:127:FULL&from=EN>> (Accessed 7 August, 2016).

¹⁸ Article 11.16 - Sub-section C - Chapter 11. Full text of ESFTA is available: <<http://trade.ec.europa.eu/doclib/press/index.cfm?id=961>> (Accessed 7 August, 2016).

¹⁹ Full text of CETA is available: <http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf> (Accessed 7 August, 2016). The scope of application in CETA is limited to GIs for agricultural products and foodstuff only (Article 7.1 - Chapter 22). Also, Article 7.2 of the Agreement further restricts the protection to GIs for products falling within the product classes in Annex III, which does not correspond to the scope set out in Article 2 of EC Reg.1151/2012. In more details, EU law permits the registration of names of derivative products of primary agricultural production (cotton, wool, leather...) but CETA does not. It is argued that such limitation in scope provided in Article 7.2 of CETA would go against EU ambition to expand its scope of GI protection at international level. See more: Benard O'Connor, 2015. Geographical Indications in CETA, the Comprehensive Economic and Trade Agreement between Canada and the EU. *Food Law Review*, 9(2), pp.61-67.

²⁰ IPL VN, 2009 substitutes the word "good" in TRIPS by the term "product", which does not change the interpretation of Article 22 TRIPS in substance.

²¹ Two handicraft products that have already been registered for GI protection are "Nga SƠN" sedge and "HUẾ" conical leaf hat. List of registered GIs in Vietnam (until 26 July 2013):

<[http://www.noip.gov.vn/web/noip/home/vn?proxyUrl=noip/cms_vn.nsf/\(agntDisplayCon](http://www.noip.gov.vn/web/noip/home/vn?proxyUrl=noip/cms_vn.nsf/(agntDisplayCon)



recognized²³. Thus, this provision could barely create any difficulty for Vietnam at least in terms of GI registration procedures²⁴.

2.2. Scope of protection

Article 6.5 provides details on standard of bilateral protection of GIs between EU and Vietnam. In principle, once the GI is registered and eligible for protection listed in {Annex GI – I}, it shall be protected against any acts of: (1) using the GI for any product class presented in {Annex GI – I} and that product either does not emanate from country of origin as per {Annex GI – I} for that GI or does emanate from country of origin as such but was not manufactured in compliance with the laws of the other Party which would apply if that product is consumed in the other Party or even where the true place of origin is indicated or the GI is used in translation or accompanied with expressions such as "kind", "style", "type", "imitation" or the like; (2) using any means in designation or presentation of a good that suggests it comes from a place other than the true place of origin in a misleading manner; (3) unfair competition under Article 10bis of Paris Convention.

In the very first provision, a TRIPS-plus standard is expected to come into play therein. Accordingly, an act of using GI for product originating from the country of origin but not produced in accordance with the manufacture regulatory standard of the other Party shall be considered infringing upon GI rights supposing that the product in question would be on the market of the other Party. The letter seems to place much importance on the "quality" indicative function of the GI. It means that the extract of fish under the GI "Phú Quốc", for example, which originates from Phú Quốc, Vietnam with well-earned "reputation" but fails to conform to EU-standard (for example, the EU's food safety regulations) would be exempted from protection and labelled a GI infringing product in EU market. Meanwhile, Article 22.1 of TRIPS reads: "*Geographical indications are, for the purpose 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 goods is essentially attributable to its geographical origin*"[emphasis added]²⁵. The definition of GI in TRIPS illustrates a higher degree

²³ Parallel provision can be found in Article 11.16.2 of ESFTA. However, one should be noted that prior to ESFTA, in Singapore there had not been a specifically prescribed system of GI registration. Put it simply, GIs would be automatically be recognized without going through any registration process. After the completion of ESFTA, the GI Bill No. 13/2014 was introduced in Singapore with significant changes one of which is the provision of statutory protection for producers and traders of goods identified by GIs at a level just at least equivalent to standard in TRIPS. See more: Keng, L.K, *An enhanced regime for the protection of Geographical Indications in Singapore*, [online] <<http://www.lawgazette.com.sg/2014-07/1085.htm>> (Accessed January 10, 2016).

²⁴

²⁵ Notwithstanding the so-called international minimum standard as it sets out with respect to basic definition of GI, TRIPS leaves free for its Member States to interpret Article 22.1. Accordingly, some questions have been raised as to



of flexibility in the sense that it requires a link between geographical location and either "quality", "reputation" or "other characteristic" of the product, instead of exclusive requirement on "quality" as does the case of EVFTA propose. Undoubtedly, the wording of Article 22.1 leaves the door open to the aforementioned extract of fish bearing GI "Phú Quốc" to be recognized in EU seeing that the locality is connected with the product's reputation.

In a broader sense, the "laws and regulations" as stipulated in the letter may also refer to the importing rules that are not concerned about GI protection but as to the food safety, animal and plant health for which the EU has already defined a general elaborate system²⁶. That being said, the wording of that letter can be closely scrutinized in relation to the content of Chapter 6 on Technical Barriers to Trade (TBT) and Chapter 7 on Sanitary and Phytosanitary Measures (SPS). In essence, in case of Vietnam, as far as food, animal and plant products export is concerned, the Ministry of Agriculture and Rural Development shall be in charge of inspection, quarantine and issuing certifications in accordance with the agreed standards of the EU²⁷. Regardless of the fact that Article 10 of the WTO SPS Agreement has been elected as the standard in EVFTA and the EU shall take express account of the special needs to maintain export opportunities²⁸, it is arguably infeasible that the EU would accept a less stringent and detailed scheme of "laws and regulations" as presently applicable to agri-food products marketed within its territory. Thus, it is of significant note to Vietnamese GI producers and exporters to delve into and comply with these requirements from the EU for the facilitation of smooth market entry. To illustrate, for the sake of exporting clams bearing the PGI "Quảng Ninh" from Vietnam under EVFTA, outside the scope of GI product specification control, the exporters are presumably to obey the animal health conditions governing the placing on the market of aquaculture animals as defined in Council Directive 2006/88/EC²⁹.

how widespread the "reputation" must be or which "other characteristic" is encompassed. Also, there is no requirement that production or processing be conducted in the place of origin. Such flexibility would bring a GI product closer to other products, for example, those merchandise with "reputation" but no physical connection with the a specific region or local manufacture. Then one may ask whether Apple could be qualified as a GI because of its reputation in New York on the understanding that such reputation is essentially attributable to its origin in New York. Thus it is submitted that the wording of Article 22.1 of TRIPS just draws a blurry line between "quality" and tradition linked with geographical location. See more: Marsha A. Echols, 2008, *Geographical Indications for Food Products: International Legal and Regulatory Perspectives*. The Netherlands: Kluwer Law International, p.65. The author would also contend that the implicit strict requirement on "quality" of the GI product as set out in EVFTA is much close to AO definition in Geneva Act

²⁶ The current body of the EU legislation covering the health and safety standards for the agri-food chain comprises nearly 70 pieces of legislation divided into five vertical topics: health, food, animal, plant and antimicrobial resistance (AMR). See: European Commission, 2016. *Public Health*, [online]. Available: <http://ec.europa.eu/health/index_en.htm> (Accessed 20 June, 2016).

²⁷ Article 5.1 – Chapter 7 of EVFTA

²⁸ Article 15.2 – Chapter 7 of EVFTA

²⁹ Available: <<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32006L0088>> (Accessed 20 June, 2016).



On the one hand, the underlying purpose of this peculiar provision is to ensure GI products in compliance with the common policy of agri-food chain in general. It is widely acknowledged that products bearing GIs actually represent a niche of voluminous agricultural produce; thus, their specific characteristics as denoted in the GI document may not cover the wider overarching array of health and food security requirements of concern. Indeed, at the heart of GI protection lies the link between the geographical zone and the particularities of the products, which would, in most cases, not necessarily indicate the safety standard for human consumption. Hence, the author would maintain that the presence of paragraph (ii) of Article 6.5.1(a) shall in no way weaken the concept of GI protection, but rather, it should act as an important complementary procedural tool in guaranteeing the safety of the GI products at issue. On the other hand, the adhesion to a unitary health and safety rules for the agri-food could possibly bring about a spin-off effect on the sustainability of the GI products themselves. A typical demonstration could be drawn out of the EU's regulations on plant health, which might be brought into play if Vietnamese fruits bearing GIs are to be imported into the EU. The rules on this vertical topic address a wide range of critical issues such as sustainable use of pesticides, biosecurity, field inspection and seed examination³⁰. That GI fruits are subject to all those rules is perceived to secure the bio-ecological environment in a long term, which shall somehow contribute to maintaining the characteristics of the GI products at issue.

Furthermore, another TRIPS-plus provision is that the additional protection for GIs for wines and spirits laid down in Article 23.1 of TRIPS³¹ has been extended also to GIs for foodstuffs and agricultural products in EVFTA. Additional protection³² means that in addition to the right of excluding others from using the protected GIs, the protection of GIs for wines, spirits, agricultural products and foodstuff extends also to translations as well as the use of true GIs associated with expressions such as 'kind', 'style', 'type', 'imitation' or the like³³.

³⁰ See: European Commission, 2016. *Plants*, [online]. Available: <http://ec.europa.eu/food/plant/index_en.htm> (Accessed 20 June, 2016)

³¹ Article 23.1 of TRIPS establishes that: *"Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, 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', 'types', 'style', 'imitation' or the like"*.

³² The first layer of GI protection is laid down in Article 22.2 of TRIPS, according to which the GI legitimate beneficiaries are supposed to provide evidence which shows the use of GI of a third party has either misled the public as to the true origin of the good or constituted an act of unfair competition within the meaning of Article 10bis of Paris Convention 1967. The additional layer of GI protection applied for wines and spirits in Article 23.1 of TRIPS just requires GI legitimate beneficiaries to prove that the GI has been used for products not emanating from place of origin. Even if the use of such GIs indicates the true place of origin or translated or accompanied with 'kind', 'style', 'type', 'imitation' or the like, it still constitutes an act of infringement under Article 23.1 TRIPS.

³³ Pre-Doha rounds concerning agriculture were acknowledged in the Doha Ministerial Declaration (paragraph 13, first sentence). Moreover, within the framework of Doha Ministerial Declaration, two relevant issues were brought to negotiation: the establishment of a multilateral system of notification and registration of GIs for wines and spirits and



The first recital of EU Reg.1151/2012 establishes that the protection of GIs is a means of protecting its "*living cultural and gastronomic heritage*". As GIs are an indispensable part of EU's culture, tradition, heritage and shared values, it has established a protection regime with basically extended scope of protection compared with the level set out in TRIPS. In more details, both EU Reg.1151/2012 on a wide range of agricultural products and foodstuffs and EC Reg.1308/2013 on the field of wines and alcoholic beverages lay down four levels of protection for the GIs of concern³⁴: (1) protection against commercial use; (2) protection against expressive use; (3) protection against false or misleading indications and (4) protection against misleading practice. It should first be noted that under two Regulations, the use of registered GIs for comparable products not covered by registration³⁵ or not complying with the product specification of the protected GIs³⁶ shall only be prevented in the presence of direct or indirect "*commercial*" purpose. As against, Article 6.5(1), paragraph (a) of EVFTA has increased the degree of protection by means of disregarding the intent of such use, i.e. any acts of using protected GIs that fall under scope of sub-paragraph (i) and (ii) would constitute an act of infringement regardless of possible non-commercial purpose. Moreover, with regards to protection by expressive use, however, the two EU Regulations seem to apply stricter rules. Apart from regulating against the use of protected GIs in translation or being accompanied with some indicative expressions, the EU law also prohibits any acts of "*evocation*" of registered name, in which the term used to designate a product at issue contains part of a Protected Designation of Origin (PDO)/Protected Geographical Indication (PGI) thus when consumers are confronted with such a name, the image emerged in their mind is that of the product with PDO/PGI³⁷.

the extension of additional protection, as adopted in Article 23 TRIPS, to products other than wines and spirits. See more: Nuno Pires de Carvalho, 2011. *The TRIPS Regime of Trademarks and Designs*, 2nd ed. The Netherlands: Kluwer Law International. Regarding the second issue, from commercial perspective, the additional protection exclusive to wines and spirits is considered insufficient and manifests an imbalance in national interests in multilateral trade. Indeed, Article 23.1 was criticized as it is deemed that only Member States with competitive advantage in production of wines and spirits could then benefit from the additional protection. Until now, no agreement has been reached on either of the two topics. See more: Le Thi Thu Ha, 2001. *Bảo hộ quyền sở hữu công nghiệp dưới góc độ thương mại đối với chỉ dẫn địa lý của Việt Nam trong điều kiện hội nhập kinh tế quốc tế*. Hanoi, Vietnam: Information and Communication Publishing House. On different proposals, see *Issues related to the extension of the protection of Geographical Indications provided for in Article 23 of the TRIPS Agreement to products other than wines and spirits*

Compilations of issues raised and views expressed, Note by Secretariat, WT/GC/W/456 of May 18, 2005 and Side-by-side presentation of proposals - Prepared by the Secretariat, TN/IP/W/12 of September 14, 2005.

³⁴ Scope of protection is laid down in Article 13 of EU Reg.1151/2012 and Article 103 of EC Reg.1308/2013.

³⁵ Article 13.1(a) of EU Reg.1151/2012

³⁶ Article 103.2(a) of EC Reg.1308/2013

³⁷ The interpretation of "*evocation*" was once discussed in some European jurisprudence. In *Gorgonzola/Cambozola*, which concerned the use of the name *Cambozola* for another type of soft, blue cheese similar in appearance to the cheese bearing GI *Gorgonzola*, the European Court of Justice (ECJ) held that a protected name would be evoked where the term used for that product ends in the same two syllables and contains the same number of syllables, which



Overall, in the short term, this whole clause may be worrisome for Vietnam in the sense that it is not confined to mere GI protection regime but also extends to TBT or SPS and even animal and plant health issues, which would entail deeper commitment from EU side. However, in the longer term, the synchronized implementation of such comprehensive food security system shall ensure the competitive advantage of Vietnamese products bearing registered GIs in a scenario that they are in conformity with EU-standard at least in terms of quality.

Article 6.5 goes on with detailed regulation on grounds for objection to GIs³⁸ and proposes a number of exceptions for certain GIs³⁹. Besides, it also regulates on the procedure to deal with possible conflicts between the registered GIs and trademark⁴⁰ and safeguard of the right of a person's use of his own name or his predecessor's name in business insofar as such use of the name does not mislead the public.

In general, the scope of protection granted to registered GIs within EVFTA is hailed as setting a much higher benchmark in comparison with international standard established in TRIPS and also beyond the national legislation. Nevertheless, taking into consideration parallel regulations between EU and other trading partners that concluded FTA previously such as South Korea,

resulted in the phonetic and visual similarity between two terms. In *Parmigiano* case, it was buttressed that evocation would occur when the consumer is confronted with the name of a product and it calls to his mind an image of protected GI (conceptual similarity).

³⁸ Accordingly, those grounds include homonyms, plant variety and animal breed and GIs falling into disuse. In more details, with respect to homonyms, EU and Vietnam shall reach an agreement on the "practical conditions" of such use under which homonymous GIs will be differentiated from each other. A homonymous name that misleads the consumers into believing that the products originate from another territory may not be registered even if the name is accurate as far as the actual territory, region or place of origin of the products in question is concerned. Regarding plant variety and animal breed, Article 6.5.5 of the Agreement makes it clear that parties are not obliged to grant protection to GIs which conflict with the name of a plant variety or animal breed and as a consequence would mislead the public as to the true origin of the product. Lastly, with regards to GIs falling into disuse, Article 6.5.4 of EVFTA leaves at a Party's disposal to decide whether to protect a GI of the other Party that is not or ceases to be protected in its country of origin on the understanding that due notice on disuse must be given to that Party.

³⁹ For example, GIs listed in Part A of {Annex GI – I} and identified by one asterisk ("Asiago", "Fontina" and "Gorgonzola") and two asterisks ("Feta") shall be eschewed from legal means set out in Article 6.5 based on a number of criteria, including the use of the GIs within the territory of Vietnam and proof on the actual commercial use in good faith with regard to product in the class of "cheeses" (in case of "Asiago", "Fontina" and "Gorgonzola") and "cheeses" made from sheep and/or goat milk (in case of "Feta") before 1 January 2017. Furthermore, pursuant to paragraph 3 of Article 6.5(a), in respect of wines, allowing for ten transitional years from the entry into force of the Agreement, the use of GI "Champagne" or its translation, transliteration or transcription shall not be prevented provided that the manufacturers of wines bearing "Champagne" in Vietnam have commercially acted in good faith. However, after the ten-year transition, this exception would be nullified, which means only producers of wines in the defined Champagne area in France are entitled to use this GI in the territory of Vietnam under EVFTA

⁴⁰ According to which request must be made within five years after the adverse use of the protected GI has been known in a Party or the after the date of registration of the trademark (whose publication is made prior to that date if such date is earlier than the date when the adverse use of the protected GI becomes known in that Party supposing the GI is registered in good faith. Corresponding provision can be found in ESFTA and CETA but not in



Canada and Singapore, it is noted that in EVFTA, more flexibility and exceptions have been afforded, which either lays foundation for further amendment of Vietnamese law or facilitates the implementation when the Agreement comes into force in 2018.

2.3. Mutual recognition

While the scope of application and protection are among the most significant and noteworthy issues of EVFTA, another indispensable part of this GI section is the establishment of a list of GIs for mutual recognition. After completing the objection procedure and examining the GIs of one another, both Parties reached an agreement on generating the list of EU-origin GIs {Annex GI – I, Part A} comprising 171 EU GIs and list of Vietnam-origin GIs {Annex GI – I, Part B} with 39 GIs. Under Article 6.3 of this Agreement, each Party shall recognize protection for the list of GIs of the other Party, which is subject to amendment pursuant to Article 6.4. Generally, the establishment of such list of GIs for mutual recognition could minimize the conflicts in the use of those GIs as proved in previously signed FTA between the EU and a third country⁴¹. The explanation for the inclusion of an open list which allows for amendment of GIs is that such lists and the interests of producers may possibly evolve over time, thus necessitating a flexible internal mechanism for alterations⁴². Similar mechanism can be tracked in ESKFTA⁴³, CETA⁴⁴ and ESFTA^{45,46}.

2.4. GI and Trademark

Article 6.7 specifically addresses the relationship between GIs and trademarks⁴⁷. In this regard, Article 6.7 appears to affirm the "*first in time, first in right*" rule, which means that protection of

⁴¹ Initially, EU signed bilateral agreements including mutual protection and recognition of GIs on wines with Australia (1994, 2008), South Africa (1999, 2002), Chile (2002), Canada (2004) and the US (2005), on spirits with Mexico (1997) and on wines and spirits with Switzerland (1999). Subsequently, in a continuous effort to enshrine its form of GI protection into international norms, EU has extended the scope of application to agricultural products and foodstuff illustrated in bilateral agreements with South Korea (2010), Canada (2014) and Singapore (2015)...

⁴² Elizabeth, B., Bertil, S. *et al.*, ed., 2011. *Labels of Origin for Food: Local Development, Global Recognition*. UK: CAB International, p.20.

⁴³ Article 10.18 and 10.19 - Chapter 10.

⁴⁴ Article 7.3 - Chapter 22

⁴⁵ Article 11.7.3 and 11.18 - Chapter 11

⁴⁶ By comparison, while there have been some significant constants such as Roquefort and Scotch Whisky in those agreements, the deviations among them in the lists of EU GIs are not subtle⁵¹. And EVFTA has enlarged the discrepancy. Indeed, those GIs that are incorporated in at least one agreement shall not necessarily enjoy the same level of protection across all agreements. See more: Benard O'Connor, n.d, Geographical Indications in CETA, the Comprehensive Economic and Trade Agreement between Canada and the EU, p.6.

⁴⁷ Article 6.7 provides that: "*Where a trademark has been applied for or registered in good faith, or where rights to a trademark have been acquired through use in good faith, in a Party before the applicable date set out in paragraph 2, measures adopted to implement this Article 6 in that Party shall not prejudice eligibility for or the validity of the*



later GIs under this Agreement shall not prejudice the rights accruing to a previous trademark applied for or registered in good faith or acquired through use⁴⁸. A remarkable contextual factor that may be decisive in Vietnam's capacity to adhere to EVFTA in the realm of foresaid disputable relationship is its commitment with TPP, which is arguably an ideological tool of the US to block the EU's attempt to export its own GI protection by means of bilateral agreements⁴⁹. Accordingly, Article 18.19 of Chapter 18 on IP of TPP⁵⁰ requires Contracting Parties to provide that those signs serving as GIs are capable of protection under TM regime⁵¹. In that sense, even though TPP does envisage certain exceptions to generic GIs taking account of the fact that several Contracting Parties either signed or were on the way of negotiating trade agreements with the

trademark, or the right to use the trademark, on the basis that the trademark is identical with, or similar to a geographical indication [...]".

⁴⁸ This content is fundamentally akin to Article 24.5 of TRIPS, which concerns an exception to the obligations set out in Article 22 and 23 thereof. However, the wording of Article 6.7 does not indicate that protection of registered GIs shall not be afforded due to the mere existence of prior trademarks; instead, excerpt 3 of the Article allows the continuity of protection of such trademark "*notwithstanding the protection of the geographical indication*" on the basis that the trademark registration does not fall into grounds for revocation or invalidation. Clearly enough, this safeguard allows for the co-existence of both registered trademarks and GIs in the marketplace, which is featured in both aforementioned Regulations within EU. Similar provision can be found in Article 21.5. of ESKFTA and Article 11.21.3 - Chapter 11 of ESFTA but in CETA, there is some diversion. Accordingly, CETA regulates that GIs shall not enjoy protection under the Agreement if it is *identical to* previously registered trademark in respect of same or similar goods, or to trademarks registered in good faith and has been acquired through use and an application has been filed in respect of same or similar goods. In other words, in case of identity between earlier trademark and later GI, CETA applies the principle "*first in time, first in right*" in a much stricter sense; there would be no room for co-existence of the two rights then. Furthermore, Under Article 74.2(1) - IPL VN 2009, the solution to possible conflicts between trademark and GI has not yet been comprehensively proposed. Basically, there is absolute ground for refusal of trademark registration insofar as it contains signs identical with or similar to a protected GI and the use of such sign misleads the public as to the true origin of the goods. Beyond that scope, the national legislation has not pointed out a pathway to resolution of a previously existing trademark and later GI, though.

⁴⁹ William Watson, K., February 16, 2016, *Reign of Terroir: How to resist Europe's efforts to control common food names as Geographical Indications*, [pdf]. Available: <<http://object.cato.org/sites/cato.org/files/pubs/pdf/pa787.pdf>> (Accessed June 13, 2016).

⁵⁰ The text of IP Chapter of TPP is available: <<https://ustr.gov/sites/default/files/TPP-Final-Text-Intellectual-Property.pdf>> (Accessed June 14, 2016).

⁵¹ This provision is further buttressed by the follow-up clause which explicitly confers exclusive rights on the owner of a registered trademark to prevent third parties without the trademark owner's authorization to use subsequent identical or similar GIs in their course of trade for identical or similar goods where there is a likelihood of confusion⁵⁶. Moreover, if subsequent signs which function as GIs are applied on identical goods, a likelihood of confusion shall be *de facto* presumed, which shall then allow interested trademark owner to automatically enforce his rights without need to conduct further examination in advance. In more details, Article 18.32 of TPP provides that party of concern (trademark right holder) can oppose to the registration of new GI on the grounds that such registration is "*likely to cause confusion with a pre-existing trademark*". Such an accordance of privilege to trademark owners would also indicate repudiation of co-existence of pre-existing trademark and posterior GI as otherwise adopted in the case of EVFTA. As a result, Vietnam as a Party of both trade-bloc agreements shall possibly need to tentatively resolve the enduring conflict between the EU and the US as regards approach to geographical terms.



EU⁵², it is anticipated that the conflict between that trade deal and EVFTA shall apply to future registered GIs, which have not yet been encoded into the present list of mutual protection under EVFTA⁵³.

2.4. Enforcement

Moreover, the GI section also deals with the enforcement of protection in Article 6.8, which comprises two paragraphs: first, each Party shall cope with acts of misleading/deceptive manufacture, preparation, packaging, selling or importing or advertising a food commodity by means of its own domestic administrative rules⁵⁴; second, apart from exception laid down in paragraph 1, Parties shall "at least enforce the protection provided for in Article 6.5 and 6.7 at the request of an interested party" [emphasis added]⁵⁵.

⁵² By the time of working towards TPP, four Contracting States (Chile, Peru, Mexico and Canada) had agreements with the EU that mandates for commitment of strong GI protection. Meanwhile, in parallel with TPP negotiation, Vietnam and Japan were already in gear in trade talks with the EU for drafting agreements in which GI protection is a "must". Consequently, TPP ends up with Article 18.36.6 - an exclusion to validate the adhesion of GIs that are under protection of EVFTA subject to the prerequisite that it is to be wrapped up quickly as against TPP.

⁵³ It means when both TPP and EVFTA have come into force already, notwithstanding the EU's desire to add further GIs to its annex I, Part A of EVFTA, Vietnam will still need to take cautious steps to check whether there could be certain clash with the pre-existing trademark right of a legitimate third party under TPP commitment.

⁵⁴ It means that under Article 6.8, there should be no involvement of courts or judicial decisions relating to those aforementioned infringing acts of production and presentation of foodstuff. Even though one may catch an exact version of Article 6.8.1 in CETA⁵⁹, there are no such equivalent provisions in ESKFTA and ESFTA. In comparison with Vietnamese domestic law, three notable points in Article 6.8.1 should be highlighted herein: first, the letter in EVFTA permits administrative action to regulate the manufacture and false representation of GI products; second, such GI products at issue shall cover only food commodity, rather than wines, spirits and agricultural products. Regarding the first note, according to Article 200.3 of IPL VN 2009, the application of administrative remedies shall be initiated by inspectorates, police offices, market management offices, customs offices and people's committees at all levels. Additionally, those bodies are entitled to preventive measures to ensure the payment of administrative fines as stipulated by law. Also, Article 1(d) of IPL VN 2009 specifically regulates that any act of "*producing, importing, transporting or trading in articles bearing a mark or GI which is identical or confusingly similar to a protected mark or GI*" shall be subject to administrative penalties. Admittedly, the scope of protection set out in Article 6.8.1 of EVFTA appears to attack the stages of labelling, packaging and advertising of the GI infringing goods as well instead of merely focusing on manufacturing and sales *per se* as stated under Vietnamese law. Thus, it is expected that those authorities in charge of enacting administrative measures concerning usurpation of GI foodstuff in Vietnam will necessarily be all eyes to any possible misleading packaging and promotion even before those products are placed on the market

⁵⁵ The language of the foresaid letter seems to make implicit reference to the whole Section C of the IP Chapter in EVFTA. In other words, it suggests that apart from the alleged exception in Article 6.8.1, the enforcement of GI protection, at least as laid down in Article 5 and 6.7, shall be in line with common code to enforce IPRs within EVFTA in general. While Article 6.5 concerns the scope of protection, Article 6.7 specifically regulates the relationship of GIs under EVFTA and trademarks. Furthermore, such enforcement must be practiced at least "*at the request of an interested party*" which basically means that *ex officio* cases may also be covered.



Based on aforementioned preliminary analysis on main points of GI provisions within IP Chapter in EVNFTA, the overall evaluation would be that the FTA has established a somehow higher benchmark than international standard set out in TRIPS and also domestic law of Vietnam regarding GI field.

Section 3: Challenges in implementation of Geographical Indications section in EVFTA

The GI section in EVFTA creates a new standard of GI protection which also takes account of the differences between the EU and Vietnam in institutional and development terms. From Vietnam's perspective, the reach of automatic protection of 39 domestic GIs under this Agreement will afford a welcome opportunity for a wide range of products that possess a national origin-based reputation to enter into the fruitful European commodity market without legal and procedural burden. Nevertheless, such a privilege should only be accorded on the understanding that a certain prescribed commitment on the product quality control has been fulfilled. On that merit, it is anticipated that Vietnam could possibly encounter tough challenges in adaptation of its legal protection of domestic GIs in compliance with a more rigorous benchmark as set out in EVFTA. The notion is particularly up held given the fact that only several Vietnamese GIs are currently under the auspices of a specific well-structured management body that is actively involved in the quality control. Meanwhile, the preceding analysis has indicated that the decisive factor in the recognition of GI protection is the clear presence of quality management system and the effective enforcement thereof for which the EU has invincibly gained notoriety. Based on that ground, this Chapter would deal with difficulties incurred by Vietnam in implementation of the GI section in EVFTA from which a strategic resolution would be put forward with an ultimate goal of taking full advantage of the FTA. Furthermore, possible challenges in tackling the diseconomies of small-scale GI products, business awareness of the GI legal framework set out in EVFTA, technical assistance and promotion and marketing channels shall also be addressed.

GI is a quite new concept for both government, enterprises and even public

As for other IP rights, even if government officials become increasingly aware of the role of IP in economic development, the same awareness of GIs has not yet reached out to producers, rural communities, business, and civil society.⁵⁶

Besides issues related to the legal status of GI organizations, the lack of experience in the creation and management of such organizations (including financial and legal aspects) is also amplified by literacy and organizational weaknesses in rural areas as well as insufficient communication between producers, traders and other actors. The top to bottom approach chosen by authorities to identify GI is currently reconsidered as the creation of Producer/inter-professional organizations. This is seen as relatively weak and should be promoted or reinforced

⁵⁶ AFD report



to guarantee sustainability of GI system development in ASEAN countries.

Economic value from GIs

GI protection itself builds up valuable reputations and goodwill for well-known local products. Research on economic aspects justify benefits of GIs protection such as maintaining the reputation of products, helping producers obtain premium prices and master the use of GI as a possible tool to protect traditional knowledge.

Most GIs in Vietnam and ASEAN are linked to products related to agriculture, fisheries, crafts and artisanal works, which are also some of the sectors that provide livelihoods to large sections of the poor. It's too early to examine the socio-economic implications of GI protection in ASEAN, because almost of the ASEAN countries are in the very first step of building GI protection system. Beside the legal recognition of a long-lasting term, the methods of using and protecting GIs have not been put into practice yet. For Vietnam, except the case of Phu Quoc in which there is an obvious change in the price of its products after the registration, in other cases, there seems to be no remarkable change.⁵⁷ Among ASEAN nations, Thailand is emerged to be the most successful in terms of trade when implementing GI.⁵⁸ There is a price change of products in Thailand before and after GI registration⁵⁹, this allows other ASEAN countries to put their expectation on the benefits brought by GI for unique and special products in these regions.

Explicit economic gains are important, but issues of community rights to ownership of traditional knowledge, consumer welfare and global equity are development goals worth pursuing for their own intrinsic merits. So ASEAN countries should take this up as a development issue, geographical indications are linked with the livelihoods of the people residing the designated areas.

The costs of establishing and administering a GI protection regime

A key consideration for ASEAN countries in approaching GIs, as would be the case, with other forms of IP rights relates to the costs of setting up the institutional framework for registering, administering and enforcing GIs in the country. Considering their human, financial and technical resource constraints, it is critical that in the short to medium-term, the costs for establishing and running the system will be reasonable when considering the economic value that might attach to their economies. Technical and financial assistance may obviate some of these constraints in the short-term. However, in the longer-term, it is important to ensure that the focus on GIs does not divert scarce resources from more pressing and economically important activities.

⁵⁷ Le Thi Thu Ha (2011), op.cit,

⁵⁸ Passerie S. (2014), FAO/AFD Project on the Promotion of Rural Development through Development of Geographical Indications at Regional Level in Asia, Regional Workshop on Making Geographical Indications work for Rural Communities in lected Asian Countries: Identify Products and Drafting of Disciplinary for Geographical Indication Registration, Cambodia Dec 2014

⁵⁹ The price of Coffee Cherry Price before/after registration is 4.50 baht/kg and 15 baht/kg, it continues increasing to 28-32 baht/kg. Price of pineapple Chiang Rai Phulae before/after registration is 8 baht/kg and 23 baht/kg (price at farm) and 35 baht/kg - 50 baht/kg (retail price), it reaches now 60 baht/kg



Technical assistance and capacity building

During the past decade, IP Offices, and GI divisions that are especially in charge of GI administration in Thailand, Vietnam and Cambodia have gain expertise in identifying GI and conducting GI application substantive examination. As a result, they were able to accompany the registration of 200 national GIs. This is not yet the case for Cambodia, Lao, Brunei and Myanmar where a GI division remains to be created and GI officer are being trained. However, due to the role plaid by local and central authorities in the initiation of GI applications, a weakness has been built in due to the outcome of the top-bottom approach resulting in the general absence of GI organization for the registered GI.

There are significant technical and capacity needs which have to be addressed at different levels of developing and using a GI as well as setting up a national protection system. Many ASEAN countries either do not have or cannot afford the costs of all these technical and capacity components. For this reason, the availability of technical assistance and capacity building resources both for producer groups as well as the relevant government agencies is an important strategy and policy consideration.